Gafisa S.A.
Form 6-K
April 11, 2012

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934

For the month of April, 2012

(Commission File No. 001-33356),

Gafisa S.A.

(Translation of Registrant's name into English)

Av. Nações Unidas No. 8501, 19th floor
São Paulo, SP, 05425-070
Federative Republic of Brazil
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ___X___ Form 40-F ______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1)

Yes ______ No ___X___

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ______ No ___X___

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes ______ No ___X___

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

GAFISA S.A.

TAX ID (CNPJ/MF) no. 01.545.826/0001-07

NIRE 35.300.147.952

Publicly-Held Company

Dear Shareholders,

We herein present Company's management proposal for the matters of the agenda of Company's Annual and Extraordinary Shareholders' Meetings to be jointly held on May 11, 2012:

Ordinary Shareholders' Meeting:

1. Receipt of the accounts drawn up by Company's management, examination and voting of the financial statements concerning the financial year ended on December 31st, 2011.

We herein propose full approval of the officers' accounts and financial statements concerning the 2011 financial year, as released on April 9, 2012 in the websites of the Brazilian Securities Commission (*Comissão de Valores Mobiliários*) ("CVM") and of the Brazilian Stock Exchange (*BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros*) ("BM&FBovespa"), through the Periodic Information System (IPE), and published on April 11, 2012 in the newspapers "O Estado de São Paulo" and "Diário Oficial do Estado de São Paulo" ("Financial Statements").

We further propose not to carry out dividends distribution, as Company has verified loss in the financial year ended on 12.31.11.

We herein inform you that, in compliance with Article 9, III, of CVM Instruction No. 481, issued on December 17, 2009 ("CVM Instruction 481/09"), our comments to Company's financial situation may be found under Exhibit I of this proposal.

We take the opportunity to inform you that, in compliance with Article 9, V and §1 III of CVM Instruction 481/09, Company's Fiscal Council and Audit Committee pronouncements are also available at Company's headquarters, in its Investors Relations website (www.gafisa.com.br/ri) and in the websites of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros (www.bmfbovespa.com.br) and of the CVM – Brazilian Securities Commission (www.cvm.gov.br).

2. Establishment of the number of members that shall comprise Company's Fiscal Council.

We initially propose, observing provisions from Article 17 of Company's Bylaws, election of nine (9) effective members for Company's Board of Directors.

3. Election of the members of Company's Board of Directors, due to expiration of the term of office.

In accordance to the recommendation of the Nomination and Corporate Governance Committee of Company, we herein propose the election of the following members of Company's Board of Directors, all with term of office that will terminate upon the Ordinary Shareholders' Meeting of 2014: (***i***) **Caio Racy Mattar**, Brazilian citizen, married, civil engineer, bearer of the Brazilian Identity Card (RG) No. 5.396.320-9, issued by SSP/SP, and enrolled with the Individual Taxpayer's Registry (CPF/MF) under No. 034.118.768-24, resident and domiciled in the city of São Paulo, State of São Paulo, with offices located at Av. Brigadeiro Luiz Antonio 3,172, Jardim Paulista 01402-901; (***ii***) **Gerald Dinu Reiss**, naturalized Brazilian citizen, married, engineer, bearer of the Brazilian Identity Card (RG) No. 3.175.254, issued by SSP/SP, and enrolled with the Individual Taxpayer's Registry (CPF/MF) under No. 232.318.908-53, resident and domiciled in the city of São Paulo, State of São Paulo, at Rua Cordeiro Galvão 301, Alto de Pinheiros, 05450-020; (***iii***) **José Écio Pereira da Costa Júnior**, Brazilian citizen, married, business administrator and accountant, bearer of the Brazilian Identity Card (RG) No. 4.762.308, issued by SSP/SP, and enrolled with the Individual Taxpayer's Registry (CPF/MF) under No. 359.920.858-15, resident and domiciled in the city of Curitiba, State of Paraná, with offices located at Av. República Argentina 665, suites 906/907, 80240-210; (***iv***) **Henri Philippe Reichstul**, Brazilian citizen, married, economist, bearer of Brazilian Identity Card (RG) No. 001.072.248-36 and enrolled with the Individual Taxpayer's Registry (CPF/MF) under No. 001.072.248-36, resident and domiciled in the city of São Paulo, State of São Paulo, at Rua Sampaio Vidal 270, Jardim Paulistano, 01443-000; (***v***) **Maria Letícia de Freitas Costa**, Brazilian citizen, single, engineer, bearer of Brazilian Identity Card (RG) No. 6.057.278-4 and enrolled with the Individual Taxpayer's Registry (CPF/MF) under No. 050.932.788-58, resident and domiciled in the city of São Paulo, State of São Paulo, at Rua Bueno Brandão 403, apt 91, Vila Nova Conceição, 04509-021; (***vi***) **Odair Garcia Senra**, Brazilian citizen, widower, civil engineer, bearer of the Identity Card (RG) No. 3.259.126, issued by SSP/SP, enrolled with the Individual Taxpayers Registry (CPF/MF) under No. 380.915.938-72, with commercial address in the City of São Paulo, State of São Paulo, at Avenida das Nações Unidas, no. 8.501, 19th floor, 05425-070; (***vii***) **Rodolpho Amboss**, Brazilian citizen, married, civil engineer, bearer of the Identity Card (RG) No. 355.703, issued by SPTC, enrolled with the Individual Taxpayers Registry (CPF/MF) under No. 742.664.117-15, with commercial address at 1271 Avenue of the Americas 38th floor, New York, NY, 10020, United States of America; (***viii***) **Ricardo Campos Caiuby Ariani**, Brazilian citizen, married, lawyer, bearer of the Identity Card (RG) No. 3.794.210, issued by SSP/SP, enrolled with the Individual Taxpayers Registry (CPF/MF) under No. 036.918.108-53, resident and domiciled in the city of São Paulo, State of São Paulo, at Rua Hans Nobiling 276, 9th floor, 01455-060; and (***ix***) **José Guimarães Monforte**, Brazilian citizen, married, economist, bearer of the Identity Card (RG) No. 4.127.063, issued by SSP/SP, enrolled with the Individual Taxpayers Registry (CPF/MF) under No. 447.507.658-72, resident and domiciled in the city of São Paulo, State of São Paulo, with offices located at Rua dos Pinheiros 870, 20th floor, suite 201, Pinheiros, 05422-001.

In accordance with Article 10 of CVM Instruction 481/09, information on the candidates to the roles of members of the Board of Directors, supported by Company's management is detailed in Exhibit II attached hereto.

4. Establishment of the amount of the global compensation of Company's management for 2012 financial year.

We herein propose the global compensation of the management of Company, for 2012 financial year, to be fixed in a limit of up to R$17,041,926.40, for the current fiscal year, from January to December of 2012.

We herein inform you that, in compliance with Article 12 of CVM Instruction 481/09, the necessary information for the analysis of the management compensation proposal may be found under Exhibit IV of this proposal.

We clarify that the limit proposed above includes the fixed and short-term variable remuneration of management, as well as any benefits incurred or supported by the Company. To avoid any doubts, this amount does not include any payroll charges or costs associated to the recognition of fair value of stock options plans that are eventually granted by the Company, only recognized in accountant and result from Stock Option Plans previously approved by the shareholders of the Company in general meetings. For this reason, the amount of the proposal is different than the amount foreseen for 2012 or realized in previous fiscal years, as the case may be, in accordance to item 13.2 of Company's Reference Form (*Formulário de Referência*) and as can be verified in Annex III abovementioned.

We also would like to inform that, in Company's Annual Shareholders' Meeting held in 2011 it was approved a limit of global remuneration in the amount of R$12,345,025.52, being effectively realized the total amount of R$5,107,399.78. The relevant difference between the amount effectively realized and the proposal approved is due to the non payment of short-term variable remuneration in view of the fact that the Company did not reach the goals set for the period. This amount does not include any costs associated to the recognition of fair value of stock options plans that are eventually granted by the Company, only recognized in accountant and result from Stock Option Plans previously approved in previous years.

5. Installation and establishment of the number of members that shall comprise Company's Fiscal Council.

Due to expiration of the term of office, we hereby propose installation of Company's Fiscal Council. Once it is duly installed, pursuant to provisions from Article 46 of the Bylaws, we propose that Company's Fiscal Council is comprised by three (03) effective members, with equal number of alternates.

6. Election of members of Fiscal Council, due to the expiration of the term of office.

We herein propose election of the following members and respective alternates, for a term of office that will terminate upon the Ordinary Shareholders' Meeting of 2012, as follows, as effective members: (***i***) **Olavo Fortes Campos Rodrigues Junior**, Brazilian citizen, business administrator, married, bearer of the Brazilian Identity Card (RG) No. 9.369.027, issued by SSP/SP, and enrolled with the Individual Taxpayer's Registry (CPF/MF) under No. 769.488.977-20, resident and domiciled in the City of São Paulo, State of São Paulo, at Rua Dr. José Maria Whitaker, No. 310, apt. 4, Edif. Figueira, Zip Code (CEP) 05622-001, (***ii***) **Adriano Rudek de Moura**, Brazilian citizen, accountant, married, bearer of the Brazilian Identity Card (RG) No. 13.126.515-5, issued by SSP/SP, and enrolled with the Individual Taxpayer's Registry (CPF/MF) under No. 037.059.028-73, resident and domiciled in the City of São Paulo, State of São Paulo, at Rua Verbo Divino, No. 1.488, 7º andar, Zip Code (CEP) 04719-904, and (***iii***) **Luis Fernando Brum de Melo**, Brazilian citizen, public bank employee, single, bearer of the Brazilian Identity Card (RG) No. 6.064.143.776, issued by SSP/RS, and enrolled with the Individual Taxpayer's Registry (CPF/MF) under No. 964.918.410-49, resident and domiciled in the City of São Paulo, State of São Paulo, with business address at Av. Paulista 2.300, 11º andar, Cerqueira César, Zip Code (CEP) 01310-300; and as alternate members: (***i***) **Marcello Mascotto Iannalfo**, Brazilian citizen, economist, married, bearer of the Brazilian Identity Card (RG) No. 16.994.226-0, issued by SSP/SP, and enrolled with the Individual Taxpayer's Registry (CPF/MF) under No. 101.947.028-39, resident and domiciled in the City of São Paulo, State of São Paulo, at Rua Evangelina de Toledo Pizza Wodianer, No. 165, casa 1, Zip Code (CEP) 04640-055, (***ii***) **Paulo Ricardo de Oliveira**, Brazilian citizen, accountant, married, bearer of the Brazilian Identity Card (RG) No. 14.993.829, issued by SSP/SP, and enrolled with the Individual Taxpayer's Registry (CPF/MF) under No. 032.718.058-73, resident and domiciled in the City of São Paulo, State of São Paulo, at Rua Conselheiro Fernandes Torres, No. 148, apt. 71, Zip Code (CEP) 01235-020, and (***iii***) **Laiza Fabiola Martins de Santa Rosa**, Brazilian citizen, economist, single, bearer of the Brazilian Identity Card (RG) No. 32.677.183-9, and enrolled with the Individual Taxpayer's Registry (CPF/MF) under No. 294.953.408-29, resident and domiciled in the City of São Paulo, State of São Paulo, with offices located at Avenida Paulista 2.300, 11th floor.

In accordance with Article 10 of CVM Instruction 481/09, information on the candidates to the position of members of the Fiscal Council supported by Company's management is detailed in Exhibit III attached hereto.

7. Establishment of the amount of the global compensation of Company's Fiscal Council members for 2012 financial year.

We herein propose the global compensation of the members of Company's Fiscal Council, for 2012 financial year, is established in an amount up to R$242,742.86.

We herein inform you that, in compliance with Article 12 of CVM Instruction 481/09, the necessary information for the analysis of the management compensation may be found under Exhibit IV of this proposal.

Extraordinary Shareholders' Meeting:

1. Amendment of Article 5 of the Bylaws.

We herein propose the amendment to Article 5 of Company's Bylaws in order to reflect capital increases approved by the Board of Directors, within the limit of the authorized capital of Company, up to the date of the Shareholders' Meeting, as indicated in Exhibit V attached hereto. Aforementioned Exhibit V contains the draft of Company's Bylaws, highlighting the proposed changes, as well as information on the ground and justification of each proposal and the analysis of the legal and economic effects of such proposed amendments, when appropriate, as required by Article 11 of CVM Instruction 481/09.

2. Amendment of §1 of Article 19 of the Bylaws.

We propose amendment of §1 of Article 19 of Company's Bylaws such as to expect possibility of leaving open the position in the Board of Directors in case it becomes vacant, as indicated in Exhibit V attached hereto. Such Exhibit V contains a draft of the Bylaws highlighting the proposed changes, the information on the origin and justification of each proposal, providing an analysis of their legal and economic effects, when applicable, in accordance with Article 11 of CVM Instruction 481/09.

3. Amendment of Articles 27, 30, 31, 32, and renumbering of the subsequent, in the Bylaws.

We propose amendment of articles 27, 30, 31, 32, and renumbering of the subsequent to adapt description of the positions and roles of the Directory in the Bylaws to Company's new organizational structure suggested by the Board of Directors, as indicated in Exhibit V attached hereto. Such Exhibit V contains a draft of the Bylaws highlighting the proposed changes, the information on the origin and justification of each proposal, providing an analysis of their legal and economic effects, when applicable, in accordance with Article 11 of CVM Instruction 481/09.

4. Reform of Company's Bylaws to adapt it to the New Market Regulation.

We propose a reform of certain provisions in the Bylaws, in order to adapt it to the minimum clauses disclosed by BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros, under the terms of the new Regulation of Listing of the New Market, in force since May 10, 2011, as indicated in Exhibit V attached hereto. Such Exhibit V contains a draft of the Bylaws highlighting the proposed changes, the information on the origin and justification of each proposal, providing an analysis of their legal and economic effects, when applicable, in accordance with Article 11 of CVM Instruction 481/09.

5. Consolidation of Company's Bylaws.

In case the proposed changes abovementioned on items 1 to 4 are approved, we propose that a consolidation to Company's Bylaws, in the form of Exhibit VI attached hereto, is also approved.

São Paulo, April 9 2012.

Management of

Gafisa S.A.

EXHIBIT I

(*In accordance to item 10 of Annex 24 of CVM Instruction No. 480, dated December 17, 2009)*

10. OFFICERS' COMMENTS

10.1.

a) financial and general shareholder equity conditions
The directors believe that Company is one of the leading players in the real estate development market, operating nationally with a focus on high-quality residential undertakings targeting all income brackets.

Company's revenues are largely derived from the development and sale of real estate projects. Company recognizes the revenue from these real estate projects during the construction period, based on a financial calculation related to the value of the project on completion, and not when the sales contracts are signed. On a smaller scale, Company also generates revenue from the provision of real estate services, such as construction, technical and real estate management, to third parties. Company structures some of its projects through its subsidiaries or jointly controlled affiliates, set up as specific purpose enterprises (SPE).

Company's current working capital is sufficient for its present requirements and its cash position, including loans to third parties, is sufficient to meet the financing of all its activities and cover its capital requirement, for at least the next 12 (twelve) months.

The Directors understand that Company has sufficient financial resources and shareholders' equity to implement its business plan and comply with its short-to-medium-term obligations.

During the forth quarter of 2011, we have carried out detailed review of Company's and its controlled companies' operations and its working strategy. The outcome of such review was the implementation of the following changes:

- Establishment of a new organizational structure divided by brands, appointing the professionals in charge of the respective structures;
- Temporary reduction of Tenda brand's operations, until we are able to operate in an efficient manner within the guideline of that segment, i.e., production at competitive costs (using aluminum mold technology) and immediate transfer promptly after sales, of the clients to the financial institution;
- Increase of investments in Alphaville brand, being the most profitable segment in our products portfolio; and
- Guidance of Gafisa brand in São Paulo and Rio de Janeiro markets.

The outcome of such review and the new structure implemented were several measures being taken:

- Detailed review of all cost estimates of the civil works ongoing;
- Review of the entire clients portfolio of Construtora Tenda S.A. aiming to confirm their adequacy to the financial institutions' requirements; and
- Analysis of the impairment of lands located in non-priority regions.

As a result of such changes and reviews carried out, Company registered adjustments and provisions equal to 23.4% of the Shareholders' Equity, equivalent to R$639.482 million in the fiscal year of 2011 and R$151.485 million in the fiscal year of 2010. Such adjustments and provisions did not impact Company's liquidity position and shall not impact its capacity of paying future commitments, by the main reasons:

- The Company has R$983.660 million of cash and cash equivalent, bonds and securities, cautionated applications and restricted credits on December 31, 2011;
- The Company has a net current capital, post-classification of short-term financial liabilities (due to breach of restrict clauses of covenants, already negotiated) of 1.5 times, excluding the reclassified liability would be 2.5 times;
- The Company has receivables of delivered units approximate to R$300 million; and
- The Company has credit facilities for real estate financing of R$2.2 billion.

b) capital structure and the possibility of redeeming shares or quotas
Company's shareholders' equity on December 31, 2011, stood at R$2.7 billion, representing a decrease of 25%, or R$899 million, compared to December 31, 2010. Such reduction is a result of mainly due to adjustments of R$889.5 million, being 31% of Gafisa and 69% of Tenda, distributed among the fiscal years of 2010 and 2011, 19% and 81% respectively.

On December 31, 2011, Company held cash position of R$983.660 million. On the same date, its net debt together with investor obligations totaled R$3.2 million and its debt-to-capital ratio of net debt and obligations to investors over net shareholders' equity and minority interests was 118.1% compared with 68.6% on December 31, 2010.

Company's shareholders' equity on December 31, 2010, stood at R$3.6 billion, representing an increase of 52%, or R$1.2 billion, compared with December 31, 2009. Of this increase, R$1.1 billion was due to the capital increase through the public offering of common stock finalized in March 2010, and R$246.6 million profit registered in the same financial year and R$98.8 million regarding distribution of dividends.

As of December 31, 2010, Company held a cash position of R$1.2 billion. On the same date, its net debt together with investor obligations totaled R$2.5 billion and its debt-to-capital ratio of net debt and obligations to investors over net shareholders' equity and minority interests was 68.6% compared with 84.3% on December 31, 2009.

Company's shareholders' equity on December 31, 2009, totaled R$2.3 billion, representing an increase of 44%, or R$713.2 million compared with December 31, 2008. Of this increase, R$213.5 million was related to profit earned in the financial year. On December 31, 2007, Company's shareholders' equity stood at R$1.5 billion.

On December 31, 2009, Company held a cash position of R$1.4 billion. On the same date, its net debt together with obligations to investors totaled R$2.0 billion and its debt-to-capital ratio of net debt and obligations to investors over net shareholders' equity and minority interests was 84.3% compared with 59.8% on December 31, 2008.

There is no hypothesis of redeeming shares issued by Company other than under the legally prescribed conditions.
c) capacity for payment in relation to the financial commitments assumed
We issued the fifth series of Company debentures in 2008, raising R$250 million, and invested most of the financial resources raised in the previous financial year due to the financial crisis that affected the main global markets. On December 31, 2008, we posted a net debt together with obligations to investors of R$1,247 million, representing 59.8% of shareholders' equity and minority interests on the same date.

We issued the sixth and seventh series of Company debentures in 2009, raising R$250 million and R$600 million, respectively, for Company. On December 31, 2009, we presented a net debt together with obligations to investors of R$2,009 million, representing 84.3% of shareholders' equity and minority interests on the same date.

