Interim Financial Information (ITR)

LOG Commercial Properties e Participações S.A.

Individual and Consolidated Interim Financial Information for the Quarter Ended June 30, 2014 and Report on Review of Interim Financial Information

LOG Commercial Properties e Participações S.A.

Interim Financial Information (ITR)

June 30, 2014

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A free translation from Portuguese into English of Independent Auditor's Review Report on quarterly review information prepared in accordance with accounting practices adopted in Brazil and on consolidated interim financial information prepared in accordance with IFRS and also with accounting practices adopted in Brazil.

Review report on quarterly information

The Board of Directors and Shareholders
LOG Commercial Properties e Participações S.A.
Belo Horizonte - MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of LOG Commercial Properties e Participações S.A. ("Company"), contained in the Quarterly Information Form – ITR for the quarter ended June 30, 2014, comprising the balance sheet as at June 30, 2014 and the related statements of income and comprehensive income statement for the *three and six- months* ended on that date, and statements of changes in equity and cash flow statement for the *six*-months ended on that date including the explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with CPC 21(R1) – Interim Financial Reporting and the consolidated interim financial information in accordance with CPC 21(R1) and IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board – IASB as well as for the fair presentation of this information consistently with standards issued by the CVM applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21(R1) applicable to the preparation of Quarterly Information (ITR) and presented consistently with the rules issued by the Brazilian Securities Commission.

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Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34 and applicable to the preparation of Quarterly Information (ITR) and presented consistently with the rules issued by the Brazilian Securities Exchange Commission.

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added (SVA) for the six-month period ended June 30, 2014, prepared under Company management's responsibility, whose presentation in the interim financial information is required in accordance with standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information – ITR and considered as supplementary information under IFRS, which do not require SVA presentation. These statements were subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in accordance with the overall individual and consolidated interim financial information.

Belo Horizonte, August 14, 2014

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6-F-MG

Flávio de Aquino Machado
Accountant CRC -1MG065899/O-2

Individual / Balance Sheets – Assets

(In thousands of Brazilian reais – R$)

Code	Description	Current Quarter 06/30/2014	Previous year 12/31/2013
1	Total assets	2,155,682	1,393,498
1.01	Current assets	9,766	87,420
1.01.01	Cash and cash equivalents	12	79,138
1.01.03	Receivables	3,927	3,212
1.01.03.01	Trade accounts receivable	3,927	3,212
1.01.06	Recoverable taxes	4,789	4,341
1.01.06.01	Recoverable current taxes	4,789	4,341
1.01.07	Prepaid expenses	1,035	726
1.01.08	Other current assets	3	3
1.01.08.03	Other	3	3
1.02	Noncurrent assets	2,145,916	1,306,078
1.02.01	Long-term assets	67,449	20,294
1.02.01.03	Receivables	2,334	2,433
1.02.01.03.01	Trade accounts receivable	2,334	2,433
1.02.01.06	Deferred taxes	52,912	6,386
1.02.01.06.01	Deferred income tax and social contribution	52,912	6,386
1.02.01.07	Prepaid expenses	784	854
1.02.01.09	Other noncurrent assets	11,419	10,621
1.02.01.09.03	Recoverable taxes	11,419	10,621
1.02.02	Investments	2,078,031	1,285,408
1.02.02.01	Investments in subsidiaries and jointly controlled entities	1,733,902	1,099,410
1.02.02.01.02	Investments in subsidiaries	1,507,486	942,481
1.02.02.01.03	Investments in jointly controlled entities	226,416	156,929
1.02.02.02	Investment property	344,129	185,998
1.02.03	Property and equipment	436	376
1.02.03.01	Property and equipment in use	436	376

Individual / Balance Sheets – Assets
(In thousands of Brazilian reais – R$)

Code	Description	Current Quarter 06/30/2014	Previous year 12/31/2013
2	Total liabilities	2,155,682	1,393,498
2.01	Current Liabilities	215,054	336,244
2.01.01	Labor and social liabilities	2,451	2,611
2.01.01.01	Social liabilities	509	530
2.01.01.02	Labor liabilities	1,942	2,081
2.01.02	Suppliers	1,461	1,735
2.01.02.01	Domestic trade accounts payable	1,461	1,735
2.01.03	Tax liabilities	479	714
2.01.03.01	Federal taxes	479	581
2.01.03.01.02	Other federal taxes	479	581
2.01.03.03	Municipal taxes	-	133
2.01.04	Borrowings and financing	145,022	241,287
2.01.04.01	Borrowings and financing	125,523	117,380
2.01.04.01.01	Borrowings and financing in domestic currency	125,523	117,380
2.01.04.02	Debentures	19,499	123,907
2.01.05	Others liabilities	65,641	89,897
2.01.05.01	Due to related parties	37,571	6,832
2.01.05.01.04	Due to other related parties	37,571	6,832
2.01.05.02	Other	28,070	83,065
2.01.05.02.02	Mandatory minimum dividend payable	2,938	2,938
2.01.05.02.04	Land payables	2,721	13,821
2.01.05.02.06	Payable for acquisition of investment	21,984	65,950
2.01.05.02.07	Other	427	356
2.02	Noncurrent liabilities	480,530	317,357
2.02.01	Borrowings and financing	402,799	317,293
2.02.01.01	Borrowings and financing	160,605	166,153
2.02.01.01.01	Borrowings and financing in domestic currency	160,605	166,153
2.02.01.02	Debentures	242,194	151,140
2.02.02	Others liabilities	40,152	64
2.02.02.02	Other	40,152	64
2.02.02.02.04	Advances - barters	40,000	-
2.02.02.02.05	Other payables	152	64
2.02.03	Deferred taxes	37,579	-
2.02.03.01	Deferred taxes	37,579	-
2.03	Equity	1,460,098	739,897
2.03.01	Paid-in capital	171,453	171,453
2.03.02	Capital reserves	525,766	525,576
2.03.02.01	Share subscription premium	524,634	524,634
2.03.02.04	Recognized options granted	1,132	942
2.03.04	Earnings reserve	42,868	42,868
2.03.04.01	Legal reserve	2,379	2,379
2.03.04.05	Retained profit reserve	40,489	40,489
2.03.05	Retained earnings/accumulated losses	720,011	0

Individual / Income Statement

(In thousands of Brazilian reais – R$)

Code	Description	04/01/2014 to 06/30/2014	01/01/2014 to 06/30/2014	04/01/2013 to 06/30/2013	01/01/2013 to 30/06/2013
3.01	Revenue from sales and/or services	3,501	7,078	2,966	5,856
3.02	Cost of sales and/or services	-	-	(802)	(1,604)
3.03	Gross profit	3,501	7,078	2,164	4,252
3.04	Operating income (expenses)	234,498	238,752	3,280	3,317
3.04.01	Selling expenses	(935)	(1,876)	(822)	(1,452)
3.04.02	General and administrative expenses	(2,107)	(4,237)	(2,659)	(4,665)
3.04.04	Other operating incomes	(205)	(274)	31	46
3.04.05	Other operating expenses	(8,388)	(8,388)	(101)	(122)
3.04.06	Results from equity participation	246,133	253,527	6,831	9,510
3.05	Income before financial income and taxes	237,999	245,830	5,444	7,569
3.06	Financial income (expenses)	(2,485)	(4,207)	(1,708)	(3,459)
3.06.01	Financial income	440	1,850	152	468
3.06.02	Financial expenses	(2,925)	(6,057)	(1,860)	(3,927)
3.07	Income before taxes	235,514	241,623	3,736	4,110
3.08	Income tax and social contribution	9,135	13,948	777	1,530
3.08.02	Deferred	9,135	13,948	777	1,530
3.09	Net income (loss) from continuing operations	244,649	255,571	4,513	5,640
3.11	Net income (loss) for the period	244,649	255,571	4,513	5,640
3.99	Earnings per share – R$/Share)				
3.99.01	Basic Earnigs for Share				
3.99.01.01	ON	1.42690	1.49060	0.03300	0.04160
3.99.02	Diluted Earnigs per share				
3.99.02.01	ON	1.42430	1.48790	0.03290	0.04150

Individual / Income Statement

(In thousands of Brazilian reais – R$)

Code	Description	04/01/2014 to 06/30/2014	01/01/2014 to 06/30/2014	04/01/2013 to 06/30/2013	01/01/2013 to 30/06/2013
4.01	Consolidated net income for the period	-	-	4,513	5,640
4.03	Consolidated comprehensive income for the period	-	-	4,513	5,640

Individual / Statement of Cash Flows

(In thousands of Brazilian reais – R$)

Code	Description	01/01/2014 to 06/30/2014	01/01/2013 to 30/06/2013
6.01	Net cash used in operating activities	10,201	9,903
6.01.01	Cash provided by operating activities	2,320	192
6.01.01.01	Net income for the period	255,571	5,640
6.01.01.02	Depreciation	16	1,611
6.01.01.03	Income (loss) from equity participation	(253,527)	(9,510)
6.01.01.04	Charges incurred	5,369	3,617
6.01.01.05	Deferred taxes	(13,948)	(1,530)
6.01.01.06	Stock options	190	170
6.01.01.07	Amortization of prepaid expenses	261	194
6.01.01.08	Allowance for doubtful debts	8,388	0
6.01.02	Changes in assets and liabilities	7,881	9,711
6.01.02.01	(Increase) decrease in trade accounts receivable	(616)	(783)
6.01.02.02	(Increase) decrease in recoverable taxes	(329)	(264)
6.01.02.03	(Increase) decrease in prepaid expenses	(500)	471
6.01.02.04	(Increase) decrease in other assets	-	5
6.01.02.05	Increase (decrease) in payroll, social charges and benefits	(160)	549
6.01.02.06	Increase (decrease) in taxes, charges and contributions	(468)	(141)
6.01.02.07	Increase (decrease) in other liabilities	76	2,766
6.01.02.09	Dividends received from subsidiaries	9,878	7,108
6.02	Net cash provided (used) in investing activities	(73,424)	(169,415)
6.02.01	Increase in / aquisition of investments	(50,030)	(107,689)
6.02.02	Aquisition of investment properties	(23,318)	(61,567)
6.02.03	Other	(76)	(159)
6.03	Net cash provided (used in) by financing activities	(15,903)	372,913
6.03.01	Borrowings, financing and debentures, net	115,614	187,803
6.03.02	Interest payment	(30,636)	(27,505)
6.03.03	Shareholders' contributions	-	278,278
6.03.04	Share issuance costs	-	(3,616)
6.03.05	Payment of due to related parties	(62,631)	(59,818)
6.03.06	Increase in due to related parties	93,452	84,239
6.03.08	Dividend payment	-	(816)
6.03.09	Amortization of borrowings, financing and debentures	(131,702)	(85,652)
6.05	Increase (decrease) in cash and cash equivalents	(79,126)	213,401
6.05.01	Cash and cash equivalents at beginning of period	79,138	22,079
6.05.02	Cash and cash equivalents at end of period	12	235,480

