

VBI

REAL ESTATE



Reserva Jardim Botânico
São Bernardo - SP



Project Acqua
Faria Lima Av.
São Paulo - SP



Project Reserva Jaraguá
São Paulo - Periphery



Project Isla II
Guarulhos - SP



Shopping Barueri
Barueri - SP



Project Vargas
Presidente Vargas Av.
Rio de Janeiro - RJ

Q4 2013

Quarterly Report

Brazil Real Estate

Opportunities Fund I

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Letter from Brazil Real Estate Partners G.P.

A

February 17, 2013

To the Partners of Brazil Real Estate Opportunities Fund I, L.P.:

We are pleased to provide you with our report for the quarter ended December 31, 2013, for Brazil Real Estate Opportunities Fund I, L.P. and Brazil Real Estate Opportunities Fund I (Cayman), L.P. (together, the "Fund").

Capital Commitments and Funded Amounts

The Fund has invested in thirteen projects, of which five have been realized, five are in the realization phase and are in the process of generating cash flow to the Fund by means of residential unit sales or rental income and three have been cancelled. There have been ten capital calls which sum to a total of U.S.\$180.9 million of total capital called. Because a portion of the amount called represents the recall of previously distributed capital, total peak capital exposure of Limited Partners has been U.S.\$157.6 million. To date, total distributions of capital and profit to Limited Partners has been U.S.\$203.8 million, which represents 129% of LPs peak capital exposure.

Our work is focused on three primary initiatives: (i) improving the revenues and net operating income of Shopping Barueri so that we may sell our 48% interest as soon as possible and at the best pricing possible; (ii) completing the unit sales, construction and credit file transfers in relation to the four residential projects in the realization phase, and (iii) selling the land in relation to the three projects for which we do not anticipate proceeding with the commercial launch (Project Vila Haro, Joinville 3 and Project Gloria Garden). In addition, there is cash provisioned in the accounts of the SPV related to Project Acqua which is reserved against outstanding legal claims, and to a lesser degree amounts provisioned in the accounts of the SPV in relation to Projects Vargas, Reserva Jaraguá, and Nova Vianna, which we seek to liberate and distribute to Limited Partners.

(All \$ in US\$ million)

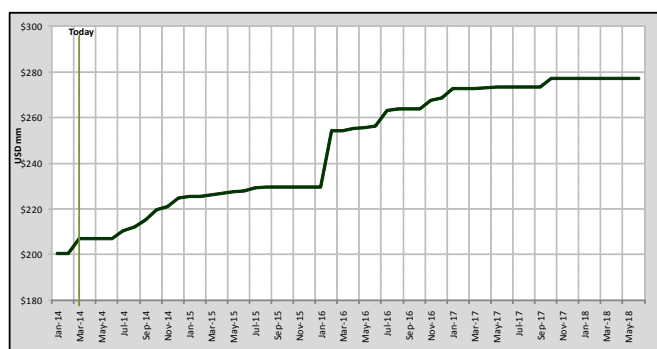
Capital Commitments	\$	183.8
Total Capital Drawn	\$	180.9
Peak LP Equity Exposure	\$	157.6
Capital Returned to Limited Partners	\$	126.9
Profit Distributed to Limited Partners	\$	76.9
Total Distributions as % of Peak LP Equity Exposure		129%
Net Drawn Capital	\$	54.0
Unrealized Investments		8
Realized Investments		5

	Number of Projects	Peak Equity Exposure (U.S.\$ mm)*	% of LP Peak Capital Exposure
Realized Investments	5	90	57%
Partially Realized Investments	5	45	28%
Cancelled Investments	3	4	3%
Total Investments	13	139	88%

*Peak Equity Exposure reflects the US Dollar amount of the total amounts in Brazilian Reals required to complete the project, based on the December 31, 2013 exchange rate. The actual amounts in US Dollars actually utilized for the realization of the project may be greater due to the average exchange rate having been stronger (i.e., a stronger Real) over the life the Fund prior to December 31, 2013. The amount shown in this table is for illustrative purposes only.

Cash Flow Projections

The graph below reflects our base case expectations for cash distributions to Limited Partners going forward. Please note that the projections below are based on assumptions that the General Partner believes to be reasonable. Actual distributions to Limited Partners may vary substantially from the amounts projected below due to factors which include the BRL/USD exchange rate and variance between projected and realized timing for the realization of the investments of the Fund, as well as other factors.



Portfolio Summary

Realized Investments

Five of the Fund's thirteen projects have been realized. These include (in order of amount of capital allocated) Projects Acqua, Vargas, Lafer, Reserva Jaraguá and Nova Vianna. Despite all activities related to development, commercialization, and construction having been completed, there remain cash balances set aside to cover actual and potential future claims in relation to these projects.

For Project Acqua, U.S.\$2.1 million in cash is provisioned against the eventuality of settling the legal claim made by the owner of a home contiguous with the landsite. During Q4 we won the lawsuit in the district court, and the plaintiff has proceeded to appeal the district court's decision. We anticipate winning this lawsuit in the final appeal, resulting in a release of the provisioned amount less legal expenses related to the Fund's defense. U.S.\$1.3 million is held in cash to cover provisions related to the previous land owners, as well as a claim made by a party who alleges to have intermediated the sale of 50% of the property to Mirae in Q4 2010, a claim not substantiated by fact and which we are rigorously disputing. For Project Vargas, U.S.\$1.3 million is held to cover possible tax and labor contingencies related to the construction. For Project Reserva Jaraguá, U.S.\$0.5 million is held to cover potential buyer claims, which in turn are indemnified by Sergus, the builder. For Project Nova Vianna, the cash balance of U.S.\$0.2 million remains to cover potential buyer claims.

We anticipate the release of a substantial portion of the provisioned amounts over the course of the remaining life of the Fund.

Summary of Realized Projects (amounts in U.S.\$ mm)					
	Project Acqua	Project Vargas	Project Horado Lafer	Project Reserva Jaraguá (Toriba)	Project Nova Vianna
Amount Provisioned in SPV	3.4	1.3	0.0	0.5	0.2
% of SPV Owned by Fund	91.7%	46.8%	100.0%	90.0%	100.0%
Fund's Portion of Provisioned Amount	3.1	0.6	0.0	0.4	0.2
Fund peak exposure	53.5	17.1	14.7	6.1	3.3
Provision as % of Fund peak exposure	5.9%	3.5%	0.0%	7.0%	6.4%
Purpose of provision	Legal Contingencies	Construction Contingencies	N/A	Construction Contingencies	Construction Contingencies

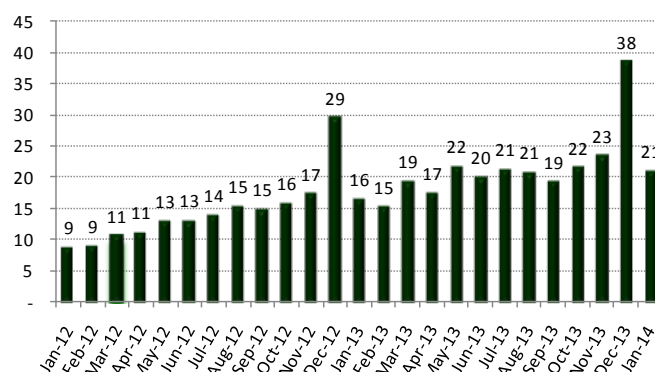
Projects in the realization phase

Project Shopping Barueri

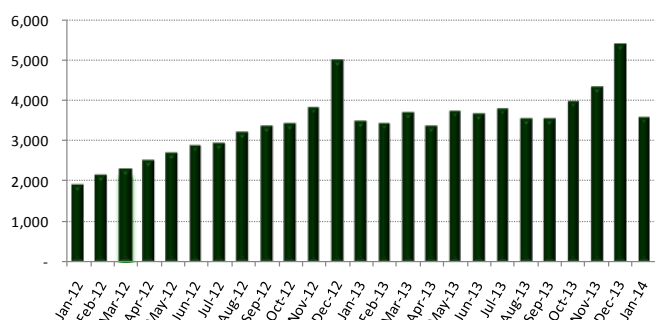
Maximizing the NOI of Shopping Barueri is the highest priority of the Fund. Proceeds from the sale of the Fund's 48% stake in Shopping Barueri is by far the most substantial source of future cash flows to LPs. Net growth will drive asset price appreciation. The primary drivers of NOI growth will be (i) increased customer traffic and overall mall sales, (ii) increased parking revenues due to rate increases, (iii) vacancy reduction, (iv) rotation of poor performing (or poor paying) stores with higher quality tenants, and (v) condominium cost reduction. In partnership with General Shopping, the 48% owner and manager of the property, we are working to increase NOI from the R\$16 million achieved during 2013 to R\$24 million for 2014, a target increase of 45%.

Customer traffic and mall sales. For the full year 2013, total mall sales were R\$255 million, up by 27% in relation to 2012. Average monthly sales per square meter for 2013 were R\$669. Average cars per day for December were 5,384, as compared with 5,004 for December 2012. The mall currently charges R\$7 for the first two hours and R\$ 1.50 for each additional hour. We believe there is room to increase the cost of parking further, an increase which flows directly to the bottom line.

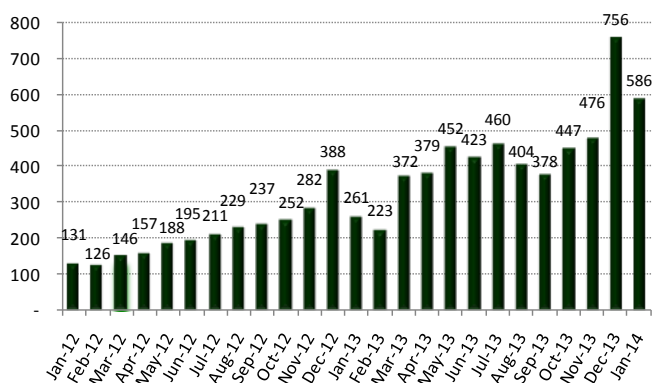
Monthly Sales (R\$ MM)



Average Cars per Day



Monthly Parking Revenues (R\$ 000)



Rental income. Total rental income for 2013 was R\$19.6 million, up by 20% in relation to 2012. During 2013, 83% of total rental income was due to the receipt of the minimum rents, and 17% was from variable rents.

Vacancy reduction initiatives. As of the date of this letter in February 2014, of a total of 175 stores, there are thirty-three vacant stores for which there is no proposed alternative tenant and an additional sixteen stores which will either voluntarily or forcibly be removed due to non-payment. Our 2014 occupancy goal is to lease twenty of the thirty-three vacant stores and replace the sixteen non-paying tenants with paying tenants. During January we received leasing proposals from a handful of stores well above the prevailing rents paid by the in-line stores. We are focused on converting these proposals into signed lease contracts and proceeding with the marketing of the mall in order to close additional leases. In addition, we have taken a pro-active posture in relation to collecting past-due rents from non-paying tenants. We have judicial proceedings in progress against a handful of tenants and we are going after the guarantors of the lease in order to receive past-due amounts.

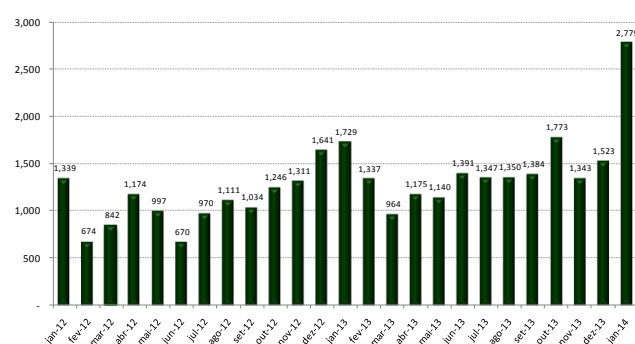
(at January 31, 2014)

Leasing Process Status	GLA (m ²)	Number of storefronts	% of total GLA
Leased	35,175	142	94%
Vacant or to be replaced	2,065	33	6%
Total	37,240	175	100%

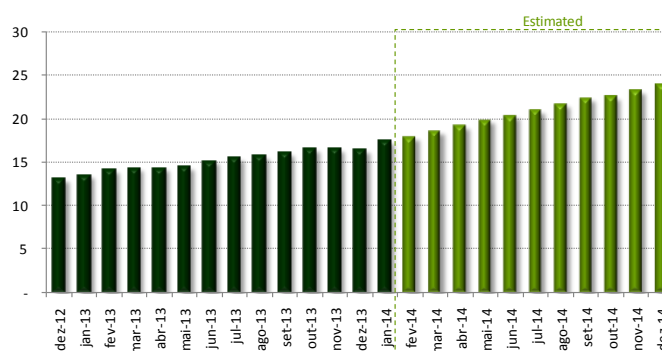
Condominium cost reduction. During Q4 we eliminated the subsidy that the owners had been paying to reduce the burden of the condominium overhead on tenants. Nonetheless, we are required to pay the portion of the condominium charges attributable to the vacant stores. We are therefore highly intent on minimizing the overhead costs of the mall, with a particular focus on the cost of security and cleaning.