We issued shares in March 2010, raising approximately R$1 billion. We issued the eighth series of Company debentures in November 2010, raising R$300 million. On December 31, 2010, we presented a net debt together with obligations to investors of R$2.493 billion, representing 68.6% of shareholders' equity and minority interests on the same date.

We raised about R$840 million in 2011, R$230 million through Trade Promissory Notes, R$530 million by CCB-I and R$80 million through creation of paid usufruct over the controlled companies' dividends. On December 31, 2011, we presented net debt, together with obligations with investors, of R$3,245 million, representing 118.1% of the shareholders' equity and minority interests on the same date.

As a result, our net shareholders' equity represented a coverage ratio of 0.85 times our net debt. This means for every R$1.00 of net debt we have R$0.85 of shareholders' equity to cover this balance. As such, we believe that our existing financial resources and operating cash flow generation will be sufficient to meet our liquidity needs and financial commitments already contracted.

d) sources of financing for working capital and investments in non-current assets used
As and when appropriate, Company takes out debt with Brazil's Housing Finance System (SFH), which offers lower interest rates than in the private market, and the amortization of which is made through the transfer of clients' receivables from banks. The directors intend for Company to continue with its strategy to maintain low debt rates, made up largely of operations with the SFH, debentures with the federal savings bank, the Caixa Econômica Federal (CEF), or long-term operations.

Company's operations are mainly financed with real estate financing, the securitization of receivables and, more importantly, the operating cash flow generated. If necessary, and in accordance with market demand, Company takes out long-term financing for the sale of its project developments.

In addition, Company uses resources from debenture issues as a source of working capital (for more details about Company's debenture issues please refer to Item 18.5).

Furthermore, in order to minimize Company's working capital requirement and maximize the return, it transfers to the banks and sells in the market its portfolio of receivables from the units already completed.

In 2009, in addition to the operations together with the SFH, working capital and resources derived from debentures issues, Company used the sale of receivables from units already completed, from which it raised net resources amounting to R$139 million.

In 2010, Company once again used the SFH, working capital and resources derived from debentures issues as sources of financing.

In 2011, Company used SFH, working capital and resources derived from Promissory Notes issuing as sources of financing.

Company does not make investments in non-current assets.

e) sources of financing for working capital needs and investments in non-current assets intended to be used to cover liquidity shortfalls
Company does not currently have any approved line of credit for new working capital requirements, as the existing limit has already been fully drawn down. However, this does not exclude the possibility of structuring or obtaining new lines of credit for working capital depending on the instruments available and existing market conditions when contracted. Company's current profile of financing for working capital is mainly comprised of debentures, bank credit notes (CCB) and Promissory Notes (NP). For more information about Company's indebtedness, please refer to explanatory notes 10 and 11 in the Standardized Financial Statements and Item 10.1(f) of this Reference Form.

f) levels of indebtedness and debt characteristics

As of December 31, 2011:

Debentures	1,899,200	1,899,200				
SFH	684,642	287,550	136,928	74,763	92,016	93,385
Working Capital	1,171,967	480,506	351,590	138,225	192,203	9,443
Total consolidated debt	3,755,809	2,667,256	488,518	212,988	284,219	102,828
% Total		71%	13%	6%	8%	3%

Breakdown of debt

	R$ thou	%
Debentures	1.899.200	50,57%
Bradesco	601.996	16,03%
Votorantim	252.622	6,73%
HSBC	245.476	6,54%
Banco do Brasil	244.294	6,50%
Others	512.221	13,64%

As of December 31, 2010:

Debentures	1,879,932	26,532	272,557	722,557	558,708	299,578
SFH	745,707	548,303	156,760	40,644	-	-
Working Capital	664,471	249,600	88,405	79,268	247,198	-
Total consolidated debt	3,290,110	824,435	517,722	842,469	805,906	299,578
% Total		25%	16%	26%	24%	9%

Breadkdown of debt

	R$ thou	%
Debentures	1,879,932	57.14%
Itaú Unibanco	383,314	11.65%
Santander	246,500	7.49%
Mercado	307,810	9.36%
Votorantim	222,450	6.76%
Banco do Brasil	113,625	3.45%
Others	136,479	4.15%

As of December 31, 2009:

(R$000)	Total	/2010	/2011	/2012	/2013	After Dec/2013
Debentures	1,918,377	122,377	346,000	275,000	725,000	450,000
SFH	467,019	269,986	168,737	23,536	4,760	-
Working Capital	736,736	408,326	244,846	48,318	35,246	-
Total consolidated debt	3,122,132	800,689	759,583	346,854	765,006	450,000
% Total		26%	24%	11%	25%	14%

Breakdown of debt

	R$ thou	%
Debentures	1,918,378	61.4%
Itaú Unibanco	545,458	17.5%
Votorantim	111,814	3.6%
Banco do Brasil	107,269	3.4%
HSBC	103,916	3.3%
ABN Amro Real	93,179	3.0%
Others	242,119	7.8%

Company's indebtedness on December 31, 2009 had increased to R$3.122 billion, mainly due to the issuance of new debentures during 2009.

Company's indebtedness on December 31, 2010 had increased to R$3.290 billion, mainly due to the issuance of the new debenture during the year 2010.

Company's indebtedness on December 31, 2011 had increased to R$3.756 billion, mainly due to the issuance of new bank credit notes (CCB). Among the main metrics used by Company to calculate the level of its indebtedness is the level of net debt in relation to net equity. On December 31, 2010, this indicator reached 68.6%, increasing to 118.1% at the end of December 2011. This increase reflected the cash consumption in the period, which was partially financed by issuance of new debts. Company's long-term objective is to maintain this ratio below 70%.

For more details about Company's indebtedness as a result of the issuance of debentures, please see item 18.5 below.

g) limits for the use of the financing already contracted

During the financial years ending on December 31, 2009, 2010 as well as December 31, 2011, the financing contracted by Company for construction from the largest banks in the Brazil within the scope of the SFH consist of financial resources for exclusive use in the works of the respective project undertakings. The resources are freed up during the physical and financial development of the project as required.

Company's position in terms to the lines of financing extended by the SFH in December 2009 stood at R$1.2 billion, with an outstanding balance of R$467 million, and in 2010, SFH lending totaled R$2.4 billion with an outstanding balance of R$745.7 million.

On December 31, 2011, Company's position in terms of the lines of financing extended by the SFH was R$2.2 billion, with an outstanding balance of R$684.6 million.

Company has not signed any financial instruments with exposure to variations in the foreign exchange rate.

h) significant alterations in each item of the financial statements
CONSOLIDATED FINANCIAL STATEMENT IN THE FINANCIAL YEAR:

	2011	2010 (restated)	2009
Gross operating revenue			
Property development and sale and exchange	3,441,279	3,834,230	3,096,881
Provision for dissolution of contracts	(301,394)	(182,832)	
Rendering of construction services	29,607	24,289	47,999
Deductions from gross revenue	(228,986)	(272,637)	(122,534)
Net operating revenue	2,940,506	3,403,050	3,022,346
Operating Costs			
Property development and sale	(2,678,338)	(2,460,918)	(2,143,762)
Gross operating profit	**262,168**	**942,132**	**878,584**
Operating revenue (expenses)			
Selling expenses	(393,181)	(266,660)	(226,621)
General and administrative expenses	(251,458)	(236,754)	(233,129)
Result of equity method	-	-	-
Depreciation and amortization	(83,428)	(33,816)	(34,170)
Others	(34,540)	(12,173)	(92,884)
Non-financial asset impairment expenses	(102,485)	-	-
Gross profit before financial revenues and expenses	**(602,924)**	**392,729**	**291,780**
Financial expenses	(252,876)	(210,202)	(240,572)
Financial revenues	92,973	128,085	129,566
Profit before income tax and social contribution and of non-controlling shareholders	**(762,827)**	**310,612**	**180,774**
Expense from income tax and social contribution (current)	(73,207)	(11,834)	(20,147)
(Expense) revenue from deferred income tax and social contribution	(69,155)	(10,294)	(17,665)
Total (expenses) revenue from taxes	**(142,362)**	**(22,128)**	**(37,812)**
Net profit before non-controlling shareholders interests	(905,189)	288,484	142,962
(-) Net profit in the financial year attributable to stakes of non-controlling shareholders	(39,679)	(23,919)	(41,222)
Financial year net profit	**(944,868)**	**264,565**	**101,740**

Operating Results related to the Financial years ending on December 31, 2011 compared with 2010

Gross Revenue from Sales and/or Services

The gross revenue from sales and/or services decreased 22%, from R$24 million in the financial year ending on December 31, 2010 to R$30 million in the financial year ending on December 31, 2011. The gross revenue generated from the sale of property and land swaps totaled R$3.8 million in the financial year ending in 2011, a decrease of R$393 million or 10% compared with the same period in 2010, while the revenue generated from property sales and swaps totaled R$3.2 billion, reflecting the impact of budget review in the period, mainly related to Construtora Tenda S.A, coupled with dissolutions of contracts at Tenda business.

Deductions from Gross Revenue – Taxes on Property Sales and Services

The deductions from gross revenue relating to taxes on property sales and services decreased by 16%, from R$273 million in the financial year ending on December 31, 2010 to R$229 million in the 2011 financial year. This decrease was mainly due to the decrease in revenue as a result of the lower sales volume in the period.

Net Revenue from Sales and/or Services

Net revenue of sales/or services decreased by 14%, from R$3.4 million in the financial year ending on 2010 to R$2.9 billion in the 2011 financial year. This decrease was mainly due to the adjustments of R$739 million (23% attributed to Gafisa segment and 77% to Tenda busimess). Results for 2011 were mainly impacted by the following factors: (i) cost revisions of Company and of Construtora Tenda (R$214 million and R$227 million, respectively); (ii) dissolution of contracts held in 4th quarter of 2011 at Construtora Tenda S.A. (gross loss adjustment of R$91 million); (iii) provision for bad debt at Construtora Tenda S.A. (operating expense adjustment of R$105 million); (iv) provision for future dissolution of contracts at Construtora Tenda S.A. (gross loss adjustment of R$80 million); (v) impairment related write-down of assets of Company and of Construtora Tenda S.A. (total adjustments of R$53 million and R$68 million, respectively); (vi) provision for penalties from delayed projects of Company and of Construtora Tenda S.A. (total adjustments of R$13 million and R$38 million, respectively); (vii) and cancellation of projects of Construtora Tenda (total adjustments of R$17 million).

Cost of Development and Sale of Property

The cost of development and sale of property and physical swap during 2011financial year totaled R$2.8 million, 9% increase compared with R$2.5 billion during 2010 financial year. Such increase derives from major budget cost review for Company and Construtora Tenda S.A..

Gross Result

Gross profit posted in 2011 totaled R$262 million, representing a 72% decrease compared with R$942 million profit reported in 2010. This decrease can largely be attributed to the higher gross operating revenue and less sharp gross revenue during 2011. In 2011 financial year, the gross margin for Company's activities declined to 9%, compared to 28% in 2010. This sharp fall was due to the increased recognition of lower margins from recent projects.

Selling Expenses

Selling expenses in 2011 totaled R$393 million, representing an increase of 47% compared to the R$267 million posted in 2010. Selling expenses during 2011 represented 13.4% of its net operating revenue, compared to 7.4% in 2010, mainly due to the provision for doubtful debts, of R$87 million recorded as additional expenses. Excluding these amounts, selling expenses totaled R$124 million in 2011, a 15% increase over 2010.

General and Administrative Expenses Arising from the Stock Options Plan

General and administrative expenses totaled R$251.5 million in the 2011 financial year compared with R$236.8 million in 2010, an increase of 6%, or R$14.7 million, which is below inflation - IPCA 6,5% in the same period. These expenses were comprised of profit sharing and other administrative expenses.

Depreciation and Amortization

The depreciation and amortization seen during the 2011 financial year totaled R$83 million, evidencing increase compared with the R$34 million reported in 2010. Depreciation of sales stands accounted for 6% of the expenses in the period.

Other Operating Expenses

In 2011, our results reflected negative impact of R$79 million, compared with the R$19 million reported in 2010, mainly due to higher level of provision for contingencies in the last quarter of the year, reflecting more conservative positioning and accounting write-off corresponding to R$58 million (Construtora Tenda S.A.) and R$34 million (Gafisa S.A.) in the expenses related to a downward valuation of land bank, as a result of Company's strategy of reduction of geographic expansion. As Company does not intend to develop projects in those areas, in the short-term, it generated significant prices decrease.

Financial Revenue

Financial revenue decreased to R$93 million in the 2011 financial year, compared with the R$128 million reported in 2010, mainly due to lower cash position. The difference is mainly due to the decrease in financial revenues of 27%.

Financial Expenses

Net financial expenses in the 2011 financial year totaled R$253 million, compared with net financial revenues of R$210 million in 2010, a 20% increase due to higher leveraging rate and, consequently, higher interest expenses.

Provision for Income Tax and Social Contribution and Deferred Income Tax

Social contribution and income tax in 2011 totaled expenses of R$142 million, or 543% higher than in 2010, when the same totaled R$69 million. In the 2011 and 2010 financial years, the effective combined rates for income tax and social contribution, calculated as a percentage of pre-tax profit, were 20.5% and 7.2%, respectively. This variation is due to the full loss provision constituted relative to deferred assets as a result of unrealized deferred income tax and social contribution credits.

Stakes held by Non-Controlling Shareholders (Minority Interests)

The increase in the stakes of non-controlling shareholders (minorities in subsidiaries in which Company has investment) from R$24 million in 2010 to R$40 million in 2011, an increase of 66% when compared to the previous year.

Net Profit (Loss)

Net loss during the 2011 financial year totaled R$945 million, which represents a decrease of 457% when compared to the R$265 million profit posted in 2010.

<u>Operating Results for the Financial years ending on December 31, 2010 compared with 2009</u>

Gross Revenue on Sales and/or Services

The gross revenue on sales and/or services increased by 24%, from R$48 million in the financial year ending on December 31, 2009 to R$24 million in the financial year ending on December 31, 2010. The gross revenue generated from the sale of property and swaps totaled R$3.8 billion in the financial year ending in 2010, representing an increase of R$737 million or 24% compared with the same period in 2009, when the revenue generated from the sale of property and swaps totaled R$3.1 million, reflecting the overall growth in the real estate market in Brazil and the consolidation of results of Construtora Tenda S.A..

Deductions from Gross Revenue – Taxes on Property Sales and Services and Brokerage on Sales

The deductions from gross revenue increased by 122%, from R$122 million in the financial year ending on December 31, 2009 to R$273 million in the 2010 financial year. This increase was mainly due to the increase in revenue as a result of the higher sales volume in the period. The property and services sales taxes of R$108 million in the financial year ending on December 31, 2009, as a result of the increase in Company's business volume.

Net Revenue from Sales and/or Services

Net revenue of sales/or services increased by 13%, from R$3.0 billion in the financial year ending on 2009 to R$3.4 million in the 2010 financial year. This increase was mainly due to the higher recognition of revenue during the period, after posting a solid sales performance, both in terms of projects launched and inventory, as well as the strong pace in construction work.

Cost of Development and Sale of Property

The costs of the sale and swap of property in 2010 totaled R$2.5 billion, an increase of 15% compared with R$2.1 billion in 2009. This increase was largely due to the significant volume of constructions underway during 2010, compared with the volume reported in 2009. The cost of land and land swaps represented 12.3% of total operating costs in the financial year ending on 2010, compared with 11% in 2009. The costs of construction and development represented 87% of total operating costs in the financial year ending on 2010, compared with 82% in 2009. These variations were mainly due to the expansion in ongoing operations during the year.

The costs of the development and sale of property, as a percentage of net operating revenue, represented 74% in 2010 compared with 71% in 2009, mainly due to the higher sales volume.

Gross Profit

The gross profit posted in 2010 totaled R$942 million, representing an increase of 7% compared with the R$878.6 million profit reported in 2009. This increase can largely be attributed to the higher gross operating revenue derived from a wider scope of activities in 2010. The gross margin for Company’s activities in 2010 went down to 26% compared with 29% in 2009. This stability was due to the decreased recognition of margins from Company’s recent projects.

Selling Expenses

Selling expenses in 2010 totaled R$267 million, representing an increase of 18% compared to the R$226 million posted in 2009. This increase reflects: (i) an increase in Company's sales volume and launches and (ii) Company's active marketing and growth strategy through geographical diversification and income bracket. Sales expenses in 2010 represented 7.5% of net operating revenue compared with 8.0% in 2009, showing an increase in operating efficiency.

General and Administrative Expenses Arising from the Stock Options Plan

General and administrative expenses totaled R$267 million in the 2010 financial year compared with R$233 million in 2009, an increase of 18%, or R$4 million. These expenses were comprised of profit sharing and other administrative expenses.

Depreciation and Amortization

The depreciation and amortization seen during the 2010 financial year totaled R$34 million, stable compared with the R$34 million reported in 2009. Depreciation of sales stands accounted for 60% of the expenses in the period.

Other Operating Expenses

The other operating expenses related to the 2010 financial year totaled a negative amount of R$12 million compared with the R$93 million reported in 2009, a 87% decrease when compared to the previous year. The volume of expenses during 2010 was reduced, as a provision for contingencies was registered in 2009 for legal cases against Company as the successor in suits in which the original debtor was a former shareholder in Company, Cimob Companhia Imobiliária, totaling R$66 million. The plaintiff alleges that Company should be responsible for Cimob Companhia Imobiliária's debts. Company is appealing all these decisions, as it considers Company's inclusion in these legal processes as unjustified.

Financial Revenue

Financial revenue remained stable at R$128 million in the 2010 financial year compared with the R$130 million reported in 2009, mainly due to the interest received on average cash balances being similar to what had been recorded in the previous year.

Financial Expenses

Financial expenses in the 2010 financial year totaled R$210 million compared with R$240 million in 2009. This reduction was due to the higher capitalization of interest to be allocated as operating costs made during the year, and that was partially compensated for by the higher average level of indebtedness during 2010.

Provision for Income Tax and Social Contribution and Deferred Income Tax

Social contribution and income tax in 2010 totaled R$20 million, or 41% higher than in 2009, when the same totaled R$11 million. In the 2010 and 2009 financial years, the effective combined rates for income tax and social contribution, calculated as a percentage of pre-tax profit, was 7% and 20.9%, respectively. This result was due to the optimization of fiscal planning that maximized the reduction of tax obligations, resulting in a reduction in the balance of deferred tax provisioned for in Company's balance sheet.

The effective combined rates during these periods were lower than the combined fiscal rate of 34%, as some subsidiaries under joint control calculated their taxes under based on the presumed profit regime.

Stakes held by Non-Controlling Shareholders (Minority Interests)

The reduction in the stakes of non-controlling shareholders (minorities in subsidiaries in which Company has an investment) from R$41 million in 2009 to R$24 million in 2010, was largely due to the increase in interest in our subsidiary Alphaville Urbanismos S.A. during 2010.

Net Profit

The net profit during the 2010 financial year totaled R$265 million, which represents an increase of 160% compared with the R$102 million posted in 2009.

