

Brazil's Residential Developer Gafisa Gets US\$ 50 Million US Infusion

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Equity International, the privately-held international real estate investment company of Sam Zell's Equity Group Investments, announced that it has invested approximately US\$ 50 million in Gafisa, a leading Brazilian property company based in São Paulo.

Following this transaction, Equity International will own approximately 32% of Gafisa, with GP Investimentos (GP), a Brazilian private equity firm, owning over 60%. Both Equity International and GP will be represented on Gafisa's board of directors.

Founded 50 years ago, Gafisa is the leading residential developer in Brazil, offering affordable entry-level and middle-income homes as well as luxury apartments, primarily in São Paulo and Rio de Janeiro.

The company also participates in the commercial development of factories, shopping centers and hotels, as well as provides civil construction, engineering, and real estate management consulting services.

Gafisa is a fully-integrated property and construction company, having developed more than 800 residential buildings representing approximately nine million square meters of space.

"The surge in demand for affordable middle-income housing in Latin America has exciting implications in the region," said Gary Garrabrant, Equity International's chief executive officer.

"By partnering with Gafisa, GP Investimentos, and their world-class management teams, we are able to put our capital and real estate operating experience to work in South America's largest and fastest growing economy."

Brazil's favorable combination of increasing income, availability of consumer credit and strong demand for home ownership has positioned the residential sector for significant growth.

In addition, the Brazilian government is actively working with the country's commercial banking sector to increase the supply and affordability of lending for real estate development and residential mortgages.

"Equity International is part of the Equity Group, which is recognized as among the most prestigious and successful real estate investors in the world. We are proud that they have decided to invest in Gafisa and look forward to their active participation," said Carlos Medeiros, GP's partner and a Gafisa director.

"This partnership will bring many benefits to Gafisa and also to the Brazilian real estate market. Equity International's extensive experience in accessing capital markets and proven success in the Mexican homebuilding market make them an ideal partner in this company."

Equity International's equity contribution will be used as growth capital to consolidate Gafisa's position as Brazil's leading real estate developer.

Gafisa plans to launch 23 new residential developments in 2005. Through the first quarter of 2005, Gafisa had sales of R\$ 82 million, 30% above the same period of last year.

The company has also been expanding outside of São Paulo and Rio de Janeiro, with existing operations in Belém, Manaus, Salvador and Itu. Additional expansion is expected in Cuiabá, Macaé and Campinas by the end of 2005.

"The investment from a world-class investor like Equity International confirms the strength of both Gafisa's platform as well as its future prospects.

"We believe that this partnership will allow Gafisa to access and implement international best practices in terms of development and construction techniques.

"This should allow us to improve even further the quality of the products that we deliver to our clients," said Luiz Claudio Nascimento, Gafisa's chief executive officer.

Equity International

Established in 1999, Equity International is a privately-held company that invests in real estate and real estate-related companies outside of the United States.

Equity International is recognized as a leading international investor, with more than US\$ 300 million currently invested in a portfolio of six world-class real estate operating companies in Mexico and South America (including Homex).

As a highly-active shareholder, Equity International looks to invest in scalable operating platforms in markets that are characterized by inefficient capital flow and limited competition.

GP Investimentos

Founded in 1993, GP Investments is an asset management company specializing in long and short-term alternative assets. Its main products are private equity, hedge funds and real estate-backed investments.

Since its inception, the private equity arm of GP Investimentos has invested over US\$ 1.3 billion in a variety of industries such as telecom, retail, cable TV, e-commerce, entertainment, real estate, transportation and logistics, Internet and technology.

Since 2000, GP Investimentos has managed hedge funds in local currency. In 2003, GP Investimentos created GP Investimentos Imobiliários, to manage real estate-backed investment funds.

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