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***Financial Statements of the
Company and Consolidated***

***Multiplan Empreendimentos
Imobiliários S.A.***

***December 31, 2007 and 2006
with Report of Independent Auditors***

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

FINANCIAL STATEMENTS

December 31, 2007 and 2006

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of
Multiplan Empreendimentos Imobiliários S.A.

1. We have audited the accompanying balance sheets of Multiplan Empreendimentos Imobiliários S.A. and the accompanying consolidated balance sheets of Multiplan Empreendimentos Imobiliários S.A. and its subsidiaries as of December 31, 2007 and 2006, and the related statements of operations, changes in shareholders' equity and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.
2. We conducted our audits in accordance with generally accepted auditing standards in Brazil which comprised: (a) the planning of our work, taking into consideration the materiality of balances, the volume of transactions and the accounting and internal control systems of the Company and its subsidiaries, (b) the examination, on a test basis, of the documentary evidence and accounting records supporting the amounts and disclosures in the financial statements, and (c) an assessment of the accounting practices used and significant estimates made by management of the Company and its subsidiaries, as well as an evaluation of the overall financial statement presentation.
3. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Multiplan Empreendimentos Imobiliários S.A. and the consolidated financial position of Multiplan Empreendimentos Imobiliários S.A. and its subsidiaries at December 31, 2007 and 2006, and the results of their operations, changes in their shareholders' equity and changes in their financial position for the years then ended, in accordance with the accounting practices adopted in Brazil.

4. We conducted our audits with the purpose of expressing an opinion on the financial statements referred to in the first paragraph, taken as a whole. The statements of cash flows (Parent Company and Consolidated) for the years ended December 31, 2007 and 2006, are being presented to provide additional information on the Company and its subsidiaries, although they are not a required part of the basic financial statements, in accordance with the accounting practices adopted in Brazil. These statements have been subjected to the same audit procedures described in the second paragraph and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Rio de Janeiro, March 10th, 2008

ERNST & YOUNG
Auditores Independentes S.S.
CRC - 2SP 015.199/O-6 - F - RJ



Paulo José Machado
Accountant - CRC - 1RJ 061.469/O-4

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

BALANCE SHEETS
December 31, 2007 and 2006
(In thousands of reais)

| | 2007 | | 2006 | |
|--|-------------------------|-------------------------|------------------|------------------|
| | Company | Consolidated | Company | Consolidated |
| Assets | | | | |
| Current: | | | | |
| Cash and cash equivalents (Note 4) | 406,745 | 416,444 | 9,686 | 10,598 |
| Accounts receivable (Note 5) | 73,149 | 80,220 | 52,238 | 52,593 |
| Sundry loans and advances (Note 6) | 2,213 | 3,087 | 1,961 | 3,002 |
| Receivables from related parties (Note 19) | - | - | 1,280 | 1,209 |
| Recoverable taxes and contributions (Note 7) | 8,967 | 11,384 | 4,295 | 5,224 |
| Deferred income and social contribution taxes (Note 9) | 16,840 | 16,840 | - | - |
| Others | 681 | 172 | 1,630 | 1,722 |
| Total current assets | <u>508,595</u> | <u>528,147</u> | <u>71,090</u> | <u>74,348</u> |
| Noncurrent | | | | |
| Long-term receivables: | | | | |
| Accounts receivable (Note 5) | 9,259 | 16,106 | 7,096 | 7,096 |
| Land and properties held for sale (Note 8) | 76,810 | 76,810 | 26,728 | 26,728 |
| Sundry Loans and advances (Note 6) | 1,568 | 1,569 | 3,564 | 3,564 |
| Receivables from related parties (Note 19) | 7,589 | 1,201 | 134 | 1,123 |
| Deferred income and social contribution taxes (Note 9) | 166,208 | 166,208 | 7,165 | 7,165 |
| Others | 407 | 1,431 | 1,141 | 2,088 |
| | <u>261,841</u> | <u>263,325</u> | <u>45,828</u> | <u>47,764</u> |
| Permanent assets: | | | | |
| Investments (Note 10) | 110,841 | 48,561 | 49,177 | 41,122 |
| Goodwill (Note 11) | 49,435 | - | - | - |
| Property and equipment (Note 11) | 790,303 | 916,277 | 606,705 | 615,637 |
| Intangibles (Note 12) | 427,793 | 427,793 | 480,069 | 480,069 |
| Deferred charges (Note 13) | 22,288 | 26,311 | 10,768 | 10,843 |
| Total noncurrent assets | <u>1,662,501</u> | <u>1,682,267</u> | <u>1,192,547</u> | <u>1,195,435</u> |
| Total assets | <u>2,171,096</u> | <u>2,210,414</u> | <u>1,263,637</u> | <u>1,269,783</u> |

| | 2007 | | 2006 | |
|---|------------------|------------------|------------------|------------------|
| | Company | Consolidated | Company | Consolidated |
| Liabilities and shareholders' equity | | | | |
| Current: | | | | |
| Loans and financing (Note 14) | 13,843 | 16,333 | 23,592 | 23,592 |
| Accounts payable | 5,879 | 8,934 | 5,150 | 5,320 |
| Property acquisition obligations (Note 15) | 44,775 | 44,775 | 29,086 | 29,086 |
| Taxes and contributions payable | 4,363 | 9,115 | 4,523 | 6,676 |
| Acquisition of shares (Note 16) | 46,996 | 46,996 | 47,975 | 47,975 |
| Payables to related parties (Note 19) | 1,488 | 1,488 | 2,644 | 2,644 |
| Taxes paid in installments (Note 17) | - | 263 | 769 | 1,014 |
| Others | 582 | 6,129 | 5,332 | 5,221 |
| Total Current | <u>117,926</u> | <u>134,033</u> | <u>119,071</u> | <u>121,528</u> |
| Noncurrent: | | | | |
| Long-term liabilities: | | | | |
| Loans and financing (Note 14) | 20,015 | 21,969 | 34,434 | 34,434 |
| Acquisition of shares (Note 16) | - | - | 45,991 | 45,991 |
| Property acquisition obligations (Note 15) | 77,510 | 77,510 | 25,702 | 25,702 |
| Taxes paid in installments (Note 17) | - | 1,755 | - | 1,927 |
| Provision for contingencies (Note 18) | 1,705 | 3,363 | 2,638 | 4,317 |
| Total noncurrent liabilities | <u>99,230</u> | <u>104,597</u> | <u>108,765</u> | <u>112,371</u> |
| Deferred income (Note 20) | 79,797 | 96,381 | 56,959 | 56,959 |
| Minority interest | - | 1,317 | - | 83 |
| Shareholders' equity (Note 21) | | | | |
| Capital | 952,747 | 952,747 | 264,419 | 264,419 |
| Goodwill reserve | 932,425 | 932,425 | 745,877 | 745,877 |
| Retained earnings (accumulated losses) | (11,029) | (11,086) | (31,454) | (31,454) |
| Total Shareholders' equity | <u>1,874,143</u> | <u>1,874,086</u> | <u>978,842</u> | <u>978,842</u> |
| Total liabilities and shareholders' equity | <u>2,171,096</u> | <u>2,210,414</u> | <u>1,263,637</u> | <u>1,269,783</u> |

See accompanying notes.

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

STATEMENTS OF OPERATIONS

Year ended December 31, 2007 and 2006

(In thousands of reais, except earnings (loss) per share, in reais)

| | 2007 | | 2006 | |
|--|--------------------|---------------------|----------------|---------------------|
| | Company | Consolidated | Company | Consolidated |
| Gross revenues from sales and services | | | | |
| Leases | 233,963 | 239,394 | 137,363 | 193,079 |
| Services | 52,056 | 52,332 | 11,593 | 44,744 |
| Key money | 18,693 | 18,902 | 9,818 | 13,606 |
| Parking | 11,964 | 38,718 | 6,414 | 9,422 |
| Sale of properties | 19,062 | 19,062 | 7,792 | 15,572 |
| Others | - | 384 | - | 64 |
| | 335,738 | 368,792 | 172,980 | 276,487 |
| Taxes and contributions on sales and services | (29,513) | (32,399) | (14,640) | (23,517) |
| Net revenues | 306,225 | 336,393 | 158,340 | 252,970 |
| Operating income (expenses) | | | | |
| General and administrative expenses (headquarters) | (57,711) | (59,023) | (41,258) | (77,706) |
| General and administrative expenses (shopping malls) | (44,751) | (66,989) | (29,743) | (32,870) |
| Management fees | (9,272) | (9,272) | (7,322) | (9,899) |
| Cost of properties sold | (12,618) | (12,618) | (4,395) | (8,698) |
| Equity in earnings of affiliates (Note 10) | 12,434 | 8,027 | 15,917 | (1,529) |
| Financial income (Note 22) | 22,453 | 23,470 | 6,047 | 11,519 |
| Financial expenses (Note 22) | (47,419) | (45,950) | (39,836) | (45,127) |
| Depreciation and amortization | (21,596) | (23,712) | (10,293) | (17,511) |
| Goodwill amortization | (118,260) | (118,260) | (83,446) | (83,446) |
| Other operating expenses (Income) | 1,140 | 1,243 | 373 | 505 |
| Operating income (losses) | 30,625 | 33,309 | (35,616) | (11,792) |
| Non-operating income | 1,030 | 1,057 | 453 | 949 |
| Income (loss) before income and social contribution taxes. | 31,655 | 34,366 | (35,163) | (10,843) |
| Income and social contribution taxes (Note 9) | - | (1,813) | - | (13,618) |
| Deferred income and social contribution taxes (Note 9) | (11,230) | (11,230) | 278 | 324 |
| Income (loss) before minority interest | 20,425 | 21,323 | (34,885) | (24,137) |
| Minority interest | - | (165) | - | (8,053) |
| Net income (loss) for the period | 20,425 | 21,158 | (34,885) | (32,190) |
| Earnings (loss) per share | 0,14 | - | (0,29) | - |
| Number of outstanding shares at year/period end | 147,799,441 | - | 120,266,332 | - |

See accompanying notes.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

STATEMENTS OS CHANGES IN SHAREHOLDERS'
EQUITY OF THE COMPANY
Year ended December 31, 2007 and 2006
(In thousands of reais)

| | Capital | Capital to be contributed | Capital Reserve | | Retained earnings (accumulated losses) | Total |
|---|---------|---------------------------|---|------------------------------------|--|-----------|
| | | | Premium reserve on the issuance of shares | Special goodwill reserve on merger | | |
| Balances at December 31, 2005 | 56,314 | (50) | - | - | 3,431 | 59,695 |
| Capital contribution | - | 50 | - | - | - | 50 |
| Capital increase | 208,105 | - | - | - | - | 208,105 |
| Establishment of special goodwill reserve (Nota 21) | - | - | - | 745,877 | - | 745,877 |
| Loss for the year | - | - | - | - | (34,885) | (34,885) |
| Balances at December 31, 2006 | 264,419 | - | - | 745,877 | (31,454) | 978,842 |
| Capital increase (Note 21) | 688,328 | - | - | - | - | 688,328 |
| Establishment of special goodwill reserve (Nota 9) | - | - | 186,548 | - | - | 186,548 |
| Profit for the year | - | - | - | - | 20,425 | 20,425 |
| Balances at December 31, 2007 | 952,747 | - | 186,548 | 745,877 | (11,029) | 1,874,143 |