Operating Results for the Financial years ending on December 31, 2011 compared with 2010 – By Operating Segment

	Gafisa S/A. (i)	**Tenda**	**AUSA**	**Total 2011**
Net operating revenue	1,821,925	445,982	672,599	2,940,506
Operating cost	(1,601,727)	(725,459)	(351,152)	(2,678,338)
Gross operating profit	220,198	(279,477)	321,447	262,168

	Gafisa S/A. (i) (restated)	**Tenda** (restated)	**AUSA** (restated)	**Total 2010** (restated)
Net operating revenue	1,894,498	1,235,226	446,964	3,576,688
Operating cost	(1,477,751)	(905,629)	(251,176)	(2,634,556)
Gross operating profit	416,747	329,597	195,788	942,132

(i)Includes all the subsidiaries, except Construtora Tenda S.A. and Alphaville Urbanismo S.A.

Company

Net Revenue from Sales and/or Services

The net revenue from sales and/or services decreased by 3.4%, from R$1.9 billion in the 2010 financial year to R$1.9 billion in 2011. This decrease was mainly due to cost excess of R$214 million, total adjustments of the segment answering for 23% of total costs adjustments of Company. In 2011, Gafisa segment answered for 62% of Company's consolidated net revenue.

Cost of Development and Sale of Property

The costs of the sale and swap of property in 2011 totaled R$1.6 million, an increase of 8.4% compared with the R$1.5 million reported in 2010. This increase was mainly due to an impairment of development expenses related to the process of Company's land acquisition of R$ 15 million recognized as lost costs. The decrease also reflects review in the estimated costs, leading to reversion of R$ 161 million revenue for Company, related to constructions administered by third parties and discontinued regions.

Gross Profit

The gross profit in the 2011 financial year was R$220 million, representing a decrease of 47% compared with the R$417 million reported in 2010. Decrease in the gross profit can be largely attributed to the excessive costs which evidence 60% related to third parties' constructions and 27% discontinued sites. The gross margin in 2011 generated by Company's projects sales reduced to 12% compared to 22% in the same period of 2010.

Construtora Tenda S.A.

Net Revenue from Sales and/or Services

Net revenue of sales/or services during 2011 financial year totaled R$446 million, compared to R$1.0 billion in the former financial year, a decrease of 58% in the comparison with the previous year. In 2011, Construtora Tenda S.A answered for 15% of the consolidated net revenue. The main reasons for the excess were (i) cost overruns of R$227 million; (ii) adjustment of R$35 million in cancelled projects; (iii) gross loss of R$284 million in efective dissolutions of contracts; (iv) cost of R$35 million as penalty for delayed projects; and (v) impairment of R$51 million. Total adjustments in the segment answered for 77% of Company's total adjustments.

Cost of Development and Sale of Property

The costs of development and sale of property and swap in 2011 totaled R$725 million, an increase of 20% compared with the R$906 million reported in 2010. This increase was mainly due to (i) provisions of dissolutions of contracts at R$159 million, impacting sales expenses; (ii) cost of R$23 million with cancelled projects; (iii) cost of R$193 million in actual rescissions; (iv) cost of R$35 million as penalty for delay in project delivery; and (v) impairment of R$58 million.

Gross Profit

The gross loss in the 2011 financial year, compared to 2010, was R$279 million and R$330 million, respectively. In 2010, sales margins fell from 27% in 2010 to -63% in 2011, due to adjustments with cost overruns, provisions for dissolutions of contracts, cancelled projects, effective dissolutions, penalties for delayed projects, and impairments, as previously detailed.

Alphaville Urbanismo S.A.

Net Revenue from Sales and/or Services

The net revenue from sales and/or services increased by 51%, from R$446 million in the 2010 financial year to R$1.1 billion in 2011. This increase was mainly due to large continuous demand for Alphaville Urbanismo S.A.'s properties and recognition of the revenues derived from sales contracted in former periods. In 2011, Alphaville Urbanismo S.A. answered for 21% of the consolidated net revenue.

Cost of Development and Sale of Property

The costs of development and sale of property and swap in 2011 totaled R$351 million, an increase of 40% compared with the R$251 million reported in 2010. This increase was mainly due to the higher volume of construction in progress during 2011 compared to 2010.

Gross Profit

The gross profit in the 2011 financial year was R$322 million, representing an increase of 64.2% compared with the R$196 million reported in 2010. Increase in the gross profit can be largely attributed to the higher gross revenue derived from the large number of construction projects in progress. The gross margin in 2011 generated by Company's projects sales increased to 48% compared to 44% in the same period of 2010. Such increase derives from the higher sales margins to the extent that we have recognized revenues derived from projects launched in former years.

Operating Results related to the Financial years ending on December 31, 2010 compared with 2009 – By Operating Segment

	Gafisa S/A. (i)	**Tenda**	**AUSA**	**Total 2010**
	(restated)	(restated)	(restated)	(restated)
Net Operating Revenue	1,894,498	1,235,226	446,964	3,576,688
Operating Cost	(1,477,751)	(905,629)	(251,176)	(2,634,556)
Gross operating profit	416,747	329,597	195,788	942,132

	Gafisa S/A. (i)	**Tenda**	**AUSA**	**Total 2009**
	(restated)	(restated)	(restated)	(restated)
Net Operating Revenue	1,757,195	988,444	276,707	**3,022,346**
Operating Cost	(1,297,036)	(671,629)	(175,097)	(2,143,762)
Gross operating profit	**460,159**	**316,815**	**101,610**	**878,584**

(i)Includes all subsidiaries, except Construtora Tenda S.A. and Alphaville Urbanismo S.A.

Company

Net Revenue from Sales and/or Services

The net revenue from sales and/or services increased by 8%, from R$1.7 billion in the 2009 financial year to R$1.9 million in 2010. This was primarily due to the continued high demand for Company's property and the increase in recognition of revenue derived from sales contracted in previous periods.

Property Development and Sales Costs

Property development, sales and swap costs in the 2010 financial year totaled R$1.5 million, representing an increase of 14% compared with the R$1.3 million reported in 2009. This increase was largely due the increased volume of construction ongoing during 2010 compared with 2009.

Gross Profit

The gross profit in the 2010 financial year was R$417 million, representing an increase of 9% compared with the profit of R$460 million reported in 2009. The increase in gross profit can largely be attributed to the higher gross revenue from the large number of project undertakings. The gross margin generated in 2010 by sales of Company's projects fell to 22% compared with the 26% reported in the period in 2009. This reduction was mainly due to the higher amortization expenses arising from the interest capitalized and a less profitable mix of units under construction due to the process of geographical diversification that took place in the previous years, particularly certain projects located in Rio de Janeiro.

Construtora Tenda S.A.

Net Revenue from Sales and/or Services

The net revenue from sales and/or services in the 2010 financial year totaled R$1.2 million, compared with the R$988 million posted in the previous year. There was an increase in demand for properties developed by Construtora Tenda S.A. in 2010, mainly due to the domestic demand created by the federal government's housing program: "*Minha Casa, Minha Vida*".

Property Sales and Development Costs

The costs of development and sales of property and swaps in the 2010 financial year totaled R$906 million, compared with R$672 million in 2009. This increase was due to the continued growth in the volume of units under construction by Company over the years.

Gross Profit

The gross profits in the financial years 2010 and 2009 were R$330 million and R$317 million, respectively. The sales margins decreased to 26.7% in 2010 from 32.1% in 2009, mainly as a result of the higher recognition of revenue from undertakings with lower margins, arising from older non-standardized products.

Alphaville Urbanismo S.A.

Net Revenue from Sales and/or Services

The net revenue from sales and/or services increased 61.0%, from R$277 million in the financial year 2009 to R$445 million in 2010. This was mainly due to the continued increase in the level of demand for property developed by Alphaville Urbanismo S.A. and the recognition of revenue derived from sales contracted in previous periods.

Property Sales and Development Costs

The costs of development and sales of property and swaps in the financial year 2010 totaled R$251 million, an increase of 43% compared with R$175 million in the financial year 2009. This increase was due to the higher volume of construction underway during 2010 compared with 2009.

Gross Profit

The gross profit in 2010 was R$194 million, representing an increase of 91% compared with the R$102 million reported in the financial year 2009. The increase in gross profit can largely be attributed to the higher gross revenue from the number of developments under construction. The gross sales margin in 2010 increased to 43.6% compared with 36.7% in 2009. The higher sales margin was due to the increase in total sales as a result of the recognition of revenue from property developments launched in previous years.

CONSOLIDATED BALANCE SHEET

	2011	2010	2009 (restated)
Assets			
Current assets			
Cash and cash equivalents	137,598	256,382	292,940
Open-market securities, guaranteed investments and earmarked credit	846,062	944,766	1,131,113
Accounts receivables from contracted sales and services rendered	**3,962,574**	3,704,709	2,008,464
Property for sale	2,049,084	1,707,892	1,332,374
Other accounts receivables and other items	111,072	178,305	108,791
Prepaid expenses and others	73,532	21,216	18,766
Property for sale	93,188		
Derivative financial instruments	7,735		
Total current assets	**7,314,358**	6,813,270	4,892,448
Non-current assets			
Long term receivables			
Long term accounts receivables from property development and services rendered	863,874	1,247,265	1,768,182
Property for sale	798,206	498,180	416,083
Related parties	104,059	71,163	17,344
Other accounts receivables and other items	143,850	120,107	100,202
	1,909,989	1,936,715	2,301,811
Investments in subsidiaries		-	-
Fixed	52,793	68,977	56,476
Intangible	229,484	221,829	204,686
	282,277	290,806	261,162
Total non-current assets	2,192,266	2,227,521	2,562,973
Total assets	**9,506,624**	9,040,791	7,455,421

	2011	2010	2009 (restated)
Liability and shareholders' equity			
Current liability			
Loans and financing	**843,283**	797,903	678,312
Loans and financing – reclassification of long term	292,260	0	
Debentures	303,239	26,532	122,377
Debentures – reclassification of long term	1,595,961	0	0
Obligations for property purchases and advances to clients	610,555	420,199	475,409
Suppliers of materials and services	135,720	190,461	194,331
Taxes and contributions	250,578	230,888	177,392
Salaries, social charges and profit sharing	75,002	72,154	61,320
Minimum mandatory dividends	11,774	102,767	54,279
Provision for judicial rulings and commitments	34,875	14,155	11,266
Obligations to investors and others	662,692	149,873	205,657
Total current liabilities	**4,815,939**	2,004,932	1,980,343
Non-current liabilities			
Loans and financing	721,067	612,275	525,443
Debentures	0	1,853,399	1,796,000
Obligations for property purchases and advances to clients	177,135	177,860	146,401
Deferred income tax and social contribution	**83,002**	13,847	3,553
Provision for judicial rulings and commitments	134,914	124,537	110,073
Obligations to investors and others	827,473	621,768	509,427
Total non-current liabilities	**1,943,591**	3,403,686	3,090,897
Net Shareholders' Equity			
Corporate capital	2,734,157	2,729,198	1,627,275
Shares held in treasury	-1,731	(1,731)	(1,731)
Capital reserve and granting of stock options	18,076	295,879	318,439
Profit Reserve	-	547,403	381,651
Loss (Profit) accumulated	**(102,109)**	-	-
	2,648,473	3,570,749	2,325,634
Minority interests	98,621	61,423	58,547
Total net shareholders' equity	**2,747,094**	3,632,172	2,384,181

Total liabilities and net equity	**9,506,624**	9,040,791	7,455,421

Balance Sheet related to the Financial year ending on December 31, 2011 compared with 2010

Current Assets

Availabilities – Cash and Banks, Financial Investments

Company's cash and cash equivalents as of December 31, 2011 totaled R$984 million, compared with R$1.2 billion on December 31, 2010, a reduction of R$217 million, or 18%. This reduction was mainly due to the consumption of cash in the period and amortization of debt.

Accounts receivable from contracted sales and services rendered – Current and Non-Current

The following tables show the client accounts receivable from contracted sales and the sale of Company property, as well as the receivables to be appropriated, and the maturing of Company's portfolio:

(in R$ million)	**As of December 31,**		
Clients of property development and sales	**2011**	**2010**	**2009 (restated)**
Current	3,962	3,844	2,009
Non-current	864	1,247	1,768
	4,826	5,091	3,777

(in R$ million)	**As of December 31,**		
Receivables for appropriation	**2011**	**2010**	**2009 (restated)**
	4,686	4,113	3,139
Total receivables	9,512	9,204	6,916

(in R$ million)		Until December 31,				
Maturity of receivables as of December 31, 2011	Total	2012	2013	2014	2015	After 2016
Total	9,512.6	3,962.6	3,220.9	1,418.4	224.3	686.5

As of December 31, 2011, the balance of clients by property development totaled R$4.8 million, compared with R$5.1 million on December 31, 2010. This decrease of 5% was mainly attributed to major increase in clients' dissolution, as receivable clients return to the inventory. Receivables from services and construction in 2011 totaled R$11 million compared with R$60 million in 2010, representing a decrease of 81%, due to the completion of some projects carried out for third parties.

All the balances of accounts receivable presented herein are adjusted to present value, as required by the Technical Pronouncement CPC 12 "Adjustment to present value",

Property for sale – Current and Non-Current

The balance of property for sale was comprised as follows, in the periods indicated:

	12/31/2011	**12/31/2010**	**12/31/2009 (reapresentado)**
Land reserve	1,209,400	854,652	744,200
(-) Provision for land realization	(50,049)	-	-
(-)Adjustment to present value	(8,183)	(20,343)	(11,962)
Property under construction	1,181,950	924,066	895,085
Cost of property in the recognition of provisions for dissolution (Note 5(i))	394,830	174,774	-
Completed units	119,342	272,923	121,134
	2,847,290	2,206,072	1,748,457

Parcela circulante	2,049,084	1,707,892	1,332,374
Parcela não circulante	798,206	498,180	416,083

On December 31, 2011, the balance of property for sale, current and non-current, totaled R$2.9 billion, compared with R$2.1 million on December 31, 2010. This increase is mainly due to the dissolution of contracts at Tenda Business and the related units that returned to the inventory. At the end of 2011, 10.0% of total inventory reflected concluded units, while the units where construction is up to 30% completed account for 20.2% of total inventory. We continue to focus on finished stock reduction, mainly centered under Gafisa brand which represents 57.4% of total final stock.

Other accounts receivable - Current

The balance of other accounts receivable held by Company on December 31, 2011 stood at R$111 million, 24% lower than in the same period in 2010. This decrease was mainly due to provision for potential dissolutions and projects cancellation, due to financial or technical infeasibility.

Intangibles

On December 31, 2011, the balance of intangible assets totaled R$229 million compared with R$222 million on December 31, 2010. We amortized R$ 10 million from CIPESA Empreendimentos Imobiliários S.A..

Deferred income tax and social contributions

The balance of deferred income tax and social contributions on December 31, 2011 totaled R$80 million, an increase of 94% compared to the balance of R$42 million registered on December 31, 2010. Liabilities are being presented net of assets. The increase is due to asset impairment.

Liabilities

Loans, Financing and Debentures – Current and Non-Current

Company's total level of indebtedness on December 31, 2011, was R$1.8 billion, an increase of 32% compared with the balance of R$1.4 million on December 31, 2010. This increase was mainly generated by loans linked to construction financing, reflecting Company's capacity to finance its ongoing projects, increasing the Company's level of leverage.

The table below shows the development of net indebtedness and obligations with investors in Company:

Total indebtedness

(in R$ thou)			Balance in	
Type of Transaction	Rate	2011	2010	2009
Banking Note - CCB	1,30% a 2,20% + CDI	937,019	664,471	736,736
Promissory Note	25% a 126% do CDI	231,068	-	-
Construction Financing (SFH)	TR + 8,3% até 12,68%	684,642	745,707	467,019
Assumption of debts due to incorporation of debts of controlled companies and others	TR + 12%	3,881	-	-
		1,856,610	1,410,178	1,203,755
Short-term installment		1,135,543	797,903	678,312
Long-term installment		721,067	612,275	525,443

Obligations related to the client purchase of property under construction – Current and Non-Current

Company's obligations for the purchase of property and client advances totaled R$788 million on December 31, 2011, an increase of 32% compared with the same period in 2010. Of this total, 77%, or R$611 million, mature in the short term. The R$177 million maturing in the long term fully corresponds to the acquisition of property.

The following table shows the development of obligations for the purchase of properties and client advances, as well as its distribution between the short and long terms.

Balance of obligations for the acquisition of property and client advances

	12/31/2011	**12/31/2010**	**12/31/2009**
Current portion	610,555	420,199	475,409
Non-current portion	177,135	177,860	146,401
Total	787,690	598,059	621,810

Payables to Suppliers of materials and services

The balance of payables due to suppliers of materials and services on December 31, 2011 stood at R$251 million, equivalent to a decrease of 30% compared with the 2010 balance of R$231 million. The reduction in this liability is due to the maintenance of the volume of property construction projects.

Taxes and social contributions – Current

The balance of taxes and social contributions (current) on December 31, 2011 was R$251 million, which corresponds to an increase of 30% compared with the balance on December 31, 2010 of R$231 million. This increase reflects the expansion in Company's operations.

Deferred Income tax and social contribution – current and non-current

On December 31, 2011, the balance of deferred income tax and social contributions, in terms of current and non-current liabilities totaled R$83 million, an increase of 499% in relation to the balance on December 31, 2010 of R$14 million. This variation is due to the losses related to the SPE and to net loss.

Provision for Contingencies – Current and non-current

Company and its subsidiaries are parties in legal actions and administrative processes in various courts and with several government bodies, as a result of normal business operations, involving tax, labor, and civil questions, among other issues. Company, based on information from its legal advisers, analysis of the pending legal demands and, when concerning labor cases, based on its prior experience in terms of the settlements made, made a provision considered sufficient to cover the estimated losses as a result of the claims being made.

The following table shows the development of Company's provisions for contingencies:

Consolidated	**Civil lawsuits**	**Tax litigation**	**Labor litigation**	**Total Consolidated**
Balance on December 31, 2010	92.821	10.894	17.624	121.339
Complement for provision	18.432	1.869	16.354	36.655
Payments and reversals in the provision not used	(8.425)	(655)	(10.222)	(19.302)
Balance on December 31, 2011	102.828	12.108	23.756	138.692
Additional Provison	22.874	4.379	30.649	57.902
Payments and Provision Reversal	(11.525)	(635)	(14.645)	(26.805)
Balance on December 31, 2011	114.177	15.852	39.760	169.789

The provision for contingencies related to civil processes on December 31, 2011, included R$114 million for cases in which Company was named as the successor in existing legal actions in which the original debtor is a former shareholder of Cimob Companhia Imobiliária, among other group companies. The plaintiff alleges that Company should be held responsible for Cimob Companhia Imobiliária's debts. Some cases, totaling an amount of R$ 7 million, are backed by a judicial insurance guarantee, and in addition, there are judicial deposits of R$ 64 million, derived from Company's bank accounts blocking, and there is also a block on Company's shares held in treasury to guarantee performance.

Company is appealing all these decisions, believing that Company's inclusion into the lawsuits is legally unreasonable, thus aiming to release its amounts and ensuring recognition that it cannot be held responsible for the debt of a company with which it has no ties. Company has won similar actions previously, definitively determining that it is not responsible for the debts of Cimob Companhia Imobiliária, The final ruling on Company's appeal, however, cannot be taken for granted at this time.

Other accounts payable – Current and Non-Current

The balance of other accounts payables on December 31, 2011 was R$574 million, an increase of 137% compared with the balance of R$242 million on December 31, 2010. The variation in balance in this account is mainly due to R$135 million.