Net operating income. Our overall objective is to maximize net operating income in order to maximize cash flow generation and the eventual sale price. With 2013 net operating income of R\$16 million, we generated an after-tax unlevered yield on total cost of 10.1% for the year. Based on our 2014 NOI target of R\$24 million, we anticipate generating an after-tax unlevered yield on cost of 14.6%.

Monthly NOI (R\$ 000)



Trailing 12-months NOI (R\$ MN)



Refinancing and exit. During Q1 we will conclude the refinancing of the R\$32 million construction line. The principal amount of the new financing will be R\$ 32 million and will cost approximately CDI + 3.15%, which swapped into a fixed rate would be approximately 15% per annum (including upfront points paid). The financing has a five-year amortization schedule with a balloon payment upon maturity in eighteen months. We are keeping this "permanent" financing short in duration in order to minimize the pre-payment penalties which would be incurred in the event that we sell the mall and the buyer wishes to use a heftier balance sheet as credit support for the mall's permanent financing.

Project São Mateus (Morata)

São Mateus is a 991-unit affordable housing development located in the periphery of the city of São Paulo. The Fund controls the development activities and owns 80% of the project. This is the largest affordable housing development of the Fund in terms of number of units.

Sales. We have had strong commercial success with Project São Mateus. We have launched four out of the five condominia, representing 723 out of 991 units. 710 of the 723 units launched have been sold. Price appreciation has caused the fifth and final phase, which we anticipate launching in H2 2014 not to qualify for Minha Casa Minha Vida, which is a very high class problem. As we progress with the construction and credit file transfers for units from

the second, third and fourth phases of the project, we will prepare the commercial launch of the fifth phase. This project has been an overwhelming commercial success.

Construction. We have progressed substantially in construction, although we are behind schedule. The first phase is 100% complete and we have delivered all but 10 keys. These unit buyers have amounts payable outstanding and we will likely be required to cancel their contracts, enabling us to sell the unit at market price. The second phase is due to be delivered in Q3 2014 and the third and fourth phases are due to be delivered in 2015. The second, third and fourth phases will be delivered later than anticipated in the purchase-sale agreement, and we made provisions for potential indemnification payments due to late delivery. Happily, the São Paulo courts have been very developer friendly. The delays in construction have been largely due to the poor financial management of the builder, who originated and also owns 20% of the project. Generally poor financial management of the builder has caused a deterioration of the builder's credit, causing the builder to lose its credit rating and bondability with the construction lender, and forcing the project SPV to enter into the place of the builder as the counterparty for the hiring of sub-contractors and materials suppliers for the remainder of the construction job.

Expected results. Despite the numerous surprises that have occurred over the course of the implementation of this project, above average price appreciation in the region of Project São Mateus should enable the project to achieve a multiple higher than 3x and an IRR in the low 20s. The SPV currently holds approximately R\$12 million (U.S.\$ 5 million) in cash, which is being retained in the event that the builder is unable to obtain its performance bond for the fourth construction phase, which would require us to use the cash on hand to complete construction with equity. By mid-year we will have more clarity on whether the builder's credit rating with Caixa Econômica has been restored, enabling us to either distribute much of the cash on hand or requiring us to use the cash for construction. We believe that at this moment in the life of the Fund it is preferable for us to retain excess cash in the Fund, rather than to distribute the cash and risk having to recall it.

Project Reserva Jardim Botânico

Project Reserva Jardim Botânico is a 580-unit affordable housing development situated on a 18,600 m² land site in São Bernardo, at the border of the city of São Paulo. The Fund owns 70% of the Project, together with Sergus, the builder and Sabiá Residencial, who originated the project and managed the development activities.

Sales. The Project was sold in three commercial phases. As of the writing of this letter, all but twenty three units remain to be sold of the total of 580 units. We are now closing the sales stand in order to reduce the project's marketing expenditures, as the economics of the multiple and IRR of the project are not substantially sensitive to the velocity at which we sell the remaining units, as long as we sell the remaining units sometime shortly after we complete construction in Q3.

Construction. The first and second phases of the Project, totaling 310 units, were delivered during 2013. The final phase, comprised of 270 units, is approximately 81% complete at the writing of this letter, and we anticipate the construction to be completed during Q3 2014. In addition, the club house and swimming pool area, which is shared by the multiple condominiums, will be completed in Q3. We therefore anticipate the final distribution of the bulk of the capital and profit from Project Jardim Botânico to occur before the end of 2014.

Expected results. Project Jardim Botânico will likely be the most successful residential project of the Fund, with an IRR comfortably above 30% and an equity multiple above 3x. The Project benefitted from a roughly 40% nominal unit price appreciation from the time of the initial launch in 2010 to the present, as well as construction cost in line with the amount we estimated in our original underwriting.

Project Isla 2 (Guarulhos)

Project Isla 2 is a 216-unit residential development in the city of Guarulhos, a city with a population of 1.2 million adjacent to São Paulo. The project was originated by Sabiá and committed by the Fund in 2010. The project entails the construction of a single 27-story tower with 6 units per floor.

Sales. The commercial launch occurred in May 2013, and to date we have sold 106 units (excluding 20 units swapped for the land). We therefore have an additional 90 units in stock to sell. Sales have been steady and in line with our underwriting. We are not pleased with the work that the existing broker is doing, and we therefore have chosen to replace the existing broker with Brasil Brokers, one of the two largest real estate brokerage firms specialized in selling new developments off plan. We have also decided to increase the marketing budget by R\$1 million. This additional budget is necessary, as we're forced to demolish the existing sales stand as we progress with construction, and we'll be building a new sales stand in a retail storefront on an avenue not far from the land site. We will also need to make a moderate media budget available as we bring in Brasil Brokers. We are therefore over budget on the marketing expenditures for this project, largely due to having spent too early on setting up the original sales stand, only to be confronted with delays in the municipal approvals, causing the sales stand to have to be touched up when the commercial launch occurred. Nonetheless, unit prices have exceeded our expectations, enabling us to recapture much of the margin that had been lost on marketing expenditure over-runs. The construction period is quite long for Project Isla 2, and therefore while we must maintain a steady sales pace over the next thirty-six months as construction progresses, the final project IRR is not very sensitive to sales velocity.

Construction. We have signed a turn-key construction contract with Conx, a São Paulo-based development and construction firm with whom we have partnered on two residential projects in BREF II. We anticipate starting construction at the end of March 2014, with final completion expected in Q3 2016.

Project Victor Meirelles

Project Victor Meirelles is a 464-unit affordable housing development located in the city of Campinas in Greater São Paulo. The Project is comprised of two residential condominia to be sold and built in two phases. The Project was originated by Sabiá Residencial and committed to by the Fund in 2010.

Sales. During Q4 2013 we received final municipal approvals to proceed with the sales of the first phase of Project Victor Meirelles, and we started the sales process with considerable success in December. As of the date of this letter, we have sold 61 units (not including an additional 20 units that have been swapped in exchange for the land). The sales velocity has been solid and the project has been met with strong consumer acceptance, largely due to the dearth of supply in the city of Campinas, which had suffered during the past few years due to a collapse and re-construction of the municipal government. In parallel with the sales of the first phase (comprised of 248 units), we are finalizing the municipal approvals for the second commercial phase, which requires the municipality's sign-off on our plan to widen a small bridge on the road which leads to the condominium. We anticipate receiving final municipal approval for the second phase during Q2, and upon completing the sales of 70% of the units launched in phase 1, we will proceed with sales with phase 2.

Construction. We have selected a local Campinas builder, with whom we have negotiated a turn-key fixed price contract (adjusted by inflation). Construction is likely to start in Q3 or Q4, depending on the sales velocity.

Projects to be cancelled

We decided in early 2013 to cancel projects Vila Haro and Gloria Garten. During Q4 2013, we decided to also cancel Joinville 3, for which municipal approvals and environmental licensing have been dragging. Our strategy in the residential segment has been to minimize capital at risk until such time as we have municipal approvals, we are ready for the commercial launch, and we are able to re-affirm the selling price and construction cost. This strategy has provided us with the flexibility to cancel projects without suffering material losses. In parallel with the execution of the Fund's development projects we are actively marketing projects Vila Haro, Gloria Garten and Joinville 3. We have received two proposals from local Joinville developers for Gloria Garten and we expect to close by mid-year. We will be resuming our efforts to find buyers for Vila Haro and Joinville 3 during Q1.

The table below summarizes our expectations for gains and losses related to the cancellation of the three projects.

Project	Amount Invested US\$ mn	Recoverable Amount US\$ mn	Net Gain/Loss	Date Expected to receive proceeds from sale	Reason to Abort
Vila Haro (Sorocaba)	\$1.9	\$1.9	\$0.0	Q4 2014	Inviability profit margin due to sale price limits and construction cost floor
Gloria Garten (Joinville)	\$1.1	\$1.1	\$0.0	Q4 2014	Weak commercial launch
Joinville 3	\$1.2	\$1.2	\$0.0	Q4 2014	Slow municipal approvals and environmental licensing
Totals	\$4.3	\$4.3	\$0.0		

Foreign Exchange Exposure

The Real weakened steadily over the course of Q4, starting the quarter at 2.22 to the Dollar and ending the year at 2.34 to the Dollar. The currency has been trading in the 2.35 to 2.40 range since December, with the Central Bank actively intervening in the FX market by rolling reverse swaps (selling US Dollar hedges). In summary, the Real weakened by 5% during Q4, and has weakened by a total of 7% from the end of Q3 to the date of the writing of this letter. Regardless of views regarding the equilibrium exchange rate at which Brazilian industry is sufficiently competitive, it's clear that increasing capital outflows from Brazil to developed markets will create spurts of selling pressure, some of which will be dampened by Central Bank intervention. With FX reserves of U.S.\$361 billion, there are ample resources for the Central Bank to reduce the volatility of the currency and secure the inflationary pressures that result from rapid FX weakening.

Since the inception of the Fund in April 2008, we have called a total of U.S.\$180.9 million (which includes U.S.\$23.3 million of recycled capital). We have distributed a total of U.S.\$ 203.8 million through the date of this letter (February 17, 2014), and we anticipate distributing approximately U.S.\$76.8 million from now until the end of the Fund. (Note that this figure is an estimate based on assumptions regarding project performance and FX rates, and is

Summary of Advanced Phase Residential Development Projects				
	São Mateus (Morata)	Jardim Botânico	Isla 2 (Guarulhos)	Victor Meirelles
Date of comercial launch	Feb-10	Oct-10	May-13	Dec-13
Total units	991	580	216	464
Units launched	723	580	216	248
% of total units	73%	100%	100%	53%
Units sold	710	557	126	81
% of total units	72%	96%	58%	17%
% of launched	98%	96%	58%	33%
Units remaining to be sold	281	23	90	383
Units transferred to bank	443	397	0	0
% of total units	45%	68%	0%	0%
% of launched	61%	68%	0%	0%
% of construction complete	Phase 1: 100% Phase 2: 76% Phase 3: 61% Phase 4: 11% Phase 5: 0%	Phase 1: 100% Phase 2: 100% Phase 3: 81%	Phase 1: 0%	Phase 1: 0% Phase 2: 0%
Expected delivery date (Final Phase)	Q3 2016	Q3 2014	Q3 2016	Q1 2017
Expected peak capital exposure of Fund (US\$MM)	5.2	3.3	3.4	5.7
Amount invested by Fund to date (U.S.\$ mm)	5.2	3.3	2.1	2.1
Expected gross IRR	21%	30%+	28%	30%+
Expected gross equity multiple	3.4x	3.7x	2.2x	2.3x

subject to change). The final performance of the Fund is therefore not highly sensitive to FX movements.

We do have an FX hedge in place. The Fund currently holds a BRL put spread position with a notional amount of U.S.\$50 million. This position entails buying an out-of-the money put on the Real with an exercise date of June 30 and September 30, 2014 and selling a further out-of-the-money put on the Real in the same notional amounts and the same exercise dates. This position protects the Fund from losses that could be incurred if there were a sharp FX weakening. The net delta of this hedging position is 30%, which is to say that for each 10% weakening of the Real, the option price gains by 3%.