Individual / Statement of Changes in Shareholder's Equity – 01/01/2014 to 06/30/2014

(In thousands of Brazilian reais – R$)

Code	Description	PAID IN CAPITAL	CAPITAL RESERVES, RECOGNIZED OPTIONS GRANTED AND TREASURY SHARES	EARNINGS RESERVES	EARNINGS / LOSSES ACCUMULATED	OTHER COMPREHENSIVE INCOME	SHAREHOLDERS' EQUITY
5.01	Opening balance	171,453	525,576	42,868	-	-	739,897
5.02	Prior year adjustments	-	-	-	464,440	-	464,440
5.03	Adjusted opening balance	171,453	525,576	42,868	464,440	-	1,204,337
5.04	Shareholders capital transaction	-	190	-	-	-	190
5.04.03	Recognized options granted	-	190	-	-	-	190
5.05	Total comprehensive income	-	-	-	255,571	-	255,571
5.05.01	Net income (loss) for the period	-	-	-	255,571	-	255,571
5.07	Closing balance	171,453	525,766	42,868	720,011	-	1,460,098

Individual / Statement of Changes in Shareholder's Equity – 01/01/2014 to 06/30/2014

(In thousands of Brazilian reais – R$)

Code	Description	PAID IN CAPITAL	CAPITAL RESERVES, RECOGNIZED OPTIONS GRANTED AND TREASURY SHARES	EARNINGS RESERVES	EARNINGS / LOSSES ACCUMULATED	OTHER COMPREHENSIVE INCOME	SHAREHOLDERS' EQUITY
5.01	Opening balance	134,362	286,521	14,884	-	-	435,767
5.03	Adjusted opening balance	134,362	286,521	14,884	-	-	435,767
5.04	Shareholders capital transaction	37,091	238,970	-	-	-	276,061
5.04.01	Capital increase	37,091	-	-	-	-	37,091
5.04.02	Share issuance costs	-	(2,387)	-	-	-	(2,387)
5.04.03	Recognized options granted	-	170	-	-	-	170
5.04.08	Net contributions from (distribution to) noncontrolling shareholders	-	241,187	-	-	-	241,187
5.05	Total comprehensive income	-	-	-	5,640	-	5,640
5.05.01	Net income (loss) for the period	-	-	-	5,640	-	5,640
5.07	Closing balance	171,453	525,491	14,884	5,640	-	717,468

Individual / Statement of Value Added
(In thousands of Brazilian reais – R$)

Code	Description	01/01/2014 to 06/30/2014	01/01/2013 to 30/06/2013
7.01	Revenue	15,839	29,408
7.01.01	Revenues from sales of goods, services and products	7,811	6,467
7.01.02	Other revenue	(8,349)	43
7.01.02.01	Other revenue	39	-
7.01.02.02	Fair Value	(8,388)	-
7.01.03	Revenue from construction of own assets	16,377	22,898
7.02	Inputs purchased from third parties	(13,596)	(17,444)
7.02.02	Supplies, power, outside services and other items	(13,596)	(17,444)
7.03	Gross value added	2,243	11,964
7.04	Retentions	16	(1,611)
7.04.01	Depreciation, amortization and depletion	16	(1,611)
7.05	Net value added generated	2,259	10,353
7.06	Value added received in transfer	255,377	9,978
7.06.01	Results from equity participation	253,527	9,510
7.06.02	Financial income	1,850	468
7.07	Total value added for distribution	257,636	20,331
7.08	Value added distributed	257,636	20,331
7.08.01	Personnel	4,990	4,257
7.08.01.01	Salaries and wages	4,011	3,564
7.08.01.02	Benefits	654	424
7.08.01.03	Severance Pay Fund (FGTS)	325	269
7.08.02	Taxes, charges and contributions	(10,968)	2,725
7.08.02.01	Federal	(11,052)	1,424
7.08.02.02	State	-	20
7.08.02.03	Municipal	84	1,281
7.08.03	Debt remuneration	8,043	7,709
7.08.03.01	Interest	6,887	5,384
7.08.03.02	Rentals	1,132	2,302
7.08.03.03	Others	24	23
7.08.04	Shareholders	255,571	5,640
7.08.04.03	Earnings retained in the period	255,571	5,640

Consolidated / Balance Sheets – Assets

(In thousands of Brazilian reais – R$)

Code	Description	Current Quarter 06/30/2014	Previous year 12/31/2013
1	Total assets	2,463,941	1,626,287
1.01	Current assets	40,486	178,759
1.01.01	Cash and cash equivalents	7,637	151,200
1.01.03	Receivables	22,351	20,758
1.01.03.01	Trade accounts receivable	22,351	20,758
1.01.06	Recoverable taxes	8,407	5,144
1.01.06.01	Recoverable current taxes	8,407	5,144
1.01.07	Prepaid expenses	2,091	1,654
1.01.08	Other current assets	-	3
1.01.08.03	Other	-	3
1.02	Noncurrent assets	2,423,455	1,447,528
1.02.01	Long-term assets	103,190	43,365
1.02.01.03	Receivables	10,680	14,194
1.02.01.03.01	Trade accounts receivable	10,680	14,194
1.02.01.06	Deferred taxes	54,180	6,505
1.02.01.06.01	Deferred income tax and social contribution	54,180	6,505
1.02.01.07	Prepaid expenses	3,354	2,842
1.02.01.09	Other noncurrent assets	34,976	19,824
1.02.01.09.03	Recoverable taxes	34,974	19,822
1.02.01.09.04	Other	2	2
1.02.02	Investments	2,319,596	1,403,550
1.02.02.01	Investments in subsidiaries and jointly controlled entities	226,416	156,929
1.02.02.01.04	Investments in jointly controlled entities	226,416	156,929
1.02.02.02	Investment property	2,093,180	1,246,621
1.02.03	Property and equipment	669	613
1.02.03.01	Property and equipment in use	669	613

Consolidated / Balance Sheets – Liabilities and Shareholder's Equity

(In thousands of Brazilian reais – R$)

Code	Description	Current Quarter 06/30/2014	Previous year 12/31/2013
2	Total liabilities	2,463,941	1,626,287
2.01	Current Liabilities	208,865	357,307
2.01.01	Labor and social liabilities	3,485	4,024
2.01.01.01	Social liabilities	664	885
2.01.01.02	Labor liabilities	2,821	3,139
2.01.02	Suppliers	10,589	10,772
2.01.02.01	Domestic trade accounts payable	10,589	10,772
2.01.03	Tax liabilities	3,380	4,196
2.01.03.01	Federal taxes	3,168	3,236
2.01.03.01.01	Income taxes and social contribution	1,585	1,695
2.01.03.01.02	Other federal taxes	1,795	1,541
2.01.03.03	Municipal taxes	-	960
2.01.04	Borrowings and financing	159,496	245,321
2.01.04.01	Borrowings and financing	139,997	121,414
2.01.04.01.01	Borrowings and financing in domestic currency	139,997	121,414
2.01.04.02	Debentures	19,499	123,907
2.01.05	Others liabilities	31,915	92,994
2.01.05.01	Due to related parties	-	201
2.01.05.01.04	Due to other related parties	-	201
2.01.05.02	Other	31,915	92,793
2.01.05.02.02	Mandatory minimum dividend payable	2,938	2,938
2.01.05.02.04	Land payables	2,721	13,821
2.01.05.02.05	Advances - barters	1,538	6,647
2.01.05.02.06	Payable for acquisition of investment	1,309	1,625
2.01.05.02.07	Other	21,984	65,950
2.01.05.02.08	Other	1,425	1,812
2.02	Noncurrent liabilities	794,746	528,995
2.02.01	Borrowings and financing	659,498	521,595
2.02.01.01	Borrowings and financing	417,304	370,455
2.02.01.01.01	Borrowings and financing in domestic currency	417,304	370,455
2.02.01.02	Debentures	242,194	151,140
2.02.02	Others liabilities	49,312	6,430
2.02.02.02	Other	49,312	6,430
2.02.02.02.04	Advances - barters	48,200	5,811
2.02.02.02.05	Other payables	152	64
2.02.02.02.06	Other	960	555
2.02.03	Deferred taxes	85,936	970
2.02.03.01	Deferred taxes	85,936	970
2.03	Equity	1,460,330	739,985
2.03.01	Paid-in capital	171,453	171,453
2.03.02	Capital reserves	525,766	525,576
2.03.02.01	Share subscription premium	524,634	524,634
2.03.02.04	Recognized options granted	1,132	942
2.03.04	Earnings reserve	42,868	42,868
2.03.04.01	Legal reserve	2,379	2,379
2.03.04.05	Retained profit reserve	40,489	40,489
2.03.05	Retained earnings/accumulated losses	720,011	-
2.03.08	Other Comprehensive Income	232	88

Consolidated / Income Statement

(In thousands of Brazilian reais – R$)