Net Shareholders' Equity

The balance of shareholders' equity in Company on December 31, 2011, stood at R$2.7 billion, a decrease of 25%, or R$3.6 billion, compared with December 31, 2010.

Other accounts

Company's other shareholder equity accounts not discussed in this analysis varied in the normal course of its business activities, and are of little importance in terms of the total consolidated balance sheet.

Balance Sheet related to the Financial year ending on December 31, 2010 compared with 2009

Current Assets

Availabilities – Cash and Banks, Financial Investments

Company's cash and cash equivalents as at December 31, 2010 totaled R$1.2 million, compared with R$1.4 million on December 31, 2009, a reduction of R$223 million, or 16%. This reduction was mainly due to the consumption of cash in the period and amortization of debt, which was more than offset for by the financial resources raised through the share offering made at the beginning of the year, of R$1.1 billion.

Accounts receivable from development and services rendered – Current and Non-Current

The following tables show the client accounts receivable from development and the sale of Company property, as well as the receivables to be appropriated, and the maturing of Company's portfolio:

(in R$ million)	**As of December 31,**		
Clients of property incorporation and sales	**2010**	**2009 (restated)**	**01/01/2009 (restated)**
Current	3,843.6	2,009	1,255
Non-current	1,247.3	1,768	864
	5,091	3,777	2,119

(in R$ million)	**As of December 31,**		
Receivables for appropriation	**2010**	**2009 (restated)**	**01/01/2009 (restated)**
Current	**2,466**	1,556	812
Non-current	**1,647**	1,583	2,755
	4,113	3,139	3,567
Total receivables	**9,384**	6,916	5,685

(in R$ million)		Until December 31,				
Maturing of receivables as of December 31, 2010	Total	2011	2012	2013	2014	After 2015

Total	9,384	5,624	1,715	1,290	307	448

As of December 31, 2010, the balance of clients by property incorporation totaled R$5 million, compared with R$4 million on December 31, 2009. This increase of 35% was a result of the increase in Company sales in 2010. Receivables from services and construction in 2010 totaled R$60 million compared with R$96 million in 2009, representing a reduction of 38%, due to the completion of some projects carried out for third parties.

All the balances of accounts receivable presented herein are adjusted to present value, as required by the Technical Pronouncement CPC 12 “Adjustment to present value”.

Property for Sale – Current and Non-Current

The balance of property for sale was comprised as follows, in the periods indicated:

	12/31/2010	**12/31/2009 (restated)**	**01/01/2009 (restated)**
Land reserves	**854,652**	744,200	758,155
(-) Adjustment to present value	**(20,343)**	(11,962)	(7,600)
Property under construction	**959,934**	895,085	1,181,930
Completed Units	**272,923**	121,134	96,491
	2,067,166	1,748,457	2,028,976
Current portion	**1,568,986**	1,332,374	1,695,130
Non-Current portion	**498,180**	416,083	333,846

On December 31, 2010, the balance of property for sale, current and non-current, totaled R$2.1 billion, compared with R$1.7 billion on December 31, 2009. This increase was due to the growth in the volume of projects launched by Company in the period, which are still under construction.

Other accounts receivable - Current

The balance of other accounts receivable held by Company on December 31, 2010 stood at R$178 million, 64% higher than in the same period in 2009. This increase was mainly due to the increase in accounts receivable from condominiums and purchasing pools for real estate project developments.

Intangibles

On December 31, 2010, the balance of intangible assets totaled R$222 million compared with R$ 205 million on December 31, 2009. During the 2010 financial year, there were no changes in the net balance of premium, as the premiums were no longer amortized after the first of January 2009, pursuant to the new accounting standards.

Deferred income tax and social contributions

The balance of deferred income tax and social contributions on December 31, 2010 totaled R$338 million, a decrease of 100% compared with the balance of R$281 million registered on December 31, 2009. This variation was due to the increase in temporary fiscal differences, the base for drawing up tax credits and the balance of fiscal losses and negative bases for income tax and social contributions.

<u>Liabilities</u>

Loans, Financing and Debentures – Current and Non-Current

Company's total level of indebtedness on December 31, 2010, was R$3.2 billion, an increase of 5.4% compared with the balance of R$3.1 billion on December 31, 2009. This increase was mainly generated by loans linked to construction financing, reflecting Company's capacity to finance its ongoing projects.

The table below shows the development of net indebtedness and obligations with investors in Company:

Total indebtedness

(in R$ thou)			Balance in	
Type of Transaction	Rate	2010	2009	2008
Debentures	CDI + (1.5%-1.95%)/(8.25%-9.06) + TR	1,879,931	1,918,377	503,945
Construction Financing (SFH)	TR + 8.3%-12% p.a.	745,707	467,019	372,255
Downstream merger obligations	TR + 10% p.a.	-	-	8,810
Working Capital	CDI + (1.30%-4.9% p.a.)	664,471	736,736	662,535
Others	TR + 6.2%	-	-	4,576
Total Debt		3,290,109	3,122,132	1,552,121
Availabilities		1,201,148	1,424,053	605,502

Net Debt	2,088,961	1,698,079	946,619

Obligations related to the client purchase of property under construction – Current and Non-Current

Company's obligations for the purchase of property and client advances totaled R$598 million on December 31, 2010, a reduction of 4% compared with the same period in 2009. Of this total, 70%, or R$420 million, matures in the short term, of which R$260 million relate to property purchase obligations, R$160 million are client advances and swaps. The R$178 million maturing in the long term fully corresponds to the acquisition of property.

The following table shows the development of obligations for the purchase of properties and client advances, as well as its distribution between the short and long terms.

Balance of obligations for the acquisition of property and client advances

	12/31/2010	**12/31/2009**	**01/01/2009**
Current portion	**420,199**	475,409	421,584
Non-current portion	**177,860**	146,401	231,199
Total	**598,059**	621,810	652,783

Payables to Suppliers of materials and services

The balance of payables due to suppliers of materials and services on December 31, 2010 stood at R$190 million, equivalent to an increase of 2.0% compared with the 2009 balance of R$194 million. The slight reduction or stabilization in this obligation is due to the maintenance of the volume of Company's property construction projects.

Taxes and social contributions – Current

The balance of taxes and social contributions (current) on December 31, 2010 was R$231 million, which corresponds to an increase of 30% compared with the balance on December 31, 2009 de R$177 million. This increase reflects the expansion in Company's operations.

Deferred Income tax and social contribution – current and non-current

On December 31, 2010, the balance of deferred income tax and social contributions, in terms of current and non-current liabilities totaled R$42 million, a decrease of 89% in relation to the balance on December 31, 2009 of R$377 million. This variation is due to the optimization of fiscal planning that maximized the reduction in tax obligations, resulting in a reduction in the balance of deferred tax provisioned in Company's balance sheet.

Provision for Contingencies – Current and non-current

Company and its subsidiaries are parties in legal actions and administrative processes in various courts and with several government bodies, as a result of normal business operations, involving tax, labor, and civil matters, among other issues. Company, based on information from its legal advisers, analysis of the pending lawsuits and, when concerning labor cases, based on its prior experience in terms of the claimed amounts, made a provision considered sufficient to cover the estimated losses as a result of the claims being made.

The following table shows the development of Company's provisions for contingencies,

Consolidated	**Civil lawsuits**	**Tax litigation**	**Labor litigation**	**Total Consolidated**
Balance on December 31, 2009 (restated)	92,821	10,894	17,624	121,339
Complement for provision	18,432	1,869	16,354	36,655
Payments and reversals or unused provision	(8,425)	(655)	(10,222)	(19,298)
Balance on December 31, 2010	102,828	12,108	23,756	138,692
Current portion	8,347	640	5,168	14,155
Non-Current portion	94,481	11,468	18,588	124,537

The provision for contingencies related to civil processes on December 31, 2010, included R$73 million for cases in which Company was named as the successor in existing execution actions in which the original debtor is a former shareholder of Cimob Companhia Imobiliária, among other group companies. The plaintiff alleges that Company should be held responsible for Cimob's debts. Some cases, totaling an amount of R$7 million, are backed by a judicial insurance guarantee, and in addition, there are judicial deposits of R$64 million, derived from Gafisa's bank accounts blocking, and there is also a block on Gafisa's shares held in treasury to guarantee performance.

Company is appealing all these decisions, believing that Company's inclusion into the lawsuits is legally unreasonable, thus aiming to release its amounts and ensuring recognition that it cannot be held responsible for the debt of a company with which it has no ties. Company has won similar actions previously, definitively determining that it is not responsible for the debts of Cimob Companhia Imobiliária, The final ruling on Company's appeal, however, cannot be taken for granted at this time.

During the financial year ending on December 31, 2010, Company registered an additional provision of R$66 million, based on unfavorable legal rulings, and which led Company to seek a second legal opinion and reevaluate its estimated probable loss. Some lawsuits, totaling R$18 million, are backed by judicial insurance guarantees. In addition, there are judicial deposits of R$65 million, derived from Company's bank accounts blocking, and there is also a block on Company's shares held in treasury to guarantee performance.

Other accounts payable – Current and Non-Current

The balance of other accounts payables on December 31, 2010 was R$692 million, an increase of 11% compared with the balance of R$623.4 million on December 31, 2009. The variation in balance in this account is mainly due to the incorporation of share capital in Alphaville Urbanismo S.A. in 2010.

The remaining accounts on the Company's balance sheet that were not discussed in the analyses suffered variations normal to the course of the Company's business or were not material considering the consolidated balance sheet.

Net Shareholders' Equity

The balance of shareholders' equity in Company on December 31, 2010, stood at R$3.6 billion, an increase of 52%, or R$2.4 million, compared with December 31, 2009. Of this increase, R$2.7 billion is related to the capital increase from the share offering made at the beginning of 2010 and R$416.0 million from profit retained in the same year. Offsetting this there was a R$51 million reduction in the form of dividends distributed related to the profit reported in 2009.

Other accounts

Company's other shareholder equity accounts not discussed in this analysis varied in the normal course of its business activities, and are of little importance in terms of the total consolidated balance sheet.

Cash Flow

The table below summarizes Company's Cash Flow for the financial years indicated therein:

	Financial years ended on December 31, (in R$ thou)		
	2011	2010	2009
Cash Flow			
Operating	(831,743)	(1,079,643)	(712,232)
Investment	8,376	122,888	(762,163)
Financing	704,583	920,197	1,575,892
Total	(118,784)	(36,558)	101,497

Cash Flow related to the Financial Year ending on December 31, 2011 compared with 2010

Operating Activities

Net cash used in operations, in 2011, totaled R$832 million compared with negative R$1.1 billion in 2010, mainly due to the increase in provisions for bad debt of R$1 million in 2010 and of R$106 million in 2011.

Investment Activities

Net cash used in investment activities, including the acquisition of goods, equipment and new investments, was positive in 2011, in the amount of R$8 million.

Company's disbursements during 2011 were largely related to the investments made in goods, mostly land for future developments, and equipment, in the amount of R$(90) million compared with the R$(63) million registered in 2010, an increase in redemption of securities of R$2.5 billion in 2011 compared to R$2.0 billion in 2010, and investment in securities of negative R$2.4 billion in 2011 compared to negative R$1.9 billion in 2010.

Financing Activities

The net cash generated in 2011 by financial activities totaled R$704 million, compared with R$920 million in 2010. Such decrease was due to the increase in assignment of credit receivables.

Cash Flow related to the Financial Year ending on December 31, 2010 compared with 2009

Operating Activities

The net cash used in operations in 2010 totaled negative R$1.1 billion compared with R$712 million in 2009, mainly due to the net impact of the increase in the balance of property for sale and outstanding receivables.

Investment Activities

The net cash used in investment activities, including the acquisition of goods, equipment and new investments, was positive R$123 million in 2010, mainly due to the share offering (Follow-on) made during the year, the increase in net debt and freeing up of restricted capital. The net cash positions in 2009 and 2008, were R$762 million and R$127 million, respectively.

Company's disbursements during 2010 were largely related to the investments made in goods, mostly land for future developments, and equipment of R$63 million compared with the R$45 million registered in 2009, and a reduction in cash restricted for loan guarantees of R$156 million in 2010, compared with an increase in restricted cash of R$717 million in 2009.

Financing Activities

The net cash generated in 2010 by financial activities totaled R$974 million, compared with R$1.5 billion in 2009. This decline in net cash was the result of Company's financing activities in 2010 and mainly the paying down of borrowings during the period, contrary to the high volume of debenture issues and other debts raised during 2009.

10.2.

a) Company operating results
Description of more important revenue items

Company's revenues come mainly from incorporation and selling of real estate developments. It also earns revenue, on a smaller scale, from providing real estate services, such as construction, technical and real estate management to third parties.

	2011	**2010**	**2009**
Real estate sales	3.441.279	3.834.230	3.096.881
Dissolution provision	(301.394)	(182.832)	
Construction services rendering to third parties	29.607	24.289	47.999
Deductions from gross revenue	(228.986)	(272.637)	(122.534)
Total net revenue	2.940.506	3.403.050	3.022.346

Factors that materially affected the operating results

The net operating revenue for the financial year to December 31, 2009 was 73.7% higher than that of the previous year, at R$3,022.3 million, due to the consolidation of the results for Construtora Tenda S.A. and the recognition of revenues from sales effected in prior periods.

The net operating revenue for the financial year ended on December 31, 2010 was 12.6% higher than that of the previous year, at R$3,403.1 million, due to the expansion of Company's operations and the recognition of revenues from sales effected in prior periods.

In the financial year ended on December 31, 2011, the net operating revenue evidenced 13.6% decrease compared to the same period in the previous year, totaling R$2,940.6 million due to detailed review of Company's operations and its work strategy defined in the second half of 2011, which includes, among other measures, detailed review of all cost budgets of the civil works for their conclusion and review of the entire clients portfolio of Construtora Tenda S.A. aiming to confirm their adequacy to the financial institutions' requirements.

b) changes in revenue attributable to variations in prices, exchange rates, inflation, changes in volumes or the introduction of new products and services

Company recognizes the revenue from real estate developments according to their construction, based on a financial calculation made upon completion of the project, not at the moment that the sale contract is signed. The principal causes of variations in revenue between the years 2009, 2010 and 2011 are changes in sales volumes and Company's introduction of new products and services, as well as detailed review of Company's operations, and its working strategy in 2011.

Company's revenue reduction of 13.6% in 2011 compared to the revenues from the same period in 2010, is mainly due to the detailed review of all cost budgets of the civil works for their conclusion and review of the entire clients portfolio of Construtora Tenda S.A. aiming to confirm their adequacy to the financial institutions' requirements. In addition, as a consequence of operations and strategy review, Company has chosen to temporarily reduce Tenda brand's operations, until we are able to operate in an efficient manner within the guideline of that segment, i.e., production at competitive costs (using aluminum mold technology) and immediate transfer promptly after sales, of the clients to the financial institution.

Company’s 12.6% revenue variation in 2010, compared with 2009, is partially due to a 23.3% increase in sales during said period. By the same token, the 73.7% revenue variation in 2009, compared to 2008, is partially due to a 26% increase in sales during said periods.

R$ thous	**2011**	**2010**	**2009**	**2011 vs 2010**	**2010 vs 2009**
Contract Sales	3,352,288	4,006,380	3,248,065	-16%	23%
Launches	3,526,298	4,491,835	2,301,224	-21%	95%
Net Revenue	2,940,506	3,403,050	3,022,346	-14%	13%

c) impact of inflation, variation in the prices of Company’s main inputs and products, exchange rates and interest rates on Company’s operating and financial results

As mentioned in item 5.1 of the Reference Form, the principal index rates used in Company’s business plan are the INCC, IGP-M and CDI:

INCC (National Building Cost Index): most of Company’s costs and all its portfolio of revenues from unfinished projects are adjusted in accordance with this index.

IGP-M (General Index of Market Prices): all Company’s portfolio of revenues from completed projects is adjusted in accordance with this index.

CDI (Interbank Certificate of Deposit): all Company’s financial investments and roughly 50% of total indebtedness are linked to the CDI.

Exchange rates: Company does not have any debts or amounts receivable denominated in foreign currency.

Furthermore, none of Company’s significant costs is denominated in foreign currency.

10.3. Significant events and impacts on Company's financial statements and results:

a) introduction or disposal of operational segments
Company is active in practically all the revenue segments of the Brazilian housing market. To this end, it has a business platform that is suitable for putting its future plans into practice, and it currently has no intention of introducing or disposing of any operational segment.
b) establishment, acquisition or disposal of shareholdings
On December 30, 2009, approval was given for Company's assimilation of all the shares of Construtora Tenda S.A. that are traded on the New Market of the São Paulo Stock Exchange (BM&FBOVESPA S.A.), trading in which ceased on February 8, 2010. With this merger, Company now owns 100% of the total and voting capital of Construtora Tenda S.A.. A capital increase of R$388.0 million was carried out and a capital reserve of R$60.8 million was set up.

On May 28, 2010, approval was given for Company's assimilation of all the shares issued by Shertis Empreendimentos e Participações S.A., whose principal asset is an equity holding representing 20% of the capital stock of Alphaville Urbanismo S.A.. The purpose of this consolidation is to enable the implementation of the second stage of the investment program provided for under the Investment Agreement and Other Covenants signed by Company and Alphaville Participações S.A. on October 2, 2006, in order to raise Company's share of Alphaville Urbanismo S.A.'s corporate capital to 80%. As a result of this share consolidation, Shertis Empreendimentos e Participações S.A. became a fully-owned subsidiary of Company, and the issuing of 9,797,792 new common shares in the name of Alphaville Participações S.A., previously a shareholder of Shertis Empreendimentos e Participações S.A., brought about a capital increase of R$20.3 million.
c) exceptional events or operations
There were no exceptional events or operations.

10.4.

a) significant changes in the accounting practices
Initial adoption of International Financial Reporting Standards

Until December 31, 2009, Company's individual and consolidated financial statements were presented in accordance with the accounting practices adopted in Brazil, CVM (Brazilian Securities Commission) supplementary regulations, CPC (Brazilian Accounting Rules Committee) orientation issued up to December 31, 2008 and the provisions of Brazilian Joint-Stock Laws, base for the accounting principles adopted in Brazil (BR GAAP).

Company prepared its opening balance sheet for the transition date of January 1, 2009, applying all the obligatory exceptions and certain optional exemptions that are fully applicable in retrospect, in accordance with the pronouncements, interpretations and technical guidance issued by the CPC and approved by the CVM, in the preparation of the parent company individual financial statements. The consolidated financial statements were prepared in accordance with the accounting practices adopted in Brazil, CVM regulations and the pronouncements, interpretations and technical guidance of the CPC, as well as being in compliance with the International Financial Reporting Standards (IFRS) adopted in Brazil, including OCPC Guidance 4 (OCPC 04) - Application of CPC Technical Interpretation 2 (ICPC 02) to Brazilian Real Estate Development Entities, with regard to the recognition of revenue and respective costs and expenses arising from real estate development activities while the work is in progress (POC - Percentage of Completion method). CPC Technical Pronouncement 37 (R1) requires that an entity develops accounting policies based on CPC standards and interpretations and IFRS that are in effect on the closing date of its first parent company and consolidated financial statements, and that these policies are applied on the transition date and throughout all the periods presented in the first financial statements, according to the regulations issued by the CPC and the IFRS and approved for use in Brazil, and Company adopted all the CPC pronouncements, interpretations and guidance issued up to December 31, 2011. The consolidated financial statements are consequently in compliance with the IFRS approved in Brazil by the CPC, CVM and CFC (Federal Accounting Board).