See accompanying notes.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

STATEMENTS OF CHANGES IN FINANCIAL POSITION Year ended December 31, 2007 and 2006 (In thousands of reais)

| | 2007 | | 2006 | |
|---|------------------|------------------|------------------|------------------|
| | Company | Consolidated | Company | Consolidated |
| SOURCES OF WORKING CAPITAL | | | | |
| From operations: | | | | |
| Net income (loss) for the period | 20,425 | 21,158 | (34,885) | (32,190) |
| Items not affecting working capital: | | | | |
| Depreciation and amortization | 21,596 | 23,712 | 10,293 | 17,511 |
| Goodwill amortization | 118,260 | 118,260 | 83,446 | 83,446 |
| Equity pickup | (12,434) | (8,027) | (15,917) | 1,529 |
| Minority interest | - | 165 | - | - |
| Net book value of permanent asset disposals | (46) | (46) | 10,715 | 11,544 |
| Monetary changes and long-term interest, net | 3,161 | 1,182 | 1,072 | 851 |
| Appropriation of deferred income | (18,693) | (18,902) | (4,567) | (4,567) |
| Deferred income and social contribution taxes | 13,097 | 13,097 | - | - |
| Revenue of shares | 526 | 526 | - | - |
| Others | - | (790) | - | (2,695) |
| | 145,892 | 150,335 | 50,157 | 75,429 |
| From shareholders: | | | | |
| Capital increase | 688,328 | 688,328 | 208,155 | 208,155 |
| Goodwill reserve | 186,548 | 186,548 | 745,877 | 745,877 |
| | 874,876 | 874,876 | 954,032 | 954,032 |
| From third parties: | | | | |
| Increase in long-term liabilities | 51,808 | 54,259 | 71,936 | 74,580 |
| Increase in deferred income | 52,085 | 68,676 | 5,630 | 5,630 |
| Dividends received from subsidiaries | 1,692 | - | 22,622 | - |
| Decrease in long-term receivables | 19,789 | 21,496 | 29,635 | 26,724 |
| Decrease in investments | - | 63 | - | - |
| | 125,374 | 144,494 | 129,823 | 106,934 |
| Effects of acquisition of subsidiaries | | | | |
| Long-term receivables | - | - | 61,692 | 27,510 |
| Deferred income | - | - | 55,896 | 24,807 |
| Company divestiture | - | - | 473,492 | - |
| | - | - | 591,080 | 52,317 |
| Total sources | 1,146,142 | 1,169,705 | 1,725,092 | 1,188,712 |
| APPLICATIONS OF WORKING CAPITAL | | | | |
| Effects of acquisition of subsidiaries: | | | | |
| Long-term receivables | - | - | 34,232 | 5,769 |
| Investment | - | - | 16,352 | - |
| Property and equipment | - | - | 532,889 | 218,927 |
| Deferred charges | - | - | 9,946 | - |
| | - | - | 593,419 | 224,696 |
| Permanent assets: | | | | |
| Investments | 53,463 | - | 353,684 | 42,453 |
| Property and equipment | 203,821 | 323,155 | 87,696 | 135,900 |
| Deferred charges | 12,847 | 17,076 | 7,930 | 8,229 |
| Intangible assets | 65,528 | 65,528 | 563,535 | 563,535 |
| Goodwill | 49,891 | - | - | - |
| Acquisitions of other noncurrent assets | 248,884 | 251,012 | 53,527 | 49,038 |
| Transfer of noncurrent to current assets | 61,215 | 60,966 | - | - |
| Decrease in noncurrent liabilities | 1,289 | 1,392 | 114,025 | 135,908 |
| Dividends distributed/proposed | - | - | (396) | (396) |
| Decrease in deferred income | 10,554 | 10,351 | - | - |
| Minority interest | - | (1,069) | - | 95,326 |
| Total applications | 707,492 | 728,412 | 1,773,420 | 1,254,689 |
| Increase (decrease) in working capital | 438,650 | 441,294 | (48,328) | (65,977) |
| Change in working capital | | | | |
| Current assets: | | | | |
| At year/period end | 508,595 | 528,147 | 71,090 | 74,348 |
| At year/period beginning | 71,090 | 74,348 | 347 | 85,104 |
| | 437,505 | 453,799 | 70,743 | (10,756) |
| Current liabilities: | | | | |
| At year/period end | 117,926 | 134,033 | 119,071 | 121,528 |
| At year/period beginning | 119,071 | 121,528 | - | 66,307 |
| | (1,145) | 12,505 | 119,071 | 55,221 |
| Increase (decrease) in working capital | 438,650 | 441,294 | (48,328) | (65,977) |

See accompanying notes.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

STATEMENTS OF CASH-FLOW Year ended December 31, 2007 and 2006 (In thousand of reais)

| | 2007 | | 2006 | |
|--|-----------|--------------|-------------|--------------|
| | Company | Consolidated | Company | Consolidated |
| Cash flows from operations | | | | |
| Net income/Loss | 20,425 | 21,158 | (34,885) | (32,190) |
| Adjustments: | | | | |
| Depreciation and amortization | 21,596 | 23,712 | 10,293 | 17,511 |
| Amortization of goodwill | 118,260 | 118,260 | 83,446 | 83,446 |
| Equity pickup | (12,434) | (8,027) | (15,917) | 1,529 |
| Income from the sale of permanent assets | (46) | (46) | (453) | (452) |
| Non-controlling interest | - | 165 | - | 8,053 |
| Appropriation of REF | (18,693) | (18,902) | (9,818) | (13,606) |
| Deferred income and social contribution taxes | 13,097 | 13,097 | - | - |
| Earnings from subsidiaries not recognized previously, and capital deficiency of subsidiaries | - | (790) | - | (2,695) |
| Net adjusted income | 142,205 | 148,627 | 32,666 | 61,596 |
| Decrease (increase) in operating assets: | | | | |
| Increase in inventories | (50,082) | (50,082) | (26,728) | (24,450) |
| Increase in accounts receivable | (23,074) | (36,637) | (59,334) | (28,520) |
| Receipt of interest on loans and advances granted | (434) | (434) | (550) | (550) |
| Increase (decrease) in taxes recoverable | (4,672) | (6,160) | (4,295) | 11,776 |
| Increase in deferred taxes | (188,980) | (188,980) | (7,165) | (5,560) |
| Increase (decrease) in other assets | 1,683 | 2,207 | (2,528) | 1,576 |
| Increase (decrease) in operating liabilities: | | | | |
| Payment of interest on loans and finance obtained | 11,487 | 11,487 | 37,627 | 37,627 |
| Payment of interest on loans from related parties | 9 | 9 | 800 | 800 |
| Increase in accounts payable | 729 | 3,614 | 5,150 | 505 |
| Increase in liabilities for the acquisition of assets | 67,497 | 67,497 | 54,788 | 37,863 |
| Increase (decrease) in taxes and mandatory contributions payable | (160) | 2,439 | 4,523 | (16,560) |
| Increase (decrease) in acquisition of shares | (46,970) | (46,970) | 93,966 | 93,966 |
| Increase (decrease) in installment taxes | (769) | (923) | 769 | (1,656) |
| Increase (decrease) in the provision for contingencies | (933) | (954) | 2,638 | (701) |
| Increase in deferred income | 41,531 | 58,324 | 66,777 | 39,476 |
| Increase (decrease) in other liabilities | (4,750) | 908 | 5,332 | (2,182) |
| Cash flows generated by (used in) operations | (55,683) | (36,028) | 204,436 | 205,006 |
| Cash flows from investments | | | | |
| Increase (decrease) in loans and sundry advances | 2,178 | 2,344 | (4,871) | 585 |
| Increase (decrease) in receivables from related parties | (6,175) | 1,131 | (1,414) | 4,042 |
| Additions to investments | (49,230) | 588 | 126,078 | (42,454) |
| Additions to property, plant and equipment | (204,261) | (324,762) | (616,545) | (350,624) |
| Additions to deferred charges | (12,407) | (15,468) | (10,768) | (457) |
| Additions to goodwill | (49,891) | - | - | - |
| Additions to intangibles | (65,528) | (65,528) | (563,515) | (563,515) |
| Cash flows generated by (used in) investing activities | (385,314) | (401,695) | (1,071,035) | (952,423) |
| Cash flows from financing activities | | | | |
| Increase (decrease) in loans and financing | (35,655) | (31,211) | 20,399 | (12,559) |
| Decrease in payables to related parties | (1,165) | (1,165) | (98,146) | (112,699) |
| Increase in capital reserves | 186,548 | 186,548 | 745,877 | 745,877 |
| Capital increase | 688,328 | 688,328 | 208,155 | 208,155 |
| Minority interest | - | 1,069 | - | (103,379) |
| Cash flows generated by (used in) financing activities | 838,056 | 843,569 | 876,285 | 725,395 |
| Cash flow | 397,059 | 405,846 | 9,686 | (22,022) |
| Cash at beginning | 9,686 | 10,598 | - | 32,620 |
| Cash at end | 406,745 | 416,444 | 9,686 | 10,598 |
| Changes in cash | 397,059 | 405,846 | 9,686 | (22,022) |

See accompanying notes.

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

(In thousands of reais)

1. Operations

The Company was incorporated on December 30, 2005 and is engaged in real estate related activities, including the development of and investment in real estate projects, purchase and sale of properties, purchase and disposal of rights related to such properties, civil construction, and construction projects. The Company also provides engineering and related services, advisory services and assistance in real estate projects, development, promotion, management, planning and intermediation of real estate projects. Additionally, the Company holds investments in other companies.

After a number of acquisitions and capital reorganizations involving its subsidiaries, the Company started holding direct and indirect interest at December 31, 2007 and December 31, 2006 in the following enterprises:

| Real estate development | Location | Beginning of operations | % ownership | |
|----------------------------------|----------------|-------------------------|--------------|-------|
| | | | 2007 | 2006 |
| Shopping Centers: | | | | |
| BHShopping | Belo Horizonte | 1979 | 80.0 | 80.0 |
| BarraShopping | Rio de Janeiro | 1981 | 51.1 | 51.1 |
| RibeirãoShopping | Ribeirão Preto | 1981 | 76.2 | 76.2 |
| MorumbiShopping | São Paulo | 1982 | 65.8 | 56.3 |
| ParkShopping | Brasília | 1983 | 60.0 | 60.0 |
| DiamondMall | Belo Horizonte | 1996 | 90.0 | 90.0 |
| Shopping Anália Franco | São Paulo | 1999 | 30.0 | 30.0 |
| ParkShopping Barigui | Curitiba | 2003 | 84.0 | 90.0 |
| Shopping Pátio Savassi | Belo Horizonte | 2004 | 83.8 | - |
| BarraShopping Sul | Porto Alegre | 2008(*) | 100.0 | 100.0 |
| Vila Olímpia | São Paulo | 2009(**) | 30.0 | - |
| New York City Center | Rio de Janeiro | 1999 | 50.0 | 50.0 |
| Others: | | | | |
| Centro Empresarial Barrashopping | Rio de Janeiro | 2000 | 16.67 | 16.67 |

(*) Start-up of operations expected for September 2008

(**) Start-up of operations expected for May 2009

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2007 and 2006
(In thousands of reais)

1. Operations (Continued)

The majority of the shopping centers are managed in accordance with a special structure known as “*Condomínio Pro Indiviso*” – CPI (undivided joint property). The shopping centers are not corporate entities, but units operated under an agreement by which the owners (investors) share all revenues, costs and expenses. The CPI structure is an option permitted by Brazilian legislation for a period of five years, with possibility of renewal. Pursuant to the CPI structure, each co-investor has a participation in the entire property, which is indivisible. On December 31, 2007, the Company have the legal representation and management of the shopping centers.

The commercial unit tenants generally pay the higher of a minimum monthly rent restated annually according to the IGP-DI (General Price Index – Domestic Supply) inflation index and a rent based on percentages of each tenant’s monthly gross sales ranging from 4% to 8%.

Please find below a summary of the main activities involving real estate developments as of 2006.

- Sundry developments acquired as a result of corporate restructuring

On February 24, 2006, due to the result of corporate restructuring including the merger of Bozano Simonsen Centros Comerciais S.A. and Realejo Participações S.A., the Company acquired the following additional interest in various enterprises:

| <u>Real estate development</u> | <u>(%)</u> |
|--------------------------------|------------|
| Shopping Malls: | |
| BHShopping | 40.0 |
| BarraShopping | 18.7 |
| RibeirãoShopping | 36.2 |
| MorumbiShopping | 31.0 |
| ParkShopping | 30.0 |
| ParkShopping Barigui | 45.0 |
| New York City Center | 25.0 |

- Barrashopping

On February 6, 2006, the Company and the development’s unitholders formalized their decision to acquire of Fundação Previdenciária IBM 18.31% of the development. The amount assumed by the Company was paid in the first quarter of 2006 and corresponds to 11% of the total value, R\$ 65,923. At December 31, 2007, the Company’s total share in this investment is 51.1%.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

1. Operations (Continued)

- MorumbiShopping

On October 31, 2007, the Company acquired 0.58% of the real estate development after its acquisition of Solução Imobiliária Ltda. for R\$ 6,429. On November 21, 2007, the Company acquired 10.1% of the development held by PSS – Seguridade Social for R\$ 120,000. After these transactions, the Company has held a 65.8% interest in the development as a whole.

- ParkShoppingBarigui

On December 18, 2007, the Company and Deneli Administração e Participações Ltda. executed a deed involving the exchange of a 6% undivided interest of the 90% interest held by Multiplan in all ParkShoppingBarigui stores for 94% of three adjoining real estate properties, which were recorded as fixed asset costs. Accordingly, as of that date, the Company has held an 84% interest in ParkShoppingBarigui.