Code	Description	04/01/2014 to 06/30/2014	01/01/2014 to 06/30/2014	04/01/2013 to 06/30/2013	01/01/2013 to 30/06/2013
3.01	Revenue from sales and/or services	15,662	29,608	10,780	20,020
3.02	Cost of sales and/or services	-	-	(2,936)	(5,691)
3.03	Gross profit	15,662	29,608	7,844	14,329
3.04	Operating income (expenses)	232,506	229,421	(1,095)	(4,095)
3.04.01	Selling expenses	(2,263)	(4,516)	(1,337)	(2,435)
3.04.02	General and administrative expenses	(2,506)	(5,015)	(2,662)	(4,683)
3.04.04	Other operating incomes	170,636	171,015	29	91
3.04.04.01	hange in Fair Value of Investment Property	170,691	170,691	-	-
3.04.04.02	Other Operating Income, Net	(55)	324	-	-
3.04.05	Other operating expenses	-	-	(275)	(349)
3.04.06	Results from equity participation	66,639	67,937	3,150	3,281
3.05	Income before financial income and taxes	248,168	259,029	6,749	10,234
3.06	Financial income (expenses)	(5,279)	(8,881)	(2,176)	(4,566)
3.06.01	Financial income	1,919	4,983	380	894
3.06.02	Financial expenses	(7,198)	(13,864)	(2,556)	(5,460)
3.07	Income before taxes	242,889	250,148	4,573	5,668
3.08	Income tax and social contribution	1,843	5,508	(60)	(28)
3.08.01	Current	(1,541)	(3,180)	(770)	(1,481)
3.08.02	Deferred	3,384	8,688	710	1,453
3.09	Net income (loss) from continuing operations	244,732	255,656	4,513	5,640
3.11	Net income (loss) for the period	244,732	255,656	4,513	5,640
3.11.01	Attributable to shareholders of the Company	244,649	255,571	4,513	5,640
3.11.02	ttributed to non-controlling partners	83	85	-	-
3.99	Earnings per share – R$/Share)				
3.99.01	Basic Earnigs for Share				
3.99.01.01	ON	1.42690	1.49060	0.03300	0.04160
3.99.02	Diluted Earnigs per share				
3.99.02.01	ON	1.42430	1.48790	0.03290	0.04150

Consolidated / Statement of Comprehensive Income

(In thousands of Brazilian reais – R$)

Code	Description	04/01/2014 to 06/30/2014	01/01/2014 to 06/30/2014	04/01/2013 to 06/30/2013	01/01/2013 to 30/06/2013
4.01	Consolidated net income for the period	-	-	4,513	5,640
4.03	Consolidated comprehensive income for the period	-	-	4,513	5,640
4.03.01	Attributable to shareholders of the company	-	-	4,513	5,640

Consolidated / Statement of Cash Flows

(In thousands of Brazilian reais – R$)

Code	Description	01/01/2014 to 06/30/2014	01/01/2013 to 30/06/2013
6.01	Net cash used in operating activities	17,730	14,717
6.01.01	Cash provided by operating activities	22,009	12,715
6.01.01.01	Net income for the period	255,571	5,640
6.01.01.02	Depreciation	18	5,698
6.01.01.03	Income (loss) from equity participation	(67,937)	(3,281)
6.01.01.04	Charges incurred	12,816	5,221
6.01.01.05	Deferred taxes	(853)	(1,453)
6.01.01.06	Stock options	190	170
6.01.01.07	Amortization of prepaid expenses	949	544
6.01.01.08	Allowance for doubtful debts	-	176
6.01.01.09	Change in Fair Value of Investment Properties	(178,745)	-
6.01.02	Changes in assets and liabilities	(4,279)	2,002
6.01.02.01	(Increase) decrease in trade accounts receivable	(5,046)	(1,838)
6.01.02.02	(Increase) decrease in recoverable taxes	(2,855)	(164)
6.01.02.03	(Increase) decrease in prepaid expenses	(1,898)	168
6.01.02.04	(Increase) decrease in other assets	3	(793)
6.01.02.05	Increase (decrease) in payroll, social charges and benefits	(539)	1,842
6.01.02.06	Increase (decrease) in taxes, charges and contributions	1,384	2,254
6.01.02.07	Increase (decrease) in other liabilities	(95)	2,286
6.01.02.08	Income tax and social contribution paid	(2,200)	(1,753)
6.01.02.10	Recebimento pela Venda de Terrenos	6,967	-
6.02	Net cash provided (used) in investing activities	(166,355)	(182,952)
6.02.01	Increase in / aquisition of investments	(44,829)	(3,827)
6.02.02	Aquisition of investment properties	(121,452)	(179,125)
6.02.03	Other	(74)	-
6.03	Net cash provided (used in) by financing activities	5,062	381,869
6.03.01	Borrowings, financing and debentures, net	170,408	221,153
6.03.02	Interest payment	(33,729)	(27,505)
6.03.03	Shareholders' contributions	-	278,278
6.03.04	Share issuance costs	-	(3,616)
6.03.05	Payment of due to related parties	-	(55,517)
6.03.06	Increase in due to related parties	-	55,517
6.03.07	Contributions from (distributions to) noncontrolling shareholders	85	27
6.03.08	Dividend payment	-	(816)
6.03.09	Amortization of borrowings, financing and debentures	(131,702)	(85,652)
6.05	Increase (decrease) in cash and cash equivalents	(143,563)	213,634
6.05.01	Cash and cash equivalents at beginning of period	151,200	24,095
6.05.02	Cash and cash equivalents at end of period	7,637	237,729

Consolidated / Statement of Changes in Shareholder's Equity – 01/01/2014 to 06/30/2014

(In thousands of Brazilian reais – R$)

Code	Description	PAID IN CAPITAL	CAPITAL RESERVES, RECOGNIZED OPTIONS GRANTED AND TREASURY SHARES	EARNINGS RESERVES	EARNINGS / LOSSES ACCUMULATED	OTHER COMPREHENSIVE INCOME	SHAREHOLDERS' EQUITY	PARTICIPATION OF NON-CONTROLLING	CONSOLIDATED SHAREHOLDERS' EQUITY
5.01	Opening balance	171,453	525,576	42,868	-	-	739,897	88	739,985
5.02	Prior year adjustments	-	-	-	464,440	-	464,440	59	464,499
5.03	Adjusted opening balance	171,453	525,576	42,868	464,440	-	1,204,337	147	1,204,484
5.04	Shareholders capital transaction	-	190	-	-	-	190	-	190
5.04.03	Recognized options granted	-	190	-	-	-	190	-	190
5.05	Total comprehensive income	-	-	-	255,571	-	255,571	85	255,656
5.05.01	Net income (loss) for the period	-	-	-	255,571	-	255,571	85	255,656
5.07	Closing balance	171,453	525,766	42,868	720,011	-	1,460,098	232	1,460,330

Consolidated / Statement of Changes in Shareholder's Equity – 01/01/2013 to 06/30/2013

(In thousands of Brazilian reais – R$)

Code	Description	PAID IN CAPITAL	CAPITAL RESERVES, RECOGNIZED OPTIONS GRANTED AND TREASURY SHARES	EARNINGS RESERVES	EARNINGS / LOSSES ACCUMULATED	OTHER COMPREHENSIVE INCOME	SHAREHOLDERS' EQUITY	PARTICIPATION OF NON-CONTROLLING	CONSOLIDATED SHAREHOLDERS' EQUITY
5.01	Opening balance	134,362	286,521	14,884	-	-	435,767	55	435,822
5.03	Adjusted opening balance	134,362	286,521	14,884	-	-	435,767	55	435,822
5.04	Shareholders capital transaction	37,091	238,970	-	-	-	276,061	27	276,088
5.04.01	Capital increase	37,091	-	-	-	-	37,091	27	37,118
5.04.02	Share issuance costs	-	(2,387)	-	-	-	(2,387)	-	(2,387)
5.04.03	Recognized options granted	-	170	-	-	-	170	-	170
5.04.08	Net contributions from (distribution to) noncontrolling shareholders	-	241,187	-	-	-	241,187	-	241,187
5.05	Total comprehensive income	-	-	-	5,640	-	5,640	-	5,640
5.05.01	Net income (loss) for the period	-	-	-	5,640	-	5,640	-	5,640
5.07	Closing balance	171,453	525,491	14,884	5,640	-	717,468	82	717,550

Consolidated / Statement of Value Added

(In thousands of Brazilian reais – R$)

Code	Description	01/01/2014 to 06/30/2014	01/01/2013 to 30/06/2013
7.01	Revenue	339,212	177,052
7.01.01	Revenues from sales of goods, services and products	31,537	21,248
7.01.02	Other revenue	179,407	267
7.01.02.01	Other revenue	662	-
7.01.02.02	Fair Value	178,745	-
7.01.03	Revenue from construction of own assets	128,268	155,713
7.01.04	Allowance for doubtful accounts	-	(176)
7.02	Inputs purchased from third parties	(78,512)	(112,706)
7.02.02	Supplies, power, outside services and other items	(78,512)	(112,706)
7.03	Gross value added	260,700	64,346
7.04	Retentions	18	(5,698)
7.04.01	Depreciation, amortization and depletion	18	(5,698)
7.05	Net value added generated	260,718	58,648
7.06	Value added received in transfer	72,920	4,175
7.06.01	Results from equity participation	67,937	3,281
7.06.02	Financial income	4,983	894
7.07	Total value added for distribution	333,638	62,823
7.08	Value added distributed	333,638	62,823
7.08.01	Personnel	12,646	11,815
7.08.01.01	Salaries and wages	9,760	9,467
7.08.01.02	Benefits	1,807	1,500
7.08.01.03	Severance Pay Fund (FGTS)	1,079	848
7.08.02	Taxes, charges and contributions	9,281	6,386
7.08.02.01	Federal	6,870	5,138
7.08.02.02	State	1	62
7.08.02.03	Municipal	2,410	1,186
7.08.03	Debt remuneration	56,055	38,982
7.08.03.01	Interest	47,400	29,669
7.08.03.02	Rentals	8,632	9,278
7.08.03.03	Others	23	35
7.08.04	Shareholders	255,656	5,640
7.08.04.03	Earnings retained in the period	255,571	5,640
7.08.04.04	ipation of Non-Controlling Interests in retained earnings	85	-

1. General information

The general information did not change significantly in relation to the information disclosed in note 1 to the annual financial statements for the year ended December 31, 2013, published on March 28, 2014 in the newspapers Diário Oficial da Estado de Minas Gerais (Minas Gerais State Gazette) and Hoje em Dia (hereinafter referred to as "financial statements for the year ended December 31, 2013").

The Company and its subsidiaries (Group) continue to be at a stage of significant expansion, purchasing and building warehouses and other projects to be leased and/or sold in the future. Currently the Group has approved credit facilities amounting to R$73,000 and, as described in note 22, completed the 5th issue of debentures on July 31, 2014 amounting to R$140,000.

2. Presentation of interim financial information, significant accounting policies and new accounting standards

(a) Presentation of interim financial information

The Company's interim financial information comprise:

- The condensed consolidated interim financial statements prepared in accordance with CPC 21 (R1) - *Demonstração Intermediária* (Interim Financial Reporting) and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB), identified as Consolidated; and
- The condensed individual interim financial statements prepared in accordance with CPC21 (R1) - *Demonstração Intermediária* (Interim Financial Reporting), identified as Individual.