Hedging Summary (December 31, 2013) (amounts in USD)

Net capital drawn	54,000,000
Fund NAV (December-end)	53,454,941
BRL exposure (cost basis)	56,853,745
Spot rate as at December 31, 2013	2.34
Option notional (Put Spread)	50,000,000
Delta (long/short)	46% / 16%
Strike (long/short)	2.45 / 2.75
Expiry	30Jun14 - 30Sep14

* Does not include the dividend payables amounts

Foreign exchange movement has had a material impact on the performance of the Fund, despite (and in some cases because of) the FX hedging.

Market Trends

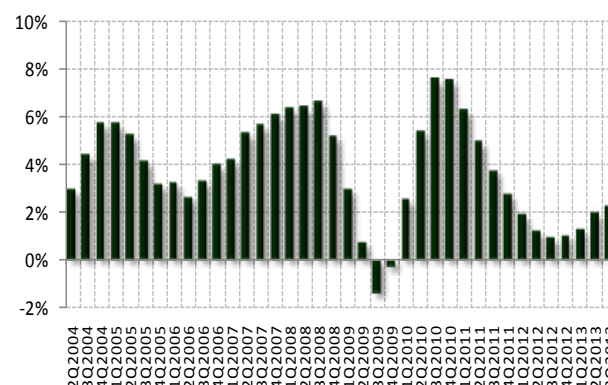
Economic Overview

A disappointing 2013 and expected low growth in 2014

2013 was a year of disappointing economic performance and we expect 2014 to be even more challenging as the consumer and credit-driven growth model adopted by the Brazilian government in the wake of the global financial crisis confronts its limits. Growth in consumption in excess of growth in output has generated inflation in the range of 6% per annum and forced the Central Bank to raise the policy rate from 7.5% to 10.5%. The rising cost of living is particularly hard on the middle class, which is burdened by high debt service costs and whose wages are not rising to match cost of living increases.

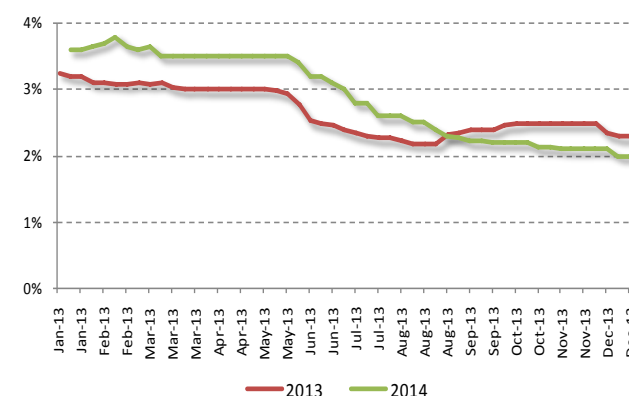
The market expectation for GDP growth in 2014 is 2%. The consumer sector continues to be a major contributor to growth, while the industrial sector continues to stagnate due to a series of factors which impede competitiveness, including high and complex taxes, poor physical infrastructure, onerous environmental regulation and bureaucracy, and high cost financing.

Quarterly LTM GDP Growth (%)



Source: Brazilian Central Bank

Market Expectation for GDP Growth Annualized (%)



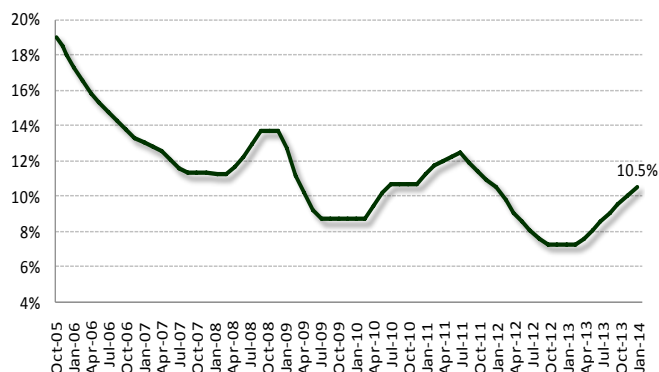
Source: Brazilian Central Bank

Trailing 12-month Inflation (%)



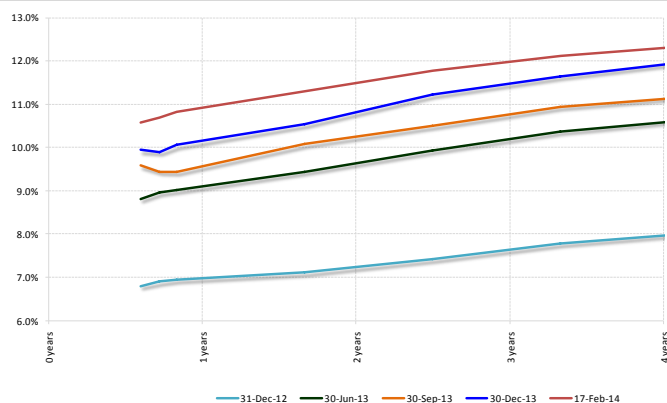
Source: Ipeadata

Selic Rate



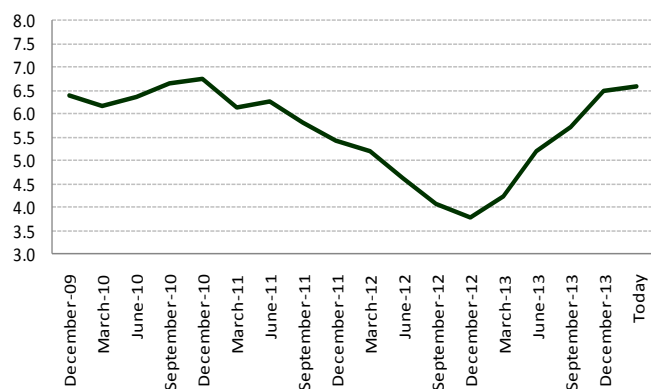
Source: Brazilian Central Bank

BRL Yield Curve



Source: BM&FBovespa

Real Yields (20-Year NTN-B) (%)



Source: Bloomberg

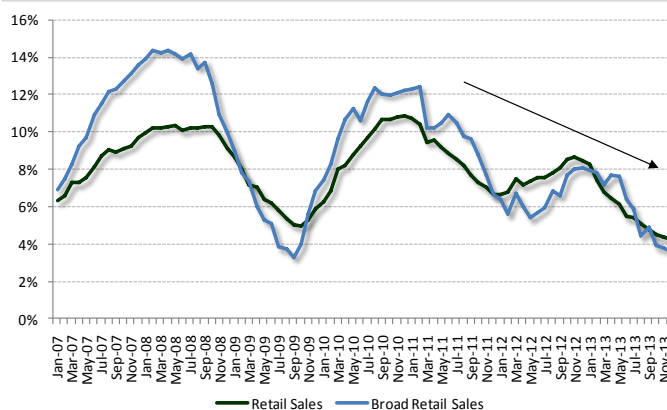
Middle class consumers are stretched, and the consumption driven growth model needs to take a breather

While the long-term trend is a continued increase in household debt and consumption per capita, the growth policies enacted since early-2009, rooted in reducing taxes on consumer durables and using the Republic's balance sheet to capitalize state-controlled banks which in turn churn out consumer loans, has temporarily run its course. With interest rates high and loan terms short, small increases in

household indebtedness have a high impact on households' debt service ratios (the portion of gross household income used to pay principal and interest). Considering the low household debt levels of Class A, D and E households, the budget difficulties faced by Class B and C consumers are even graver. These families must slow down their spending, pay down debt, and look forward to an array of budgetary, tax and banking sector reforms to bring down interest rates on consumer debt in the future. Even without the reforms, a short period (after election) of increased austerity to mend household balance sheets will refresh the dynamic middle-class Brazilian consumer.

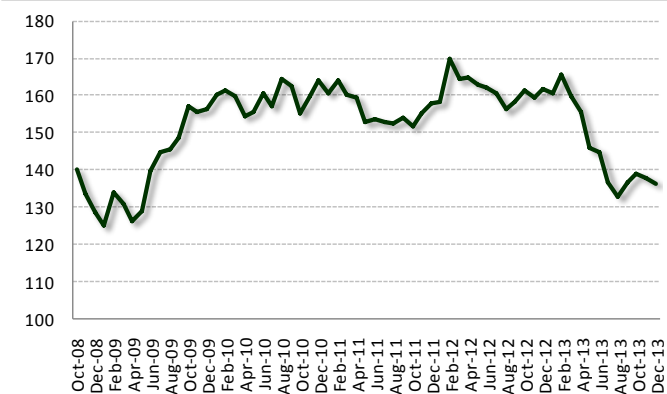
The consequence of policies oriented toward stimulating domestic demand while neglecting the productive sector is an increasing current account deficit, which can only be funded by attracting foreign capital to Brazil. Nonetheless, the largest contributor to the growth in the current account deficit is not an increasing trade deficit, but rather the increase in profit remittances from Brazil to developed countries—suggesting that the growth in the current account deficit is in part driven by inflation concerns and a negative FX outlook.

Y-o-Y % Growth in Retail Sales (%)



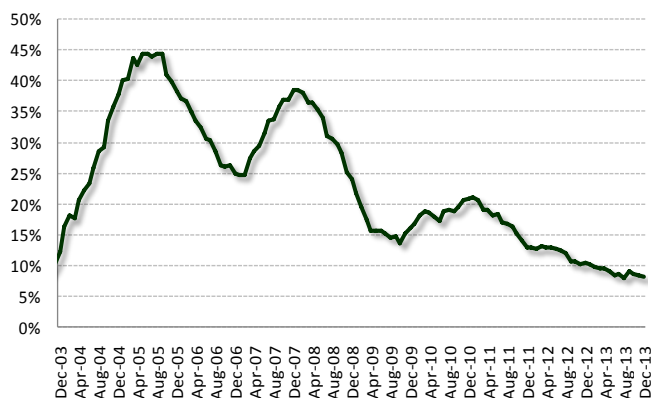
Source: IBGE

Consumer Confidence (%)



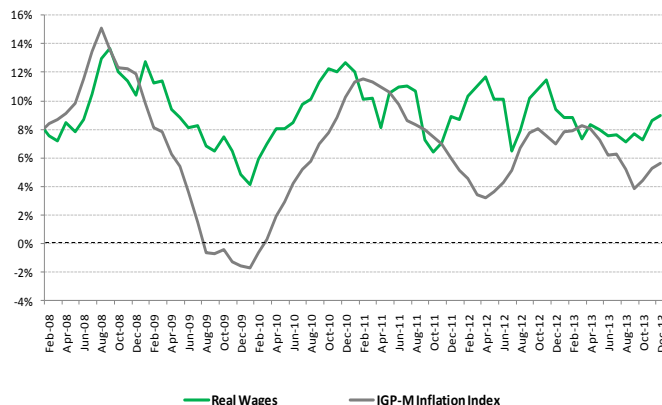
Source: Fecomercio

Consumer Credit Y-o-Y Growth in Lending (%)



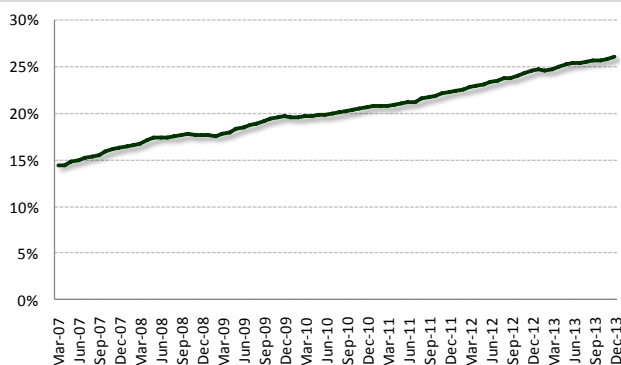
Source: Brazilian Central Bank

Inflation vs. Wage Growth (%)



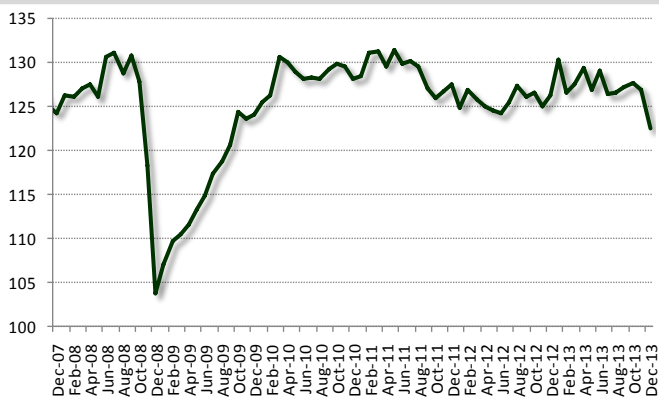
Source: Brazilian Central Bank and Ipeadata

Consumer Credit (% of GDP)



Source: Brazilian Central Bank

Industrial Production

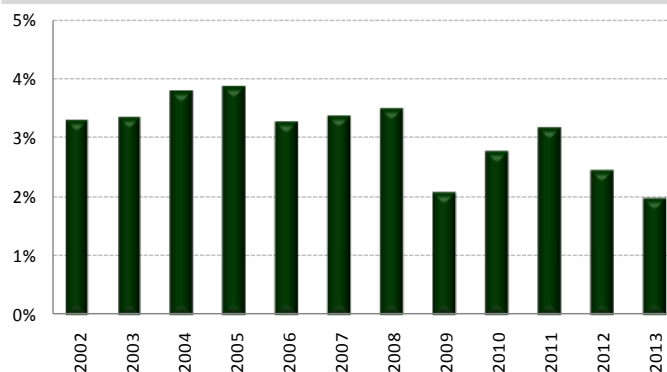


Source: IBGE

Fiscal deterioration is much less than anticipated—despite elections—and downgrade looks remote

While winning the Presidential election in October 2014 is the highest priority for the Rouseff Administration, an acceleration in inflation could undermine this goal. The government has therefore taken heed of the markets and has expressed a commitment to achieving fiscal targets (despite the Government's legitimate doubt regarding the necessity of a primary fiscal surplus in line with past years, when the cost of servicing the public sector's debt has declined so substantially.