In connection with this exchange transaction, the Company will transfer to Deneli, over a period of five years beginning September 28, 2007, 6% of monthly net revenues recorded by ParkShoppingBarigui at a minimum R\$ 100 for the first twenty-four months and R\$ 120 for the remaining period.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

1. Operations (Continued)

- RibeirãoShopping

On December 20, 2006, the Company acquired from PSS – Seguridade Social 14,475 shares issued by SC Fundo de Investimento Imobiliário, which represent all of its shares, which holds a 20% ownership interest in the RibeirãoShopping project for R\$ 40,000.

- DiamondMall

DiamondMall was leased on July 28, 1992 from Clube Atlético Mineiro for thirty years, in a consortium with company IBR Administração, Participação e Comércio S.A. On December 15, 2006, IBR sold its 50% interest in the consortium for R\$ 48,000.

- Pátio Savassi Shopping Mall

On May 9, 2007, the Company entered into a call option agreement to buy, for US\$ 65 million, the total capital of Brazilian Realty (based in Delaware – USA), which, together with Commander José Afonso Assunção, held 100% capital of Indústrias Luna S.A., a company holding a 65.2% interest in Shopping Pátio Savassi. The amount of US\$ 500 thousand was paid on that date, and the amount of US\$ 15 million was deposited in guarantee on May 23, when the call option was exercised. On July 16, 2007, the acquisition price was fully settled and the Company took control over Shopping Pátio Savassi.

Also, as defined in the contract, the Company exercised the option to acquire a property adjoining Shopping Mall Pátio Savassi. In connection with this option, the Company paid an additional amount of US\$ 391 thousand.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

1. Operations (Continued)

- Pátio Savassi Shopping Mall (Continued)

On September 13, 2007 the Company completed the acquisition of 18.61% interest in Shopping Mall Pátio Savassi from JPL Empreendimentos, whose agreement of intent had been signed on June 6, 2007 for total price of R\$ 37,826, with a remaining balance of R\$ 1,488 payable until first quarter of 2008.

- Vila Olímpia

The Company holds a 41.958% interest in MPH Empreendimentos Imobiliários Ltda., effective September 1, 2006, which, in its turn, holds a 71.5% interest in Shopping Mall Vila Olímpia.

The activities carried out by the major investees are summarized below:

a) Multiplan Administradora de Shopping Centers Ltda. - is committed to management, administration, promotion, installation and development of shopping malls owned by third parties, as well as the management of parking lots in the Company's own shopping malls.

b) SCP - Royal Green Península - On February 15, 2006, an unconsolidated partnership (Portuguese acronym SCP) was set up by the Company and its parent company Multiplan Planejamento e Participações S.A., for the purpose of developing a residential real estate project named "Royal Green Península". The Company holds 98% of the total capital of SCP.

In September 2006, the Company entered into an Agreement for the Assignment of Services Agreements with its subsidiaries Renasce – Rede Nacional de Shopping Centers Ltda. (Renasce), Multiplan Administradora de Shopping Centers Ltda. (Multiplan Administradora), CAA - Corretagem e Consultoria Publicitária S/C Ltda (CAA Publicitária), and CAA - Corretagem Imobiliária Ltda. (CAA Imobiliária). Under this agreement, beginning October 1, 2006, the aforementioned subsidiaries assigned and transferred to the Company all the rights and obligations resulting from the services agreements executed between those subsidiaries and the shopping centers.

Therefore, the Company also started to perform the following activities: (i) provision of specialized activities related to brokerage, advertising and publicity advisory services, commercial space for lease and/or sale ("merchandising"); (ii) provision of specialized services related to real estate brokerage and business advisory services; e (iii) shopping mall management.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2007 and 2006
(In thousands of reais)

1. Operations (Continued)

• Bertolino Participações

At the Special General Meeting held on May 29, 2007, the merger into the Company of Bertolino Participações – its minority shareholder until then - was approved. In connection therewith, the Company was given the acquiree's net assets at book value, valued at April 30, 2007 based on the report on valuation of net assets prepared by independent valuation expert Apsis Consultoria Empresarial Ltda. for net value of R\$ 186,548, consisting of goodwill adjusted by the allowance for maintenance of integrity of net assets (see Notes 9 and 21). After this merger, 1700480 Ontario became a direct Multiplan shareholder.

• Company Listing

On July 25, 2007 the Company obtained the CVM approval to be a listed company and trade capital shares on the stock exchange.

On July 26, 2007 the Company concluded its Initial and Secondary Public Offering, issuing 27,491,409 new shares, fully subscribed by new shareholders; and shareholders 1700480 Ontario, José Isaac Peres and Maria Helena Kaminitz Peres sold 9,448,026 shares they owned, also fully acquired by new shareholders.

Sale of primary offering of shares, without considering the exercise of the supplemental stock option, amounted to R\$ 687,285, which resulted in a cash inflow of R\$ 666,000 to the Company, net of estimated commission and expense amounts. On August 30, 2007, 41,700 shares in the supplementary lot were negotiated for R\$ 1,043, resulting in the inflow of R\$ 1,011 to the Company's cash.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

1. Operations (Continued)

• Company Listing (Continued)

As stated in the Public Offer Prospectus, these funds will be allocated to acquisitions of new shopping malls; continued development of projects BarrashoppingSul, currently under construction, and Shopping Vila Olímpia, currently under commercialization; expansion of shopping malls already within the Company portfolio; acquisition of new land for development of new shopping malls as well as new residential and commercial real estate development projects in areas adjacent to those of the shopping malls within the Company portfolio; and strengthening of its working capital. To date, the Company has allocated R\$ 44,000 to settle up its debt to GSEMREF Emerging Market Real Estate Fund L.P., described in Note 16, R\$ 133,000 to said acquisition of interest in Pátio Savassi Shopping Mall, and the difference has been allocated to short-term investments.

2. Basis of Preparation and Presentation of the Financial Statements

The financial statements of the Company and its subsidiaries were prepared in accordance with the accounting practices adopted in Brazil, observing the accounting guidelines of Brazilian Corporation Law and the accounting standards issued by the Institute of Independent Auditors of Brazil (IBRACON) and supplementary rules of the Brazilian Securities Commission (CVM).

The financial statements were approved by the Company's management on March 10, 2008.

Preparing the financial statements involves the use of accounting estimates. Such estimates are based on objective and subjective factors, supported by management's opinion for determining the adequate amounts to be recorded in the financial statements. Significant items, subject to those estimates and assumptions, include the selection of useful lives of fixed assets and their recoverability in operations; credit risk analysis for determining the allowance for doubtful accounts; analysis of the remaining risks for determining the other reserves, including the contingencies, and the valuation of financial instruments and remaining assets and liabilities at balance sheet date.

The settlement of transactions involving such estimates may result in amounts significantly different from those recorded in the financial statements due to inaccuracies inherent to the process of estimates. The Company periodically reviews estimates and assumptions.

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

2. Basis of Preparation and Presentation of the Financial Statements (Continued)

Assets and liabilities are classified as current whenever their realization or settlement is likely to occur during the next twelve months. Otherwise, they are presented as noncurrent. Monetary assets and liabilities in foreign currencies have been converted into Brazilian reais at the foreign exchange rate in force at the balance sheet date. Differences resulting from the currency conversion were recognized in the statement of operations.

a) Consolidated financial statements

Consolidated financial statements include the transactions of the Company and the following subsidiaries, whose ownership interest percentage at the balance sheet date or merger date is summarized below:

| | 2007 | | % ownership 2006 | |
|---|--------|----------|---------------------|-----------|
| | Direct | Indirect | Direct | Indirect |
| Brazilian Realty | 100.00 | - | - | - |
| JPL Empreendimentos Ltda | 100.00 | - | - | - |
| Indústrias Luna S/A | 0.01 | 99.99 | - | - |
| Solução Imobiliária Ltda. | 100.00 | - | - | - |
| Multishopping Empreendimentos Imobiliários S.A. | - | - | 100.00 | (b) - |
| Bozano Simonsen Centros Comerciais S.A. | - | - | 100.00 | (b) - |
| Realejo Participações S.A. | - | - | 100.00 | (b) - |
| RENASCE - Rede Nacional de Shopping Centers Ltda. (c) | 99.00 | - | 99.00 | - |
| County Estates Limited | - | 99.00 | - | 99.00 (a) |
| Embassy Row Inc. | - | 99.00 | - | 99.00 (a) |
| EMBRAPLAN - Empresa Brasileira de Planejamento Ltda. | 100.00 | - | 100.00 | - |
| CAA Corretagem e Consultoria Publicitária S/C Ltda. (c) | 99.00 | - | 99.00 | - |
| Multiplan Administradora de Shopping Centers Ltda. | 99.00 | - | 99.00 | - |
| CAA Corretagem Imobiliária Ltda. (c) | 99.61 | - | 99.61 | - |
| MPH Empreendimentos Imobiliários Ltda. | 41.96 | - | - | - |

(a) Ownership interest held on the date when the subsidiary was merged.

(b) Interest held on the date the subsidiary was merged.

(c) During 2007, the operation of aforementioned subsidiaries was transferred to the Company.

Fiscal years of subsidiaries included in the consolidation coincide with those of the parent Company, and accounting policies were uniformly applied in the consolidated companies and are consistent with those used in prior years.

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

2. Basis of Preparation and Presentation of the Financial Statements (Continued)

a) Consolidated financial statements -- Continued

Significant consolidation procedures are:

- Elimination of balances of assets and liabilities between the consolidated companies;
- Elimination of interest in the capital, reserves and accumulated profits and losses of consolidated companies;
- Elimination of income and expense balances resulting from intercompany business transactions.

Reconciliation between net assets and net income (loss) for the period of company and consolidated is as follows:

| | 2007 | | 2006 | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | Shareholders' equity | Income (Loss) Net | Shareholder s'equity | Income (Loss) Net |
| Company | 1,874,143 | 20,425 | 978,842 | (34,885) |
| Quotaholders' deficit of subsidiaries | (58) | (58) | - | - |
| Equity in the earnings of County for the Quarter (a) | - | 814 | - | - |
| Write-off amounts unduly recorded in assets (b) | - | - | - | 1,588 |
| Minority interest– Renasce (c) | - | - | - | 1,113 |
| Other | 1 | (23) | - | (6) |
| Consolidated | <u>1,874,086</u> | <u>21,158</u> | <u>978,842</u> | <u>(32,190)</u> |

- a) Adjustment referring to the Company's equity in the earnings of County not reflected on equity in the earnings of Renasce.
- b) Adjustment referring to amounts excluded directly from the net equity of subsidiaries Bozano, Simonsen Centros Comerciais S.A. (BSCC) and Realejo Participações S.A. (RLJ) that had been inadequately recorded as assets in the previous year.
- c) Amount referring to interest held by BSCC and Bozano Holdings Ltd. in the equity of RENASCE - Rede Nacional de Shopping Centers Ltda., referring to the period from January 1 to February 24, 2006, when total BSCC shares and interest held by Bozano Holdings Ltd. in RENASCE were acquired by the Company.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2007 and 2006
(In thousands of reais)

3. Significant Accounting Policies and Consolidation Criteria

a) Determination of profit and loss from real estate development and sale and others

For installment sale of completed units, income is recognized upon the sale of such units irrespective of the period for receipt of the contractual amount.

Fixed interest rates set in advance are allocated to profit and loss under the accrual method, irrespective of its receipt.

For sale of units not yet completed, income is recognized based on procedures and standards set out by the Federal Accounting Board CFC Resolution No. 963, shown below:

- The costs incurred are recorded as inventories (construction in progress) and fully allocated to the result of operations as the units are sold. After the sale occurs, the costs to be incurred to conclude the unit's construction will be allocated to the result of operations as they are incurred.
- the percentage of costs incurred of sold units, including land, is determined in relation to the total budgeted cost and estimated through to the completion of construction work. This rate is applied to the price of units sold and adjusted for selling expenses and other contractual conditions. The resulting figure is recorded as revenues and matched with accounts receivable or any advances received.

From then through to the completion of construction work, the unit's sale price that had not been recorded as revenues will be recognized in the result of operations as revenues as the costs required to conclude the unit's construction are incurred, in relation to the total budgeted cost.

Any changes to the project execution and conditions and in estimated profitability, including changes resulting from contractual fines and settlements that may lead to a review in costs and revenues, are recognized in the period in which such reviews are conducted.

- revenues determined from sales, including monetary restatement, net of installments already received, are recorded under accounts receivable or advances from clients, as applicable.