The following standards and amendments of the already existing standards have been published and are mandatory for all the subsequent accounting periods. Company has not adopted such standards or amended the standards in advance. It is important to highlight that there are no IFRSs or IFRICs, inclusive enhancement of the already existing IFRSs or IFRICs which are effective for initial adoption in the financial year ended on December 31, 2011 and which are relevant for Company and its subsidiaries.

IFRS 7 – "Financial Instruments – Disclosure", issued in October, 2010. Amendment of the financial instruments disclosure standard is aimed at fostering transparent disclosure of financial assets transfer transactions, improve user's understanding of risk exposure in such transfers, and the effects of such risks on the balance sheet, mainly those concerning financial assets securitization. The standard applies to financial years started or to start before January 1st, 2012. The standard applies starting on January 1st, 2013.

IFRS 9 – "Financial Instruments", issued in November, 2009. The IFRS 9 is the first standard issued as part of a larger project to replace the IAS 39. The IFRS 9 withholds, but simplifies, the measurement model and sets forth two main measurement categories for the financial assets: amortized cost and fair value. The classification basis depends on the entity's business model and the contractual characteristics of the financial assets' cash flow. The guideline included in the IAS 39 about impairment of the financial assets and accounting of continuous hedge to be applied. Former periods do not need to be restated if an entity adopts the standard for the periods initiated or to initiate before January 1st, 2012. The standard applies starting on January 1st, 2013.

IFRS 10 – "Consolidated Financial Statements", issued in May, 2011. This standard is based on the principles existing upon identification of the control concept as a determinant factor of when an entity must be consolidated in the financial statements. The standard provides additional guideline to assist determination of control when there is doubt in the assessment. The standard applies starting on January 1st, 2013.

IAS 28 – "Investments in colligated companies and companies under mutual control", IFRS 11 – "Joint contractual agreement" and IFRS 12 – "Disclosures on interests in other entities", all of them issued in May, 2011. The main amendment introduced by those standards is the impossibility of proportional consolidation of entities which net assets control is shared by an agreement between two or more parts and which is classified as a joint venture.

The IFRS 11 sets forth two types of classification for agreements:

Joint operations – when the parties jointly control assets and liabilities, irrespective of such assets being in a separate vehicle, pursuant to the contractual devices and essence of the operation. In those agreements, the assets, liabilities, revenues and expenses are accounted in the entity that takes part in the joint operator agreement proportional to its rights and liabilities.

Joint ventures – when the parties jointly control the net assets of an agreement, structured by one separate entity and the respective results of such assets are divided into the participant parties. In those agreements, the entity's interest has to be accounted by the equity method and presented under the investments header.

The IFRS 12 determines qualitative disclosures that must be realized by the entity concerning interests in subsidiaries, in joint agreements or non-consolidated entities, which include judgments and significant assumptions to determine whether their interests exercise control, significant influence or classification of the joint agreements between Joint operations and Joint ventures, as well as other information about the nature and extent of significant restrictions and associated risks. The standard does not apply until January 1st, 2013.

IFRS 13 – "Fair value measurement", issued in May, 2011. The standard is aimed at improving consistency and reducing complexity in the disclosures required by the IFRSs. The requirements do not increase use of the fair value in accounting, but provides direction on how to apply it when its use is required or allowed by another standard. The standard applies starting on January 1st, 2013, and there is an exemption to apply the new disclosure requirements for comparable periods.

There are no other regulations or interpretations that have been issued until issuing of theses financial statements.

Company does not expect any significant impact on the consolidated financial statements from the initial adoption of the new pronouncements and interpretations.

The CPC has not yet issued its respective pronouncements and modifications regarding the abovementioned new and revised IFRSs. In view of the CPC and CVM commitments to keeping the set of issued regulations up to date, based on the IASB updates, it is expected that such pronouncements and modifications shall be issued by the CPC and approved by the CVM before the date of their mandatory application.

b) Material effects of the changes in accounting practices

Reconciliation of the accounting practices applied in the preparation of the financial statements presented previously.

Pursuant to CPC 37 (R1), Company presents the reconciliation of assets, liabilities, income, shareholders' equity and cash flow, in the previously published Parent Company and Consolidated financial statements for the financial year ended on December 31, 2009, prepared in accordance with the accounting practices adopted in Brazil and in effect until December 31, 2009, and also considering the CPCs in effect in 2010.

Closing Balance Sheet as at December 31, 2009

		Parent Company			**Consolidated**		
	Item	**Previous accounting practice**	**Adjustments**	**Present accounting practice**	**Previous accounting practice**	**Adjustments**	**Present accounting practice**
Current Assets		2,551,038	-	2,551,038	4,892,448	-	4,892,448
Liquid assets		773,479	-	773,479	1,424,053	-	1,424,053
Cash and equivalents	(i)	745,515	(701,010)	44,445	1,376,788	(1,053,540)	323,248
Marketable securities	(i)	27,964	701,010	729,032	47,265	1,053,540	1,100,805
Accounts receivable from sales and services		911,333	-	911,333	2,008,464	-	2,008,464
Property for sale		604,128	-	604,128	1,332,374	-	1,332,374
Others		262,098	-	262,098	127,557	-	127,557
Non-Current Assets		3,124,403	40,732	3,165,135	2,795,875	48,386	2,844,261
Long-Term Assets	(iv)	992,578	40,732	1,033,310	2,534,713	48,386	2,583,099
Permanent Assets		2,131,825	-	2,131,825	261,162	-	261,162
Total Assets		5,675,441	40,732	5,716,173	7,688,323	48,386	7,736,709
Current Liabilities		1,219,619	-	1,219,619	2,020,602	(40,259)	1,980,343
Minimum compulsory dividends		50,716	-	50,716	54,279	-	54,279
Others	(v)	1,168,903	-	1,168,903	1,966,323	(40,259)	1,926,064
Non-Current Liabilities		2,130,188	40,732	2,170,920	3,283,540	88,645	3,372,185
Others	(iv)	1,943,326	40,732	1,984,058	2,947,249	48,386	2,995,635
Deferred income tax and social contribution	(v)	186,862	-	186,862	336,291	40,259	376,550
Minority interest	(ii)	-	-	-	58,547	(58,547)	-
Shareholders' Equity	(ii)	2,325,634	-	2,325,634	2,325,634	58,547	2,384,181
Total Liabilities		5,675,441	40,732	5,716,173	7,688,323	48,386	7,736,709

Summary of the adjustments that have been made is presented as follows:

		Parent Company			Consolidated		
		Shareholders' Equity		Net profit for the year	Shareholders' Equity		Net profit for the year
		12/31/2009	1/1/2009	12/31/2009	12/31/2009	1/1/2009	12/31/2009
Present accounting practice		**2,325,634**	**1,724,219**	**101,740**	**2,384,181**	**2,195,621**	**101,740**
Gain on partial sale of investments	(iii)	-	(169,394)	169,394	-	(169,394)	169,394
Deferred income tax and social contribution	(iii)	-	57,594	(57,594)	-	57,594	(57,594)
Minority interest	(ii)	**-**	**-**	**-**	58,547	471,402	
Previous accounting practice (in effect to December 31, 2009)		**2,325,634**	**1,612,419**	**213,540**	**2,325,634**	**1,612,419**	**213,540**

Closing Cash Flow Statement as of December 31, 2009

		Parent Company			Consolidated		
	Item	Previous accounting practice	Adjustments	Present accounting practice	Previous accounting practice	Adjustments	Present accounting practice
Net profit for the year	(iii)	213,540	(111,800)	101,740	213,540	(111,800)	101,740
Expenses (income) that do not affect working capital	(iii)	10,694	111,800	122,494	300,601	111,800	412,401
Net increase/reduction in assets and liabilities		(443,677)	-	(443,677)	(1,226,373)	-	(1,226,373)
Cash used in operational activities		(219,443)	-	(219,443)	(712,232)	-	(712,232)
Cash used in investment activities	(i)	(197,154)	(586,684)	(783,838)	(15,446)	(716,409)	(731,855)
Cash generation from financing activities		996,896		996,896	1,575,892	-	1,575,892
Net increase (reduction) in working capital		580,299	(586,684)	(6,385)	848,214	(716,409)	131,805
Liquid assets							
Opening balance	(i)	165,216	(114,386)	50,830	528,574	(337,131)	191,443
Closing balance	(i)	745,515	(701,070)	44,445	1,376,788	(1,053,540)	323,248
Net increase (reduction) in working capital		580,299	(586,684)	(6,385)	848,214	(716,409)	131,805

(i) *Cash and equivalents*: According to CPC 3 (R2), a financial investment qualifies as cash equivalent only when it has a short-term maturity, in three months or less, for example, from the acquisition date. Therefore, Company reclassified the balances of its marketable securities, registering them in a separate item under availabilities;

(ii) *Minority interest*: According to the accounting practices adopted in Brazil and pursuant to Brazilian Accounting Standard NBC T 08, the stakes of minority shareholders in the equity of the subsidiaries must be shown as a separate item on the consolidated balance sheet, immediately preceding the shareholders' equity accounts, and minority interest, in the consolidated net profit. According to CPC 36, minority interest ought to be shown on the consolidated balance sheet in the shareholders' equity accounts, as a separate item from the stake of the controlling shareholders. Net profit should be separately attributed to controlling shareholders and minority shareholders, even if the share of the latter shows a deficit.

(iii) *Business combinations*: In the 2008 financial year, in accordance with CPC 15, Company amortized the full amount of the discount relating to the acquisition of its stake in Tenda, amounting to a total of R$210,402, by advantageous purchase. The balance of other discounts amortized in 2009, amounting to R$ 169,394 (R$ 41,008 in 2008), as well as their tax effects, of R$57,594, were adjusted retrospectively in the opening balance sheet.

(iv) *Presentation of judicial deposits*: Under the Brazilian regulations, and in accordance with NPC 22/05, it is not uncommon for the management of an entity to question the legitimacy of certain liabilities and, consequently, by judicial order or as part of the management's strategy, for the amounts contested are held as judicial deposits, without any settlement of the liability. In such cases, with no possibility of recovering the deposits except in the event of an outcome that is favorable to Company, the amounts of the deposits should be presented and deducted from the relevant liabilities. With regard to disclosure, when the liabilities are offset by the amounts held in judicial deposits, which is allowed under the terms of this NPC, such amounts that are being offset should be highlighted, in an explanatory note, along with an explanation of any differences. According to CPC 37 (R1), an entity should not present a net value for any assets or liabilities, revenues or expenses, unless this is specifically required or permitted in the legislation. The understanding of this pronouncement is that, in the case of judicial deposits, an entity should present the assets and liabilities separately, since they do not meet the criteria for net presentation, which, both on the balance sheet and in the income statement, must reflect the substance of the transaction or other event, otherwise it would hinder the readers' ability to comprehend the transactions and other events presented in the financial statements and the situation in which they occur, or to estimate the entity's future cash flow. So, Company reclassified the balances, recording the amounts of its judicial deposits under non-current assets.

(v) *Reclassification of deferred taxes*: The previous accounting practices determined the classification of deferred assets and liabilities as current or non-current, depending on the horizon for their realization or settlement by the entity. According to CPC 37 (R1), when an entity presents current and non-current assets and liabilities, classifying them separately on the balance sheet, it should not classify deferred tax assets and liabilities as current. Therefore, Company reclassified its net deferred income tax, which was spread between current and non-current assets, to non-current assets and liabilities deferred income tax.

<u>Mandatory Exceptions and Exemptions regarding Retrospective Application</u>

CPC 37 (R1) allows companies to assume certain voluntary exemptions. Company has analyzed all the voluntary exemptions and presents the results below:

(i) *Mandatory exceptions for business combinations:* Company adopted CPC 15 as from the financial year beginning on January 1^{st}, 2010, with retroactive effect only for the preceding financial year, beginning on January 1^{st}, 2009.

(ii) *Exemption from presenting fair value of fixed assets as acquisition cost*: Company opted not to value its property, plant & equipment on the transition date at fair value, preferring to retain the previously ascertained acquisition cost;

(iii) *Exemption from measuring compound financial instruments*: Company has no transactions that are subject to this regulation.

(iv) *Effects of exchange rate variations and conversion on the financial statements*: This regulation does not apply to Company's operations.

The following exemptions are not applicable to Company's operations and had no impact on the financial statements on the date they were initially adopted:

(i) *CPC 22 Employee benefits*: Company does not have any private pension fund or other benefits that can be defined as a defined benefit plan;

(ii) *CPC 11 Insurance contracts*: These regulations do not apply to Company's operations;

(iii) *ICPC 01 Concession contracts*: Company does not operate any public service concession operations.

Apart from the voluntary exemptions, CPC 37 (R1) expressly forbids the adjustment of certain transactions upon its initial adoption, as this would require the management to analyze past situations in the light of the effective results of the respective transactions. The mandatory exceptions cover the following:

(i) *Recording the writing off of financial assets and liabilities*: Company has made no retrospective adjustments to its financial assets and liabilities, for the purpose of initial adoption, given that there is no difference from the previous accounting practice.

(ii) *Recording of hedging operations*: The hedging operations that existed in 2009 complied with the accounting practices provided laid down in the CPC standard issued on the transition date. Company does not conduct any hedge accounting operations.

(iii) *Changes in estimates*: The estimates adopted in the transition to the CPC standards are consistent with the estimates adopted under the previous accounting criteria.

(iv) *Investments in subsidiaries, their assets and liabilities, deactivated liabilities and client's asset transfers:* This regulation does not apply to Company's operations.

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c) exemptions and emphasis contained in the auditor's report

The report of the independent auditors on the financial statements for the financial year ended on December 31, 2011 emphasized the fact that the individual financial statements (controlling) and consolidated were draft in accordance to accounting practices adopted in Brazil, according to Note 2 of financial statements. The consolidated financial statements prepared in accordance with the IFRS standards applicable to real estate development entities also consider Guidance OCPC 04, edited by the Accounting Pronouncements Committee which addresses recognition of revenue for this sector. Certain issues surrounding the meaning and application of the concept of continuous transfer of risk, benefits and control in the sale of residential units will be analyzed by the International Financial Reporting Interpretation Committee (IFRIC). The results of this analysis could mean that real estate developers will have to revise their accounting practices regarding revenue recognition. Additionally, as described in Note 2.1.3, the financial statements of December 31, 2010 were adjusted in certain account lines, aiming to recognize the adjustments in net revenues and its respective taxes effects, arising from construction budget review, imputed to the fiscal year of 2010.

The report of the independent auditors on the financial statements for the financial year ended on December 31, 2010 emphasized the fact that the said individual (parent company) and consolidated financial statements were prepared in accordance with the accounting practices adopted in Brazil, as stated in Note 2 to the financial statements. The consolidated financial statements prepared in accordance with the IFRS standards applicable to real estate development entities also consider Guidance OCPC 04, edited by the Accounting Pronouncements Committee which addresses recognition of revenue for this sector, as explained in greater detail in Note 2.4. Certain issues surrounding the meaning and application of the concept of continuous transfer of risk, benefits and control in the sale of residential units will be analyzed by the International Financial Reporting Interpretation Committee (IFRIC). The results of this analysis could mean that real estate developers will have to revise their accounting practices regarding revenue recognition.

The report on the Independent Auditors' Special Review of the Quarterly Report (ITR) for June 30, 2010, emphasized the preparation of the Quarterly Reports (ITRs) in accordance with the accounting practices adopted in Brazil that were in effect on December 31, 2009, but not including CPC Technical Pronouncements, Interpretations and Guidance that came into effect, mandatorily, in 2010 and modify the accounting practices adopted in Brazil, pursuant to CVM Resolution nº 603, of November 10, 2009. Moreover, the report on the Independent Auditors' Special Review of the Quarterly Report (ITR) for June 30, 2010 states that the statements of income, changes in shareholders' equity and cash flow for the quarter and half year ended on June 30, 2009 were reviewed by other independent auditors, who issued a Special Review report without proviso, on July 31, 2009. This relates to the management's decision to change its independent auditors, for strictly commercial reasons, as communicated to the market in a public announcement made on August 18, 2009. That change was also conducted with the consent of the previous independent auditors.

10.5. Company's Critical Accounting Policies:

The consolidated financial statements for the years ending on December 31, 2011 and 2010, were prepared in accordance with the generally accepted accounting practices in Brazil (BRGAAP), which include the Brazilian Securities and Exchange Commission (CVM) norms and the pronouncements, interpretations and guidelines offered comply with the international norms for financial reporting (International Financial Reporting Standards – IFRS) applicable to housing/property development/real estate entities in Brazil, including Orientation OCPC 04 - Orientation OCPC 04 – the Application of Technical Interpretation ICPC 02 to Brazilian Housing/Property Development/Real Estate Entities – in terms of the recognition of revenue and respective costs and expenses arising from real estate operations during project construction (using the method of completed percentage – POC).

Determined subjects related to the meaning and application of the concept of the continued transfer of risks, benefits and the control of real estate unit sales will be analyzed by the International Financial Reporting Interpretation Committee (IFRIC), through the IFRIC15 – Agreements for the construction of Real Estate, not concluded and approved yet.. The result of this analysis may mean that Company has to review its accounting practices related to the recognition of revenue.

The consolidated financial statements were prepared based on the historical cost, except when informed otherwise, as described in the subsequent accounting practices. The historical cost is normally based on fair value of the compensations paid in exchange for the assets.

Judgments, estimates and accounting premises

(i) Judgments

The preparation of the controlling company's financial and Company's consolidated statements requires that management make certain judgments and estimates, as well as adopt premises that affect the values presented for revenue, expenses, assets and liabilities, and the amount of contingent liabilities, in the database of the financial statements. Assets and liabilities subject to estimates and premises include the useful life of a fixed asset, provision for the reduction in recoverable value (impairment), deferred asset taxes, provision for tax, labor and civil contingencies and the measurement of cost budgeted for projects and financial instruments.

(ii) Estimates and premises

The main premises related to the sources of uncertainty regarding future estimates and other important doubts about estimates on the date of the balance sheet, and that could result in different values to those booked, are discussed below:

a) Loss for reduction (impairment) to the recoverable value of non-financial assets

Management reviews, on annual basis, the accounting value of the assets aiming to evaluate events or changes in the economic, operating or technological conditions that might indicate deterioration or loss of the recoverable value. Upon identification of such evidences and if the net book value exceeds its recoverable value, a provision is created for devaluation, adjusting the net booked value to the recoverable value. Those losses are entered into the financial year's result upon their identification. The test of loss for reduction to the recoverable value of intangible assets with undefined useful life and premium for expectation of future profitability is carried out at least once a year or when the circumstances indicate loss by devaluation of the accounting value.

The book value of an asset or cash-generating unit is defined as the highest between the useful value and the net selling value.

To calculate the useful value of the asset, the cash future flows are discounted to their present value using a discount rate before taxes that reflects the capital weighted average cost for the industry wherein the cash generating unit operates.

The cash flows are derived from the budget for the next five years and do not include activities of reorganization with which Company has still not committed to, or significant future investment that would improve the asset base of the cash generating unit the object of the test. The recoverable value is sensitive to the discount value used in the discounted cash flow method, as well as the future expected cash receivables and the growth rate used for extrapolation purposes.