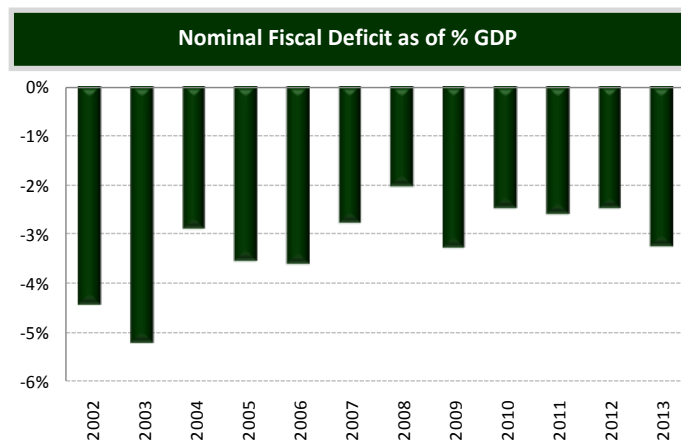
Primary Fiscal Surplus as % of GDP



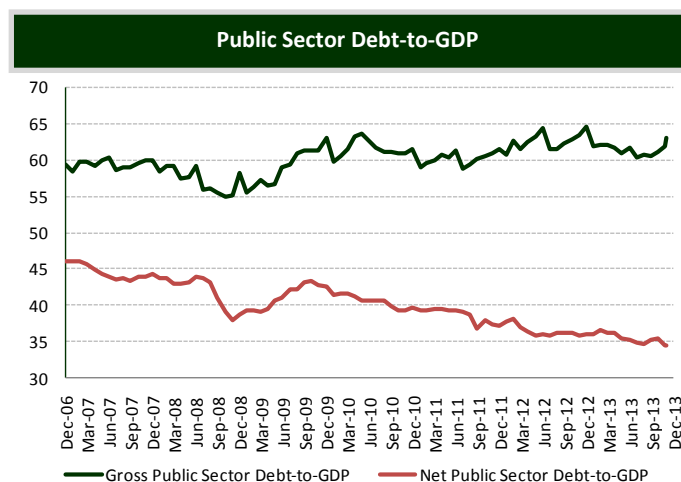
Source: Brazilian Central Bank

The primary fiscal surplus for 2013 was the worst since 2002, prompting the Federal Government to announce, with much ceremony, a plan to cut R\$44 billion out of the Federal budget in 2014. This announcement was very positively received by the market, causing the Real to strengthen by 2-3% in the after-math of the announcement. The market expectation is a primary fiscal surplus of 1.4% in 2014, which would cause a slight increase in the debt-to-GDP level. Not a problem. This perceived degree of fiscal control could keep the Central Bank from substantial further rate increases, and bodes very well for a resumption of interest rate declines once the uncertainty surrounding the normalization of US monetary policy is cleared up. With real interest rates of 6.5%,

budget management is a more important determinant of the medium-term level of interest rates than US interest rates.



Source: Brazilian Central Bank



Source: Brazilian Central Bank

Increasing focus on investment and productivity as growth drivers

Looking back at our expectations for privatizations, new infrastructure concessions, and budget and tax reforms for 2013, it's evident that expectations for the year have not been met. Money flowing into Brazil gave the Brazilian government an excuse to avoid growth-supporting reforms. As a counterpart to this statement, when capital flows reverse direction, there's a tendency to blame local government policies for the debilitating effects on currencies, interest rates, the current account and local demand.

There is a very broad consensus that the motor of economic growth in Brazil over the next decade must be infrastructure investment. While household consumption is slowing as middle class families rebuild their savings, the Federal Government is preparing a wave of new infrastructure concessions. The five airport concessions which occurred in 2012 and 2013 were successful, with the international airports in Guarulhos (São Paulo's international airport), Galeão (Rio de Janeiro), Confins (Belo Horizonte's international airport), Brasília, and Viracopos (located in Campinas, 70 km from São Paulo). These privatizations generated some revenues for the Federal Government

(although the BNDES is financing 70% of the acquisition price and the Federal Government itself owns 49% of the winning consortia), improve the airports' operating efficiencies, will force an efficient investment program oriented toward capacity expansion and service improvements, and stimulate best-of-class foreign operators, in partnership with local civil construction companies, to transfer their know-how to the local market. Most importantly, the concessions demonstrate the willingness of the Rouseff administration to create a framework for partnering with the private sector that respects the profit imperatives of the private sector.

Generally speaking, the pessimism surrounding a second term for President Rouseff is grounded in doubts regarding the willingness and capacity of the Rouseff administration to stimulate further private sector investment in infrastructure. The doubts fall into three categories: doubts surrounding her willingness to create an attractive regulatory framework, doubts surrounding her capacity to understand and accommodate the private sector's requirements, and doubts surrounding the political popularity of further concessions. On all three counts, we are optimistic, and we believe that in addition to contributing to a high level of employment, attracting foreign direct investment, and reducing the "custo Brasil" (the high cost of doing business in Brazil due to both bureaucratic processes and poor physical infrastructure), infrastructure investment will generate specific opportunities for real estate investment in regions impacted by new infrastructure.

Federal Concessions				
Sector	Description	Size	Estimated investment	Auction date
Highways	9 projects	7,500 Km	BRL42.0bn (BRL23.5bn in 5 years)	TBD
Railways	12 projects	10,000 Km	BRL91.1bn (BRL56bn in 5 years)	TBD
High speed rail	High speed train between RJ and SP	511 Km	BRL35.6bn	TBD
Ports	4 blocks	160 ports	BRL54.6bn	Dec-13 – Mar-14
Airports	Regional airports	270 airports	BRL7.3bn	Not available

Source: Finance Ministry

Market Forecasts (February 14, 2014)

	2014	2015
GDP growth (%)	1.79	2.10
IPCA inflation (%)	5.93	5.70
IGP-M inflation (%)	5.88	5.50
Selic rate (%)	11.25	12.00
BRL/USD (year end)	2.48	2.55
BRL/USD (average)	2.45	2.50
Current account deficit (R\$bn)	-74.60	-68.00
Primary fiscal surplus (%GDP)	1.42	2.06

Source: Brazilian Central Bank

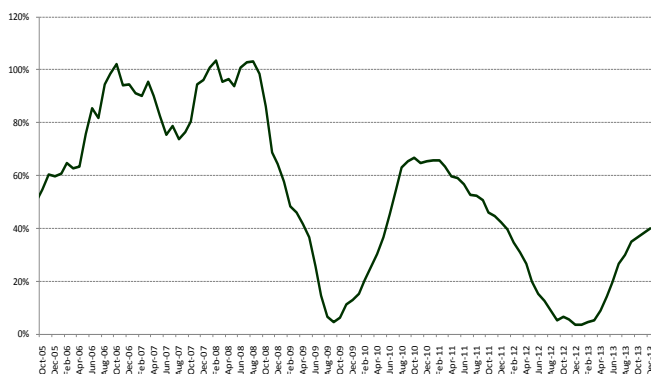
Residential Mortgage Credit

Banks are facing unprecedented pressure to make mortgage loans, as growth in the passbook savings deposit base accelerates. The total volume of new mortgage loans for 2013 was R\$115.7 billion, an

increase of 40% as compared with the 2012 volume. Mortgage approvals, however, are a lagging indicator, reflecting home purchase decisions made more than twelve months ago, and therefore, while the growth in mortgage lending points to a strong and supportive banking system, it is not indicative of a growing new home demand.

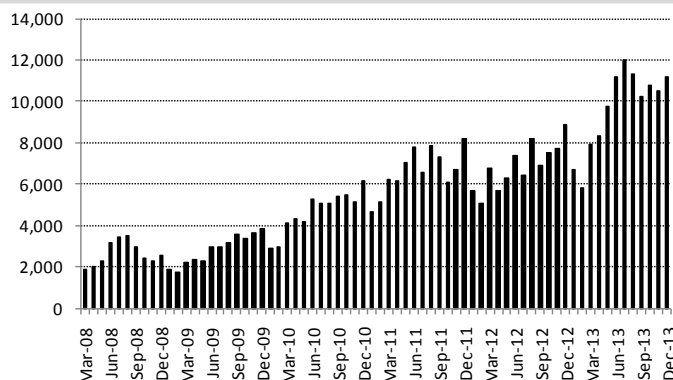
The acceleration in the growth in savings deposits, despite rising interest rates, indicates the stability of the primary funding base for mortgage credit. The spread between the annual pre-tax return on a savings deposit and the annual pre-tax return on CDI (bank overnight funding cost) is the highest it has been since Q1 2012. Nonetheless, in times of rising interest rates and political or economic uncertainty, consumer flight to safety takes the form of rising savings deposit balances.

Trailing 12-month Growth in Mortgage Lending



Source: Brazilian Central Bank

Monthly Real Estate Loans Made – R\$ MM



Source: Brazilian Central Bank

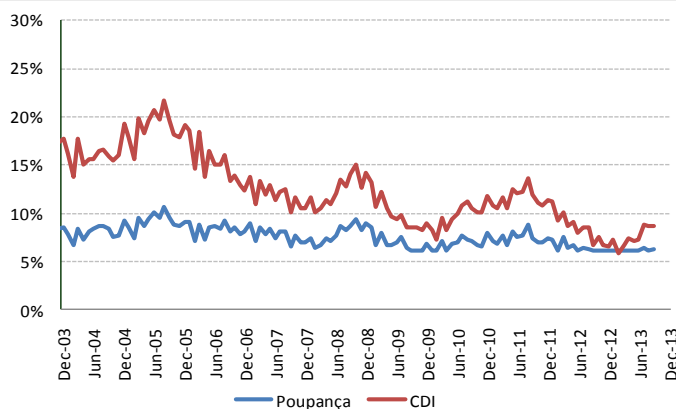
Despite the growing savings deposit base and urgency to on-lend to the mortgage sector, the private sector banks (primarily Bradesco, Itaú and Santander) have been increasingly cautious, and are requiring greater sales performance before the start of draw-downs on residential construction loans. Increasingly, construction lenders are requiring that as much as 50% of the units to be built be pre-sold prior to starting the draw-downs on the construction loan. In an environment of slower sales velocity, more equity is required in order to progress with construction while sales progress toward the minimum threshold required to begin to make draws.

Savings Account Balance – Y-o-Y growth rate (%)



Source: Brazilian Central Bank

Poupança (savings deposits) vs. CDI (annualized returns %)



Source: Brazilian Central Bank

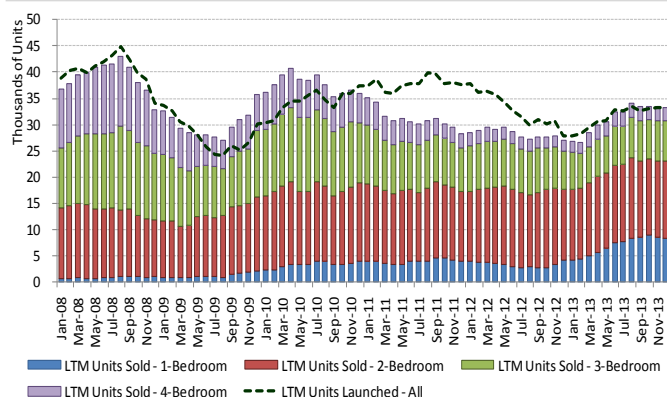
As a result, some developers are finding that they have not provisioned sufficient capital and that JV partners, a mezzanine loan or another variety of quasi-equity capital from third parties is needed in order to close a project's funding gap. This creates opportunities for real estate private equity investors. On the other hand, Caixa Econômica and Banco do Brasil have become increasingly aggressive, providing construction loans at high LTVs which are drawable with as little as 30% of units sold. It is likely that the current wave of aggressive lending to developers by Caixa Econômica and Banco do Brasil (both tightly controlled by the Federal Government) reflects election year imperatives. New lending targets will likely be scaled back after the elections.