Other revenues and expenses were allocated to the statement of operations on an accrual basis.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

3. Significant Accounting Policies and Consolidation Criteria (Continued)

b) Cash and cash equivalents

Cash and cash equivalents include balances in bank accounts and short-term investments redeemable within a term of up to 90 days as from the balance sheet date.

c) Allowance for doubtful accounts

Allowance for doubtful accounts is presented as a reduction of accounts receivable from clients and is set up in an amount considered sufficient by Company's management to cover possible losses on realization of accounts receivable.

d) Land and properties held for sale

Land and properties held for sale are valued at average acquisition or construction cost, not exceeding market value.

e) Investments

Investments in subsidiaries are valued by the equity in earnings method, based on the subsidiaries' balance sheet as of the same date. The financial statements of the indirect subsidiaries County Estates Limited and Embassy Row Inc. are prepared consistently with the Company accounting practices, and are translated into *reais* based on the exchange rate in effect on the balance sheet date with the corresponding exchange variations being recognized in equity in earnings of affiliates.

f) Property and equipment

Property and equipment are recorded at acquisition, formation or construction cost, reduced by the related accumulated depreciation, calculated by the straight-line method at rates that consider the economic-useful life of the assets. Expenses incurred with repair and maintenance intended for improvement, increased capacity or longer useful life are capitalized, whereas the remaining expenses are recorded in the result of operations for the year. The recovery of property and equipment by means of future operations is periodically monitored.

Interest and financial charges on financing obtained for application in work in progress (construction in progress) are capitalized upon the beginning of operation of the assets.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2007 and 2006
(In thousands of reais)

3. Significant Accounting Policies and Consolidation Criteria (Continued)

g) Intangible assets

Intangible assets are represented by goodwill recorded based on future profitability and paid upon the acquisition of investments and fully merged investments. Amortization expenses are calculated on the straight-line basis over the term estimated for the recovery of assets, not exceeding five years.

h) Deferred charges

Deferred charges comprise costs incurred in real estate development, amortized over 5 years periods counting from the beginning of operation of each project.

i) Liabilities

Liabilities are recognized in the balance sheet whenever the Company has a legal liability or a liability set up as a result of a past event, and economic resources are likely to be required for their settlement. Certain liabilities involve uncertainties concerning the term and amounts, and are estimated as they are incurred, and recorded through a provision. Provisions are recorded based on the estimates of the risk involved.

j) Taxation

Revenues from sales and services are subject to the following taxes and contributions, at the following basic tax rates:

| Tax | Abbreviation | Rate | |
|--|--------------|-----------|--------------|
| | | Company | Subsidiaries |
| Social Contribution Tax on Gross Revenue | PIS | 1.65 | 0.65 |
| Social Security Financing Tax on Gross Revenue | COFINS | 7.6 | 3.0 |
| Service Tax | ISS | 2 % to 5% | 2 % to 5% |

Those charges are presented as deductions from sales in the statement of income. Credits resulting from non-cumulative taxation of PIS/COFINS are presented as deductions, from the group of accounts of operating income and expenses in the statement of income. Debits resulting from financial income, as well as credits resulting from financial expenses are presented as deduction, from those specific lines in the statement of income.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

3. Significant Accounting Policies and Consolidation Criteria (Continued)

j) Taxation -- Continued

Taxation on net profit includes income and social contribution taxes. Income tax is computed on taxable profit at a 25% whereas social contribution is computed at a 9% tax rate on taxable profit, recognized on an accrual basis. Therefore, additions to the book profit of expenses, temporarily nondeductible, or exclusions from revenues, temporarily nontaxable, for computation of current taxable profit generate deferred tax credits or debits.

As provided for in tax legislation, all companies that are part of the Multiplan Group, except the parent Company and the merged subsidiary Multishopping, which had gross annual revenue for the prior year lower than R\$ 48,000 opted for the presumed-profit method.

Advances or amounts to be offset are presented under current or noncurrent assets, according to their expected realization.

Deferred tax credits are stated at their realizable value.

k) Provision for contingencies

Provision for contingencies are established based on reports issued by legal counsel, in amounts considered sufficient to cover losses and risks considered probable. Contingencies whose risks have been considered possible are disclosed in the notes to the financial statements.

l) Deferred income

Funds received regarding key money (received upon) assignment of rights (to operate in the shopping centers) are recorded as unallocated income and recognized linearly in result of operations for the period, based on the rent term of the related stores to which they refer.

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

4. Cash and Cash Equivalents

| | 2007 | | 2006 | |
|--|----------------|----------------|---------|--------------|
| | Company | Consolidated | Company | Consolidated |
| Cash and banks | 5,649 | 15,233 | 7,825 | 8,033 |
| Short-term investment – Bank Deposit Certificates – CDB | 401,096 | 401,211 | 1,861 | 2,565 |
| | 406,745 | 416,444 | 9,686 | 10,598 |

Investments in Bank Deposit Certificates - CDB earn average remuneration, net of taxes, of approximately 100% of CDI and may be redeemed at any time without affecting recognized revenue.

5. Accounts Receivable

| | 2007 | | 2006 | |
|---------------------------------|-----------------|-----------------|---------|--------------|
| | Company | Consolidated | Company | Consolidated |
| Leases | 44,246 | 44,979 | 39,572 | 39,588 |
| Key money | 32,914 | 45,586 | 19,459 | 19,471 |
| Acknowledgment of debt (a) | 3,852 | 3,868 | 4,602 | 4,602 |
| Parking | 1,076 | 1,081 | 640 | 640 |
| Administration fees (b) | 3,727 | 3,727 | 2,756 | 3,010 |
| Sales | 969 | 969 | 113 | 123 |
| Advertising | 1,009 | 1,009 | 1,151 | 1,214 |
| Sale of properties | 6,252 | 6,252 | 84 | 84 |
| Others | 152 | 661 | - | - |
| | 94,197 | 108,132 | 68,377 | 68,732 |
| Allowance for doubtful accounts | (11,789) | (11,806) | (9,043) | (9,043) |
| | 82,408 | 96,326 | 59,334 | 59,689 |
| Noncurrent | (9,259) | (16,106) | (7,096) | (7,096) |
| Current | 73,149 | 80,220 | 52,238 | 52,593 |

(a) Refers to balances regarding acknowledgment of debt, rent and others, which were overdue, having been renegotiated are to be paid in installments.

(b) Refers to administration fees receivable by the Company and the subsidiaries Multiplan Administradora, charged from investors or shopkeepers of the shopping centers administered by them, which correspond to a percentage applied on store rent (6% to 7% of the minimum rent, plus 15% on the portion exceeding minimum rent), on common shopkeeper charges (5% of expenses incurred), on financial management (variable percentage on expenses incurred in shopping center expansions) and on promotional fund (5% of promotional fund collection).

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

5. Accounts Receivable -- Continued

As supplemental information, since it is not recorded in accounting records in view of the accounting practices mentioned in Note 3a, the accounts receivable balance at December 31, 2007 and 2006 referring to sale of units under construction of the real estate development “Centro Profissional MorumbiShopping”, less the installments already received, is broken down as follows, by year of maturity:

| | <u>2007</u> | <u>2006</u> |
|-----------------|---------------------|---------------|
| Maturity | | |
| Em 2007 | - | 7,985 |
| Em 2008 | 5,863 | 5,791 |
| Em 2009 | 743 | 785 |
| Em 2010 to 2012 | 412 | 373 |
| | <u>7,018</u> | <u>14,934</u> |

Accounts receivable are restated by the National Civil Construction Index - INCC until the end of construction, and by the IGP-DI thereafter.

These credits mainly refer to construction in progress, to which title deeds are granted only after settlement and/or negotiation of receivables from clients.

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

6. Loans and Advances

| | 2007 | | 2006 | |
|--|----------------|----------------|----------------|----------------|
| | Controladora | Consolidado | Controladora | Consolidado |
| Current | | | | |
| Shopkeepers | 86 | 86 | 425 | 425 |
| Shopping center Condominiums (a) | 7,223 | 7,223 | 5,807 | 5,807 |
| Shopping center investors | 2 | 524 | 138 | 660 |
| Cinemark Brasil S.A. (b) | - | - | 483 | 483 |
| Parkshopping Barigui Condominium (c) | 339 | 532 | 399 | 789 |
| NYCC Condominium | 171 | 171 | - | - |
| Advance for future acquisition of land (d) | 975 | 975 | - | - |
| Others | 640 | 799 | 516 | 645 |
| | 9,436 | 10,310 | 7,768 | 8,809 |
| Provision for losses (a) | (7,223) | (7,223) | (5,807) | (5,807) |
| | 2,213 | 3,087 | 1,961 | 3,002 |
| Noncurrent | | | | |
| Companhia Real de Distribuição | - | - | 1,160 | 1,160 |
| Shopkeepers | 86 | 86 | - | - |
| Cinemark Brasil S.A. (b) | - | - | 564 | 564 |
| Parkshopping Barigui Condominium(c) | 1,100 | 1,100 | 1,337 | 1,337 |
| Shopping center investors | 374 | 374 | - | - |
| Others | 8 | 9 | 503 | 503 |
| | 1,568 | 1,569 | 3,564 | 3,564 |

- (a) Prepayments to condominiums of shopping malls owned by the Group. A provision for losses was recognized in the full amount, considering its unlikely realization.
- (b) On September 15, 2002 the merged subsidiaries Multishopping an Bozano signed a Private Intercompany Loan Agreement with Cinemark Brasil S.A. amounting to R\$2,000 to fund the acquisition of machinery and equipment and the cost of a portion of work to set up movie theaters at Parkshopping Barigui. The release of these funds was conditional upon the completion of the work, which took place in December 2003. The principal amount is indexed to the long-term interest rate – TJLP, plus interest of 5.5% p.a., and was settlement on October 22, 2007. Cinemark secured the operation by the pledge of gross revenue from sale of movie tickets on behalf of Multishopping and Bozano for movie theaters in the complex and by the pledge of machinery and equipment acquired to set up the movie theaters.
- (c) Refers to advances granted to Parkshopping Barigui condominium to meet its working capital needs. The debt balance is restated monthly by IGP-DI plus 12% p.a. and is repayable within 48 months as from March 2007.
- (d) This refers to advances made by the Company in the form of a down payment for future acquisition of land to build new developments or for the expansion of shopping malls in which the Company already has an ownership interest.

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

7. Recoverable Taxes and Contributions

| | 2007 | | 2006 | |
|--|----------------|---------------------|----------------|---------------------|
| | Company | Consolidated | Company | Consolidated |
| Recoverable Income Tax - IR | 3,268 | 4,407 | 865 | 948 |
| Recoverable Social Contribution Tax – CSLL | 598 | 1,330 | 326 | 375 |
| Recoverable COFINS | 205 | 308 | 294 | 598 |
| Recoverable PIS | 176 | 510 | 64 | 386 |
| IOF overpaid | 1,274 | 1,274 | 1,274 | 1,274 |
| IRRF on short-term investments | 2,755 | 2,814 | 1,370 | 1,425 |
| IRRF on services rendered | 366 | 366 | 75 | 145 |
| PIS, COFINS e CSLL on services rendered | 296 | 323 | - | 28 |
| INSS on services rendered | 22 | 22 | 21 | 21 |
| Other | 7 | 30 | 6 | 24 |
| | 8,967 | 11,384 | 4,295 | 5,224 |

8. Land and Properties Held for Sale

| | 2007 | 2006 |
|-------------------------------|---------------------------------|---------------------------------|
| | Company and Consolidated | Company and Consolidated |
| Land (a) | 73,255 | 24,352 |
| Built properties | 3,555 | 344 |
| Properties under construction | - | 2,032 |
| | 76,810 | 26,728 |

(a) See note 15.