(b) Significant accounting policies

Except for the change in investment property valuation accounting policy, described in note (d) below, the policies accounting adopted in preparing this interim financial information are consistent with those adopted in preparing the financial statements for the year ended December 31, 2013.

(c) New accounting standards issued and not yet adopted

The IASB standard described below was published but its adoption is not yet mandatory and, therefore, it was not early adopted by the Group for the six-month period ended June 30, 2014. The Group will implement this standard as their application becomes mandatory, although no material impact is expected on the interim financial information and the financial statements.

Standard	Description	Effective date
IFRS 9 *Financial Instruments*	Addresses the classification, measurement, and recognition of financial assets and financial liabilities. Refers to the first stage of the project for replacement of IAS 39 *Financial Instruments: Recognition and Measurement*.	Annual periods beginning on or after January 1, 2015.

(d) Change in accounting policy

In the second quarter of 2014, the Group, aiming at a more appropriate presentation of its operations, decided to change the valuation of its investment properties from the cost method to the fair value method and, pursuant to CPC 28 – *Propriedades para Investimento* (IAS 40 *Investment Properties*), Paragraph 80, elected to recognize the impact of this change as an adjustment to the opening balance of retained earnings as at January 1, 2014, without restating the comparative information for the same period of the previous year. As a result of this adjustment to the opening balance in 2014, the Group decided to restate the interim financial information (ITR) for the quarter ended March 31, 2014, which is being restated together with this interim financial information (ITR), already considering this new accounting policy.

The effect of shareholders' equity is as follows:

	Individual	**Consolidated**
Shareholders' equity as at December 31, 2013	**739,897**	**739,985**
Adjustment to fair value:		
Investment property	**116,602**	**502,327**
Investments in subsidiaries	**352,839**	**-**
Deferred taxes	**(5,001)**	**(37,828)**
	464,440	**464,499**
Adjusted shareholders' equity - January 1, 2014	**1,204,337**	**1,204,484**

The other information related to this note did not change significantly in relation to the information disclosed in note 2 to the financial statements for the year ended December 31, 2013.

3. Cash and cash equivalents

Broken down as follows:

	Individual		**Consolidated**	
	06/30/14	**12/31/13**	**06/30/14**	**12/31/13**
Cash	**18**	19	**20**	21
Bank checking accounts	**(6)**	108	**327**	475
Short-term investments:				
Bank deposit certificates (CDBs)	**-**	69,495	**-**	83,054
Certificates backed by debentures	**-**	9,516	**4,019**	27,340
Mutual funds	**-**	-	**3,271**	40,310
Total	**12**	79,138	**7,637**	151,200

The other information on cash and cash equivalents did not change significantly in relation to the information disclosed in note 3 to the financial statements for the year ended December 31, 2013.

4. Trade receivables

Trade receivables are broken down as follows:

	Individual		Consolidated	
	06/30/14	**12/31/13**	**06/30/14**	**12/31/13**
Leases	**4,775**	4,409	**14,927**	11,959
Land sales	-	-	**15,641**	21,870
Other	**1,486**	1,236	**3,211**	1,871
	6,261	5,645	**33,779**	35,700
Allowance for doubtful debts	-	-	**(748)**	(748)
Total	**6,261**	5,645	**33,031**	34,952
Current	**3,927**	3,212	**22,351**	20,758
Noncurrent assets	**2,334**	2,433	**10,680**	14,194
	6,261	5,645	**33,031**	34,952

The table below shows the aging list of trade receivables:

	Individual		Consolidated	
	06/30/14	**12/31/13**	**06/30/14**	**12/31/13**
Undue:				
Up to 12 months	**3,821**	2,867	**22,207**	19,734
More than 12 months	**2,334**	2,433	**10,680**	14,194
	6,155	5,300	**32,887**	33,928
Past due:				
Up to 30 days	**48**	84	**188**	760
31 to 90 days	**21**	226	**101**	226
More than 90 days	**37**	35	**603**	786
	106	345	**892**	1,772
Total	**6,261**	5,645	**33,779**	35,700

Changes in the allowance for doubtful debts for the six-month periods ended June 30, 2014 and 2013 are as follows:

	Consolidated	
	1st half of	
	2014	**2013**
Opening balance	**(748)**	(572)
Recognition	**-**	(176)
Closing balance	**(748)**	(748)

The aging list of future contractually guaranteed minimum receivables is as follows:

	Individual		Consolidated	
	06/30/14	**12/31/13**	**06/30/14**	**12/31/13**
12 months	**19,059**	16,152	**78,068**	63,618
13 to 24 months	**17,633**	15,973	**70,006**	57,049
25 to 36 months	**14,557**	14,297	**59,621**	46,048
37 to 48 months	**4,114**	6,177	**36,007**	27,661
More than 48 months	**8,619**	5,854	**45,096**	36,447
Total	**63,982**	58,453	**288,798**	230,823

The other information on trade receivables did not change significantly in relation to the information disclosed in note 4 to the financial statements for the year ended December 31, 2013.

5. Investments in subsidiaries and joint ventures

Refer to interest held in subsidiaries and jointly controlled entities basically represented by special purpose entities, as follows:

Project	Startup date	Location
Joint ventures in operation:		
Cabral Investimentos SPE Ltda. ("Cabral")	November 2013	Contagem, MG
Joint ventures at start-up stage:		
Betim I Incorporações SPE Ltda. ("Betim subdivision")	-	Betim, MG
Parque Torino Imóveis S.A. ("Torino")	-	Betim, MG
Subsidiaries in operation:		
Contagem I SPE Ltda. ("LOG I")	February 2009	Contagem, MG
Contagem II Incorporações SPE Ltda. ("LOG II")	March 2011	Contagem, MG
Jundiaí Incorporações SPE Ltda. ("LOG Jundiaí")	April 2011	Jundiaí, SP
Goiânia I Incorporações Imobiliárias SPE Ltda. ("LOG Goiânia")	April 2012	Goiânia, GO
Hortolândia Incorporações SPE Ltda. ("LOG Hortolândia")	September 2012	Hortolândia, SP
LOG São José dos Pinhais I SPE Ltda. ("LOG SJP")	April 2013	São José dos Pinhais, PR
LOG Juiz de Fora I SPE Ltda. ("LOG Juiz de Fora")	June 2013	Juiz de Fora, MG
LOG Feira de Santana I SPE Ltda. ("LOG Feira de Santana")	June 2013	Feira de Santana, BA
LOG Maracanaú I SPE Ltda. ("LOG Fortaleza")	August 2013	Maracanaú, CE
LOG Via Expressa SPE Ltda. ("LOG Via Expressa")	November 2013	Betim, MG
Campos Sociedade em Conta de Participação ("LOG Campos")	December 2013	Campo dos Goytacazes, RJ
LOG Viana I SPE Ltda. ("LOG Viana")	April 2014	Viana, ES
LOGCP Londrina I SPE Ltda. ("LOG Londrina")	June 2014	Londrina, PR
Subsidiaries at start-up stage:		
MRV LOG MDI SJC I Incorporações SPE Ltda. ("LOG SJC Sony")	-	São José dos Campos, SP
MRV LOG SP I Incorporações SPE Ltda. ("Office Park Pirituba")	-	São Paulo, SP
LOG Sumaré Deltalog I SPE Ltda. ("LOG Sumaré")	-	Sumaré, SP
LOG SJRP I Incorporações SPE Ltda. ("LOG SJRP")	-	São José do Rio Preto, SP
LOG Macaé I SPE Ltda. ("LOG Macaé")	-	Macaé, RJ
LOG RP I SPE Ltda. ("LOG RP")	-	Ribeirão Preto, SP
LOG Curitiba I SPE Ltda. ("LOG Curitiba")	-	Curitiba, PR
LOG Rio SPE Ltda. ("LOG Rio")	-	Campo Grande, RJ
LOG Itatiaia SPE Ltda. ("LOG Itatiaia")	-	Itatiaia, RJ
LOG Aracajú SPE Ltda. ("LOG Aracajú")	-	Nossa Senhora do Socorro, SE
LOG Uberaba SPE Ltda. (LOG Uberaba)	-	Uberaba, MG
LDI LOG Desenvolvimento Imobiliário Ltda. ("LDI")	-	Belo Horizonte, MG

a) The main information on each investment is summarized below:

	Information on investees		Information on Company		
	Share capital		Equity interest		
	06/30/14		06/30/14		12/31/13
	Amount	Number of shares	Number of shares	Contractual percentage	Contractual percentage
Joint ventures:					
Cabral	39,247	64,054,000	32,027,000	50.00%	50.00%
Betim subdivision	27,938	84,325,968	42,162,984	50.00% (*)	50.00% (*)
Torino	310,916	318,600	127,440	40.00%	40.00%
Subsidiaries:					
LOG I	64,961	50,000,000	49,995,000	99.99%	99.99%
LOG II	20,364	18,000,000	17,998,200	99.99%	99.99%
LOG Jundiaí	35,888	12,436,065	12,434,821	99.99%	99.99%
LOG Goiânia	46,950	10,000	9,990	99.90%	99.90%
LOG Hortolândia	72,602	13,000,000	12,999,999	100.00%	100.00%
LOG SJP	16,659	42,851,000	42,850,999	100.00%	100.00%
LOG Juiz de Fora	34,205	10,000	9,999	99.99%	99.99%
LOG Feira de Santana	13,508	10,000	9,999	99.99%	99.99%
LOG Fortaleza	37,109	10,000	9,999	99.99%	99.99%
LOG Via Expressa	49,232	10,000	9,999	99.99%	99.99%
LOG Campos	46,385	10,000	9,990	99.90%	99.90%
LOG Viana	61,604	10,000	9,999	99.99%	99.99%
LOG Londrina	28,070	10,000	9,999	99.99%	99.99%
LOG SJC Sony	54,133	52,500,000	52,499,999	100.00%	100.00%
Office Park Pirituba	104,943	10,000	9,999	99.99%	99.99%
LOG Sumaré	705	10,000	9,999	99.99%	99.99%

	Information on investees		Information on Company		
	Share capital		Equity interest		
	06/30/14		06/30/14		12/31/13
	Amount	Number of shares	Number of shares	Contractual percentage	Contractual percentage
LOG SJRP	9,353	10,000	9,999	99.99%	99.99%
LOG Macaé	13,324	10,000	9,999	99.99%	99.99%
LOG RP	19,369	10,000	9,999	99.99%	99.99%
LOG Curitiba	25,806	10,000	9,999	99.99%	99.99%
LOG Rio	16,860	10,000	9,999	99.99%	99.99%
LOG Itatiaia	41,559	10,000	9,999	99.99%	99.99%
LOG Aracajú	13,632	10,000	9,999	99.99%	99.99%
LOG Uberaba	5,438	10,000	9,900	99.00%	0,00%
LDI	19,377	24,690,048	24,689,948	100.00%	100.00%

(*) Actual equity interest percentage of 39.85% at June 30, 2014 (39.10% at December 31, 2013).