Housing Sector Overview

The fundamentals of the São Paulo housing market have weakened slightly, although the sales, launch and inventory data understates the slowdown in sales velocity. At the end of November, the latest available data, total inventory in São Paulo was 18,701 units, which represents about seven months of supply given prevailing sales volumes. A wave of project approvals and year-end launches is responsible for the increase in inventory from the annual low point of 15,960, the level at the end of September. Unit sales for the eleven months ended November 20, 2011, were 27% higher than the comparable period in 2012 and 25% higher than the comparable

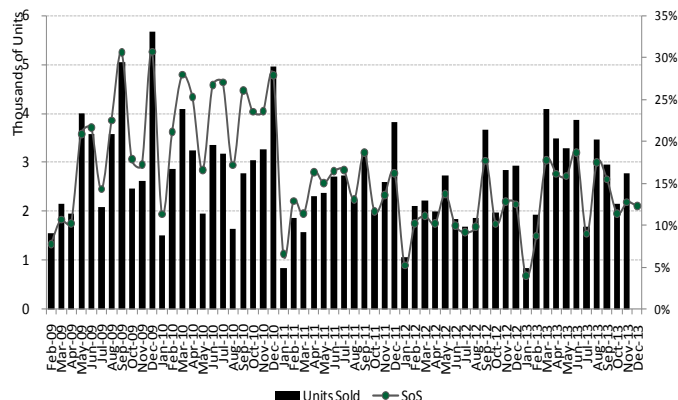
period in 2011. However, prices have increased on average by 13.9%, as compared with wage growth of 8.9%. The diminishing affordability is an insidious trend which will eventually force an end to price increases. When the music stops, developers may find margins untenably tight. Nonetheless, the fundamental drivers for housing demand, new family formation, employment, income growth, and the availability of long-term credit, remain intact. The sole worry is the sustainability of unit price increases.

Units Sold - Trailing 12 Months (City of São Paulo)



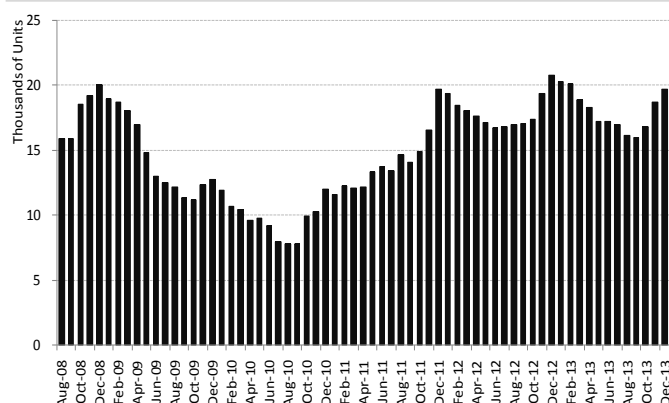
Source: Secovi-SP

Sales over Supply - (City of São Paulo)



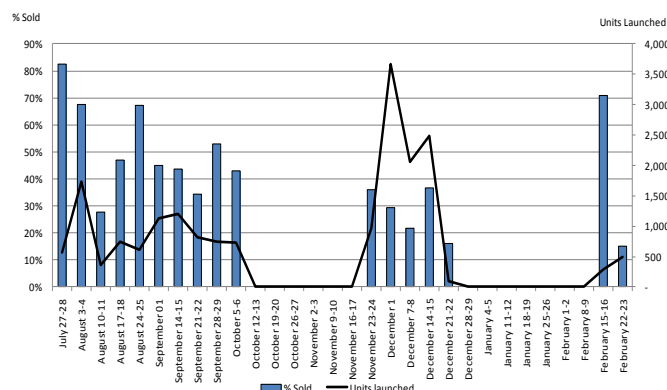
Source: Secovi-SP

São Paulo Inventory Levels



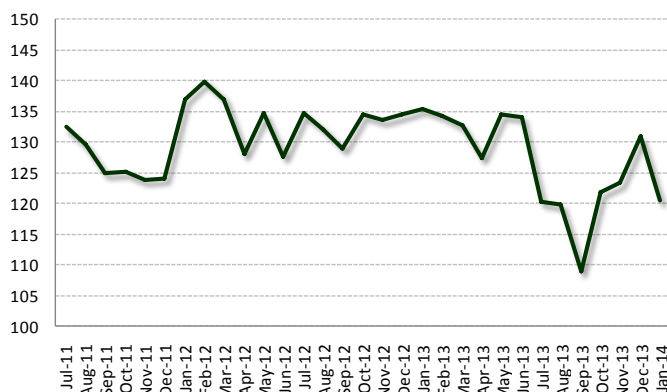
Source: Secovi-SP

Weekend sales performance in São Paulo



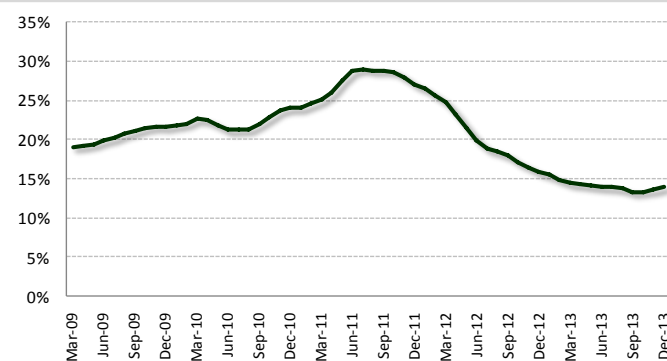
Source: Lopes Imobiliária

Property Buyer Confidence Index



Source: Lopes Imobiliária

Price Trends YoY % Change (City of São Paulo)



Source: Fipe-Zap

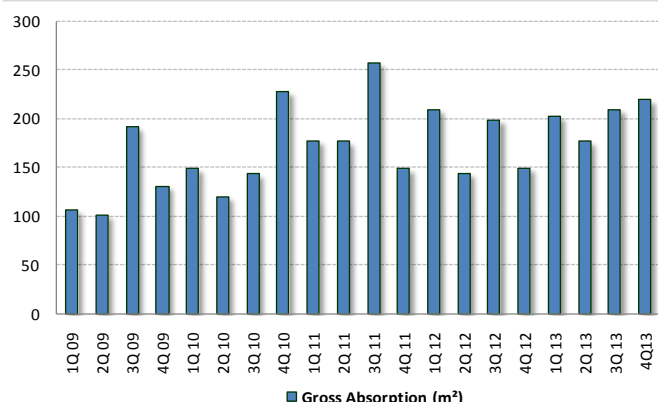
Office Market Overview

São Paulo Office Market

Vacancy rates continue to rise gradually in São Paulo, due largely to the delivery of new stock. At December 31, 2013, total vacancy was 736 m², representing 10.5% of the total stock. For Class A buildings, vacancy reached 14.3%. Q4 2013 was the eight consecutive month

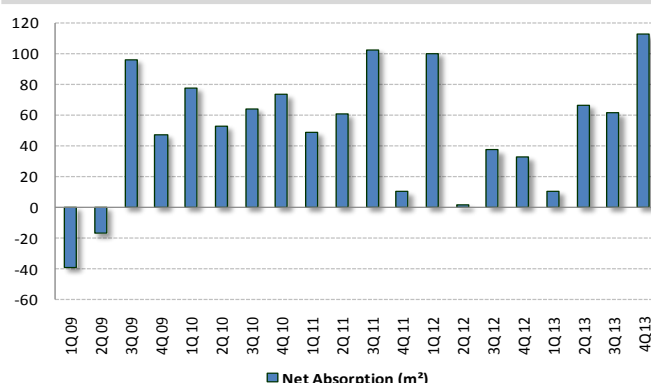
of increasing vacancy in São Paulo. During 2013, 557,600 m² of total new stock was delivered in São Paulo (including Alphaville), increasing the total stock by 9%, amidst net absorption of 242,100 m². The level of new stock added during 2013 is greater than the sum of new stock added in 2011 and 2012 combined. Gross absorption for 2013 was 799,000 m², the highest level on record. Of the total net absorption, 225,500 m² was attributable to Class A buildings. The unprecedented level of gross absorption amidst moderate net absorption is due to tenants migrating from multiple Class B facilities in order to consolidate their premises in a single, new Class A facility, taking advantage of slightly lower asking prices, landlord discounts and grace periods as vacancies rise. During Q4 there were a handful of cases representative of the trend of corporate tenants seizing the opportunity to get good leasing deals in the current environment of rising vacancy. Samsung, KPMG, Swiss Re and Proctor and Gamble are four cases of multi-national corporate tenants who have opted to move from one or more Class B locations to newly-constructed office buildings in the Berrini / Churri Zaidan region, enjoying discounts and tenant improvement allowances. The Faria Lima region of the Jardins sub-market continues to be the area with the highest asking rents, although competition among landlords (including landlords who own floors of strata title buildings) have been driving the asking levels of the top-quality Class A buildings delivered since 2005 down from the R\$150-180 level to the R\$110-130 level. Discounting has been even more pervasive in the Marginal market, which had approximately 401,500 m² of vacant space available at December 31, more than the entire rest of the city of São Paulo (excluding Alphaville) combined. As we look outward to 2015, we see a continuation of the trend of high levels of gross absorption, albeit in an environment of slower deliveries of new space. For 2014 and 2015, we anticipate a total of approximately 500,000 m² of new corporate office space to come on line in the Marginal and Jardins sub-markets. At the current levels of absorption in these regions, we envision a substantial tightening up of the market by the end of 2015.

São Paulo Gross Absorption (000s m²)



Source: CBRE

São Paulo Net Absorption (000s m²)

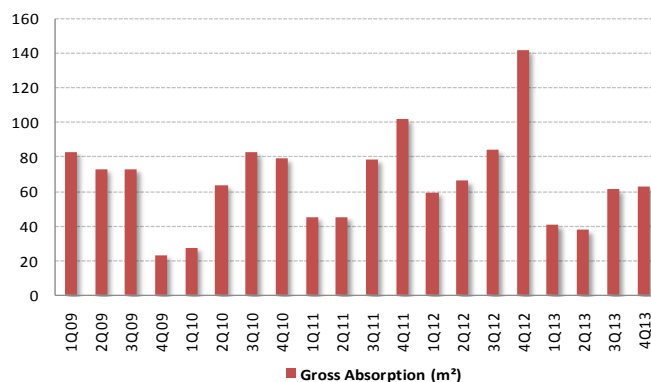


Source: CBRE

Rio de Janeiro Office Market

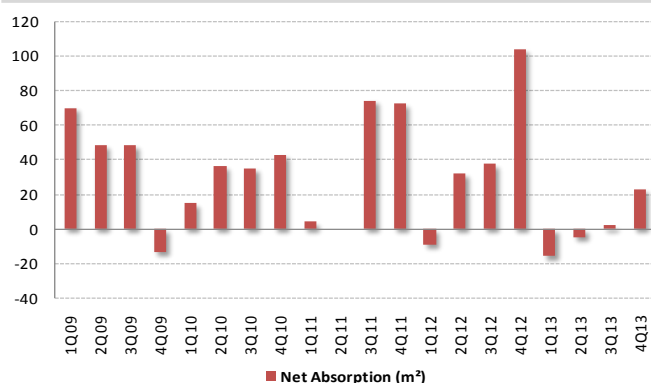
Vacancy has also risen in Rio de Janeiro, reaching 8.5% at December 31, as the stock of new office space increased by 192,400 m² amidst net absorption of 6,800 m². Vacancy of Class A space was 12.4% at December 31. Asking lease rates have yet to decline significantly, a factor which may account for the relatively low levels of gross absorption. The highest concentration of vacancy is in Barra da Tijuca, with 70,600 m² of vacant area, representing 25% of the total vacant space in Rio de Janeiro.

