



BFRE Press Release – Financial Results 2010

BFRE ENDS 2010 WITH NET PROFIT OF R\$117 MILLION AND RECORD PERFORMANCE IN ALL AREAS

- Home loans for private borrowers up by 82% during the period; financing for developers up 25%
- Real estate investment funds under management total R\$4.9 billion
- MBS issuance increases five-fold, totaling R\$3.7 billion
- Company leads the Brazilian market once again, launching the first actively managed real estate fund (REIT)

São Paulo, March 30, 2011 – Brazilian Finance & Real Estate (BFRE), the holding company that controls Brazilian Mortgages, Brazilian Securities, Brazilian Capital and BM Sua Casa, made a net profit of R\$117 million in 2010, according to just-published IFRS financial statements for 2010. This was 123% higher than the R\$52 million achieved in 2009 and reflects the company's excellent performance in all areas of real estate where it operates: lending to individuals and corporations; structuring and managing investment funds; securitization of real estate receivables; and investment management.

In the mortgage lending segment, the company ended 2010 with R\$486 million in financing for corporate developers via Brazilian Mortgages, an increase of 25% over the end of 2009. Including the value of operations contracted but not yet disbursed at the end of fiscal 2010, the total stood at R\$725 million – 52% up on the previous year. Total Brazilian Mortgages assets in the year reached R\$1 billion, with net profits of R\$29.3 million.

BM Sua Casa, the group component that provides mortgages for private individuals, saw lending increase by 82% over 2009 to an average monthly contract value of R\$50 million. In addition to the very favorable situation of supply and demand for credit in all income brackets in 2010, other factors contributing to this performance were the company's expansion of geographic coverage and the constant improvement of its products and services.

"Last year we opened 28 BM Sua Casa stores, so by December we had a total of 47 outlets in 15 states," said Daniela Mesquita, BFRE's chief financial officer. "Our strategy of getting closer to the customer has proven to be successful." Established in May of 2007, BM Sua Casa was the first company in the sector to open specialized stores in easily-accessible locations, for example close to subway stations and shopping malls. They stay open outside of regular commercial hours, offering mortgages for up to 30 years and instant credit lines, so inaugurating a trend in the Brazilian market.

The group also had a strong 2010 in the area of structuring and managing real estate funds. The volume of such funds managed by Brazilian Mortgages increased 15% to R\$4.9 billion, giving the company a market share of 38%. Brazilian Mortgages currently manages 29 real estate investment trusts.

Record securitization – The company's securitization of real estate receivables also set a record in 2010: Brazilian Securities issued a total of R\$3.7 billion in mortgage-backed securities (MBS) for residential and commercial property, five times greater than the R\$730 million issued in 2009.

"In 2010 the company issued the same total value of MBS as in the entire previous eight years," said Mesquita. Brazilian Securities' net profit for the year was R\$37 million.

Pioneer Investment Management – BFRE's 2010 results also show a 75% increase in net profit (to R\$11.7 million) earned by its Brazilian Capital subsidiary, which ended the year with a portfolio of funds under management exceeding R\$2 billion.

One particular highlight in 2010 was the December launch of what we consider to be Brazil's first proper Real Estate Investment Trust (REIT). The R\$367 million public offering by BFRE's real estate investment management unit via the BM&FBovespa stock market was fully taken up by institutional investors and 1,342 private individuals. Very common in the U.S. market, the REIT is a type of actively managed real estate fund in which earnings can be enhanced by, for example, the purchase and sale of properties and the securitization of receivables (rent). The fund owns 12 real estate assets.

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