	Information on investees			
	Shareholders' equity		Investment	
	06/30/14	12/31/13	06/30/14	12/31/13
Joint ventures:				
Cabral	**142,672**	102,258	**71,336**	51,770
Betim subdivision	**69,934**	69,070	**27,872**	27,008
Torino (*)	**310,916**	183,126	**124,392**	73,276
Capitalized interest (**)	**-**	-	**2,816**	4,875
Total joint ventures - Consolidated	**523,522**	354,454	**226,416**	156,929
Subsidiaries:				
LOGI	**147,651**	65,755	**147,636**	65,748
LOGII	**37,851**	20,533	**37,847**	20,531
LOG Jundiaí	**72,133**	36,168	**72,126**	36,164
LOG Goiânia	**108,952**	45,576	**108,843**	45,530
LOG Hortolândia	**119,565**	74,331	**119,565**	74,331
LOG SJP	**22,716**	15,169	**22,716**	15,167
LOG Juiz de Fora	**59,861**	32,396	**59,855**	32,393
LOG Feira de Santana	**21,078**	23,416	**21,076**	23,414
LOG Fortaleza	**102,642**	33,602	**102,632**	33,597
LOG Via Expressa	**86,032**	64,053	**86,023**	64,047
LOG Campos	**77,336**	41,080	**77,259**	41,036
LOG Viana	**85,175**	60,232	**85,166**	60,226
LOG Londrina	**71,546**	25,630	**71,539**	25,627
LOG SJC Sony	**79,565**	53,946	**79,565**	53,946
Office Park Pirituba	**127,478**	102,042	**127,465**	102,032
LOG Sumaré	**2**	(3)	**2**	(3)
LOG SJRP	**23,033**	9,308	**23,031**	9,307
LOG Macaé	**19,988**	13,348	**19,986**	13,347
LOG RP	**50,868**	18,991	**50,863**	18,989
LOG Curitiba	**90,941**	25,598	**90,932**	25,595
LOG Rio	**19,760**	16,600	**19,758**	16,598
LOG Itatiaia	**41,564**	25,561	**41,560**	25,558
LOG Aracajú	**14,953**	10,315	**14,952**	10,314
LOG Uberaba	**6,060**	-	**5,999**	-
LDI	**21,090**	27,093	**21,090**	27,093
Capitalized interest (**)	**-**	-	**-**	101,894
Total subsidiaries	**1,507,840**	840,740	**1,507,486**	942,481
Total Individual	**2,031,362**	1,195,194	**1,733,902**	1,099,410

	Information on investees							
	Profit for the				Equity in the			
	2nd quarter of		1st half of		2nd quarter of		1st half of	
	2014	2013	2014	2013	2014	2013	2014	2013
Joint ventures:								
Cabral	**39,224**	6,302	**41,696**	6,564	**18,331**	3,151	**19,567**	3,282
Betim subdivision	**(1)**	(3)	**(1)**	(4)	**-**	(1)	**-**	(1)
Torino (*)	**127,635**	-	**127,790**	-	**51,054**	-	**51,116**	-
Capitalized interest (**)	**-**	-	**-**	-	**(2,746)**	-	**(2,746)**	-
Total joint ventures - Consolidated	**166,858**	6,299	**169,485**	6,560	**66,639**	3,150	**67,937**	3,281
Subsidiaries:								
LOG I	**3,030**	2,034	**5,831**	3,626	**3,030**	2,034	**5,830**	3,626
LOG II	**1,838**	320	**2,515**	819	**1,838**	320	**2,515**	819
LOG Jundiaí	**496**	1,009	**1,880**	1,864	**496**	1,009	**1,880**	1,864
LOG Goiânia	**30,312**	(49)	**31,105**	(404)	**30,282**	(49)	**31,074**	(404)
LOG Hortolândia	**(8,949)**	459	**(7,383)**	453	**(8,949)**	459	**(7,383)**	453
LOG SJP	**4,927**	(175)	**4,663**	(180)	**4,927**	(175)	**4,663**	(180)
LOG Juiz de Fora	**1,367**	105	**2,272**	98	**1,367**	105	**2,272**	98
LOG Feira de Santana	**(1,480)**	(5)	**(1,491)**	(8)	**(1,480)**	(5)	**(1,491)**	(8)
LOG Fortaleza	**31,929**	5	**33,065**	1	**31,927**	5	**33,062**	1
LOG Via Expressa	**(7,034)**	(6)	**(7,048)**	(11)	**(7,033)**	(6)	**(7,047)**	(11)
LOG Campos	**33,328**	(2)	**33,780**	(4)	**33,295**	(2)	**33,746**	(4)
LOG Viana	**14,254**	(2)	**15,750**	(12)	**14,253**	(2)	**15,748**	(12)
LOG Londrina	**33,916**	-	**34,796**	-	**33,913**	-	**34,793**	-
LOG SJC Sony	**3,290**	(1)	**4,556**	(1)	**3,290**	(1)	**4,556**	(1)
Office Park Pirituba	**(31,194)**	(1)	**(28,770)**	(1)	**(31,191)**	(1)	**(28,767)**	(1)
LOG Sumaré	**(1)**	-	**(7)**	(1)	**(1)**	-	**(7)**	(1)
LOG SJRP	**8,215**	-	**8,416**	-	**8,214**	-	**8,415**	-
LOG Macaé	**293**	-	**592**	-	**293**	-	**592**	-
LOG RP	**17,464**	-	**17,899**	-	**17,462**	-	**17,897**	-
LOG Curitiba	**58,439**	-	**59,029**	-	**58,433**	-	**59,023**	-
LOG Rio	**2,016**	-	**2,389**	-	**2,016**	-	**2,389**	-
LOG Itatiaia	**(1,414)**	-	**(666)**	-	**(1,414)**	-	**(666)**	-
LOG Aracajú	**(3,120)**	-	**(2,879)**	-	**(3,120)**	-	**(2,879)**	-
LOG Uberaba	**622**	-	**622**	-	**616**	-	**616**	-
LDI	**448**	(10)	**994**	(10)	**449**	(10)	**994**	(10)
Capitalized interest	**-**	-	**-**	-	**(13,416)**	-	**(26,235)**	-
Total subsidiaries	**192,991**	3,681	**211,910**	6,229	**179,494**	3,681	**185,590**	6,229
Total Individual	**359,849**	9,980	**381,395**	12,789	**246,133**	6,831	**253,527**	9,510

(*) The acquisition of 40% of Torino, in December 2013, generated goodwill based on expected future earnings amounting to R$26.

(**) Amount related to the capitalized financial charges on borrowings, financing, and debentures, realization of adjustment to present value and inflation adjustment of land payables taken by the Company for the acquisition/development of its investees' investment properties.

b) Joint ventures:

At the end of 2013 the Company acquired a 40% stake in Parque Torino Imóveis S.A. ("Torino"), which is engaged in the lease of own properties, construction, and development of real estate projects. The acquisition price was R$73,278 and is being settled in 10 equal, consecutive monthly installments amounting to R$7,328. As at June 30, 2014, the amount payable by the Company is R$21,984 (R$65,950 at December 31, 2013).

The main financial information is as follows:

	Cabral		Betim subdivision		Torino	
	06/30/14	**12/31/13**	**06/30/14**	**12/31/13**	**06/30/14**	**12/31/13**
Cash and Cash Equivalents	**10,513**	7,245	**87**	3	**32,305**	3,408
Trade receivables	**44,756**	20,710	**-**	-	**28,473**	88,511
Inventories	**-**	-	**16,584**	5,155	**-**	-
Other current assets	**428**	464	**-**	-	**3,490**	-
Total current	**55,697**	28,419	**16,671**	5,158	**64,268**	91,919
Inventories	**-**	-	**53,346**	64,040	**-**	-
Investment property	**85,120**	42,112	**-**	-	**263,891**	103,244
Other noncurrent assets	**13,854**	41,472	**2**	1	**-**	-
Total noncurrent assets	**98,974**	83,584	**53,348**	64,041	**263,891**	103,244
Total assets	**154,671**	112,003	**70,019**	69,199	**328,159**	195,163
Current liabilities	**3,602**	3,702	**85**	129	**4,335**	157
Noncurrent liabilities	**8,397**	6,043	**-**	-	**12,908**	11,880
Shareholders' equity	**142,672**	102,258	**69,934**	69,070	**310,916**	183,126
Liabilities and shareholders' equity	**154,671**	112,003	**70,019**	69,199	**328,159**	195,163

	Cabral				Betim subdivision				Torino			
	2nd quarter of		1st half of		2nd quarter of		1st half of		2nd quarter of		1st half of	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Operating revenue	**1,440**	29,470	**7,114**	29,473	**-**	**-**	**-**	**-**	**-**	-	**-**	-
Cost of services	**(921)**	(22,352)	**(3,712)**	(22,352)	**-**	**-**	**-**	**-**	**(140)**	-	**(140)**	-
Financial income (expenses)	**40,049**	276	**39,881**	675	**(1)**	(3)	**(1)**	(3)	**128,184**	-	**128,344**	-
Income Tax and Social Contribution	**(1,345)**	(1,092)	**(1,587)**	(1,232)	**-**	-	**-**	-	**(409)**	-	**(414)**	-
Profit (loss) for the period	**39,224**	6,302	**41,696**	6,564	**(1)**	(3)	**(1)**	(3)	**127,635**	-	**127,790**	-

c) The changes in the balances of investments in subsidiaries and joint ventures for the six-month periods ended June 30, 2014 and 2013 are as follows:

	Opening balances	**Fair value adjustment to the opening balance**	**Adjusted opening balance 01/01/14**	**Capital contributions (reversals)**	**Equity in investees**		**Dividends received**	**Other**	**Closing balances**
Six-month period ended June 30, 2014:									
Joint ventures:									
Cabral	51,770	-	51,770	(1)	19,567		-	-	71,336
Betim subdivision	27,008	-	27,008	864	-		-	-	27,872
Torino	73,276	-	73,276	-	51,116		-	-	124,392
Capitalized interest (*)	4,875	-	4,875	-	(2,746)	(**)	-	687	2,816
Total joint ventures - Consolidated	**156,929**	-	156,929	863	67,937		-	687	226,416
Subsidiaries:									
LOG I	65,748	80,344	146,092	(1)	5,830		(4,285)	-	147,636
LOG II	20,531	15,959	36,490	-	2,515		(1,158)	-	37,847
LOG Jundiaí	36,164	36,588	72,752	32	1,880		(2,538)	-	72,126
LOG Goiânia	45,530	32,210	77,740	29	31,074		-	-	108,843
LOG Hortolândia	74,331	54,340	128,671	46	(7,383)		(1,769)	-	119,565
LOG SJP	15,167	2,882	18,049	4	4,663		-	-	22,716
LOG Juiz de Fora	32,393	23,607	55,999	1,583	2,272		-	-	59,855
LOG Feira de Santana	23,414	9,651	33,065	(10,498)	(1,491)		-	-	21,076
LOG Fortaleza	33,597	32,707	66,304	3,266	33,062		-	-	102,632
LOG Via Expressa	64,047	43,843	107,890	(14,695)	(7,047)		(125)	-	86,023
LOG Campos	41,036	(2,768)	38,268	5,245	33,746		-	-	77,259
LOG Viana	60,226	7,906	68,132	1,286	15,748		-	-	85,166
LOG Londrina	25,627	8,751	34,378	2,368	34,793		-	-	71,539
LOG SJC Sony	53,946	20,885	74,831	178	4,556		-	-	79,565
Office Park Pirituba	102,032	51,314	153,346	2,886	(28,767)		-	-	127,465
LOG Sumaré	(3)	-	(3)	12	(7)		-	-	2
LOG SJRP	9,307	5,269	14,576	40	8,415		-	-	23,031
LOG Macaé	13,347	6,071	19,418	(21)	592		(3)	-	19,986
LOG RP	18,989	13,605	32,594	372	17,897		-	-	50,863

	Opening balances	Fair value adjustment to the opening balance		Adjusted opening balance 01/01/14	Capital contributions (reversals)	Equity in investees		Dividends received	Other	Closing balances
LOG Curitiba	25,595	6,112		31,707	202	59,023		-	-	90,932
LOG Rio	16,598	518		17,116	253	2,389		-	-	19,758
LOG Itatiaia	25,558	730		26,288	15,938	(666)		-	-	41,560
LOG Aracajú	10,314	4,206		14,520	3,311	(2,879)		-	-	14,952
LOG Uberaba	-	-		-	5,383	616		-	-	5,999
LDI	27,093	3		27,096	(7,000)	994		-	-	21,090
Capitalized interest (*)	101,894	(101,894)	(**)	-	-	(26,235)	(**)	-	-	-
Total subsidiaries	942,481	352,839		1,295,320	10,219	185,590		(9,878)	-	1,507,486
Total individual	**1,099,410**	352,839		1,452,249	11,082	253,527		(9,878)	687	1,733,902
Six-month period ended June 30, 2013:										
Total Consolidated	57,110	-		-	3,827	3,281		-	1,519	65,737
Total Individual	695,160	-		-	203,623	9,510		(7,108)	22,803	923,988

(*) Amount related to the capitalized financial charges on borrowings, financing, and debentures, realization of adjustment to present value and inflation adjustment of land payables taken by the Company for the acquisition/development of its investees' investment properties.

(**) Write-off of the capitalized interest as a result of the adoption of the fair value for investment property (see note 2(d)).

As referred to in note 2 (d), for the second quarter of 2014, the Group changed its investment property valuation accounting policy from the cost method to the fair value method. Accordingly, the balances of joint ventures Cabral and Torino have been adjusted to be measured at fair value. As required by Accounting Interpretation ICPC 09(R1) – *Demonstrações contábeis individuais, demonstrações separadas, demonstrações consolidadas e aplicação do método da equivalência patrimonial* (Individual, Separate and Consolidated Financial Statements and Adoption of the Equity Method of Accounting), Paragraph 63, the Company elected to recognize the total effect of this adjustment in equity in investees for the second quarter of 2014, as shown below:

	Cabral	Torino
Equity in investees - profit for the period	1,374	283
Fair value adjustment of investment property	18,193	50,833
Closing equity in investees	19,567	51,116

The other information on interests in subsidiaries and joint ventures did not change significantly from the information disclosed in note 5 to the financial statements for the year ended December 31, 2013.

6. Investment property

	06/30/2014		12/31/2013	
	Fair value		Cost	
	Individual	Consolidated	Individual	Consolidated
Industrial warehouses	**280,669**	**1,900,530**	156,571	1,090,753
Offices	**-**	**129,190**	-	147,625
Strip mall	**63,460**	**63,460**	29,427	8,243
Total Consolidated	**344,129**	**2,093,180**	185,998	1,246,621

In the first quarter of 2014, the Company had revised the useful lives and the residual values of its investment properties. However, as referred to in note 2 (d), in the second quarter of 2014, the Group decided to change valuation of

investment property from the cost method to the fair value method, and decided to restate the interim financial information (ITR) for the quarter ended March 31, 2014, already considering this new accounting policy and replacing the previously made revision.

Changes in investment property for the six-month periods ended June 30, 2014 and 2013 are as follows:

	Individual		Consolidated	
	1st half of		1st half of	
	2014	**2013**	**2014**	**2013**
Opening balance	**185,998**	258,200	**1,246,621**	974,409
Fair value adjustment to opening balance	**116,602**	-	**502,327**	-
Adjusted opening balance	**302,600**	258,200	**1,748,948**	974,409
Contributions to investees (*)	**(5,018)**	(96,965)	-	-
Additions	**52,393**	19,123	**133,254**	129,345
Capitalized interest	**2,542**	3,775	**32,233**	26,368
Depreciation	**-**	(1,604)	-	(5,691)
Changes in fair value	**(8,388)**	-	**178,745**	-
Closing balance	**344,129**	182,529	**2,093,180**	1,124,431

(*) Refers to land acquired that were contributed to subsidiaries.

The impact of fair value on profit for the period was R$8,388 in Individual and R$170,691 on a consolidated basis, net of deferred PIS/COFINS amounting to R$8,054.

The table below shows the net costs as compared to the fair values of the investment properties as at December 31, 2013, broken down into Individual and Consolidated:

	Cost	**Fair value**
Individual:		
Industrial warehouses	156,571	258,432
Strip mall	29,427	44,168
Total Individual	185,998	302,600
Consolidated:		
Industrial warehouses	1,090,753	1,547,385
Offices	147,625	157,395
Strip mall	8,243	44,168
Total Consolidated	1,246,621	1,748,948

The fair value measurement of investment property has been made by external appraisers, with the required qualifications and recent experience in the valuation of properties in similar locations, as at June 30, 2014, measured as follows:

- Land: valued made using the Direct Market Inputs Comparative Method, under which the land value is obtained by directly comparing the land with other similar property, located within the same geo-economic region.

- Ventures in operation or at construction stage: valued made using discounted cash flows for a ten-year period, when the disposal of the investment (divestment) is considered based on a hypothetical sale of the property simulating the perpetuity principle.

The following assumptions have been taken into consideration:

- The discount rates used take into account the characteristics of the properties being valued and range from 9.5% to 11.0% per annum.
- The divestment has been calculated using rates that range from 8.5% to 9.5% per annum.

- Projected expenses corresponding to a 1.5 rental as compensation for the work of the real estate consultant responsible for the lease of the property and a 2.0% of the residual sale price as compensation for the work of the real estate consultant responsible for the sale of the property at the end of horizon.

As at June 30, 2014, out of the total R$2,093,180 in investment properties, R$1,535,278 has been pledged as collateral of borrowings and financing entered into by the Company and its subsidiaries (R$777,433 at December 31, 2013).

7. Loans, financing and debentures

a) Loans and financing

The position of loans and financing as at June 30, 2014 and December 31, 2013 is as follows:

			06/30/14			12/31/13
Type	**Maturity of principal**	**Effective financial charges p.a. (*)**	**Current**	**Noncurrent assets**	**Total**	**Total**
Individual:						
Working capital	Jul 13 to Jul 15	CDI + 3.50%	**10,808**	**5,000**	**15,808**	20,180
Working capital	Nov 14	CDI + 2.60%	**91,099**	**-**	**91,099**	91,010
Working capital	Sep 13 to Sep 17	CDI + 2.36%	**8,493**	**19,605**	**28,098**	30,518
Construction financing	Dec 13 to Oct 24	CDI + 1.88%	**4,920**	**41,320**	**46,240**	47,379
Construction financing	Dec 13 to Nov 23	TR + 9.38%	**2,924**	**22,517**	**25,441**	26,193
Construction financing	Dec 13 to Nov 23	TR + 9.43%	**1,448**	**11,155**	**12,603**	12,978
Construction financing	Jul 14 to Jun 22	TR + 11.16%	**3,245**	**22,358**	**25,603**	24,220
Construction financing	Oct 14 to Sep 22	TR + 10.96%	**1,520**	**14,513**	**16,033**	15,173
Construction financing	Aug 14 to Jul 22	TR + 11.21%	**1,675**	**12,770**	**14,445**	13,668
Construction financing	Mar 15 to Jul 23	TR + 9.40%	**510**	**10,146**	**10,656**	6,863
Construction financing	Oct 15 to Sep 25	TR + 9.50%	**-**	**4,032**	**4,032**	-
(-) Financing cost			**(1,119)**	**(2,811)**	**(3,930)**	(4,649)
Total Individual			**125,523**	**160,605**	**286,128**	283,533
Subsidiaries:						
Construction financing	Dec 13 to Nov 23	TR + 9.35%	**1,550**	**11,959**	**13,509**	13,918
Construction financing	Feb 14 to Jan 22	TR + 11.62%	**2,641**	**15,963**	**18,604**	19,010
Construction financing	Aug 14 to Jul 22	TR + 11.01%	**1,048**	**7,984**	**9,032**	8,557
Construction financing	Nov 14 to Oct 22	TR + 10.70%	**381**	**4,153**	**4,534**	4,298
Construction financing	Apr 15 to Mar 25	TR + 9.99%	**267**	**10,314**	**10,581**	10,063
Construction financing	Feb 15 to Jan 25	TR + 10.03%	**564**	**12,979**	**13,543**	12,883
Construction financing	Apr 15 to Mar 25	TR + 9.95%	**290**	**11,166**	**11,456**	10,251
Construction financing	Feb 15 to Jan 25	TR + 9.96%	**834**	**19,188**	**20,022**	18,148
Construction financing	Apr 15 to Mar 25	TR + 9.80%	**323**	**12,469**	**12,792**	10,440
Construction financing	Apr 15 to Mar 25	TR + 9.88%	**628**	**24,199**	**24,827**	23,618
Construction financing	Aug 14 to Jul 25	TR + 9.67%	**1,836**	**18,193**	**20,029**	7,696
Construction financing	Jan 15 to Apr 23	TR + 9.59%	**1,686**	**23,235**	**24,921**	23,732
Construction financing	Jan 15 to Apr 23	TR + 9.60%	**1,023**	**14,101**	**15,124**	14,414
Construction financing	Oct 15 to Sep 25	TR + 9.50%	**-**	**18,763**	**18,763**	17,881
Construction financing	Jan 15 to Dec 22	TR + 9.90%	**1,662**	**21,858**	**23,520**	17,298
Construction financing	May 15 to Apr 23	TR + 9.90%	**256**	**8,516**	**8,772**	-
Construction financing	Aug 15 to Jul 23	TR + 9.90%	**40**	**4,847**	**4,887**	-
Construction financing	Apr 14 to Mar 26	TR + 9.90%	**-**	**21,071**	**21,071**	-
(-) Financing cost			**(555)**	**(4,259)**	**(4,814)**	(3,871)
Total subsidiaries			**14,474**	**256,699**	**271,173**	208,336
Total Consolidated			**139,997**	**417,304**	**557,301**	491,869

(*) Effective financial charges: consider the cost of the contractual debt + other borrowing and debt service costs.

The table below shows the payment schedule of borrowings and financing:

	Individual		**Consolidated**	
	06/30/14	**12/31/13**	**06/30/14**	**12/31/13**
After the reporting period				
12 months	**125,523**	117,380	**139,997**	121,414
13 to 24 months	**30,231**	33,747	**59,693**	56,472
25 to 36 months	**25,405**	24,018	**54,867**	46,738

37 to 48 months	**18,902**	21,953	**48,365**	44,675
More than 48 months	**86,067**	86,435	**254,379**	222,570
Total	**286,128**	283,533	**557,301**	491,869

Changes in borrowings and financing:

	Individual		**Consolidated**	
	1st half of		**1st half of**	
	2014	**2013**	**2014**	**2013**
Opening balance	**283,533**	287,886	**491,869**	324,471
Funding	**17,208**	90,632	**73,176**	124,562
Accrued financial charges	**16,278**	15,631	**28,463**	17,903
Borrowing costs	**(187)**	(487)	**(1,361)**	(1,067)
Amortization of borrowing costs	**903**	1,338	**1,137**	1,387
Repayment of principal	**(16,902)**	(81,252)	**(16,902)**	(81,252)
Payment of financial charges	**(14,705)**	(16,163)	**(19,081)**	(16,163)
Closing balance	**286,128**	297,585	**557,301**	369,841

Funding during the six-month period ended June 30, 2014 was as follows:

	Maturity of principal	**Effective financial charges (*)**	**Amount raised**
Individual:			
Working capital	Mar 14	CDI + 1.60%	10,000
Construction financing	Mar 15 to Jul 23	TR + 9.40%	2,729
Construction financing	Oct 15 to Sep 25	TR + 9.50%	3,883
Construction financing	Mar 15 to Jul 23	TR + 9.40%	596
Total Individual			17,208
Subsidiaries:			
Construction financing	Apr 15 to Mar 25	TR + 9.95%	640
Construction financing	Feb 15 to Jan 25	TR + 9.96%	909
Construction financing	Apr 15 to Mar 25	TR + 9.80%	1,418
Construction financing	Aug 14 to Jul 25	TR + 9.67%	11,847
Construction financing	Jan 15 to Apr 23	TR + 9.59%	23
Construction financing	Jan 15 to Apr 23	TR + 9.60%	1
Construction financing	Jan 15 to Dec 22	TR + 9.90%	3,061
Construction financing	May 15 to Apr 23	TR + 9.90%	5,013
Construction financing	Aug 15 to Jul 23	TR + 9.90%	1,875
Construction financing	Apr 15 to Mar 25	TR + 9.80%	343
Construction financing	Aug 14 to Jul 25	TR + 9.67%	414
Construction financing	Jan 15 to Dec 22	TR + 9.90%	3,041
Construction financing	May 15 to Apr 23	TR + 9.90%	3,682
Construction financing	Aug 15 to Jul 23	TR + 9.90%	2,966
Construction financing	Apr 14 to Mar 26	TR + 9.90%	20,735
Total subsidiaries			55,968
Total Consolidated			73,176

(*) Effective financial charges: consider the cost of the contractual debt + other borrowing and debt service costs.

b) Debentures

The position of debentures at June 30, 2014 and December 31, 2013 is as follows:

			Individual and Consolidated			
			06/30/14			**12/31/13**
Issue	**Maturity of principal**	**Effective financial charges p.a. (*)**	**Current**	**Noncurrent assets**	**Total**	**Total**
1st issue of debentures	Feb 14	CDI + 2.64%	**-**	**-**	**-**	109,474
2nd issue of debentures	Dec 12 to Jun 19	CDI + 2.17%	**10,613**	**52,800**	**63,413**	68,242
3rd issue of debentures	Jun 14 to Jun 20	CDI + 2.07%	**5,853**	**93,000**	**98,853**	100,849
4th issue of debentures	Aug 16 to Feb 19	CDI + 2.13%	**3,893**	**100,000**	**103,893**	-
(-) Financing cost			**(860)**	**(3,606)**	**(4,466)**	(3,518)
Total			**19,499**	**242,194**	**261,693**	275,047

(*) Effective financial charges: consider the cost of the contractual debt + other borrowing and debt service costs.

In the six-month period ended June 30, 2014 the Company settled the 1st issue of debentures and conducted the 4th issue if unsecured, nonconvertible, registered, book-entry debentures, totaling R$100,000 at the issue date, which bear interest equivalent to 100% of CDI plus spread of 1.85% per annum (contractual interest). Interest will be paid in semiannually, commencing in August 2014, and principal will be repaid in six semiannual installments, commencing August 2016.

The debentures issued are simple and nonconvertible. The 4th issue consists of unsecure debentures and the other issues are collateralized.

The table below shows the debentures payment schedule:

	Individual and Consolidated				
	06/30/14				12/31/13
After the reporting period	**2nd issue**	**3rd issue**	**4th issue**	**Total**	**Total**
Amortization:					
12 months	**10,613**	**5,853**	**3,893**	**20,359**	124,565
13 to 24 months	**12,000**	**10,000**	**-**	**22,000**	17,200
25 to 36 months	**12,800**	**15,000**	**20,000**	**47,800**	26,400
37 to 48 months	**13,600**	**18,000**	**30,000**	**61,600**	28,800
After 48 months	**14,400**	**50,000**	**50,000**	**114,400**	81,600
Total	**63,413**	**98,853**	**103,893**	**266,159**	278,565
Costs:					
12 months	**(220)**	**(360)**	**(280)**	**(860)**	(658)
13 to 24 months	**(221)**	**(362)**	**(282)**	**(865)**	(581)
25 to 36 months	**(221)**	**(362)**	**(282)**	**(865)**	(584)
37 to 48 months	**(221)**	**(363)**	**(282)**	**(866)**	(583)
After 48 months	**(120)**	**(702)**	**(188)**	**(1,010)**	(1,112)
Total	**(1,003)**	**(2,149)**	**(1,314)**	**(4,466)**	(3,518)
Total net	**62,410**	**96,704**	**102,579**	**261,693**	275,047

Changes in debentures are as follows:

	Individual and Consolidated	
	1st half of	
	2014	**2013**
Opening balance	**275,047**	184,275
Funding	**100,000**	100,000
Accrued financial charges	**15,528**	8,951
Borrowing costs	**(1,407)**	(2,342)
Amortization of borrowing costs	**459**	364
Repayment of principal	**(114,800)**	(4,400)
Payment of financial charges	**(13,134)**	(8,171)
Closing balance	**261,693**	278,676

Funding during the six-month period ended June 30, 2014 was as follows:

Type	**Maturity of principal**	**Effective financial charges (*)**	**Amount raised**
Individual and Consolidated:			
4th issue of debentures	Ago 16 to Feb 19	CDI + 2.13%	**100,000**
Total			**100,000**

(*) Effective financial charges: consider the cost of the contractual debt + other borrowing and debt service costs.

c) Guarantees

The table below shows the types of guarantee for borrowings, financing and debentures at June 30, 2014:

	Working capital	Corporate plan	Debentures	Total	
Collateral/surety	91,099	431,040	-	522,139	
Surety	28,098	-	-	28,098	
Collateral/receivables	-	-	266,159	266,159	
Unsecured	15,808	-	-	15,808	
Total	135,005	431,040	266,159	832,204	(*)

(*) Amount of loans, financing and debentures, net of borrowings costs.

Collaterals consist of the land, improvements, and properties of the financed projects (see note 6).

Receivables consist of future inflows generated by the financed projects, pledged as collateral in the event of nonpayment to the financial institutions.