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

9. Income Tax and Social Contribution

Deferred Income and Social Contribution Taxes

The origin of deferred income and social contribution taxes is as follows:

| | 2007 | | 2006 | |
|---|----------------|----------------|--------------|--------------|
| | Company | Consolidated | Company | Consolidated |
| Temporary differences | | | | |
| Deferred income (a) | - | - | (10,269) | (10,269) |
| Provision for contingencies (b) | 14,656 | 14,656 | 15,448 | 15,448 |
| Allowance for doubtful accounts (c) | 10,420 | 10,420 | 7,930 | 7,930 |
| Provision for losses on advances on charges (c) | | | | |
| | 7,223 | 7,223 | 5,807 | 5,807 |
| Result from real estate projects (d) | (5,730) | (5,730) | 2,158 | 2,158 |
| Goodwill at merged company (e) | 511,807 | 511,807 | - | - |
| Deferred tax credit base | 538,375 | 538,375 | 21,074 | 21,074 |
| Deferred income tax (25%) | 134,594 | 134,594 | 5,268 | 5,268 |
| Deferred social contribution tax (9%) | 48,454 | 48,454 | 1,897 | 1,897 |
| | 183,048 | 183,048 | 7,165 | 7,165 |
| Current | 16,840 | 16,840 | - | - |
| Noncurrent | 166,208 | 166,208 | 7,165 | 7,165 |

(a) Refers to the amount of assignment of rights already taxed by the merged subsidiaries Bozano and Realejo in the period before acquisition of these companies by the Company on February 24, 2006, which was returned to the statement of operations for future years.

(b) Balances related to provision for contingencies at Renasce, in the amount of R\$ 733, were not considered, as said subsidiary adopts the assumed profit ruling for taxation, and nondeductible fines, in the amount of R\$499, included in the provision.

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

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9. Income Tax and Social Contribution (Continued)

Deferred Income and Social Contribution Taxes (Continued)

- (c) Deferred tax credit on balances of allowance for doubtful accounts and provision for losses on Company prepayments was not set up, as such provisions basically refer to previous years at Bozano and Realejo, when such companies adopted the assumed profit ruling for taxation. The allowance for doubtful accounts balance considered for calculation of the consolidated tax credit is net of the amount of R\$ 970, recorded against deferred income.
- (d) According to the tax criterion, the result of the sale of real estate units is determined based on the financial realization of revenues (cash basis) and costs are determined by applying a percentage on revenues recorded until then, and such percentage corresponds to that of total estimated cost in relation to total estimated revenues.
- (e) As mentioned in Note 1, the Company merged Bertolino Participações – its parent company until then - on May 29, 2007. The goodwill recorded in Bertolino's balance sheet, deriving from Multiplan capital participation acquisition in the amount of R\$ 550,330 and based on the investment's expected future profitability, will be amortized by Multiplan premised on said expectations over a term of 5 years and 8 months. In consonance with CVM Instruction No. 349, Bertolino set up a provision for net equity make-whole before its merger in the amount of R\$ 363,218, corresponding to the difference between the goodwill amount and the tax benefit deriving from the related amortization. This caused Multiplan to absorb only the assets relating to the goodwill amortization tax-deductible benefit, in the amount of R\$ 186,548. The referred provision will be reversed in proportion of the goodwill amortization by Multiplan, thus not affecting the result of its operations.

Reconciliation of income and social contribution tax expense

Reconciliation of the income and social contribution tax expense calculated at the applicable combined statutory rates and the corresponding amounts posted to the statement of income is as follows:

| | Consolidado | |
|---|--------------------|-------------|
| | 2007 | 2006 |
| Calculation under taxable income method | | |
| Income before income and social contribution taxes | 34,366 | (10,843) |
| Income and social contribution taxes at statutory rates (34%) | (11,684) | (3,687) |
| Loss of Company with no related tax credit constituted | - | (11,955) |
| Equity pickup and exchange variation on foreign investments | 2,729 | 1,926 |
| Nondeductible expenses | 5,274 | (1,075) |
| Temporary differences | 4,029 | 7,799 |
| Realization of goodwill from merged company | (13,097) | |
| Income and social contribution taxes | (12,749) | (6,992) |
| Calculation under assumed profit method | | |
| Income tax | (212) | (4,634) |
| Social contribution | (82) | (1,668) |
| | (294) | (6,302) |
| Income tax and social contribution in the statement of operations | (13,043) | (13,294) |

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

10. Investments in Subsidiaries

Information on subsidiaries:

| Subsidiaries | Number of units | % ownership | Capital | 2007 | | 2006 | |
|---|-----------------|-------------|---------|----------------------|-----------------------------------|----------------------|--------------------------------|
| | | | | Shareholders' equity | Net income (loss) for the quarter | Shareholders' equity | Net income (loss) for the year |
| Multishopping Empreend Imobiliários S.A. | - | - | - | - | - | 256,601 | 16,480 |
| CAA Corretagem e Consultoria Publicitária S/C Ltda. | 5,000 | 99.00 | 50 | 339 | (125) | 465 | 3,696 |
| RENASCE – Rede Nacional de Shopping Centers Ltda. | 45,000 | 99.00 | 450 | 5,175 | (325) | 6,765 | 6,366 |
| CAA Corretagem Imobiliária Ltda. | 154,477 | 99.61 | 1,544 | 58 | (115) | 57 | (288) |
| MPH Empreendimentos Imobiliários Ltda. (a) | 839 | 41.96 | 2,000 | 2,000 | - | - | - |
| Bozano Simonsen Centros Comerciais | - | - | - | - | - | 186,990 | 1,392 |
| Realejo Participações S.A. | - | - | - | - | - | 29,901 | 1,673 |
| Multiplan Admin. Shopping Center Brazilian Realty | 20,000 | 99.00 | 20 | 1,473 | 1,110 | 963 | 4,424 |
| JPL Empreendimentos (b) | 11,081,059 | 99.00 | 39,525 | 41,811 | 1,554 | - | - |
| Indústrias Luna S.A. (b) | 9,309,858 | 100.00 | 9,310 | 11,564 | 446 | - | - |
| Solução Imobiliária Ltda. (b) | 7 | 0.01 | 37,000 | 41,799 | - | - | - |
| SCP – Royal Green Península | 1,715,000 | 100.00 | 1,715 | 1,306 | 61 | - | - |
| SC Fundo de Investimento Imobiliário Ltda. | - | 98.00 | 51,582 | 9,013 | 8,070 | - | (1,560) |
| | 14,475 | 100.00 | - | 39,475 | (525) | 40,000 | - |

(a) This Company was incorporated in February 2007 (see Note 1).

(b) The equity in earnings of affiliates covers the period beginning when these investments were acquired by the Company, during the second semester of 2007.

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2007 and 2006
(In thousands of reais)

10. Investments in Subsidiaries (Continued)

Investments of the Company

| Investidas | At December, 31, 2006 | Acquisition of investment | Dividends received | Revenue of shares | Exchange variation | Equity in subsidiaries | At December, 31,2007 |
|---|--------------------------|------------------------------|-----------------------|----------------------|-----------------------|---------------------------|-------------------------|
| CAA Corretagem e Consultoria Publicitária S/C Ltda. | 460 | - | - | - | - | (124) | 336 |
| RENASCE – Rede Nacional de Shopping Centers Ltda. (a) | 6,697 | - | (1,100) | - | - | (473) | 5,124 |
| CAA Corretagem Imobiliária Ltda. | 57 | - | - | - | - | (57) | - |
| SCP – Royal Green Península | 924 | - | - | - | - | 7,909 | 8,833 |
| Multiplan Admin. Shopping Center | 954 | - | (592) | - | - | 1,099 | 1,461 |
| SC Fundos de Investimentos Imobiliários (b) | 40,000 | - | - | (525) | - | - | 39,475 |
| MPH Empreendimentos Imobiliários Ltda (d) | - | 839 | - | - | - | - | 839 |
| Brazilian Realty LLC. (c) | - | 40,257 | - | - | (2,016) | 3,570 | 41,811 |
| JPL Empreendimentos Ltda. (c) | - | 11,118 | - | - | - | 446 | 11,564 |
| Industrias Luna S.A. (c) | - | 4 | - | - | - | - | 4 |
| Solução Imobiliária Ltda. (c) | - | 1,245 | - | - | - | 61 | 1,306 |
| Others | 85 | - | - | - | - | 3 | 88 |
| | 49,177 | 53,463 | (1,692) | (525) | (2,016) | 12,434 | 110,841 |

Investments of the consolidated

| Subsidiaries | At December, 31, 2006 | Disposals | Dividends received | Revenue of shares | Exchange variation | Equity in subsidiaries | At December, 31,2007 |
|---|--------------------------|-------------|-----------------------|----------------------|-----------------------|---------------------------|-------------------------|
| Cost | | | | | | | |
| SCP – Royal Green Península | 924 | - | - | - | - | 7,909 | 8,833 |
| SC Fundos de Investimentos Imobiliários | 40,000 | - | - | (525) | - | - | 39,475 |
| Others | 198 | (63) | - | - | - | 118 | 253 |
| | 41,122 | (63) | - | (525) | - | 8,027 | 48,561 |

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

10. Investments in Subsidiaries (Continued)

- (a) On February 24, 2006, the Company acquired the investment of Bozano Holdings Ltd. in Renasce, equivalent to 17.10% of this company capital, for the book value of R\$ 3,661. In addition, with the purchase and merger of Bozano Simonsen Centros Comerciais S.A. as of March 31, 2006, together with that of subsidiary Multishopping Empreendimentos Imobiliários S.A. as of June 30, 2006, which had 32.9% and 50% interest in Renasce, respectively, the Company started to hold 99% of Renasce's quotas.
- (b) On December 20, 2006, through the agreement for the purchase and sale of units of interest of real estate investment fund, the Company acquired from PSS – Seguridade Social all the 14,475 units of interest issued by SC Fundo de Investimento Imobiliário, which holds 20% interest in RibeirãoShopping, for R\$ 40,000. This investment was recorded at cost as of acquisition date. Considering the dissolution of said investment fund approved by the Special Members' Meeting held on February 9, 2007, the investment will be transferred to property and equipment as cost of acquisition related to RibeirãoShopping.
- (c) As mentioned in Note 1, on July 16, 2007, the Company acquired the total capital of Brazilian Realty, a company that holds 100% capital of Luna, which, in turn, held 65.19% of Shopping Pátio Savassi. The amount paid in this operation was R\$ 123,788 and goodwill amounted to R\$ 46,092 based on future profitability (Note 12) and to R\$ 37,434 for the fair value of assets (Note 11). On September 13, 2007, the Company acquired the total capital of JPL Empreendimentos, a company that holds 100% capital of Cilpar, which, in turn, holds an 18.61% interest in Shopping Pátio Savassi. The amount paid in this operation was R\$ 37,826, and goodwill amounted to R\$ 15,912 based on future profitability (Note 12) and to R\$ 10,796 for the fair value of assets (Note 11).
- (d) As mentioned in Note 1, on October 31, 2007, the Company acquired for R\$ 6,429 the total units representing the capital of Solução Imobiliária Ltda, which holds a 0.58% interest in MorumbiShopping, and goodwill amounted to R\$ 3,524 based on future profitability (Note 12) and to R\$ 1,660 for the fair value of assets (Note 11).

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

11. Property and Equipment

| | Annual depreciation Rates (%) | 2007 | | 2006 | |
|---|--|----------------|----------------|----------------|----------------|
| | | Company | Consolidated | Company | Consolidated |
| Cost | | | | | |
| Land | - | 175,137 | 202,037 | 125,451 | 127,356 |
| Improvements | 2 a 4 | 633,683 | 680,881 | 529,623 | 535,492 |
| Accumulated depreciation | | (115,256) | (121,816) | (98,592) | (99,387) |
| Net | | 518,427 | 559,065 | 431,031 | 436,105 |
| Installations | 2 a 10 | 74,956 | 80,012 | 54,197 | 55,453 |
| Accumulated depreciation | | (26,153) | (27,996) | (23,846) | (24,250) |
| Net | | 48,803 | 52,016 | 30,351 | 31,203 |
| Machinery, equipment, furniture and fixtures | 10 | 2,670 | 4,387 | 1,990 | 3,709 |
| Accumulated depreciation | | (945) | (1,672) | (972) | (1,912) |
| Net | | 1,725 | 2,715 | 1,018 | 1,797 |
| Other | 10 a 20 | 4,358 | 6,351 | 3,366 | 4,128 |
| Accumulated depreciation | | (1,358) | (2,784) | (1,041) | (1,481) |
| Net | | 3,000 | 3,567 | 2,325 | 2,647 |
| Construction in progress | - | 43,212 | 47,442 | 16,529 | 16,529 |
| | | 790,303 | 866,842 | 606,705 | 615,637 |
| Fair value of assets | | | | | |
| Brazilian Realty LLC. | | | | | |
| Land | | - | 10,106 | - | - |
| Improvements | | - | 27,324 | - | - |
| Accumulated amortization | | - | (355) | - | - |
| Net | | - | 37,075 | - | - |
| Indústrias Luna S.A. | | | | | |
| Land | | - | 1 | - | - |
| Improvements | | - | 3 | - | - |
| Accumulated amortization | | - | - | - | - |
| Net | | - | 4 | - | - |
| JPL Empreendimentos Ltda. | | | | | |
| Land | | - | 2,915 | - | - |
| Improvements | | - | 7,881 | - | - |
| Accumulated amortization | | - | (94) | - | - |
| Net | | - | 10,702 | - | - |
| Solução Imobiliária Ltda. | | | | | |
| Land | | - | 398 | - | - |
| Improvements | | - | 1,262 | - | - |
| Accumulated amortization | | - | (6) | - | - |
| Net | | - | 1,654 | - | - |
| | (a) | - | 49,435 | - | - |
| | | 790,303 | 916,277 | 606,705 | 615,637 |

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

11. Property and Equipment (Continued)

a) As described in Note 10 (c), goodwill deriving from the difference between market and book values of the assets of acquired investments, in the total amount of R\$ 49,890, has been amortized as the related assets are realized by the subsidiaries, either by depreciation or write-off as a result of asset disposal. For consolidation purposes, and in accordance with article 26 of CVM Instruction No. 247/96, goodwill resulting from the difference between market and book values of assets has been classified in the account used by the parent company to record the related asset, under property, plant and equipment.