The net sales value is determined, whenever possible, based on firm sales agreement in a transaction under commutative bases between knowing and interested parties, adjusted by expenses attributable to sales of the asset or when there is no firm sales agreement, based on the market price from an active market, or on the prices of the most recent transaction with similar assets.

b) Transactions with payments based on shares

Company measures the cost of transactions to be settled with shares to employees based on the fair value of the shareholder instruments on the date they are granted. The estimated fair value of the payments made with shares requires the use of a valuation model more suited to the granting of such stockholder instruments, and that depends on the terms and conditions they are offered under. This also requires the definition of more adequate data for the valuation model, including the useful life of the option, volatility, dividend yield and corresponding premises.

c) Provisions for lawsuits

Company recognizes a provision for ongoing/pending tax, labor and civil cases. The estimate of the probability of loss includes the evaluation of all the evidence available, the legal hierarchy, available jurisprudence, the most recent and pertinent decisions in the courts and their relevance to the ruling in question, as well an opinion from external lawyers/council. The provisions are revised and adjusted to take any alteration changes in circumstances into account, such as the period of applicable statutory time period, completion of fiscal inspections or additional exposure identified based on new issues or court rulings. The settlement of the transactions involving these estimates may result in values different to those estimated, as a result of the imprecision inherent in the process of determining their value. Company revises its estimates and premises at least annually.

d) Fair value of financial instruments

When the fair value of financial assets and liabilities presented on the balance sheet cannot be obtained from the relevant asset market, it is determined using technical evaluation methods, including the discounted cash flow method. The data for these methods is based on those practiced in the market, as and when possible. However, when this is not feasible, a certain level of discretion is required to establish the fair value. The discretion includes considerations about the data used such as, for example, liquidity risk, credit risk and volatility. Changes in the premises concerning these factors may affect the fair value presented of the financial instruments.

e) Budgeted Project Costs

The total budgeted costs, comprising of the costs incurred and expected to complete construction work, are regularly revised during the course of the project, and may generate adjustments to the initial estimates. The effect of such reviews affects the prospect result, according to technical pronouncement CPC 23 – Accounting Policies, Change on Estimates and Correction of Errors.

f) Taxes

There are uncertainties concerning interpretation of complex tax regulations and about the value and time of future tax results. Company and its subsidiaries are subjected, in the normal course of our business, to investigations, audits, lawsuits and administrative proceedings in tax and labor matters. Depending on the object of the investigations, lawsuits or administrative proceedings filed against Company and subsidiaries, we may be adversely impacted, irrespective of the actual final result.

g) Realization of the Deferred Income Tax

The conditions to realize and recognize the deferred income tax occur to the extent that is it probable for the taxable profit of the next years to be available for use in setting-off the deferred tax asset, based on results forecasts prepared and based on internal assumptions and future economic scenarios that enable their total or partial use by creation of reserve for non-realization of the balance.

A summary of the financial information is shown below related to Company’s main accounting practices.

Property Development and Sales

(i) The revenue and the costs related to the units sold and not concluded, of real estate development, are appropriated to the result along the projects construction period, and the following procedures are adopted:

(a) For payments made in installments for completed units, the result is appropriated when the sale is made, independent to the contractual term for these receivables.

(b) For the sales of incomplete units, the following procedures are observed:

- The cost incurred (including the cost of land and other expenses directly related with stock composition) corresponding to the units sold is fully appropriated in the result;

- The percentage cost incurred for the units sold (including the cost of land) is calculated in relation to their total budgeted cost, with this same percentage applied to the revenue from units sold, adjusted for the terms and conditions defined in the sales contracts, thus determining the volume of revenue to be recognized directly proportional to cost;

- The amounts of sales revenue recognized which are higher than the values effectively received from clients, are booked under the item ': "Accounts Receivable from Contracted Sales" in current or non-current assets. The amounts received related to the sale of units which are higher than the recognized revenue values are booked under the item: "Obligations for property purchases and client advances";

- The interests and monetary correction (restatement) on the balance of accounts receivable after the keys are handed over, as well as the adjustment to present value of the balance of accounts receivable are appropriated to the result of contracted sales and property sales as and when incurred, observing the competence regime of the financial years – 'pro rata temporis';

- The financial charges on accounts payable arising from the acquisition of land and directly related to construction financing are registered ('capitalized') to the stock of property to trade and appropriated to the cost incurred of the completed units, and observing the same appropriation criteria of the real estate credit cost for the units sold under construction, by deferred taxes, assets and liabilities;

- The tax levied and deferred on the difference existing between the real estate revenue and the accumulated revenue submitted to taxation are calculated and included into the accounting upon recognition of this revenue difference.

Other revenue and expenses, including advertising and publicity, are booked in the result when incurred- represented by vehiculation - based on the accrual method.

(ii) Rendering of construction services

Revenues derived from real estate services rendering are recognized as the services are rendered, basically comprised by amounts received concerning the activity of construction administration for third parties and technical consulting.

(iii) Swap operations

Swap of land, aimed at delivering apartments to be built; the value of the land acquired by Company and its subsidiaries is calculated based on the fair value of the real estate units to be delivered. The fair value of the land is registered as a component of land stock of real estate to trade, in compensation of advance to clients, in the liabilities, at the time of signature of the private instrument or agreement related to such transaction, provided that the real estate development registration of the future project has been duly attained. The revenues and costs derived from swap operations are appropriated into the result along the projects construction period, as described in item (b) above.

(iv) ICPC 02 – paragraph 20 and 21

In compliance with requirements from ICPC above, the values of revenues recognized and incurred costs are shown in the statement of results and advances received under the item "Obligations by real estate purchases and advance from clients".

Consolidation of Financial Statements

Company's consolidated financial statements include the statements of Gafisa, its direct and indirect subsidiaries and shared control companies. Control is held when Company has the power to control the financial and operating policies of a certain entity to attain benefits from its activities. The subsidiaries and shared control companies are fully and proportionally consolidated, respectfully, from the date when the full control or shared control begins until the date it ceases to exist. As of December 31, 2011 and 2010, the consolidated financial statements include full consolidation of the following companies:

	Share %	
	2011	**2010**
Gafisa and subsidiaries (*)	100	100

Construtora Tenda and subsidiaries (*)	100	100
Alphaville Urbanismo and subsidiaries (*)	80	80

(*) Not including joint shared control, as subsequently detailed.

10.6. Internal controls adopted to ensure the reliability of the financial statements:

a) efficiency of such controls, indicating possible flaws and the steps taken to rectify them

Company's Management, and especially the Chief Executive Officer and the Chief Financial & Investor Relations Officer, is responsible for implementing and maintaining a suitable internal control structure for the preparation of the financial statements.

The internal controls over the preparation of the Financial Statements are evaluated in order to ensure a reasonable level of confidence as to the reliability of the accounting information and the preparation of the financial statements in accordance with Brazilian accounting practices for outside disclosure. Company's internal controls over the preparation of the financial statements include policies and procedures in relation to keeping the books that: (i) reflect precisely and appropriately Company's transactions and asset disposal; (ii) provide a reasonable degree of confidence that the transactions are recorded in such a way as to enable the preparation of the financial statements in accordance with Brazilian accounting practices and that Company's receipts and payments are in strict compliance with the authorizations handed down by Company's management; and (iii) provide a reasonable degree of confidence regarding the timely prevention or detection of any unauthorized acquisition, use or disposal of Company assets that could have a material effect on the financial statements.

Due to their inherent limitations, mentioned in item 10.6 (b) of this Reference Form, Company's internal controls over the preparation of the Financial Statements could fail to identify or prevent errors. By the same token, any forecast assessment of their future effectiveness are subject to the risk that the controls could become inadequate, due to changing circumstances, or that the level of compliance with Company's policies and procedures could diminish.

Company's Management performed an assessment of the internal controls over the preparation of the Financial Statements, on December 31, 2010, based on the criteria of the Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission - COSO, and, according to said methodology, concluded that, as of December 31, 2010, Company's Internal Control structure for the preparation of the Financial Statements were considered to be uneffective.

Finally, it should be pointed out that Company meets all the corporate governance requirements of the BM&FBOVESPA New Market and Section 404 of the Sarbanes-Oxley Act.

b) shortcomings and recommendations regarding internal controls mentioned in the independent auditor's report

The Management lists, below, the identified shortcomings and recommendations regarding the internal controls mentioned in the independent auditor's with respect to the financial statements for the financial year ended on December 31, 2010:

Identified shortcoming	Remedy
The controls for revenue recognition in USGAAP are not designed in an effective way to identify provisions of devolution of amounts to clients as set forth in the sales agreements in case of the agreement.	The Management amended the procedures for revenue recognition in USGAAP in order to contain agreement clauses of partial devolution of amounts to clients in case of termination of the agreement.
During the test procedure, it was identified errors of classification of certain financial instruments on cash and	New control procedures were implemented in order to guarantee the correct classification of financial instruments

cash equivalents, in accordance to the caracteristics of the operation in view of the USGAAP regulation.	in USGAAP.
The internal controls are not designed in an effective way to support, classify and present all necessary considerations for the calculation of deferred income tax in BRGAAP.	A new calculation methodology was implemented in order to assure the correct classification of the deferred income tax.

The Management was made aware of the identified shortcomings and recommendations and introduced a specific action plan addressing each one of those shortcomings, which were all resolved during the year of 2011.

It is important to notice that the report from independent auditors on internal controls for the year of 2011 will only be presented to the Company upon review and opinion on financial statements in USGAAP.

10.7. Factors relating to any public offering of marketable securities:

a) how the resources resulting from the offering were used
The resources from Company's stock offering (Follow On) in 2007 were allocated to establishing land reserves, expanding Company's activities, forming partnerships, providing working capital and covering the costs in relation to the offering.

The resources from the issuing of debentures were allocated to building up working capital, for financing the construction of residential units in real estate developments.

The funds from the Public Offering of a Primary Distribution of Company's shares (Follow On), settled on March 29, 2010, are being used for the acquisition of land, providing working capital, forming partnerships, making strategic acquisitions and launching new real estate developments.

The resources from Company's Promissory Notes issued in 2011 were allocated to reinforce Company's working capital.

b) whether there were any significant diversions of funds between the proposed allocation disclosed in the respective offering prospectus and the effective allocation of the resources
There was no significant diversion of funds between the proposed allocation disclosed in the respective prospectus and the effective allocation of the resources.

c) in the event of any significant diversions, the reasons for such
Not applicable, in view of the fact that there were no significant diversions of funds between the proposed allocation disclosed in the respective prospectus and the effective allocation of the resources.

10.8. Significant items not shown in Company's financial statements:

a) assets and liabilities held by Company, directly or indirectly, that do not appear on the balance sheet
Company does not have any material assets or liabilities that are not reflected in this form and in Company's financial statements and explanatory notes.

b) other items not shown in the financial statements
Company does not have any other items that are not shown in its financial statements.

10.9. Regarding each item not shown in the financial statements, as indicated in item 10.8:

a) how such items altered or could come to alter the revenue, expenses, operating results, net financial expenses or other items in Company's financial statements
As explained in item 10.8, above, there are no items that are not shown in the financial statements.

b) nature and purpose of the transaction
As explained in item 10.8, above, there are no items that are not shown in the financial statements.

c) nature and amount of obligations assumed and rights generated for Company as a result of the transaction
As explained in item 10.8, above, there are no items that are not shown in the financial statements.

10.10. Main elements of Company's business plan:

a) investments (including a quantitative and qualitative description of investments in course and that are foreseen, sources of investment financing and significant divestments that are in course or that are foreseen)

i. quantitative and qualitative description of investments that are in course or are foreseen

Company's net cash flow in 2011, which was used for investment, including the acquisition of property and equipment and undertaking new ventures, was negative in R$6.9 million, mainly due to investments in property and equipments, in the amount of R$105.6 million. In 2010, the net cash flow amounted to R$ 122.9 million. Company's net cash flow in 2010, which was used for investment, including the acquisition of property and equipment and undertaking new ventures, amounted to R$122.9 million, mainly due to the IPO (Follow-on) carried out during the year, a net inflow of debt funding and the freeing up of restricted cash resources. The net cash flow in 2009 was R$ 762.2 million.

Company's disbursements during 2011 related mainly to investment in property, mainly land for future developments, and equipment, and totaled R$105.6 million, compared to R$63.5 million in 2010, reduction in the level of restricted cash for loans guarantees in the amount of R$98.7 million in 2011, compared to reduction in the level of restricted cash of R$ 186.3 million in 2010.

Company's disbursements during 2010 related mainly to investment in property, principally land for future developments, and equipment, and totaled R$63.5 million, against R$45.1 million in 2009, and there was reduction in the level of restricted cash for guaranteeing loans, of R$186.3 million in 2010, compared to an increase of R$717.1 million in 2009.

ii. sources of investment financing

Company relies on resources from the sale of treasury stock, the abovementioned securing of corporate funding, the issuing of debentures and lines of credit from the SFH (National Housing Finance Scheme).

iii. significant divestments that are in course or are foreseen

No significant divestments are in course or are foreseen

b) already disclosed acquisitions of plant, equipment, patents or other assets that can materially affect Company's production capacity

There have been no acquisitions of plant, equipment, patents or other assets that can materially affect Company's production capacity.

c) new products and services

There are no new products or services.

10.11. Other factors having a significant influence on Company's operational performance that have not been identified or discussed within other items in this section.

All significant information relevant to this subject has been disclosed in the items above.

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EXHIBIT II

(In accordance to items 12.6 and e12.9 of Annex 24 of CVM Instruction No. 480, dated as of December 17, 2009)

12.6. Candidates to Board of Directors indicated by Company's Management:

Company's management proposes the election of the following members to Board of Directors, which main information are the following:

a) Name	b) Age	c) Profession	d) Tax ID (CPF) or Passport number	e) Position	f) Election Date	g) Date of Investiture	h) Term of Office	i) Other Positions	j) Elected by the Controlling Shareholder
				BOARD OF DIRECTORS					
Caio Racy Mattar	52 years-old	Civil Engineer	Tax ID (CPF/MF) no.034.118.768-24	Effective Member of the Board of Directors Independent Member	Proposal to be submitted to shareholders vote on AGM to be held on 05/11/12	Not applicable	If approved the election, term of office until AGM 2014	Member of the Remuneration Committee and member of the Nomination and Corporate Governance Committee	Candidate indicated by the Management of Company
Gerald Dinu Reiss	65 years-old	Engineer	Tax ID (CPF/MF) no.232.318.908-53	Effective Member of the Board of Directors Independent Member	Proposal to be submitted to shareholders vote on AGM to be held on 05/11/12	Not applicable	If approved the election, term of office until AGM 2014	President of the Nomination and Corporate Governance Committee	Candidate indicated by the Management of Company
José Écio Pereira da Costa Junior	58 years-old	Business Manager and Accountant	Tax ID (CPF/MF) no.359.920.858-15	Effective Member of the Board of Directors Independent Member	Proposal to be submitted to shareholders vote on AGM to be held on 05/11/12	Not applicable	If approved the election, term of office until AGM 2014	President of the Audit Committee and Member of the Nomination and Corporate Governance Committee	Candidate indicated by the Management of Company
Henri Phillippe Reichstul	62 years-old	Economist	Tax ID (CPF/MF) no. 001.072.248-36	Effective Member of the Board of Directors	Proposal to be submitted to shareholders	Not applicable	If approved the election,	President of the Remuneration Committee	Candidate indicated by the Management

				Independent Member	vote on AGM to be held on 05/11/12		term of office until AGM 2014		of Company
Maria Letícia de Freitas Costa	52 years-old	Engineer	Tax ID (CPF/MF) no. 050.952.788-58	Effective Member of the Board of Directors Independent Member	Proposal to be submitted to shareholders vote on AGM to be held on 05/11/12	Not applicable	If approved the election, term of office until AGM 2014	Member of the Audit Committee	Candidate indicated by the Management of Company
Odair Garcia Senra	65 years-old	Civil Engineer	Tax ID (CPF/MF) no.380.915.938-72	Effective Member of the Board of Directors	Proposal to be submitted to shareholders vote on AGM to be held on 05/11/12	Not applicable	If approved the election, term of office until AGM 2014	Officer of Institutional Relations	Candidate indicated by the Management of Company
Rodolpho Amboss	48 years-old	Civil Engineer	Tax ID (CPF/MF) no. 742.664.117-15	Effective Member of the Board of Directors Independent Member	Proposal to be submitted to shareholders vote on AGM to be held on 05/11/12	Not applicable	If approved the election, term of office until AGM 2014	Does not hold other positions with Company	Candidate indicated by the Management of Company
Ricardo Campos Caiuby Ariani	63 years-old	Lawyer	Tax ID (CPF/MF) no. 036.918.109-53	Effective Member of the Board of Directors Independent Member	Proposal to be submitted to shareholders vote on AGM to be held on 05/11/12	Not applicable	If approved the election, term of office until AGM 2014	Does not hold other positions with Company	Candidate indicated by the Management of Company
José Guimarães Monforte	64 years-old	Economist	Tax ID (CPF/MF) no. 447.507.658-72	Effective Member of the Board of Directors Independent Member	Proposal to be submitted to shareholders vote on AGM to be held on 05/11/12	Not applicable	If approved the election, term of office until AGM 2014	Does not hold other positions with Company	Candidate indicated by the Management of Company

12.7. Members of bylaws committees, audit committee, risk committee, finance committee and compensation committee:

Not applicable.

12.8. Regarding each one of the candidates to the Board of Directors:

a) Resumée:

Caio Racy Mattar. In the past 5 years, he has worked as (i) Investment and Construction Director and Executive Vice President for Companhia Brasileira de Distribuição, publicly-held company which main activity is the trade of goods; (ii) member of the Board of Directors for Sendas Distribuidora S.A.; (iii) member of the Board of Directors for Paramount Têxteis Indústria e Comércio S.A., publicly-held company which main activity is the manufacture, trade, import and export of textile products; and (iv) member of the Board of Directors for Gafisa S.A., publicly-held company which main activity is construction and development of real estate undertakings. None of the companies above is part of Company's economic group.

Gerald Dinu Reiss. In the past 5 years, he has worked as (i) Director for Reiss & Castenheira Consultoria e Empreendimentos Ltda., a company which main activity is business consulting, where he is in charge of projects involving corporate restructuring; (ii) member of the Board of Directors for Odontoprev S.A., publicly-held company which main activity is operation of private odontological care plans; (iii) member of the Board of Directors for Gafisa S.A., publicly-held company which main activity is construction and development of real estate undertakings; and (iv) member of the Board of Directors for Companhia Brasileira de Distribuição, publicly-held company which main activity is the trade of goods. In addition, he has worked as Planning and Development Director for Grupo Ultra, member of the Board of Directors for CAEMI Mineração e Metalúrgica S.A., and member of the Board of Directors for Petróleo Brasileiro S.A. - Petrobrás. None of the companies above is part of Company's economic group.

José Écio Pereira da Costa Júnior. In the past 5 years, he has worked as (i) Audit Partner for Deloitte Touche Tohmatsu Auditores Independentes S/C Ltda, company which main activity is rendering of services related to audit, tax consulting and managerial consulting; (ii) Managing Partner for JEPereira Consultoria em Gestão de Negócios S/S Ltda, company which main activity is rendering of services related to general business management; (iii) member of the Board of Directors and President of the Audit Committee for Gafisa S.A., publicly-held company which main activity is construction and development of real estate undertakings, as member of the Audit Committee for Zamprogna S.A. e(iv) member of the Fiscal Council for Fibria S.A. None of the companies above is part of Company's economic group.