Rio de Janeiro Gross Absorption (000s m²)



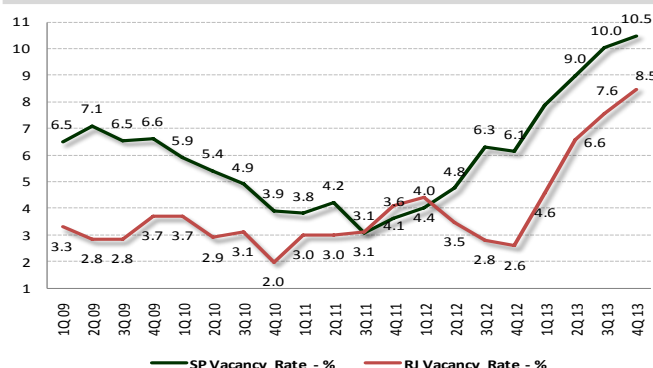
Source: CBRE

Rio de Janeiro Net Absorption (000s m²)



Source: CBRE

São Paulo and Rio de Janeiro Vacancy Rates (%)



Source: CBRE

Retail Market Overview

Retail sales continue to be robust, with the December 2013 retail sales index having increased by 4% as compared with December 2012. Looking at overall mall sales, according to the Abrasce index (which is arguably a loosely assembled index), shopping mall sales in December 2013 were 8% greater than in December 2012. Nonetheless, retailers are exhausted by record store openings in 2013 and concerned about a sluggish economy in 2014, the effect of ongoing consumer price inflation and more expensive credit.

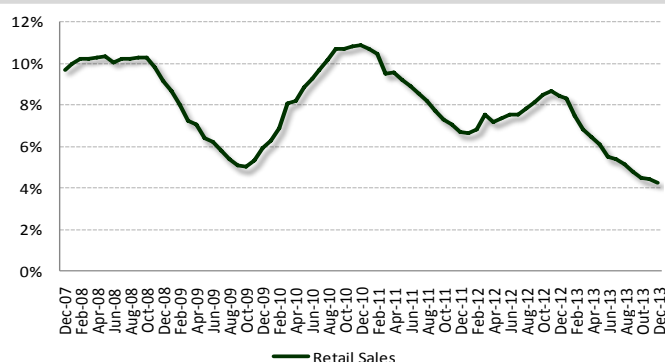
Conclusion

There remains work to be done in order to achieve our target of a net multiple of capital in the range of 1.6x – 1.7x. The single most important task at hand is maximizing the NOI of Shopping Barueri, although there also remains substantial work to be done on three of the four residential projects still in the commercial phase. We are tenaciously battling for every last dollar of cash generation. We are pleased with our management of our residential joint ventures. As a fund—rather than a Bovespa-listed development company—we have retained the flexibility to cut our losses by cancelling projects whose profit margins have been compromised by the lapse of time between land sourcing and obtaining final approvals, while allowing projects with sound margin structures to run their course as unit price appreciation leads to profit margin expansion. This strategy has caused successful projects to be somewhat less successful than they might have been had we purchased land upfront with cash, as opposed to swapping finished units for land. But it also enabled us to exit less successful projects without significant loss to capital. We look forward to making further cash distributions to Limited Partners over the course of the next several quarters.

Regards,

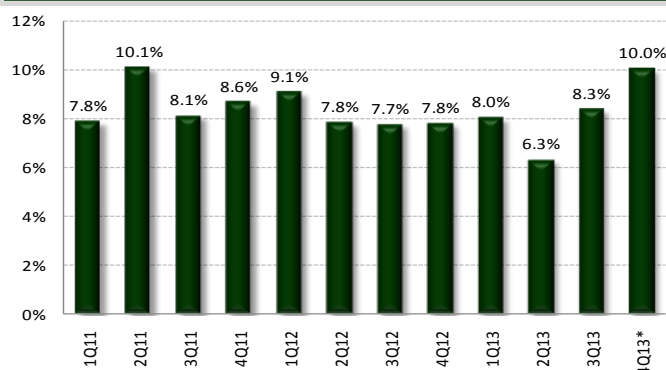
Ken Wainer, Rodrigo Abbud, Rodrigo Sarti

Retail Sales Y-o-Y (%)



Source: IBGE

SSS - % Growth Y-o-Y*



*Weighted average by enterprise value of BR Malls, Multiplan, Iguatemi, Aliansce and Sonae-Sierra. Source: Company disclosures. For the Q4 2013 it was not used Iguatemi and, Sonae-Sierra which had not released their Q4 2013 results until the date of this letter.

Portfolio Summary: Overview

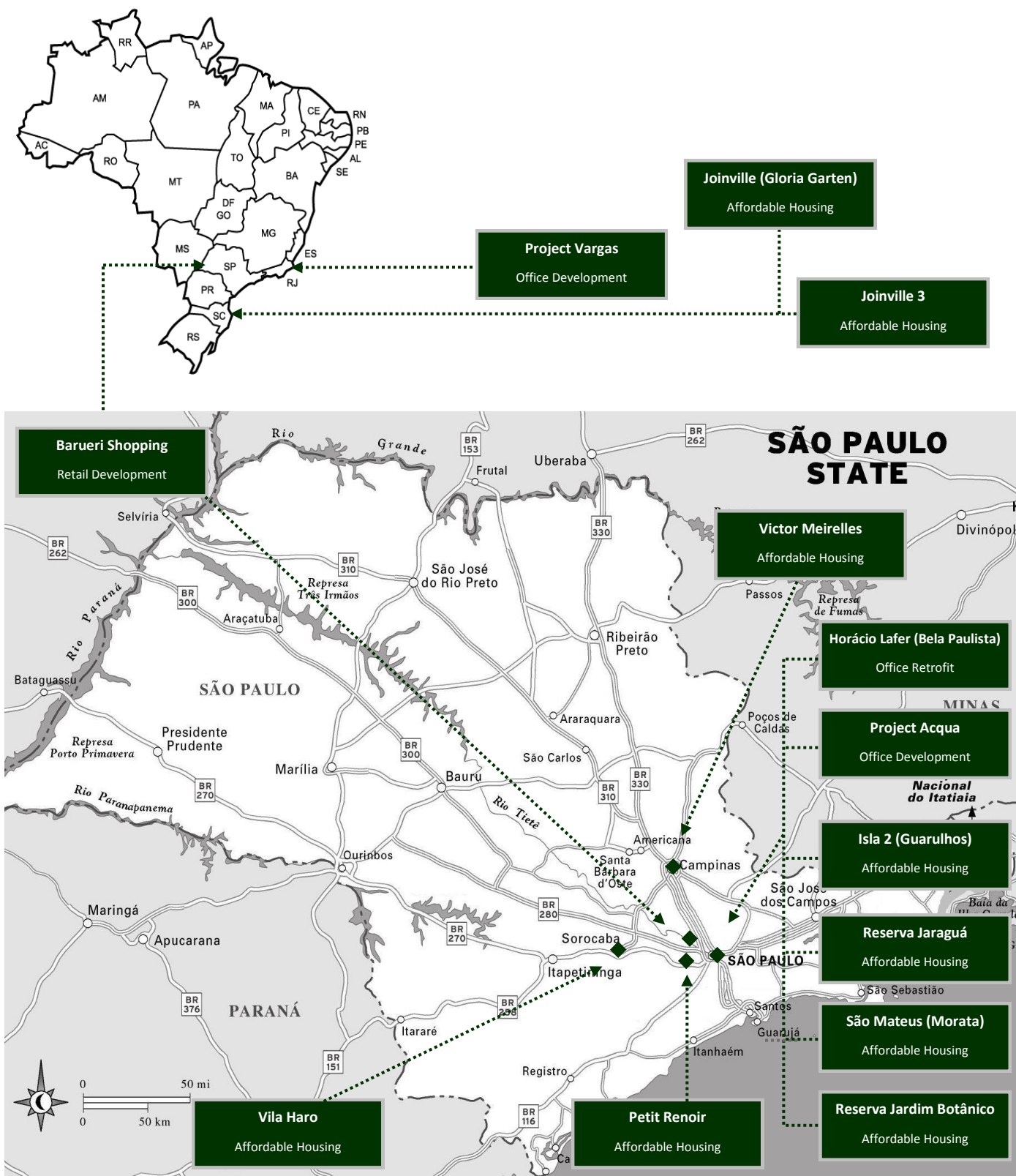
B

Executive Summary at December 31, 2013 Brazil Real Estate Opportunities Fund I, L.P.

(All \$ in US\$ million)

Capital Commitments	\$ 183.8
Total Capital Drawn	\$ 180.9
Peak LP Equity Exposure	\$ 157.6
Distributions to Limited Partners	\$ 203.8
Total Distributions as % of Peak LP Equity Exposure	129%
Net Drawn Capital	\$ 54.0
Management Fee Paid from Drawdown	\$ 5.5
Total Remaining Drawable Capital	124.3
Unrealized Investments	8
Realized Investments	5

Portfolio Summary: Geographic Distribution of Investments – Brazil



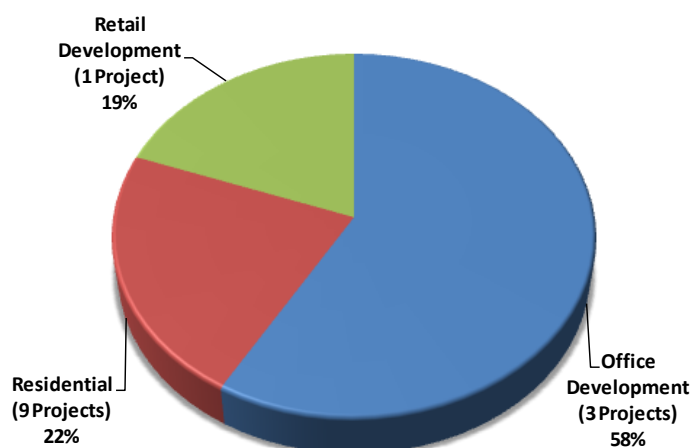
Portfolio Summary: Fund Investments

As at December 31, 2013

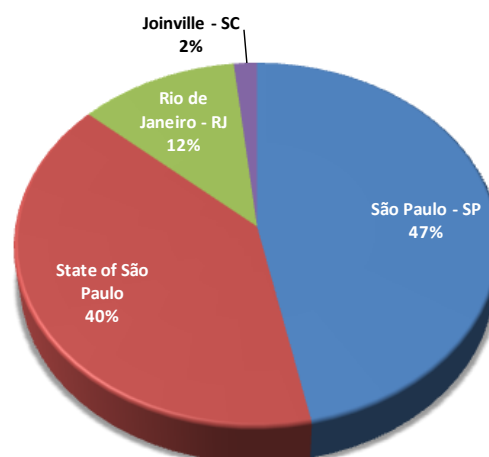
Project	Segment	Location	Area (m ²) ¹	Fund Ownership	Fund Equity Required		Amount Invested		Gross Equity	Gross
					R\$ mm	US\$ mm ²	R\$ mm	US\$ mm ²	Multiple ^{3,4}	IRR ^{3,4,5}
Realized										
Acqua (Faria Lima 4440)	Office	SP - Av. Faria Lima	22,111	91.66%	119.4	51.0	119.4	51.0	2.1x	32%
Vargas (Rio Office Tower) ⁶	Office	RJ - Center	18,500	46.80%	38.2	16.3	48.4	20.6	2.1x	44%
Horácio Lafer (Bela Paulista)	Office	SP - Av. Paulista	6,452	100%	32.9	14.0	32.9	14.0	1.5x	24%
Reserva Jaraguá (Toriba)	Housing	SP - Periphery	28,642	90%	13.6	5.8	13.6	5.8	1.6x	23%
Petit Renoir (Nova Vianna)	Housing	SP - Cotia	4,354	100%	7.5	3.2	7.5	3.2	1.5x	11%
Partially Realized or Income Generating										
Barueri Shopping Center	Retail	SP - Barueri	37,240	48%	63.2	27.0	63.2	27.0	1.9x	17%
São Mateus (Morata)	Housing	SP - Periphery	49,884	80%	12.2	5.2	12.2	5.2	3.4x	21%
Jardim Botânico	Housing	SP - São Bernardo	28,321	70%	7.8	3.3	7.8	3.3	3.7x	30%+
Isla 2 (Guarulhos)	Housing	SP - Guarulhos	12,739	90%	7.9	3.4	4.9	2.1	2.2x	28%
Victor Meirelles	Housing	SP - Campinas	22,518	90%	13.2	5.7	4.9	2.1	2.3x	30%+
Expected Cancellations										
Joinville 3	Housing	SC - Joinville	18,686	90%	2.9	1.2	2.9	1.2	1.0x	-
Vila Haro (Sorocaba)	Housing	SP - Sorocaba	14,799	90%	4.5	1.9	4.5	1.9	1.0x	-
Gloria Garten (Joinville)	Housing	SC - Joinville	10,620	80%	2.6	1.1	2.6	1.1	1.0x	-
BREOF I Totals			274,864		326.0	139.1	324.8	138.6		