12. Intangible Assets

Intangible assets comprise goodwill recorded by the Company upon the acquisition of new investments during 2007, with part of these investments being later merged.

| | Annual amortization rates (%) | 2007 | | 2006 |
|--|-------------------------------------|----------------|----------------|-------------------------|
| | | Company | Consolidated | Company Consolidated |
| Goodwill at merged company | | | | |
| Bozano | | 307,067 | 307,067 | 307,067 |
| Accumulated amortization | 20 | (127,046) | (127,046) | (51,198) |
| Realejo | | 86,611 | 86,611 | 86,611 |
| Accumulated amortization | 20 | (17,322) | (17,322) | (14,435) |
| Multishopping | | 169,857 | 169,857 | 169,857 |
| Accumulated amortization | 20 | (51,789) | (51,789) | (17,833) |
| | | <u>367,378</u> | <u>367,378</u> | <u>480,069</u> |
| Goodwill upon acquisition of ownership interest | | | | |
| Brazilian Realty LLC. | | 46,088 | 46,088 | - |
| Accumulated amortization | 20 | (4,244) | (4,244) | - |
| Indústrias Luna S.A. | | 4 | 4 | - |
| Accumulated amortization | 20 | - | - | - |
| JPL Empreendimentos Ltda. | | 15,912 | 15,912 | - |
| Accumulated amortization | 20 | (792) | (792) | - |
| Solução Imobiliária Ltda. | | 3,524 | 3,524 | - |
| Accumulated amortization | 20 | (77) | (77) | - |
| | | <u>60,415</u> | <u>60,415</u> | <u>-</u> |
| | | <u>427,793</u> | <u>427,793</u> | <u>480,069</u> |

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

12. Intangible Assets (Continued)

a) As mentioned in Note 1: (i) On February 24, 2006, the Company acquired all the shares of Bozano Simonsen Centros Comerciais S.A and Realejo Participações S.A. These investments were acquired for R\$ 447,756 and R\$ 114,086, respectively, and goodwill was recorded in the amount of R\$ 307,067 and R\$ 86,611, respectively in relation to the book value of the referred to companies as of that date; (ii) On June 22, 2006, the Company acquired all the shares of Multishopping held by GSEMREF Emerging Market Real Estate Fund L.P. for R\$ 247,514 as well as the shares held by shareholders Joaquim Olímpio Sodr e and Manoel Joaquim Rodrigues Mendes for R\$ 16,587, and goodwill was recorded in the amount of R\$ 158,931 and R\$ 10,478, respectively, in relation to the book value of Multishopping as of that date. In addition, on July 8, 2006 the Company acquired the shares of Multishopping held by shareholders Ana Paula Peres and Daniela Peres, for R\$ 900, resulting in goodwill of R\$ 448. The referred to goodwill was based on expected future profitability of these investments.

b) As mentioned in Note 10 (c) and (d), as a result of new investments acquired in 2007, the Company recorded goodwill based on future profitability in the total amount of R\$65,528, which has been amortized considering the term, extent and rate of results estimated in the report prepared by independent experts, not exceeding ten years.

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

13. Deferred Charges

| | Annual rates of amortization (%) | 2007 | | 2006 | |
|--|--|---------------|---------------|---------------|---------------|
| | | Company | Consolidated | Company | Consolidated |
| Parkshopping Barigui | 20 | 3,953 | 3,953 | 4,236 | 4,236 |
| Accumulated amortization | | (3,238) | (3,238) | (2,612) | (2,612) |
| Net | | 715 | 715 | 1,624 | 1,624 |
| Expansion – Morumbishopping | 20 | 186 | 186 | 675 | 675 |
| Accumulated amortization | | (64) | (64) | (46) | (46) |
| Net | | 122 | 122 | 629 | 629 |
| Other pre-operating expenses with shopping malls | 10 | 3,118 | 7,194 | 151 | 151 |
| Accumulated amortization | | - | (2,828) | - | - |
| Net | | 3,118 | 4,366 | 151 | 151 |
| Other pre-operating expenses | | 1,509 | 1,749 | 1,182 | 1,415 |
| Accumulated amortization | | (298) | (483) | (273) | (432) |
| Net | | 1,211 | 1,266 | 909 | 982 |
| Barrashopping Sul (a) | - | 17,122 | 17,122 | 7,159 | 7,159 |
| Vila Olímpia | | - | 2,720 | 296 | 296 |
| | | 22,288 | 26,311 | 10,768 | 10,843 |

(a) In 2005, initial works for the construction of BarraShopping Sul started, and its inauguration is planned for 2008.

14. Loans and Financing

| | Index | Average annual interest rate | 2007 | | 2006 |
|--------------------------------|----------------|------------------------------|---------------|---------------|--------------------------|
| | | | Company | Consolidated | Company and Consolidated |
| Current | | | | | |
| Banco Bradesco S.A. | CDI | 0,9% | - | - | 9,028 |
| BNDES | TJLP e UMBNDES | 5,2% | 13,817 | 16,307 | 13,998 |
| Banco Modal S.A. | TJLP | 6,5% | - | - | 539 |
| Companhia Real de Distribuição | - | | 26 | 26 | 27 |
| | | | 13,843 | 16,333 | 23,592 |
| Noncurrent | | | | | |
| BNDES | TJLP e UMBNDES | 5,2% | 19,144 | 21,098 | 32,904 |
| Banco Modal S.A. | TJLP | 6,5% | - | - | 632 |
| Companhia Real de Distribuição | - | | 871 | 871 | 898 |
| | | | 20,015 | 21,969 | 34,434 |

Noncurrent loans and financing mature as follows:

| | 2007 | | 2006 |
|--------------|---------------|---------------|--------------------------|
| | Company | Consolidated | Company and Consolidated |
| 2008 | - | - | 13,708 |
| 2009 | 13,536 | 15,490 | 13,322 |
| 2010 | 4,275 | 4,275 | 4,461 |
| 2011 onwards | 2,204 | 2,204 | 2,943 |
| | 20,015 | 21,969 | 34,434 |

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

14. Loans and Financing (Continued)

Loans and financing with BNDES, obtained for the construction of shopping malls, are guaranteed by mortgage of the related properties, recorded under property and equipment for R\$ 66,504 (R\$ 98,114 at 2006), guarantees provided by directors or surety furnished by parent company Multiplan Planejamento, Participações e Administração S.A. Charges on loans and financing vary from 11.0% to 13.0% p.a.

On May 10, 2005, subsidiary Multishopping entered into a loan facility agreement with National Bank for Economic and Social Development - BNDES, in the amount of R\$ 13,149, to be used in the expansion of MorumbiShopping. Part of the principal amount, totaling R\$ 13,019, will be subject to interest of 4.5% p.a., above the Long-term Interest Rate – TJLP, and the remaining principal amount, totaling R\$ 130, will be subject only to the Long-term Interest Rate – TJLP, as from the date of funds drawdown. This amount will be paid in 48 months, with a 2-year grace period as from the agreement date. A mortgage of 25% over Multishopping ownership interest in Parkshopping was given as guarantee, in the amount shown above.

On May 23, 2007 and June 6, 2007, the Company contracted with Banco Bradesco S.A. two Bills of Credit for Working Capital purposes, in the total amounts of R\$29,000 and R\$9,000, respectively, adjusted by reference to the DI rate. These loans were settled ahead of schedule on December 31, 2007.

The balance payable to Companhia Real de Distribuição relates to the intercompany loan agreement with subsidiary Multishopping for the beginning of construction of BarraShopping Sul, payable in 516 monthly tranches of R\$2, as from the development inauguration date in November 1998, with no indexation.

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

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15. Property Acquisition Obligations

| | <u>2007</u> | <u>2006</u> |
|--|---------------------------------|---------------------------------|
| | <u>Company and Consolidated</u> | <u>Company and Consolidated</u> |
| Current | | |
| Fundação Sistel de Seguridade Social (a) | 1,828 | 6,415 |
| Companhia Brasileira de Distribuição (d) | 2,804 | 2,562 |
| Terreno Morumbi (b) | 2,550 | 15,024 |
| PSS – Seguridade Social (c) | 17,393 | 4,800 |
| Carvalho Hosken S.A. | 269 | 285 |
| Coroa Alta Emp.Imob.Ltda (e) | 2,158 | - |
| Valenpride Sociedade Anônima (f) | 7,106 | - |
| Terreno Chácara Santo Amaro (g) | 1,935 | - |
| Coroa Alta – Terreno Anhanguera (h) | 8,032 | - |
| Terreno Santo Amaro (i) | 700 | - |
| | <u>44,775</u> | <u>29,086</u> |
| Noncurrent | | |
| Fundação Sistel de Seguridade Social (a) | - | 1,604 |
| Companhia Brasileira de Distribuição (d) | - | 2,348 |
| Terreno Morumbi (b) | - | 2,550 |
| PSS – Seguridade Social (c) | 75,502 | 19,200 |
| Coroa Alta – Terreno Anhanguera (h) | 2,008 | - |
| | <u>77,510</u> | <u>25,702</u> |

- (a) On March 2004, subsidiaries Multishopping, Bozano and Realejo acquired from Sistel 7.5% of its interest in BHShopping (BHS). The acquisition cost was R\$32,877, of which R\$12,524 was paid upfront and the balance will be paid in 48 equal monthly tranches of R\$ 424 beginning April, 2004, adjusted by change in the National Consumer Price Index every 12 months, plus interest of 8% p.a.
- (b) On December, 2006 the Company executed, with several individuals and legal entities, a private instrument of irrevocable commitment to the sale and purchase of two pieces of land in SP for R\$ 19,800, R\$ 4,000 of which was paid upon contract execution, and R\$ 13,250 was paid on February 20, 2007. The remaining amount of R\$ 2,550 will be paid in kind of property referring to “Centro Empresarial MorumbiShopping” units under construction with expected conclusion for the first quarter of 2008. The Company also acquired four adjoining lots of land for R\$ 2,694, which has been fully settled.
- (c) On December 20, 2006, the Company acquired from PSS, the total number shares issued by SC Fundo de Investimento Imobiliário, for R\$ 40,000, from which R\$ 16,000 were to be paid up front, in 60 monthly and consecutive installments of R\$ 494, already including annual interest of 9% by French amortization method, plus monthly monetary restatement according to the variation of National Consumer Price Index (IPCA), the first of which was falling due on January 20, 2007 and the remaining, on the same day of subsequent months. Additionally, the Company acquired from PSS 10.1% of ownership interest in MorumbiShopping for R\$ 120,000. The amount of R\$ 48,000 was paid on the deed date and the remaining balance will be settled in seventy-two consecutive monthly installments, plus annual interest of 7% based on the French amortization method and adjustments for the IPCA variation.
- (d) In April 2003, acquisition of a store located in ParkShopping Brasilia for R\$ 9,100, with R\$ 686 being paid upon contract execution and the remaining amount being subject to payment in 60 monthly installments beginning December 2003, plus annual interest of 12%.
- (e) In January 2007, the Company acquired 50% of land on which Barrashopping Sul has been built in Porto Alegre for R\$ 16,183. Of this amount, R\$ 2,158 was paid in cash on the deed date and R\$ 14,025 will be payable in 13 consecutive monthly installments of R\$ 1,079, beginning February 20, 2007.
- (f) In January 2007, the Company acquired the land located in Chácara Santo Antônio/SP for R\$ 11,750, with the amount of R\$ 2,200 being paid virtually on demand, R\$ 4,356 upon title transfer, and the remaining amount of R\$ 5,194 being payable in 17 installments of R\$ 306 beginning April 2007.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

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15. Property Acquisition Obligations (Continued)

- (g) On April, 2007, the Company purchased from several individuals 93.75% of land located in Chácara Santo Antônio District, city of São Paulo, for the amount of R\$ 5,980, of which R\$ 110 was paid cash. The amount of R\$ 1,000 was paid 90 days later; R\$ 1,000 within 120 days, including monthly interest of 0.5%, and R\$ 3,870 in 6 monthly installments of R\$ 645, including monthly interest of 0.5%.
- (h) On April, 2007, the Company executed four purchase and sale deeds concerning tracts of land located in the city of Ribeirão Preto/SP for the total amount of R\$ 15,998, payable as follows: in relation to three deeds, the Company paid the total amount of R\$ 425 in the act, and the remaining balance will be amortized in 23 no-interest-bearing, monthly of R\$ 471, as to the fourth deed, the Company paid R\$ 123 in the act, R\$ 255 within 30 days from the agreement execution date, and the remaining balance amortized in 22 no-interest-bearing, monthly the amount of R\$ 198.
- (i) On June, 2007, the Company purchases from several individuals land located in Santo Amaro District - SP for R\$ 3,741, of which R\$ 374 was paid cash. The remaining balance will be paid as follows: R\$ 561 in 30 days, without bearing any interest; R\$ 2,806 in 4 monthly equal consecutive installments in the amount of R\$ 702, adjusted for the IGP-M variation. On the same date, the Company entered into a sublease termination agreement with the former property sub-lessees for R\$ 3,500, in order to make up for the construction work carried out therein as well as for the termination and vacating expenses. Of the total amount, R\$ 350 was paid after 15 days and R\$ 3,150 will be payable in 5 monthly interest-free installments of R\$ 630.