Henri Phillippe Reichstul. In the past 5 years have occupied the following positions: (i) CEO of G&R Corporate Management, a company with main activity of strategic consultancy; (ii) CEO of Brenco, a company with main activity of production of ethanol; and (iii) CEO of Globopar, a media and communication company. He currently occupies the following positions as administrator in publicly-held companies: (i) since 2003 occupies a position in the Board of Directors of Ashmore Energy International, a company with main activity of transportation and distribution of natural gas and energy; (ii) since 2005 occupies a position in the Board of Directors of Lhoist do Brasil, a mining company; (iii) since 2006 occupies a position in the Board of Directors of Repsol YPF S.A., a company with main activity of production and distribution of fuel and similar products; (iv) since 2007 occupies a position in the Board of Directors of Peugeot Citroen do Brasil, an automotive company; and (v) since 2009 occupies a position in the International Board of Directors of Credit Agricole Group, a retail bank. Additionally, he has occupied the following positions as administrator in publicly-held companies: (a) from 2005 to 2007 was President of the Board of Directors of Companhia Brasileira de Distribuição (Grupo Pão de Açúcar); (b) from 2004 to 2007 was member of the Board of Directors of TAM S.A.; (c) from 2005 to 2007 was member of the Board of Directors of Vivo Participações; (d) from

1999 to 2001 was CEO of Petróleo Brasileiro S.A. – Petrobrás; (e) from 1985 to 1986 was member of the Board of Directors of Telebrás S.A.; and (f) from 1985 to 1987 was member of the Board of Directors of Centrais Elétricas Brasileira S.A. – Eletrobrás. None of the abovementioned companies are part of the same economic group as the Company.

Maria Letícia de Freitas Costa. In the past 5 years have occupied the following positions: (i) partner of Prada Assessoria, a company with main activity of corporate strategic consultancy; (ii) Officer of Strategic Researches Center of Insper, a company with main activity of education and research; and (iii) CEO of Booz &Co., , a company with main activity of strategic consultancy. She currently occupies the following positions as administrator in publicly-held companies: (i) since October 2010 occupies a position in the Board of Directors of Localiza, a rental car company; and (ii) since 2001 occupies a position in the International Board of Directors of Technip, an engineering company. Additionally, she also occupies the following positions as administrator in closed corporations: (a) member of Board of Directors of FAMA, private equity fund, with main activity of assets management focused on small caps and mid caps; and (b) member of Board of Directors of Sadia S.A. since 2010, a company with main activity of commercialization of frozen and refrigerated food products, wholly owned by Brasil Foods S.A. None of the abovementioned companies are part of the same economic group as the Company.

Odair Garcia Senra. In the past 5 years, he has worked as (i) Institutional Relations Director for Company; (ii) Operations Director for Construtora Tenda S.A.; e (iii) member of the Board of Directors for Company and for Alphaville Urbanismo S.A.. The main activity of the three companies is construction and development of real estate undertakings and they are part of the same economic group, with Construtora Tenda S.A. and Alphaville Urbanismo S.A. being subsidiaries of Company.

Rodolpho Amboss. In the past 5 years, he has worked as (i) Managing Director and CFO of Real Estate Private Equity Group of Lehman Brothers, a Real Estate investment fund; (ii) Co-Founder and Managing Director of Silverpeak Real Estate Partners LP, a Real Estate investment fund. Aditionally, Mr. Amboss has worked for the Company between 1984 and 1995 and the other abovementioned companies are not part of the same economic group as the Company.

Ricardo Campos Caiuby Ariani. In the past 5 years, he has worked as (i) Administrative Partner of Lawyers Partnership Tozzini Freire – Advogados. Aditionally, he has occupied the following positions in publicly-held companies: (a) Statutory Vice-President of Sharp S.A. – Equipamentos Eletrônicos, which main activity is production and trade of electronic equipments; (b) member of Board of Directors of Companhia do Metrô de São Paulo, company responsible for subway transportation of the city of São Paulo; and (c) member of Board of Directors of CPTM – Companhia Paulista de Trens Metropolitanos, company responsible for train transportation of the city of São Paulo. None of the abovementioned companies are part of the same economic group as the Company.

José Guimarães Monforte. In the past 5 years, he has worked as (i) CEO of Janos Ltda., a limited liability company of asset management; (ii) CEO of Pragma Ltda., a limited liability company of asset management; (iii) member of the Board of Directors of Promon Engenharia, an engineering services company; and (iv) member of the Board of Directors of Banco Tribanco, a retail investment bank. Aditionally he has occupied the position of member of Board of Directors in the following publicly-held companies: Natura Cosméticos S.A., Vivo S.A., Raia Drogasil S.A., Companhia de Saneamento Básico do Estado de São Paulo – SABESP, Banco Nossa Caixa S.A., JHSP Participações S.A. e Agrenco Ltd.. None of the abovementioned companies are part of the same economic group as the Company.

b) Civil and administrative convictions (including criminals) involving the management and members of Fiscal Council:

Mr.**Caio Racy Mattar** declared, for all purposes that, in the last 5 years, was not subject to the effects of any criminal conviction, civil conviction or administrative sentence from CVM and any conviction *res judicata*, under judicial or administrative range, with the effect of suspending or disabling himself from the exercise of any professional or commercial activity.

Mr. **Gerald Dinu Reiss** declared, for all purposes that, in the last 5 years, was not subject to the effects of any criminal conviction, civil conviction or administrative sentence from CVM and any conviction *res judicata*, under judicial or administrative range, with the effect of suspending or disabling himself from the exercise of any professional or commercial activity.

Mr. **José Écio Pereira da Costa Junior** declared, for all purposes that, in the last 5 years, was not subject to the effects of any criminal conviction, civil conviction or administrative sentence from CVM and any conviction *res judicata*, under judicial or administrative range, with the effect of suspending or disabling himself from the exercise of any professional or commercial activity.

Mr. **Henri Philippe Reichstul** declared, for all purposes that, in the last 5 years, was not subject to the effects of any criminal conviction, civil conviction or administrative sentence from CVM and any conviction *res judicata*, under judicial or administrative range, with the effect of suspending or disabling himself from the exercise of any professional or commercial activity.

Miss **Maria Letícia de Freitas Costa** declared, for all purposes that, in the last 5 years, was not subject to the effects of any criminal conviction, civil conviction or administrative sentence from CVM and any conviction *res judicata*, under judicial or administrative range, with the effect of suspending or disabling himself from the exercise of any professional or commercial activity.

Mr. **Odair Garcia Senra** declared, for all purposes that, in the last 5 years, was not subject to the effects of any criminal conviction, civil conviction or administrative sentence from CVM and any conviction *res judicata*, under judicial or administrative range, with the effect of suspending or disabling himself from the exercise of any professional or commercial activity.

Mr.**Rodolpho Amboss** declared, for all purposes that, in the last 5 years, was not subject to the effects of any criminal conviction, civil conviction or administrative sentence from CVM and any conviction *res judicata*, under judicial or administrative range, with the effect of suspending or disabling himself from the exercise of any professional or commercial activity.

Mr. **Ricardo Campos Caiuby Ariani** declared, for all purposes that, in the last 5 years, was not subject to the effects of any criminal conviction, civil conviction or administrative sentence from CVM and any conviction *res judicata*, under judicial or administrative range, with the effect of suspending or disabling himself from the exercise of any professional or commercial activity.

Mr. **José Guimarães Monforte** declared, for all purposes that, in the last 5 years, was not subject to the effects of any criminal conviction, civil conviction or administrative sentence from CVM and any conviction *res judicata*, under judicial or administrative range, with the effect of suspending or disabling himself from the exercise of any professional or commercial activity.

12.9. Marital relations or family status until second degree existing between:

a) Company’s management:
There are no marital relations or family status until second degree existing between any of the candidates to the Board of Directors among themselves and with the management of Company.

Besides, as set forth in Company’s Ethics Code, it is not allowed to hire family members of employee in first degree (such as mother, father, brothers, daughters or sons), spouses, cousins, aunts, uncles and nephews.

Any stable relationship between employees is not allowed as well.

b) (i) Company’s management and (ii) management of Company’s direct and indirect controlled companies
There are no marital relations or family status until second degree existing between any of the candidates to the Board of Directors and management of Company’s direct and indirect controlled companies.

Besides, as set forth in Company’s Ethics Code, it is not allowed to direct or indirect controlled companies to hire family members of employee in first degree (such as mother, father, brothers, daughters or sons), spouses, cousins, aunts, uncles and nephews.

Any stable relationship between employees of Company and Company’s direct and indirect controlled companies is not allowed as well.

c) (i) management of Company or its direct or indirect controlled companies and (ii) Company’s direct or indirect controlling companies
There are no marital relations or family status until second degree existing between any of the candidates to the Board of Directors and Company’s direct and indirect controlling companies.

d) (i) management of Company and (ii) management of Company’s direct or indirect controlling companies
There are no marital relations or family status until second degree existing between any of the candidates to the Board of Directors and management of Company’s direct and indirect controlling companies.

12.10. Subordination relations, rendering of services or control maintained, in the last 3 financial years, between the candidates to the Board of Directors and:

a) Company’s direct and indirect controlled companies
There is no relationship of this kind.
b) Company’s direct or indirect controlling companies
There is no relationship of this kind.
c) supplier, client, debtor, lender or Company, its controlling company or subsidiaries, or subsidiaries of any of the former, as relevant
Company’s Code of Ethics does not allow any relationship of this kind.

Additionally, according to the internal regulation of Company’s Audit Committee, this Committee is responsible for establishing the guidelines for Company’s hiring of employees or former employees of external auditors.

EXHIBIT III

(*In accordance to items 12.6 to 12.9 of Annex 24 of CVM Instruction No. 480, dated as of December 17, 2009)*

12.6. Candidates to Fiscal Council indicated by Company's management:

Company's management proposes the election of the following members to Fiscal Council, which main information are the following:

a) Name	b) Age	c) Profession	d) Tax ID (CPF) or Passport number	e) Position	f) Election Date	g) Date of Investiture	h) Term of Office	i) Other Positions	j) Elected by the Controlling Shareholder
				FISCAL COUNCIL					
Olavo Fortes Campos Rodrigues Junior	50 years-old	Business Administrator	Tax ID (CPF/MF) no 769.488.977-20	Effective member	Proposal to be submitted to shareholders vote on AGM to be held on 05/11/12	Not applicable	If approved the election, term of office until AGM 2013	Holds no other position in Company	Candidate indicated by the Management of Company
Adriano Rudek de Moura	49 years-old	Accountant	Tax ID (CPF/MF) no 037.059.028-73	Effective member	Proposal to be submitted to shareholders vote on AGM to be held on 05/11/12	Not applicable	If approved the election, term of office until AGM 2013	Holds no other position in Company	Candidate indicated by the Management of Company
Luis Fernando Brum de Melo	32 years-old	Public Bank Employee	Tax ID (CPF/MF) no 964.918.410-49	Effective member	Proposal to be submitted to shareholders vote on AGM to be held on 05/11/12	Not applicable	If approved the election, term of office until AGM 2013	Holds no other position in Company	Candidate indicated by the Management of Company
Marcello Mascotto Iannalfo	43 years-old	Economist	Tax ID (CPF/MF) no 101.947.028-39	Alternate member	Proposal to be submitted to shareholders vote on AGM to be	Not applicable	If approved the election, term of office	Holds no other position in Company	Candidate indicated by the Management of Company

					held on 05/11/12		until AGM 2013		
Paulo Ricardo de Oliveira	49 years-old	Accountant	Tax ID (CPF/MF) no 032.718.058-73	Alternate member	Proposal to be submitted to shareholders vote on AGM to be held on 05/11/12	Not applicable	If approved the election, term of office until AGM 2013	Holds no other position in Company	Candidate indicated by the Management of Company
Laiza Fabiola Martins Santa Rosa	31 years-old	Economist	Tax ID (CPF/MF) no 294.953.408-29	Alternate member	Proposal to be submitted to shareholders vote on AGM to be held on 05/11/12	Not applicable	If approved the election, term of office until AGM 2013	Holds no other position in Company	Candidate indicated by the Management of Company

12.7. Members of bylaws committees, audit committee, risk committee, finance committee and compensation committee:

Not applicable.

12.8. Regarding each one of the candidates to the Board of Directors:

a) Resumée:

Effective Members

Olavo Fortes Campos Rodrigues Junior. He has initiated his career at Arthur Andersen in the areas of auditing and consulting. He has professional experience in the management of companies in the services, industry and retail business, working for Carrefour, Pepsi-Cola and Alcoa Brazil and Argentina. In the past 5 yearshe has held the following positions (i) CEO of Grupo Siciliano, company which main activity is production and trade of books and e-commerce; (ii) Superintendent Officer for Grupo Papaiz, company which main activity is the manufacture of pad locks, door locks and related products; (iii) member of the Fiscal Council for Duke Energy International, Geração Paranapanema S.A., company which main activity is the hydroelectric generation and trade of energy; (iv) member of Board of Directors for Renova Energia S.A., company which main activity is renewable energy generation, specially wind energy; (v) Partner – Officer of OREA Consultoria Empresarial, company which main activity is consulting for business management and corporate governance; (vi) President of São Isidoro Foundation, a non-profitable organization; (vii) member of Company's Fiscal Council; and (viii) member of Fiscal Council for Construtora Tenda S.A., publicly-held company which main activity is construction and development of real estate undertakings. Construtora Tenda S.A. is a wholly owned subsidiary of Company, therefore, part of the same economic group.

Adriano Rudek de Moura. In the past 5 years he has held following positions (i) Administrative and Chief of Finance Officer, and currenty holds the position of Administrative, Finance and Investor Relations Vice-President of Electrolux do Brasil S.A., company which main activity is production and trade of house appliances, also helding the position of Chief Financial Officer of Electrolux for Latin America; (ii) member of Board of Directors of CTI – Compañia Tecno Industrial S.A., located in Chile, which main activity is production and trade of house appliances; (iii) member of Company's Fiscal Council; and (iv) member of Fiscal Council for Construtora Tenda S.A., publicly-held company which main activity is construction and development of real estate undertakings. Construtora Tenda S.A. is a wholly owned subsidiary of Company, therefore, part of the same economic group.

Luis Fernando Brum de Melo. In the past 5 years he has held following positions: (i) Relationship Manager and Executive Manager for Caixa Econômica Federal, a public bank which main activity is management of third parties assets; and (ii) member of the Board of Directors for Ijuí Energia S.A., company of Alupar Investment group, in charge of implementation of São José Hydroelectrical Plant (UHE), in Rio Ijuí, in the Northeastern region of Rio Grande do Sul State. None of the companies above if part of Company's economic group.

Alternate Members

Marcello Mascotto Iannalfo. In the past 5 years he has held following positions: (i) Administrative and Chief of Finance Officer and President of Board of Directors for Areva Transmissão e Distribuição de Energia Ltda. in Chile, Argentina, Colombia and Venezuela, company which main activity is the trade of equipments for transmission and distribution of electric power; (ii) CFO and member of Board of Directors for Power Transmission Industries S.A., company which main activity is manufacture of speed reducer and coupling; (iii) CFO for Termomecânica São Paulo S.A., company which main activity is transformation of non ferrous metals; (iv) CFO for Trip Linhas Aéreas, an aviation business company; (v) alternate member of Company's Fiscal Council; and (vi) alternate member of Fiscal Council for Construtora Tenda S.A. Construtora Tenda S.A. is a wholly owned subsidiary of Gafisa S.A. therefore, part of the same economic group as Company.

Paulo Ricardo de Oliveira. In the past 5 years have occupied the following positions: (i) CEO of Drogaria Onofre Ltda., a company with main activity of commercialization of pharmaceutical products; (ii) CFO of Teleperformance, a company that render services of call center; (iii) CEO of De La Rue Cash Systems Ltda., a company with main activity of banking automation; (iv) Board of Director, certified by the Brazilian Institute of Corporate Governance (*Instituto Brasileiro de Governança Corporativa – IBGC*); (v) alternate member of Company's Fiscal Council; and (vi) alternate member of Fiscal Council of Construtora Tenda S.A., publicly-held company which main activity is construction and development of real estate undertakings. Construtora Tenda S.A. is a wholly owned subsidiary of Company, therefore, part of the same economic group.

Laiza Fabiola Martins de Santa Rosa. In the past 5 years she has held the following positions: (i) Coordinator of Principal Empreendimentos Imobiliários, company which render services of collection and renegotiation of debts of house financing of Caixa Econômica Federal, CDHU and COHAB; (ii) Banking Technic, Comercial Relations Manager, Structured Operations Analyst and, currently, Senior Desk Operator of the Vice-Presidency of Third Parties Assets of Caixa Econômica Federal, a public bank which main activity is management of third parties assets. None of the companies above is part of Company's economic group.

b) Civil and administrative convictions (including criminals) involving the management and members of Fiscal Council:

Mr. **Olavo Fortes Campos Rodrigues Junior** declared, for all purposes that, in the last 5 years, he was not subject to the effects of any criminal conviction, civil conviction or administrative sentence from CVM and any conviction in *res judicata*, under judicial or administrative range, with the effect of suspending or disabling himself from the exercise of any professional or commercial activity.

Mr. **Adriano Rudek de Moura** declared, for all purposes that, in the last 5 years, he was not subject to the effects of any criminal conviction, civil conviction or administrative sentence from CVM and any conviction in *res judicata*, under judicial or administrative range, with the effect of suspending or disabling himself from the exercise of any professional or commercial activity.

Mr. **Luis Fernando Brum de Melo** declared, for all purposes that, in the last 5 years, he was not subject to the effects of any criminal conviction, civil conviction or administrative sentence from CVM and any conviction in *res judicata*, under judicial or administrative range, with the effect of suspending or disabling himself from the exercise of any professional or commercial activity.

Mr. **Marcello Mascotto Iannalfo** declared, for all purposes that, in the last 5 years, he was not subject to the effects of any criminal conviction, civil conviction or administrative sentence from CVM and any conviction in *res judicata*, under judicial or administrative range, with the effect of suspending or disabling himself from the exercise of any professional or commercial activity.

Mr. **Paulo Ricardo de Oliveira** declared, for all purposes that, in the last 5 years, he was not subject to the effects of any criminal conviction, civil conviction or administrative sentence from CVM and any conviction in *res judicata*, under judicial or administrative range, with the effect of suspending or disabling himself from the exercise of any professional or commercial activity.

Mrs. **Laiza Fabiola Martins de Santa Rosa** declared, for all purposes that, in the last 5 years, she was not subject to the effects of any criminal conviction, civil conviction or administrative sentence from CVM and any conviction in *res judicata*, under judicial or administrative range, with the effect of suspending or disabling herself from the exercise of any professional or commercial activity.

12.9. Marital relations or family status until second degree existing between:

a) Company's management:
There are no marital relations or family status until second degree existing between any of the candidates to the Fiscal Council among themselves and with the management of Company.

Besides, as set forth in Company's Ethics Code, it is not allowed to hire family members of employee in first degree (such as mother, father, brothers, daughters or sons), spouses, cousins, aunts, uncles and nephews.

Any stable relationship between employees is not allowed as well.

b) (i) Company's management and (ii) management of Company's direct and indirect controlled companies

There are no marital relations or family status until second degree existing between any of the candidates to the Fiscal Council and management of Company's direct and indirect controlled companies.