Portfolio Summary: Fund Diversification

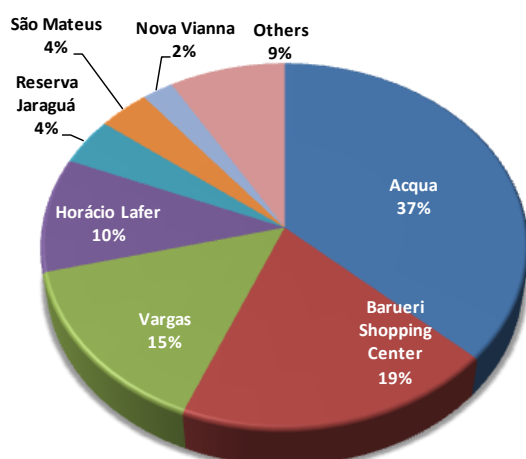
Fund Equity Allocation - Investment Type (%)



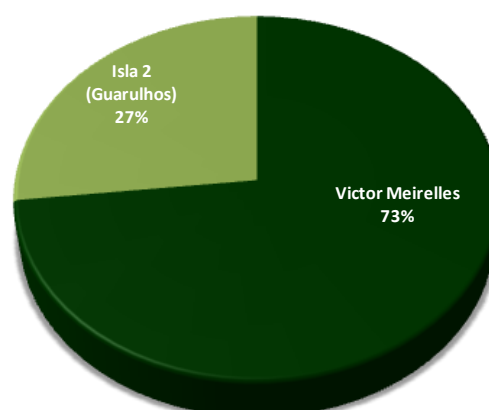
Fund Equity Allocation – Geographic (%)



Fund Equity Invested per Project (%)



Fund Equity to be Invested per Project (%)



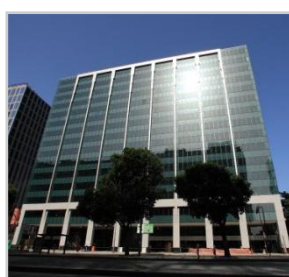
Investment Summaries

C

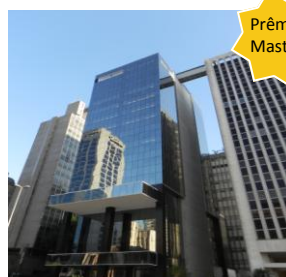
The Fund's approved investments from inception (projects in cancellation are excluded) through December 31, 2013, are presented in this section.



Faria Lima 4440
(Realized)



Project Vargas
(Realized)



Project Horácio Lafer
(Realized)



Barueri Shopping



Reserva Jaraguá
(Realized)



Petit Renoir (Nova Vianna)
(Realized)



São Mateus (Morata)



Reserva Jd. Botânico



Isla 2 (Guarulhos)



Victor Meirelles

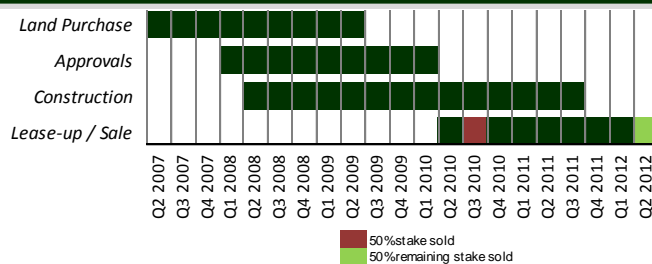
1. Project Acqua (Faria Lima 4440)

Office Development, São Paulo – SP

1.1. Investment information

Location	Faria Lima Avenue São Paulo - SP
Property and investment type	Office Development
Fund acquisition date	April 2008
Fund equity required	BRL 119.4 million
Fund ownership	91.66%
Exit strategy	50% sold in August 2010 50% sold in June 2012
Construction contract	Maximum price guarantee contract
Site area / leasable area	7,151 / 22,111 m ²
Average leasable area per floor	1,474 m ²
Average lease rate at sale	BRL 120 / m ² / month
Leverage	0%

1.3. Timeline



1.2. Acqua (Faria Lima 4440)



1.4. São Paulo



1.5. Acqua (Faria Lima 4440) Pictures



2. Project Vargas (Rio Office Tower)

Office Development, Rio de Janeiro – RJ

2.1. Investment information

Location	Presidente Vargas Avenue Rio de Janeiro - RJ
Property and investment type	Office Development
Fund acquisition date	April 2008
Fund equity required	BRL 38.2 million
Fund ownership	46.8%
Exit strategy	100% sold in August 2010
Construction contract	Maximum price guarantee contract
Site area / leasable area	1,340 m ² / 18,500 m ²
Average usable area per floor	1,300 m ²
Average lease rate at sale	BRL 125 / m ² / month
Leverage	0%

2.2. Vargas (Rio Office Tower)



2.4. Rio de Janeiro

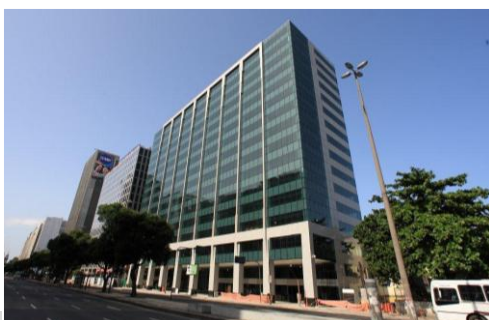


2.3. Timeline

Land Purchase	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Approvals																	
Construction																	
Lease-up / Sale																	

■ 100% stake sold

2.5. Vargas (Rio Office Tower) Pictures



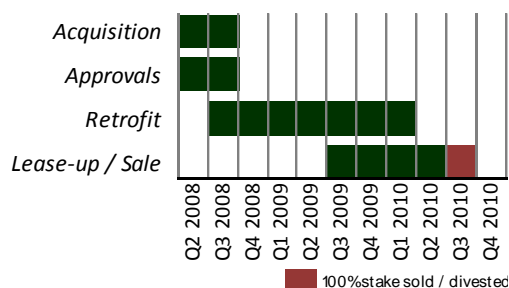
3. Project Horácio Lafer (Bela Paulista)

Office Retrofit, São Paulo – SP

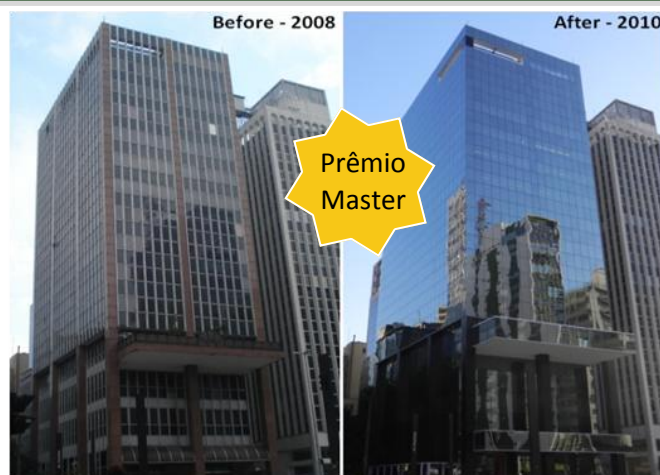
3.1. Investment information

Location	Paulista Avenue / São Paulo - SP
Property and investment type	Office Retrofit
Fund acquisition date	May 2008
Fund equity required	BRL 32.9 million
Fund ownership	100.0%
Exit strategy	100% sold in August 2010
Construction contract	Managed in-house
Average lease rate at sale	BRL 79 / m ² / month
Leverage	0%

3.3. Timeline



3.2. Horácio Lafer (Bela Paulista)



3.4. São Paulo



3.5. Horácio Lafer (Bela Paulista): New Lobby



4. Reserva Jaraguá (Toriba)

Affordable Housing Development, São Paulo – SP

1.1. Investment information

Location	São Paulo – SP / Periphery
Property and investment type	Affordable Housing Development
Fund acquisition date	April 2008
Fund equity required	BRL 13.6 million
Fund ownership	90%
Exit strategy	100% post-key financing by CEF
Construction contract	Fixed price
Site area / Total private area	61,231 m ² / 28,642 m ²
Number of units	540 residential units
Average sales price	BRL 2,310/m ²
Leverage	<i>Plano Associativo - CEF</i>

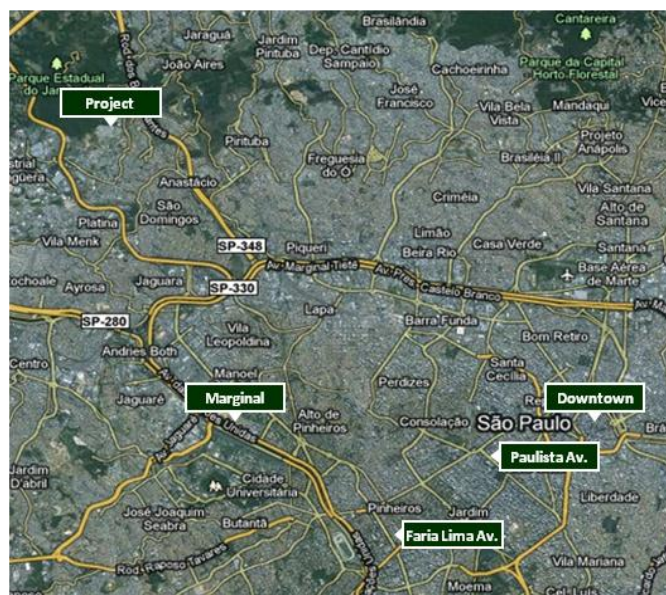
4.3. Timeline

Land Purchase	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Approvals																	
Unit Sales																	
Construction																	

4.2. Reserva Jaraguá (Toriba)



4.4. São Paulo



4.5. Reserva Jaraguá Images



5. Petit Renoir (Nova Vianna)

Affordable Housing Development, Cotia – SP

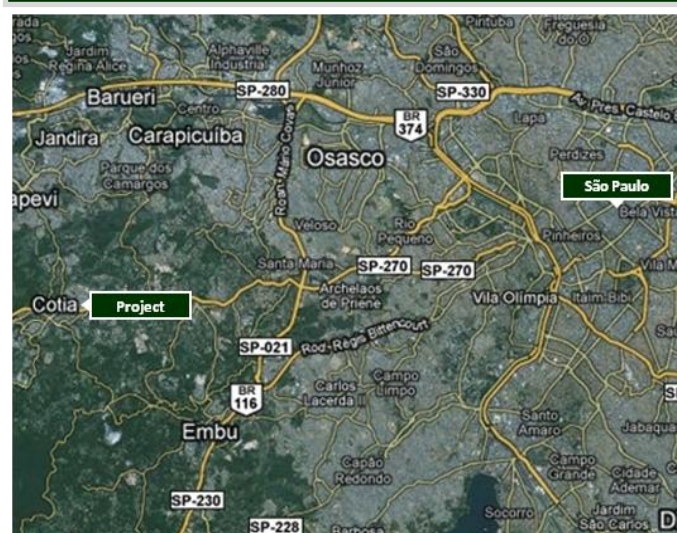
5.1. Investment information

Location	Cotia - SP
Property and investment type	Residential Development
Fund acquisition date	August 2008
Fund equity required	BRL 7.5 million
Fund ownership	92.3% / 95%
Exit strategy	Sale of units
Construction contract	Fixed price
Site area / Total private area	13,043 m ² / 4,354 m ²
Number of units	50 residential units
Average sales price	BRL 3,239 / m ²
Leverage	0%

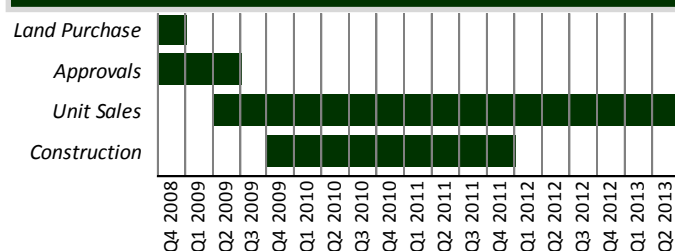
5.2. Petit Renoir (Nova Vianna)