Noncurrent property acquisition obligations mature as follows:

| | <u>2007</u> | <u>2006</u> |
|----------------|---------------------------------|---------------------------------|
| | <u>Company and Consolidated</u> | <u>Company and Consolidated</u> |
| 2008 | - | 11,302 |
| 2009 | 19,400 | 4,800 |
| 2010 | 17,392 | 4,800 |
| 2011 em diante | 40,718 | 4,800 |
| | <u>77,510</u> | <u>25,702</u> |

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

16. Acquisition of Shares

| Description | 2007 Company and Consolidated | 2006 Company and Consolidated |
|---|-------------------------------------|-------------------------------------|
| Current | | |
| GSEMREF Emerging Market Real Estate Fund L.P. | 46,996 | 43,332 |
| Individual | - | 4,643 |
| | 46,996 | 47,975 |
| Noncurrent | | |
| GSEMREF Emerging Market Real Estate Fund L.P. | - | 45,991 |
| | - | 45,991 |

The balance payable to GSEMREF Emerging Market Real Estate Fund L.P. refers to the acquisition, in June 2006, of all shares of Multishopping that it owned. The purchase amount was R\$ 247,514, from which R\$ 160,000 were paid up front, and the remaining amount was divided into two installments, the first of which totaled R\$ 42,454, payable one year after the agreement date; and the second, totaling R\$ 45,060, payable in two years, both being subject to restatement by General Market Price Index (IGP-M). GSEMREF assigned the rights to Banco Itaú BBA S.A.

The balance payable to the former shareholders of JPL Empreendimentos Ltda. arises from the operation concluded for the Company to acquire the interest of this company in June 2007. (see Note 1)

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

17. Taxes Paid in Installments

| | 2007 | 2006 |
|---------------------------|---------------------|-------------|
| | Consolidated | |
| Current | | |
| Education funding tax (a) | - | 229 |
| ITBI (b) | - | 540 |
| Tax assessments (c) | 263 | 245 |
| | 263 | 1,014 |
| Noncurrent | | |
| Tax assessments (c) | 1,755 | 1,927 |
| | 1,755 | 1,927 |

- (a) In 2002, subsidiary Multishopping received an unfavorable ruling in connection with education funding tax of prior years. As such, the Company is paying its obligation in 60 monthly. Installment payment was settled in July 2007.
- (b) In February 2002, subsidiary Multishopping received an unfavorable ruling in connection with Property Transfer Tax - ITBI related to the transfer of title of BShopping to Multishopping upon merger of Maramar Shopping Participações Ltda., and requested the payment in 60 monthly installments. In addition, said subsidiary applied in December 2003 for payment in 36 installments of ITBI debt referring to transfer of title of Parkshopping to Multishopping also upon takeover of Maramar. Due to unfavorable ruling on the case, payment in installment was only approved in July 2004. Installment payment was settled in July 2007.
- (c) Refers to tax delinquency notices received in July 2003 resulting from underpayment of income and social contribution taxes in 1999. The subsidiaries Multishopping and Renasce opted to participate in the installment payment plan of Law No. 10684/2003, and the amount of the obligation was divided into 180 monthly installments beginning in July 2003. In addition, subsidiary Renasce opted to participate in the installment payment plan of the debt referring to the tax claim of the National Institute of Social Security – INSS, due to lack of payment of INSS on third party labor, which was secured by the bank guarantee contract with Banco ABC Brasil S.A. up to 2004. The installment payment is restated by the Long-term Interest Rate – TJLP.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

18. Contingencies

| | 2007 | | 2006 | |
|-------------------------------------|--------------|--------------|----------|--------------|
| | Company | Consolidated | Company | Consolidated |
| PIS and Cofins (a) | 12,920 | 13,803 | 13,229 | 13,229 |
| (Deposit in court – PIS and Cofins) | (12,974) | (13,847) | (12,914) | (12,914) |
| INSS | - | 63 | - | 63 |
| Civil contingencies | 364 | 364 | 294 | 294 |
| Labor contingencies | 157 | 225 | - | - |
| Provision for PIS and COFINS (b) | 1,064 | 1,064 | 1,064 | 1,064 |
| Provision for IOF (b) | 174 | 1,691 | 965 | 2,581 |
| | 1,705 | 3,363 | 2,638 | 4,317 |

Provisions for contingencies were established to cover probable losses in administrative and legal proceedings related to tax and labor issues, with expectation of probable losses, in an amount considered sufficient by Company Management, based on the legal advice and assessment, as follows:

- (a) In 1999, the Company started to question in court Pis and Cofins levy on the terms of Law 9718 of 1998. The payments related to Cofins have been calculated according to ruling legislation and deposited in court.
- (b) The provisions for Pis, Cofins and IOF result from financial transactions with related parties until December 2006. As from 2007, the Company has been paying IOF normally.

In addition to the above proceedings the Company is defendant in several other civil proceedings assessed by the legal advisors as involving possible losses estimated at R\$ 18,002.

Taxes and social contributions determined and paid by the Company and your subsidiaries are subject to review by the tax authorities for different statute barring periods.

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2007 and 2006
(In thousands of reais)

19. Transactions and Balances with Related Parties

| Company | Intercompany loans | | Sundry loans and advances – current | Amounts payable – current | Dividends payable | Administrative Expenses | Financial income |
|--|--------------------|--------------|-------------------------------------|---------------------------|-------------------|-------------------------|------------------|
| | Current | Noncurrent | | | | | |
| Multiplan Planejamento Participações e Administração Ltda. | 12 | - | 1 | - | - | 2,345 | - |
| RENASCE – Rede Nacional de Shopping Centers Ltda. | 1 | - | - | - | - | 178 | 9 |
| JPL Empreendimentos Ltda | - | - | - | 1,488 | - | - | 15 |
| Cilpar – Cil Participações Ltda. | - | 478 | - | - | - | - | - |
| CAA – Corretagem Imobiliária Ltda | - | 156 | 7 | - | - | - | 21 |
| Indústrias Luna S.A. | - | 1,675 | - | - | - | - | 51 |
| MPH Empreend. Imob. Ltda | - | 4,079 | 4 | - | - | - | - |
| Divertplan Comércio e Indústria Ltda. | - | - | 1 | - | - | - | - |
| Multiplan Admin. Shopping Center | - | - | 6 | - | - | - | - |
| WP Empreendimentos Participações Ltda. | - | 1,201 | - | - | - | - | - |
| Individual | - | - | - | - | 183 | - | - |
| Others | 12 | - | - | - | - | - | 3 |
| Total at december, 31,2007 | 25 | 7,589 | 19 | 1,488 | 183 | 2,523 | 99 |

| Consolidated | Intercompany loans | | Sundry loans and advances - current | Amounts payable –current | Dividends payable | Financial expenses |
|--|--------------------|--------------|-------------------------------------|--------------------------|-------------------|--------------------|
| | Current | Noncurrent | | | | |
| Multiplan Planejamento Participações e Administração Ltda. | 12 | - | 4 | - | - | - |
| Divertplan Comércio e Indústria Ltda. | - | - | 1 | - | - | - |
| G.W. do Brasil S.A. | - | - | - | - | - | 4 |
| WP Empreendimentos Participações Ltda. | - | 1,201 | - | - | - | - |
| G.D. Empreendimentos Imobiliários S.A. | 12 | - | - | - | - | - |
| JPL Empreendimentos Ltda. | - | - | - | 1,488 | - | - |
| Individual | - | - | - | - | 183 | - |
| Total at december, 31,2007 | 24 | 1,201 | 5 | 1,488 | 183 | 4 |

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MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2007 and 2006
(In thousands of reais)

19. Transactions and Balances with Related Parties (Continued)

| Company | Intercompany loans | | Amounts payable – current | Acquisition of shares | Administrative expenses | Financial income | Financial expenses |
|--|--------------------|------------|---------------------------|-----------------------|-------------------------|------------------|--------------------|
| | Current | Noncurrent | | | | | |
| Multiplan Planejamento Participações e Administração Ltda. | 181 | - | 2,644 | - | 5,161 | 103 | - |
| RENASCE – Rede Nacional de Shopping Centers Ltda. | 58 | - | - | - | 4,165 | 350 | 272 |
| Multiplan Administradora Shopping Centers Ltda | 48 | - | - | - | 348 | - | - |
| CAA – Corretagem Imobiliária Ltda | 4 | 134 | - | - | - | 4 | - |
| CAA – Corretagem e Consultoria Publicitária Ltda | 22 | - | - | - | 2,490 | - | - |
| WP Empreendimentos Participações Ltda. | 903 | - | - | - | - | - | - |
| Individual | - | - | - | 4,643 | - | - | - |
| Others | 64 | - | - | - | - | - | - |
| Total at december, 31,2006 | 1,280 | 134 | 2,644 | 4,643 | 12,164 | 457 | 272 |

| Consolidated | Intercompany loans | | Dividends payable | Amounts payable – current | Acquisition of shares | Administrative expenses | Financial income |
|--|--------------------|--------------|-------------------|---------------------------|-----------------------|-------------------------|------------------|
| | Current | Noncurrent | | | | | |
| Multiplan Planejamento Participações e Administração Ltda. | 222 | - | 41 | 2,644 | - | 5,835 | 103 |
| Divertplan Comércio e Indústria Ltda. | 44 | 1,123 | - | - | - | - | - |
| G.W. do Brasil S.A. | 40 | - | - | - | - | - | - |
| WP Empreendimentos Participações Ltda. | 903 | - | - | - | - | - | - |
| Individual | - | - | - | - | 4,643 | - | - |
| Total at december, 31,2006 | 1,209 | 1,123 | 41 | 2,644 | 4,643 | 5,835 | 103 |

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

19. Transactions and Balances with Related Parties (Continued)

The balance payable and service expenses with the Parent Company Multiplan Planejamento e Participações e Administração Ltda. basically refer to the variable remuneration of the Company's Chief Executive Officer as defined in the Shareholder's Agreement.

The balance of loan recoverable with Divertplan refers to the intercompany loan agreement executed with subsidiary Renasce, which is updated according to 100% remuneration of Interbank Deposit Certificate (CDI) and was paid on July 18, 2007.

The balance receivable from WP Empreendimentos Participações Ltda. refers to advances granted for the payment of the portion to which it was entitled in relation to maintenance costs of the land in which the property of the subsidiary Multishopping is located, maintained together with said related party which, as from 2005 started to be restated by IGP-DI variation plus 12% p.a. Since Campo Grande project completion is behind schedule, the term for receiving these advances was postponed, and the related balance reclassified to non currents.