Besides, as set forth in Company's Ethics Code, it is not allowed to direct or indirect controlled companies to hire family members of employee in first degree (such as mother, father, brothers, daughters or sons), spouses, cousins, aunts, uncles and nephews.

Any stable relationship between employees of Company and Company's direct and indirect controlled companies is not allowed as well.

c) (i) management of Company or its direct or indirect controlled companies and (ii) Company's direct or indirect controlling companies

There are no marital relations or family status until second degree existing between any of the candidates to the Fiscal Council and Company's direct and indirect controlling companies.

d) (i) management of Company and (ii) management of Company's direct or indirect controlling companies

There are no marital relations or family status until second degree existing between any of the candidates to the Fiscal Council and management of Company's direct and indirect controlling companies.

12.10. Subordination relations, rendering of services or control maintained, in the last 3 financial years, between the candidates to the Board of Directors and:

a) Company's direct and indirect controlled companies
There is no relationship of this kind.
b) Company's direct or indirect controlling companies
There is no relationship of this kind.
c) supplier, client, debtor, lender or Company, its controlling company or subsidiaries, or subsidiaries of any of the former, as relevant
Company's Code of Ethics does not allow any relationship of this kind.

Additionally, according to the internal regulation of Company's Audit Committee, this Committee is responsible for establishing the guidelines for Company's hiring of employees or former employees of external auditors.

ADDENDUM IV

(*as per item 13 of Addendum 24 to CVM Instruction No. 480 of December 17, 2009)*

13. Remuneration of the managers

13.1. Remuneration practice and policy of the Board of Directors, the statutory and non statutory Executive Board, the Fiscal Council, the Statutory Committees and the Audit, Risk, Finance and Remuneration Committees, covering the following aspects:

a. Objectives of the remuneration policy or practice:

The remuneration policy of the Company for its managers, including members of the Board of Directors, statutory and non-statutory Directors, members of the Fiscal Council, in line with the best corporate governance practices, aims to attract and retain the best professionals in the market. Remuneration is established based on market research and is directly linked to the alignment of the interests of the executives in question and those of the Company's shareholders.

In the case of the Directors, the existence of a variable short-term and long-term remuneration (the later in the form of grant of stock option plans) practice permits the sharing of the Company's risks and results with its main executives, being characteristic of a transparent policy and aimed at achieving long-lasting results and the perpetuity of the Company.

The members of Board of Directors are not entitled for short-term variable remuneration, however, given its strategic position in the planning of Companies activities in a long-term, they are also entitled to to stock option plans.

b. Breakdown of remuneration, indicating:

i. description of remuneration elements and the objectives of each one

a) Board of Directors

The members of the Board of Directors are entitled only to a fixed remuneration, which is established in accordance with market criteria and aims to attract professionals who add value to the results of the company; and to the options program, based on the shares of the Company.

Since 2011, the Board members are entitled to Company’s stock option plans , strutuctured with a long-term intent, based on shares of the Company, aiming to compensate the results for a much longer period and aligning the interests of the Board members with the ones of the shareholders, specially considering the important role the Board of Directors has in the context of a true corporation, with no controlling shareholder.

b) Executive Board

The members of the statutory and non-statutory Executive Board are entitled to fixed and variable remuneration, this last composed of a tranche of short-term cash bonuses and a long-term tranche, referring to options program, based on shares of the Company. The amounts paid in fixed remuneration are normally below market standards, thus permitting the Company to concentrate a significant part of the total remuneration in the form of short and long-term variable incentives, which means that the Directors share risks and results with the Company, so providing a greater alignment of interests between the Company's executives and its shareholders.

The objective of the short-term variable remuneration is to provide recompense for the results achieved for the year if the targets stipulated for the period have been reached. By the same token, long-term variable remuneration, based on shares, aims to provide recompense for results achieved over a longer period (generally more than 2 years), also assuming that the targets stipulated for this period have been reached - these targets being different from those stipulated for the short term. This policy aims to align the interests of the executives with those of the shareholders.

In addition to fixed and variable remuneration, the Company offers its statutory directors health plan benefits and life insurance.

It is important to emphasize that the Company has a Remuneration Committee that analyses the strategy for fixed and variable remuneration to be adopted, stock option models and makes recommendations of those who will benefit respectively, for subsequent approval by the Board of Directors.

c) Fiscal Council

The remuneration of the members of the Fiscal Council, in addition to obligatory reimbursement for necessary travel and lodging expenses as a result of their function, is fixed at the shareholders meeting at which they are elected, and cannot be lower, for each member in the year, than an average of 10% of that attributed to each director, not calculating benefits, representation fees and profit sharing. The members of the Fiscal Council are entitled only to fixed remuneration based on the legal minimum.

d) Committees

All the members of the Company's Committees are managers or employees, and do not receive specific remuneration for the fact that they participate on the Committees.

ii. *state the proportion of each element of total remuneration*

In the case of the Fiscal Council, fixed remuneration corresponds to 100% of the total remuneration, as mentioned above.

In the case of the Board of Directors, fixed remuneration corresponds to approximately 90% of the total remuneration and variable remuneration, based on options programs, corresponds to approximately the remaining 10%.

In the case of the Executive Board (both statutory and non-statutory), fixed remuneration corresponds to approximately 30% of the total remuneration, while the variable remuneration approximately corresponds to the remaining 70%, including the tranche related to the options programs, based on shares. Of the tranche referring to variable remuneration, the part referring to the options programs (long term) represents approximately 60% while the part referring to the bonuses (short term) represents approximately 40%.

These percentages may vary in accordance with changes in the results obtained by the Company during the period, seeing that within the tranche destined to the variable remuneration element there is a component of shared risk and results.

iii. *Methodology for the calculation and readjustment of each of the remuneration elements*

The amount of remuneration paid by the Company to its managers and employees are periodically compared with those in the market, based on research carried out by external specialist consultants, so that they can measure their competitiveness and evaluate the possible need to carry out any adjustments to some of the remuneration components.

iv. *Reasons which justify the remuneration makeup*

The Company adopts a remuneration makeup model which concentrates a significant tranche of the total remuneration into variable components (both short and long-term), which is part of its policy of sharing risks and results with its main executives.

c. Main performance indicators that are taken into consideration in the determination of each remuneration element:

For the determination of all the remuneration items, the performance of the employee and his individual targets are taken into consideration. Variable remuneration is directly linked to the indicators contained in the Company's Scorecard, which is approved by the Board of Directors and which contains defined targets for the period, such as for example EBITDA and sales volume, among others.

d. How remuneration is structured to reflect the evolution in performance indicators:

Any changes to the various remuneration items is directly linked to individual performance and is directly linked to the performance of the individual and that of the Company and the reaching of targets in the period in question, while salary increases, the variation in salary multiples received in the form of bonuses and the quantity of options granted under the option plan are all directly linked to the performance demonstrated in the period evaluated.

e. How remuneration policy or practice is aligned with the short, medium and long-term interests of the Company:

The practice adopted by the Company with regard to the various components of the total remuneration is directly aligned to the short, medium and long-term interests of the Company: fixed remuneration reflects compensation below that practice in the market for this item, but as the cycle in the segment is medium and long term, it is understood that the concession of a significant tranche of remuneration should be remitted to these periods, being totally in keeping with the monitoring of the performance of the Company and, therefore, reaffirming the sharing of risk and results between executives and the Company.

f. Existence of remuneration supported by subsidiaries, companies controlled, or direct or indirect controlling shareholders:

There is no remuneration supported by subsidiaries, companies controlled, or direct or indirect controlling shareholders of the company.

g. Existence of any remuneration of benefit links to the occurrence of any particular corporate event, such as the sale of control of the Company:

There is no remuneration or benefit linked to the occurrence of any particular corporate event, such as the sale of control of the Company.

13.2. Concerning the remuneration recognized in the results in the last 3 financial years and expected for the current financial year, for the Board of Directors, the statutory Executive Board and the Fiscal Council:

Year 2009	**Board Of Directors**	**Statutory Executive Board**	**Total**
Number of members (1)	**6.00**	**5.00**	**11.00**
Fixed annual remuneration (3)	975,000	2,558,481	3,533,481
- Pro Labore	975,000	2,365,000	3,340,000
- Direct or indirect benefits	NA	193,481	193,481
- Remuneration for participation on committees	NA	NA	NA
- Others	NA	NA	NA
Annual variable remuneration	NA	3,458,803	3,458,803
- Bonus (4)	NA	3,458,803	3,458,803
- Profit-sharing	NA	NA	NA
- Remuneration for participation on committees	NA	NA	NA
- Commission	NA	NA	NA
- Others	NA	NA	NA
Postemployment benefits	NA	NA	NA
Benefits as a result of leaving the company	NA	NA	NA
Remuneration based on shares	NA	9,451,611	9,451,611
Total (R$) (5)	**975,000**	**15,468,895**	**16,443,895**

Notes:

1. The number of members of each body corresponds to the annual average of the number of members of each body measured monthly.

2. The Fiscal Council was not constituted during 2009.

3. The value presented as fixed annual remuneration for the Board of Directors is the value effectively paid to all the members of the Board of Directors during 2009.

4. The amount of bonus stated corresponds to the value paid.

5. The information contained in the Financial Statements presented refers to the *pro-labore* of the Board of Directors and Executive Board.

Year 2010	**Board Of Directors**	**Fiscal Council**	**Statutory Executive Board**	**Total**
Number of members (1)	**5.67**	**3.00**	**5.00**	**13.67**
Fixed annual remuneration (2)	955,100	136,800	2,820,223	3,912,123
- Pro Labore	955,100	136,800	2,630,000	3,721,900
- Direct or indirect benefits	NA	NA	190,223	190,223
- Remuneration for participation on committees	NA	NA	NA	NA
- Others	NA	NA	NA	NA
Annual variable remuneration	NA	NA	2,796,388	2,796,388
- Bonus (4)	NA	NA	2,796,388	2,796,388
- Profit-sharing	NA	NA	NA	NA
- Remuneration for participation on committees	NA	NA	NA	NA
- Commission	NA	NA	NA	NA
- Others	NA	NA	NA	NA
Postemployment benefits	NA	NA	NA	NA
Benefits as a result of leaving the company	NA	NA	NA	NA
Remuneration based on shares	NA	NA	3,786,878	3,786,878
Total (R$) (4)	**955,100**	**136,800**	**9,403,488**	**10,495,388**

Notes:

1. The number of members of each body corresponds to the annual average of the number of members of each body measured monthly.

2. The value presented as fixed annual remuneration for the Board of Directors and the Fiscal Council is the value effectively paid to all the members during 2010.

3. The amount of bonus stated corresponds to the value paid.

4. The information contained in the Financial Statements presented refers to the *pro-labore* of the Board of Directors, Fiscal Council and Statutory Executive Board.

Year 2011	**Board Of Directors**	**Fiscal Council**	**Statutory Executive Board**	**Total**
Number of members (1)	**8.00**	**3.00**	**5.92** (6)	**16,92**
Fixed annual remuneration	1,473,408	136,800	3,497,192	5,107,400
- Pro Labore (2)	1,473,408	136,800	3,294,333	4,904,541
- Direct or indirect benefits	NA	NA	202,859	202,859
- Remuneration for participation on committees	NA	NA	NA	NA
- Others	NA	NA	NA	NA
Annual variable remuneration	NA	NA	0	0
- Bonus (3)	NA	NA	0	NA
- Profit-sharing	NA	NA	NA	NA
- Remuneration for participation on committees	NA	NA	NA	NA
- Commission	NA	NA	NA	NA
- Others	NA	NA	NA	NA
Postemployment benefits	NA	NA	NA	NA
Benefits as a result of leaving the company	NA	NA	NA	NA
Remuneration based on shares (4)	229,425	NA	8,253,567	8,482,992
Total (R$) (5)	**1,702,833**	**136,800**	**11,750,759**	**5,107,400**

Notes:

1. The number of members of each body corresponds to the annual average of the number of members of each body measured monthly.

2. The value presented as *pro-labore* does not include payroll charges.

3. There was no payment of bônus regarding the Company's results of the fiscal year of 2011.

4. The value presented as remuneration based on shares reflect the accountat costs as realized in 2011, related to all programs granted to the Board of Directors and Statutory Executive Board, in accordance to pricing models of Binomial (traditional stock option plans) and Monte Carlo (restricted stock option plans).

5. The information contained in the Financial Statements presented refers to the *pro-labore* and benefits (whenever applicable) of the Board of Directors, Fiscal Council and Statutory Executive Board.

6. The Statutory Financial and Investor Relations Officer of the Company cumulated, in such period, this positions togheter with the position of Superintendent Officer of Alphaville Urbanismo S.A., a controlling company. Therefore, his position is included in the number of members of the Statutory Executive Board but he received his *pro labore* in 2011 for the position he occupied in the controlling company, not bfor the position in the Company.

Year 2012 – Forecast	**Board Of Directors**	**Fiscal Council**	**Statutory Executive Board**	**Total**

Number of members (1)	**9.00**	**3.67**	**7.00**	**19.67**
Fixed annual remuneration	1,852,416	242,743	5,289,510	7,384,669
- Pro Labore x	1,852,416	242,743	5,004,000	7,009,159
- Direct or indirect benefits	NA	NA	285,510	285,510
- Remuneration for participation on committees	NA	NA	NA	NA
- Others	NA	NA	NA	NA
Annual variable remuneration	NA	NA	9,900,000	9,900,000
- Bonus (3)	NA	NA	9,900,000	9,900,000
- Profit-sharing	NA	NA	NA	NA
- Remuneration for participation on committees	NA	NA	NA	NA
- Commission	NA	NA	NA	NA
- Others	NA	NA	NA	NA
Postemployment benefits	NA	NA	NA	NA
Benefits as a result of leaving the company	NA	NA	NA	NA
Remuneration based on shares (4)	410,051	NA	8,739,126	9,149,177
Total (R$)	**2,262,467**	**242,743**	**23,928,636**	**26,433,846**

Notes:

1. The number of members of each body corresponds to the annual average of the number of members of each body measured monthly.

2. The value presented as *pro-labore* does not include payroll charges.

3. With regard to the bonus amounts, indicated in the table above, the measured targets were taken into account, estimating that the targets of the company and individuals are reached in their entirety for 2012.

4. The value presented as remuneration based on shares reflect the accountat costs to be realized in 2012, related to all programs granted to the Board of Directors and Statutory Executive Board, in accordance to pricing models of Binomial (traditional stock option plans) and Monte Carlo (restricted stock option plans).

5.

13.3. Concerning the variable remuneration in the last 3 financial years and that expected for the current financial year for the Board of Directors, the statutory Executive Board and the Fiscal Council:

Year 2009	Board of Directors (1)	Statutory Executive Board	Total
Number of members (2)	6.00	5.00	11.00
Bonus			
Minimum amount set under the remuneration plan	n.a.	0	0
Maximum amounts set under the remuneration plan (3)	n.a.	6.270.000.00	6.270.000.00
Value expected under the remuneration plan - targets having been reached (4)	n.a.	4.750.000.00	4.750.000.00
Effective recognized value (5)	n.a.	3.458.803.00	3.458.803.00
Participation on results			
Minimum amount set under the remuneration plan	n.a.	n.a.	n.a.
Maximum amounts set under the remuneration plan	n.a.	n.a.	n.a.
Value expected under the remuneration plan - targets having been reached	n.a.	n.a.	n.a.
Effective recognized value	n.a.	n.a.	n.a.

Note:
1. The Board of Directors is not eligible for variable remuneration.
2. The number of members of each body corresponds to the annual average of the number of members of each body measured monthly.
3. The value presented for maximum amounts set under remuneration plan take into consideration 132% of reach over bonus target value.
4. The value presented for value expected under the remuneration plan take into consideration 100% of reach over bonus target value.
5. Amounts effectively paid.

Year 2010	Board of Directors (1)	Fiscal Council(1)	Statutory Executive Board	Total
Number of members (2)	5.67	3.00	5.00	13.67
Bonus				
Minimum amount set under the remuneration plan	n.a.	n.a.	0	0
Maximum amounts set under the remuneration plan (3)	n.a.	n.a.	6,930,000	6,930,000
Value expected under the remuneration plan - targets having been reached (4)	n.a.	n.a.	5,250,000	5,250,000
Effective recognized value (5)	n.a.	n.a.	2,796,388	2,796,388
Participation on results				
Minimum amount set under the remuneration plan	n.a.	n.a.	n.a.	n.a.
Maximum amounts set under the remuneration plan	n.a.	n.a.	n.a.	n.a.
Value expected under the remuneration plan - targets having been reached	n.a.	n.a.	n.a.	n.a.
Effective recognized value	n.a.	n.a.	n.a.	n.a.

Note:
1. The Board of Directors and Fiscal Council are not eligible for variable remuneration.
2. The number of members of each body corresponds to the annual average of the number of members of each body measured monthly.
3. The value presented for maximum amounts set under remuneration plan take into consideration 132% of reach over bonus target value.
4. The value presented for value expected under the remuneration plan take into consideration 100% of reach over bonus target value.
5. Amounts effectively paid.

Year 2011	**Board of Directors** [1]	**Fiscal Council**[1]	**Statutory Executive Board**	**Total**
Number of members [2]	8.00	3.00	5.92	16.92
Bonus				
Minimum amount set under the remuneration plan	n.a	n.a	0	0
Maximum amounts set under the remuneration plan [3]	n.a.	n.a.	n.a	9,240,000
Value expected under the remuneration plan - targets having been reached [4]	n.a.	n.a.	7,000,000	7,000,000
Effective recognized value [5]	n.a.	n.a.	0	0
Participation on results				
Minimum amount set under the remuneration plan	n.a.	n.a.	n.a.	n.a.
Maximum amounts set under the remuneration plan	n.a.	n.a.	n.a.	n.a.
Value expected under the remuneration plan - targets having been reached	n.a.	n.a.	n.a.	n.a.
Effective recognized value	n.a.	n.a.	n.a.	n.a.

Note:
1. The Board of Directors and Fiscal Council are not eligible for short-term variable remuneration.
2. The number of members of each body corresponds to the annual average of the number of members of each body measured monthly.
3. After 2011, there is no maximum limit for reaching targets regarding payment of bonus.
4. The value presented for value expected under the remuneration plan take into consideration 100% of reach over bonus target value.
5. There were no bonus payments from results of 2011.

012	Board of Directors (1)	Fiscal Council(1)	Statutory Executive Board	T
er of members (2)	9.00	3.75	7.00	1
um amount set under the remuneration plan (3)	n.a	n.a	0	
num amounts set under the remuneration plan (4)	n.a.	n.a.	n.a	
expected under the remuneration plan - targets having been reached (5)	n.a.	n.a.	9,900,000	9,9
pation on results				
um amount set under the remuneration plan	n.a.	n.a.	n.a.	
num amounts set under the remuneration plan	n.a.	n.a.	n.a.	
expected under the remuneration plan - targets having been reached	n.a.	n.a.	n.a.	

Note:

1. The Board of Directors and Fiscal Council are not eligible for short-term variable remuneration.
2. The number of members of each body corresponds to the annual average of the number of members of each body measured monthly.
3. The value presented for minimum amount set under the remuneration plan take into consideration 100% of reach over bonus target value.
4. After 2011, there is no maximum limit for reaching targets regarding payment of bonus.
5. The value presented for value expected under the remuneration plan take into consideration 100% of reach over bonus target value.

13.4. Concerning the remuneration plan based on shares for the Bo