5.4. Cotia - SP



5.3. Timeline



5.5. Petit Renoir (Nova Vianna): Images



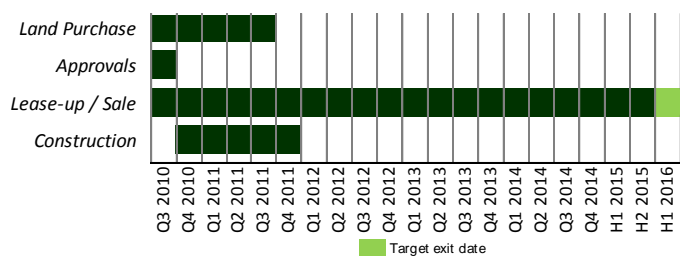
6. Project Barueri Shopping

Community Shopping Center Development, Barueri – SP

6.1. Investment information

Location	Barueri - SP
Property and investment type	Community Shopping Center Development
Fund acquisition date	September 2010
Fund equity required	BRL 63.2 million
Fund ownership	48%
Exit strategy	Brazilian REIT or sale to Consolidator
Gross leasable area	37,240 m ²
In-line stores target base lease rate	BRL 89 / m ² / month
Average target base lease rate	BRL 45 / m ² / month
Leverage	64%

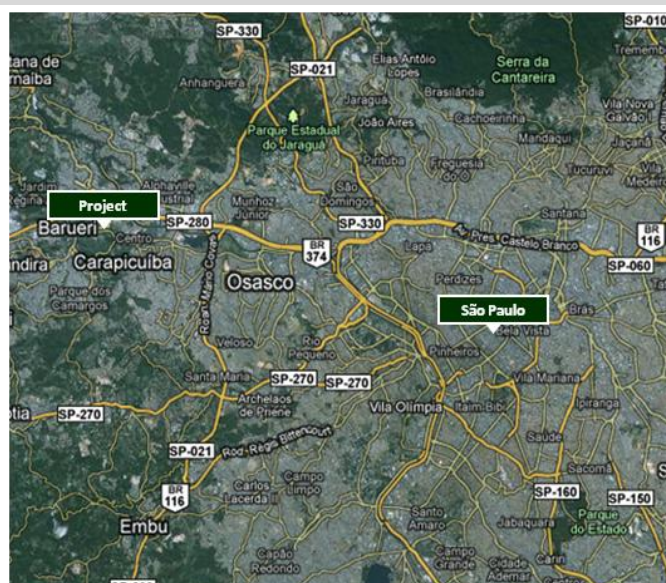
6.3. Timeline



6.2. Barueri Shopping



6.4. Barueri & São Paulo



6.5. Barueri Shopping Pictures



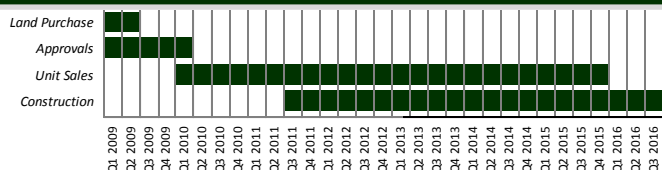
7. São Mateus (Morata)

Affordable Housing Development, São Paulo – SP

7.1. Investment information

Location	São Paulo – SP / Periphery
Property and investment type	Affordable Housing Development
Fund acquisition date	April 2008
Fund equity required	BRL 12.2 million
Fund ownership	80%
Exit strategy	100% post-key financing by CEF
Construction contract	Fixed price
Site area / Total private area	49,350 m ² / 49,884 m ²
Number of units	991 residential units
Prevailing average sales price	BRL 3,144 / m ²
Leverage	Plano Associativo - CEF

7.3. Timeline



7.2. São Mateus (Morata) – Construction Progress



7.4. Location – São Paulo



7.5. São Mateus (Morata): Rendering and Construction in Progress



8. Reserva Jardim Botânico

Affordable Housing Development, São Bernardo do Campo – SP

8.1. Investment information

Location	São Bernardo do Campo - SP
Property and investment type	Affordable Housing Development
Fund acquisition date	Oct 2009
Fund equity required	BRL 7.8 million
Fund ownership	70%
Exit strategy	100% post-key financing by CEF
Construction contract	Fixed price
Site area / Total private area	18,600 m ² / 28,321 m ²
Number of units	580 residential units
Average sales price	BRL 3,789 / m ²
Leverage	Plano Associativo - CEF

8.3. Timeline

Land Purchase	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014
Approvals																					
Unit Sales																					
Construction																					

8.2. Reserva Jardim Botânico



8.4. São Bernardo do Campo & São Paulo



8.5. Reserva Jardim Botânico: Rendering and Construction in Progress



TORRE 3



TORRES 2 E 1

9. Isla 2 (Guarulhos)

Affordable Housing Development, São Paulo – SP

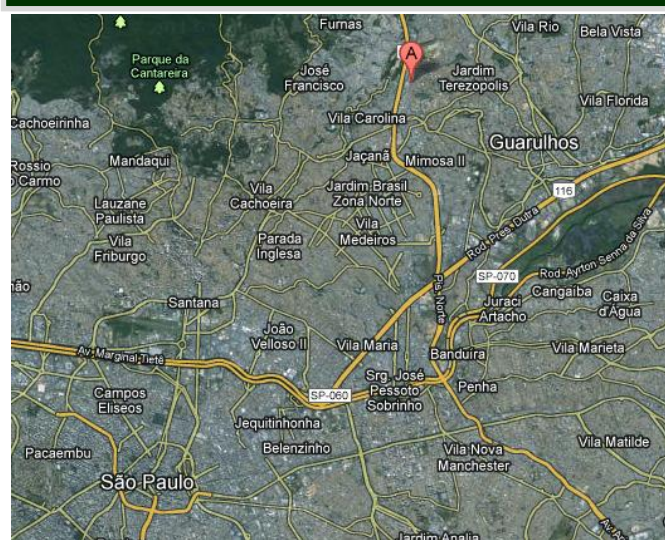
9.1. Investment information

Location	Guarulhos - SP
Property and investment type	Affordable Housing Development
Fund acquisition date	August 2010
Fund equity required	BRL 7.9 million
Fund ownership	90%
Exit strategy	Sale of units with bank financing
Construction contract	Turn-key contract
Site area / Total private area	3,450 m ² / 12,739 m ²
Number of units	216 residential units
Prevailing average sales price	BRL 4,945 / m ²
Leverage (% of construction cost)	70%

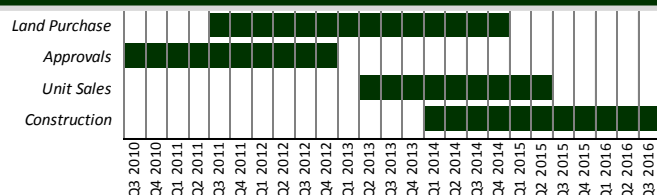
9.2. Isla 2 (Guarulhos)



9.4. Guarulhos & São Paulo



9.3. Timeline



9.5. Isla 2: Renderings



10. Victor Meirelles

Affordable Housing Development, Campinas – SP

10.1. Investment information

Location	Campinas - SP
Property and investment type	Affordable Housing Development
Fund acquisition date	September 2010
Fund equity required	BRL 13.2 million
Fund ownership	90%
Exit strategy	100% post-key financing by CEF bank financing
Construction contract	TBD
Site area / Total private area	22,628 m ² / 22,518 m ²
Number of units	464 residential units
Expected average sales price	BRL 4,360 / m ²
Leverage	70%

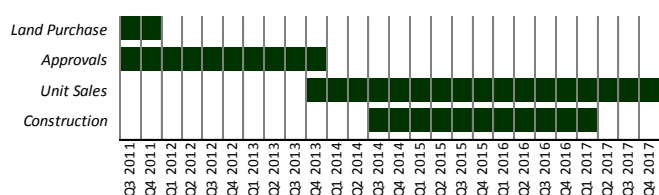
10.2. Victor Meirelles: Master Plan—Lot 1



10.4. Campinas & São Paulo



10.3. Timeline



10.5. Victor Meirelles: Renderings



Affordable Housing Development, Joinville – SC

Location	Joinville - SC
Fund acquisition date	March 2010
Fund equity invested	BRL 2.9 million
Fund ownership	90%
Exit strategy	Land Liquidation
Site area / Total private area	24,943 m²

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12. Vila Haro (Sorocaba)

Affordable Housing Development, Sorocaba – SP

12.1. Investment information

Location	Sorocaba - São Paulo
Fund acquisition date	February 2010
Fund equity invested	BRL 4.5 million
Fund ownership	90%
Exit strategy	Land Liquidation
Site area	14,799 m ²

12.2. Vila Haro (Sorocaba)



12.3. Timeline

Land Purchase	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Sell Land																				

12.4. Land Site



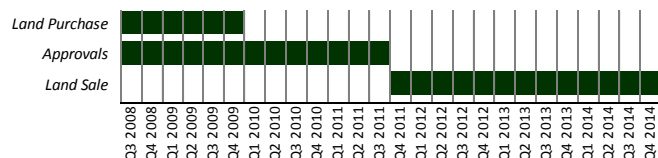
13. Gloria Garten (Joinville)

Affordable Housing Development, Joinville – SC

13.1. Investment information

Location	Joinville - SC
Fund acquisition date	August 2008
Fund equity invested	BRL 2.6 million
Fund ownership	80%
Exit strategy	Land Liquidation
Site area	10,620 m ²

13.3. Timeline



13.2. Gloria Garten (Joinville)



13.4. Santa Catarina & São Paulo



Financial Statements

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Financial Statements at December 31, 2013

Brazil Real Estate Opportunities Fund I, L.P.

Balance Sheet – Brazil Real Estate Opportunities Fund I, L.P. (Delaware)

Income Statement – Brazil Real Estate Opportunities Fund I, L.P. (Delaware)

Balance Sheet – Brazil Real Estate Opportunities Fund I (Cayman)

Income Statement – Brazil Real Estate Opportunities Fund I (Cayman)

Balance Sheet

Brazil Real Estate Opportunities Fund I

(Delaware)

As at December 31, 2013
(stated in U.S.\$)

Assets	
Cash	4,737,885
Cash Posted as Margin for Hedging	2,728,666
Cost basis of Investments	(1,773,022)
Fair Value Adjustment	66,499,293
NDF Adjust	-
FX Option Premium	
Pre-paid Expenses	249,423
Receivable from Broker	-
Total Assets	72,442,244
Liabilities	
Options for FX Hedging	1,064,188
Amount Payable	19,220
Carried Interest Provision	17,903,895
Total Liabilities	18,987,303
Shareholders' Equity	
Share Capital	57,000,020
Additional Paid-in Capital	-
CTA	(11,262,860)
Retained Earnings	3,435,034
Net Gain / (Loss) for the Period	4,282,748
Total Shareholders' Equity	53,454,941
Total Liabilities and Shareholders' Equity	72,442,244

Income Statement

Brazil Real Estate Opportunities Fund I

(Delaware)

From January 01, 2013 to December 31, 2013
(stated in U.S.\$)

Investment Income	
Gain / (Loss) on Investments	4,245,150
Net Realized and Unrealized Gains / (Losses) on FX	-
Net Realized and Unrealized Gains / (Losses) on Derivatives	997,146
Accrued Carried Interest	297,853
	5,540,149
Operating Expenses	
Professional Services	(220,325)
Management Fees	(1,037,076)
Other Expenses	-
	(1,257,401)
Net Gain / (Loss) for the Period	4,282,748

Balance Sheet

Brazil Real Estate Opportunities Fund I

(Cayman)

As at December 31, 2013
(stated in U.S.\$)

Assets	
Cash	2
Investment in BREOF Delaware LLC (Cost)	2,846,072
Investment in BREOF Delaware LLC (Fair Value)	18,297,959
Total Assets	21,144,033
Liabilities	
Affiliates	-
Carried Interest Provision	5,251,484
Total Liabilities	5,251,484
Shareholders' Equity	
Share Capital	15,998,749
CTA	(3,161,555)
Retained Earnings	1,795,341
Net Gain / (Loss) for the Period	1,260,015
Total Shareholders' Equity	15,892,549
Total Liabilities and Shareholders' Equity	21,144,033

Income Statement

Brazil Real Estate Opportunities Fund I

(Cayman)

From January 01, 2013 to December 31, 2013
(stated in U.S.\$)

Investment Income	
Gain/(Loss) on Investments	1,129,994
Net Realized and Unrealized Gains / (Losses) on FX	-
Net Realized and Unrealized Gains / (Losses) on Derivatives	279,864
Accrued Carried Interest	69,422
	1,479,280
Operating Expenses	
Professional Services	(219,265)
Management Fees	-
Bank Charges	-
	(219,265)
Net Gain / (Loss) for the Period	1,260,015