On June 15, 2007, July 5, 2007, November 5, 2007 and December 5, 2007, the Company advanced funds to subsidiary MPH Empreendimentos Imobiliários in the amount of R\$ 710, R\$ 901, R\$ 703 and R\$ 1.765, respectively, to finance Vila Olímpia mall construction work costs, in which MPH holds 71.5% interest. This amount is not being subject to any adjustments, and the Company expects to convert the respective balance into capital.

On September 14, 2007 the Company signed a Private Intercompany Loan Agreement with subsidiaries Indústrias Luna S.A. and Cilpar – Cil Participações Ltda. for R\$1,624 and R\$ 464, respectively, to be adjusted with reference to Interbank Deposit Certificate (CDI), plus 0.45% per annum, repayable over 90 days beginning on the date the agreement is signed.

The amount payable to JPL Empreendimentos refers to the acquisition of an 18.61% interest in Shopping Pátio Savassi.

Expenses from services from CAA – Corretagem e Consultoria Publicitária Ltda., refer to brokerage expenses paid by the Company until September 30, 2006, resulting from pursuit of new storekeepers for the shopping centers in which the Company holds investments and bears advertising expenses. As from October 1, 2006, these services started to be rendered by the Company.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

19. Transactions and Balances with Related Parties (Continued)

Expenses with services with CAA - Corretores Associados Ltda. refer to specialized real estate administration services, guidance for the promotion and advertising of properties administered by the lessee, contracting and renting, as well as the coordination of economic study projects and market surveys, whose monthly remuneration contractually stipulated is R\$ 99, restated annually by reference to the IPCA variation. These services were discontinued in 2007.

20. Deferred Income

| | 2007 | | Company and Consolidated |
|---|---------|--------------|-----------------------------|
| | Company | Consolidated | |
| Revenue related to assignment of rights | 79,193 | 96,125 | 57,567 |
| Unallocated costs of sales | (1,195) | (1,543) | (2,455) |
| Other revenues | 1,799 | 1,799 | 1,847 |
| | 79,797 | 96,381 | 56,959 |

21. Shareholders' Equity

a) Capital

The Company was incorporated on December 30, 2005 as a limited liability company, and its capital is represented by 56,314,157 quotas of interest worth R\$ 1.00 each.

Under the 2nd Amendment to the Articles of Association dated February 15, 2006, Company members unanimously decided to increase Company capital in R\$ 3,991, comprising (i) 153,877 units of interest of CAA – Corretagem Imobiliária Ltda., corresponding to 99.61% of the capital of that company; and (ii) rights related to 98% equity interest in a Silent Partnership which is in charge of developing the residential real estate project denominated “Royal Green Península”.

The quotaholders' meeting held on March 15, 2006 approved the transformation of the Company into a corporation, and the 60,306,216 quotas were converted to common shares with no par value. In the same meeting was also approved a capital increase in R\$ 99,990, with issue of 12,633,087 new common shares with no par value.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

21. Shareholders' Equity (Continued)

a) Capital (Continued)

At the Special General Meeting held on June 22, 2006, the shareholders approved the Company's capital increase from R\$ 160,296 to R\$ 264,419, through issue and subscription of 47,327,029 new shares, of which 19,328,517 common and 27,998,512 preferred shares. The subscription price was set at R\$ 17.96, totaling R\$ 850,001, out of which R\$ 104,124 earmarked for capital and R\$ 745,877 in the form of premium for share issuance. Preferred shares are entitled to vote, except for election of the Company management members, and are assigned priority rights to capital reimbursement, at no premium.

On the same date, the acquisition by Bertolino, (actual 1700480 Ontário Inc.) of 8,351,829 common shares of the Company owned by shareholders of CAA – Corretores Associados Ltda. and Eduardo Peres, became effective.

As mentioned in Note 1, as a result of the public issuance of 27,491,409 primary shares and 41,700 secondary shares on July 31 and August 30, 2007 respectively, the Company's capital increased by R\$ 688,328.

At December 31, 2007, the Company capital is represented by 147,799,441 common registered book-entry shares, with no par value, held as follows:

| Shareholder | Number of shares |
|--|-----------------------------|
| Multiplan Planejamento, Participações e Administração S.A. | 56,587,470 |
| 1700480 Ontário Inc. | 51,304,770 |
| José Isaac Peres | 2,275,182 |
| Maria Helena Kaminitz Peres | 650,878 |
| Shares Outstanding | 36,898,979 |
| Board of Directors and Officers | 82,162 |
| | 147,799,441 |

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

21. Shareholders' Equity (Continued)

b) Goodwill reserve

As explained in Notes 1 and 9, upon Bertolino's merger into the Company, the goodwill recorded on Bertolino's balance sheet deriving from the purchase of Multiplan capital participation, net of provision for net equity make-whole, was recorded on the Company's books, after said merger, under a specific asset account – deferred income and social contribution taxes, as per contra to special goodwill reserve upon merger, pursuant to the provisions set forth in article 6º, paragraph 1º of CVM Instruction No. 319. This goodwill will be amortized by Multiplan premised on the expected future profitability that gave rise to it, over a term of 5 years and 8 months.

c) Distribution of profits

According to the Company's Articles of Association, of the total net profit for the year, after all accumulated losses have been offset, 5% is allocated to a legal reserve up to the limit of 20% of capital; 25%, adjusted in the terms of article 202 of the Brazilian Corporation Law, will be paid as dividends; and, of the remaining amount may be allocated to a reserve for investments, for the purpose of ensuring in order to ensure funds that allow new investments in fixed and working capital and the expansion of corporate activities.

22. Financial Income (expenses), net

| | 2007 | | 2006 | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | Company | Consolidated | Company | Consolidated |
| Income from short-term investments | 18,044 | 18,066 | 2,880 | 5,028 |
| Bank fees | (23,700) | (23,700) | (1,970) | (1,970) |
| Interest on loans and financing | (12,996) | (13,101) | (10,687) | (12,368) |
| Bank fees and other charges | (3,963) | (4,200) | (674) | (1,572) |
| Foreign exchange fluctuations | (2,016) | 815 | - | 404 |
| Monetary variations | (2,456) | (2,451) | (24,386) | (24,036) |
| Fine and interest on rental | 1,180 | 1,183 | 843 | 1,114 |
| Interest on loans | 941 | 908 | 205 | (208) |
| Total | (24,966) | (22,480) | (33,789) | (33,608) |

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

23. Financial Instruments and Risk Management

Risk factors

The main risk factors to which the subsidiary companies are exposed are the following:

(i) Interest rate risk

Interest rate risk refers to:

- possibility of variation in the fair value of their financings at fixed rates, if such rates do not reflect current market conditions. The Company and its subsidiaries do not adopt the procedure of contracting financial instruments to provide hedge against interest rate risk.
- possibility of unfavorable change in interest rates, which would result in increase in financial expenses as a consequence of the debt portion under variable interest rates. At december 31, 2007 the Company and its subsidiaries invested their financial resources mainly in Interbank Deposit Certificates (CDI), which significantly reduces this risk.
- Inability to obtain financing in the event that the real estate market presents unfavorable conditions, not allowing absorption of such costs.

(ii) Credit risk related to service rendering

This risk is related to the possibility of the Company and its subsidiaries posting losses resulting from difficulties in collecting amounts referring to rents, property sales, key money, administration fees and brokerage commissions. This type of risk is substantially reduced owing to the possibility of repossession of rented stores as well as sold properties, which historically have been renegotiated with third parties on an profitable basis.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

(In thousands of reais)

23. Financial Instruments and Risk Management -- Continued

Risk factors (Continued)

(iii) Credit risk

The risk is related to the possibility of the Company and its subsidiaries posting losses resulting from difficulties in realizing short-term financial investments. The risk inherent to such financial instruments is minimized by keeping such investments with highly-rated banks.

Market value of financial instruments

The Company management does not identify, among market values and those disclosed in the financial statements as of December 31, 2007, significant differences generated by operations involving financial instruments that would require specific disclosure.

Estimated market value of short-term investments, accounts receivable and other short-term financial instruments approximates book value, since these instruments mature within the short term. Loans and financing may not be renegotiated and the amounts to be obtained in case of settlement approximate those per accounting records.

24. Administrative Funds

The Company is in charge of management of funds of investors for the following shopping malls: BarraShopping, MorumbiShopping, BHShopping, DiamondMall, ParkShopping, RibeirãoShopping, New York City Center, Shopping Anália Franco, BarraShopping Sul and ParkShopping Barigui. The company manages funds comprising advances from said investors and rents received from shopkeepers at the shopping malls, which are deposited in bank accounts of the Company in the name of the investment, to finance the expansion and the operating expenses of the shopping malls.

At December 31, 2007, the balance of administrative funds amounted to R\$ 10,598 (R\$15,629 in December 31, 2006), which is not presented in the consolidated financial statements because it does not representing rights or obligations of the subsidiary.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

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25. Insurance (not reviewed)

The CPI (undivided joint properties) rules governing the shopping malls in which the subsidiary Multishopping holds ownership interest maintain insurance policies at levels which Management considers adequate to cover any risk associated with asset liability or claims. Management maintains insurance coverage for civil liability, loss of profits and miscellaneous losses.

26. Changes in the preparation and disclosure of financial statements

On December 28, 2007, Law No. 11638 was published to amend and repeal certain provisions of Law No. 6404, dated December 15, 1976, and of Law No. 6385, dated December 7, 1976.

The requirements of this law apply to financial statements for years ended as of January 1, 2008, and include the following changes applicable to public companies:

Preparation of financial statements:

The new Law mandatorily requires a clear distinction between the financial statements prepared for tax purposes and those prepared to meet the Brazilian corporation law requirements. The entries referring to adjustments made solely to meet the financial reporting standards, as well as the financial statements and calculations based thereon, cannot be the basis for the levy of taxes and contributions nor have any other tax effects. Deferred taxes and contributions, though, shall be properly recognized in the financial statements, as applicable, as required by ruling financial reporting standards.

Changes in financial reporting standards:

In unrelated-party business combinations subject to actual transfer of control, the assets and liabilities of the consolidated, merged or spun-off company shall be identified, measured and accounted for at market value.

Financial assets for trading or sale, derivatives included, shall be measured at market value. Other financial assets shall be measured at cost of acquisition or issue value, restated under applicable legal or contractual provisions, and adjusted to their probable realizable value, whenever this is lower.

Long-term assets and liabilities shall be discounted to present value. Short-term assets and liabilities shall be discounted to present value, whenever such discount has any significant effect on financial reporting.

MULTIPLAN EMPREENDIMENTOS IMOBILIÁRIOS S.A.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2007 and 2006

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26. Changes in the preparation and disclosure of financial statements (Continued)

The company shall make, periodically, an analysis of the recoverability of the amounts recorded in fixed, intangible and deferred assets in order to check that: (a) any losses on capital invested will be recorded when there is a decision to cease businesses or activities to which said capital investment is intended or when there is evidence that the capital invested will not produce sufficient results for recovery of that amount; or (b) have the criteria for determination of their economic useful life and calculation of depreciation, depletion and amortization reviewed and adjusted. Leased assets shall be recorded in fixed assets.

Investments in affiliates on whose management the corporation has a significant influence or in which they hold 20% or more of the voting capital (not of the total capital as before), in subsidiaries, and in other companies that are of a same group, or that are under common control, shall be measured by the equity method.

In shareholders' equity, the revaluation reserve has been eliminated and a new account, adjustments to asset valuation, has been introduced. Counterparty entries to increases and decreases in assets and liabilities measured at market value shall be classified as adjustments to asset valuation, in shareholders' equity, as long as they not computed in the net income for the year on an accrual basis.

At this point it is not possible to anticipate the impacts introduced by Law No. 11638 on the results of operations and the financial position of the Company and its subsidiaries in connection with the financial statements for the year ending December 31, 2008 and, retrospectively, the financial statements for the year ended December 31, 2007 presented in comparison with the financial statements for December 31, 2008.

27. Subsequent Events

Under the agreement entered into between the Company and TDSP – Bela Vista Ltda., dated January 18, 2008, the Company declared its intention to acquire a property located in Jundiaí/SP. The agreed price is R\$ 42,000, payable as follows: (a) R\$ 21,000 upon execution of the purchase and sale deed; (b) R\$ 21,000 in 24 monthly equal installments plus interest of 7,20% p.a. and interest corresponding approximately to the IPCA (Amplified Consumer Price Index) variation on the date of payment, the first installment falling due 30 days after the deed date. The period stipulated for the decision to buy was allowed by means of payment by the Company of R\$ 350 on January 9, 2008, plus R\$ 350 on February 11, 2008.