Loans, financing and debentures do not contain any restrictive covenant related to financial ratios.

d) Allocation of financial charges

Financial charges are capitalized as follows:

	Individual			
	2014		2013	
	2nd quarter	1st half	2nd quarter	1st half
Finance charges:				
Loans, financing and debentures	**(16,934)**	**(33,168)**	(14,418)	(26,283)
Charges due to related parties	**(413)**	**(1,033)**	(618)	(701)
Realization of PVA and adjustment of land payable	**(95)**	**(149)**	(2,265)	(3,802)
Total financial charges	**(17,442)**	**(34,350)**	(17,301)	(30,786)
Interest capitalized on:				
Investment property (note 6)	**1,329**	**2,542**	2,056	3,775
Investment	**13,818**	**26,922**	13,896	23,873
	(2,295)	**(4,886)**	(1,349)	(3,138)
Other financial expenses	**(630)**	**(1,171)**	(511)	(789)
Financial charges allocated to profit or loss	**(2,925)**	**(6,057)**	(1,860)	(3,927)

	Consolidated			
	2014		2013	
	2nd quarter	1st half	2nd quarter	1st half
Finance charges:				
Loans, financing and debentures	**(23,598)**	**(45,587)**	(15,721)	(28,604)
Charges due to related parties	**-**	**-**	(618)	(701)
Realization of PVA and adjustment of land payable	**(95)**	**(149)**	(2,265)	(3,802)
Total financial charges	**(23,693)**	**(45,736)**	(18,604)	(33,107)
Interest capitalized on:				
Investment property (note 6)	**16,580**	**32,233**	15,202	26,368
Investment	**441**	**687**	1,272	1,518
	(6,672)	**(12,816)**	(2,476)	(5,221)
Other financial expenses	**(526)**	**(1,048)**	(80)	(239)
Financial charges allocated to profit or loss	**(7,198)**	**(13,864)**	(2,556)	(5,460)

In the six-month period ended June 30, 2014, total capitalized loans, financing and debentures represented an average charge rate of 12.17% per annum (9.82% per annum in the six-month period ended June 30, 2013).

The other information on loans, financing and debentures did not change significantly in relation to the information disclosed in note 7 to the financial statements for the year ended December 31, 2013.

8. Land payables

As at June 30, 2014, land payables, by maturity and adjustment index, are broken down as follows:

Period	CDI (*)
12 months	2,721
Total - current receivables	2,721

(*) Interbank deposit rate

The other information on land payables did not change significantly in relation to the information disclosed in note 8 to the financial statements for the year ended December 31, 2013.

9. Advances - barters

This balances refers to commitments arising from agreed upon barters under which the Company purchased land in exchange for industrial warehouses. The balances were recognized at fair value on transaction date, measured based on the sales price of the land obtained in technical reports. The commitments will be discharged by handing over the completed industrial warehouses.

10. Income tax and social contribution

(a) Income tax (IRPJ) and social contribution (CSLL) recognized in the income statement

The income tax and social contribution income (expenses) at the statutory tax rate is reconciled with accounting profit as follows:

	Individual			
	2014		**2013**	
	2nd quarter	**1st half**	**2nd quarter**	**1st half**
Income before income tax and social contribution	**235,514**	**241,623**	3,736	4,110
Statutory rate - income tax and social contribution	**34%**	**34%**	34%	34%
Nominal expense	**(80,075)**	**(82,152)**	(1,270)	(1,397)
Effect of IRPJ and CSLL on permanent differences:				
Results from equity participation, gross of capitalized interest	**89,180**	**96,052**	2,322	3,233
Tax basis difference for companies taxes based on deemed income	**-**	**-**	-	-
Other	**30**	**48**	(275)	(306)
IRPJ and CSLL credit (expenses) in profit or loss	**9,135**	**13,948**	777	1,530

	Consolidated			
	2014		**2013**	
	2nd quarter	**1st half**	**2nd quarter**	**1st half**
Income before income tax and social contribution	**242,889**	**250,148**	4,573	5,668
Statutory rate - income tax and social contribution	**34%**	**34%**	34%	34%
Nominal expense	**(82,582)**	**(85,050)**	(1,555)	(1,927)
Effect of IRPJ and CSLL on permanent differences:				
Results from equity participation	**24,525**	**24,966**	1,071	1,116
Tax basis difference for companies taxes based on deemed income	**61,569**	**66,486**	703	1,093
Other	**(1,669)**	**(894)**	(279)	(310)
IRPJ and CSLL credit (expenses) in profit or loss	**1,843**	**5,508**	(60)	(28)

(b) Deferred tax balances

The table below shows the breakdown of deferred tax assets (liabilities) disclosed in the balance sheets.

	Individual		Consolidated	
	06/30/14	**12/31/13**	**06/30/14**	**12/31/13**
Noncurrent assets:				
Income tax and social contribution	**52,912**	6,386	**54,180**	6,505
Liabilities:				
Income Tax and Social Contribution	**(37,579)**	-	**(60,586)**	(1,579)
Taxes on revenue (PIS/COFINS)	**-**	-	**(26,659)**	(1,016)
	(37,579)	-	**(87,245)**	(2,595)
Current	**-**	-	**(1,309)**	(1,625)
Noncurrent assets	**(37,579)**	-	**(85,936)**	(970)
Total	**(37,579)**	-	**(87,245)**	(2,595)

As at June 30, 2014, the estimated realization of deferred tax assets, based on the projection of future taxable income, prepared by the Company's management, is as follows:

	Individual	Consolidated
	IRPJ and CSLL	
Expected realization:		
12 months	**1,834**	**1,906**
13 to 24 months	**3,064**	**3,115**
25 to 36 months	**5,480**	**5,480**
More than 36 months	**42,534**	**43,679**
Total	**52,912**	**54,180**

The bases to recognize deferred tax assets (liabilities) are as follows:

	Individual		Consolidated	
	06/30/14	12/31/13	**06/30/14**	12/31/13
Tax effect on:				
Deferred assets:				
Tax loss carryforwards	**8,280**	6,214	**9,504**	6,332
Capitalized interest	**44,497**	-	**44,497**	-
Temporary differences	**135**	172	**179**	173
Deferred assets	**52,912**	6,386	**54,180**	6,505
Deferred liabilities:				
Fair value appreciation on investment property	**(37,579)**	-	**(59,394)**	-
Rents receivable	**-**	-	**(704)**	(648)
Land sales receivable	**-**	-	**(482)**	(675)
Finance income taxed on a cash basis	**-**	-	**(6)**	(256)
Deferred tax liabilities – noncurrent	**(37,579)**	-	**(60,586)**	(1,579)

As at June 30, 2014, the balance of deferred PIS/COFINS liabilities refers to the tax effect on: (i) fair value appreciation on investment property; and (ii) rents receivable for the remaining balance.

The table below shows the movements in income tax (IRPJ) and social contribution (CSLL) assets and liabilities for the first half of 2014:

	Individual			Consolidated		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Opening balance	**6,386**	**-**	**6,386**	**6,505**	**(1,579)**	**4,926**
Deferred IRPJ and CSLL effect recognized in:						
- shareholders' equity	**34,644**	**(39,645)**	**(5,001)**	**34,644**	**(54,664)**	**(20,020)**
- profit for the period	**11,882**	**2,066**	**13,948**	**13,031**	**(4,343)**	**8,688**
Closing balance	**52,912**	**(37,579)**	**15,333**	**54,180**	**(60,586)**	**(6,406)**

The other information on income tax and social contribution, including the topic 'transition taxation regime', did not change significantly in relation to the information disclosed in note 10 to the financial statements for the year ended December 31, 2013.

11. Provisions for labor, tax and civil contingencies

Changes in the six-month periods ended June 30, 2014 and 2013 are as follows:

	Individual and Consolidated	
	1st half	
	2014	**2013**
Opening balance	**64**	17
Additions	**141**	63
Payment	**(42)**	-
Reversal	**(11)**	(26)
Closing balance	**152**	54

The lawsuits assessed as possible losses by the legal counsel, related basically to labor lawsuits, amount to R$443 as at June 30, 2014 (R$300 at December 31, 2013).

The other information on the provisions for civil, labor and tax contingencies is not significantly different from the information disclosed in note 11 to the financial statements for the year ended December 31, 2013.

12. Shareholders' equity

a) Common shares and issued capital

	Individual and Consolidated	
	06/30/14	**12/31/13**
Share capital	**171,453**	171,453
Number of common shares, without par value (thousand)	**171,453**	171,453

b) Mandatory minimum dividends

The 2013 dividends, amounting to R$2,938, were approved at the Annual Shareholders' Meeting (ASM) held on April 30, 2014 and will be paid on May 30, 2014. The 2012 dividends, amounting to R$816, were approved at the ASM held on April 18, 2013 and paid in the second quarter of 2013.

The other information on shareholders' equity did not change significantly in relation to the information disclosed in note 12 to the financial statements for the year ended December 31, 2013.

13. Earnings per share

Profit and the weighted average number of common used to calculate basic earnings per share are as follows:

	Individual and Consolidated			
	2014		**2013**	
Basic earnings per share:	**2nd quarter**	**1st half**	**2nd quarter**	**1st half**
Profit for the period	**244,649**	**255,571**	4,513	5,640
Weighted average number of outstanding common shares (in thousands)	**171,453**	**171,453**	136,916	135,646

	Individual and Consolidated			
Basic earnings per share - in R$	**1.4269**	**1.4906**	0.0330	0.0416
Diluted earnings per share:				
Profit for the period	**244,649**	**255,571**	4,513	5,640
Weighted average number of outstanding common shares (in thousands)	**171,453**	**171,453**	136,916	135,646
Dilutive effect of stock options (in thousands)	**313**	**313**	251	251
Weighted average number of outstanding common shares (in thousands)	**171,766**	**171,766**	137,168	135,897
Diluted earnings per share - in R$	**1.4243**	**1.4879**	0.0329	0.0415

14. Net revenue

	Individual			
	2014		2013	
	2nd quarter	**1st half**	**2nd quarter**	**1st half**
Lease revenue	**3,870**	**7,811**	3,281	6,467
PIS/COFINS on revenue	**(369)**	**(733)**	(315)	(611)
Net revenue	**3,501**	**7,078**	2,966	5,856

	Consolidated			
	2014		2013	
	2nd quarter	**1st half**	**2nd quarter**	**1st half**
Lease revenue	**16,695**	**31,537**	11,439	21,248
PIS/COFINS on revenue	**(1,033)**	**(1,929)**	(659)	(1,228)
Net revenue	**15,662**	**29,608**	10,780	20,020

The other information on net revenue did not change significantly in relation to the information disclosed in note 14 to the financial statements for the year ended December 31, 2013.

15. Costs and expenses by nature

	Individual			
	2014		2013	
	2nd quarter	**1st half**	**2nd quarter**	**1st half**
Depreciation	**(8)**	**(16)**	(806)	(1,611)
Advertising	**(232)**	**(531)**	(471)	(698)
Salaries, charges and benefits	**(1,109)**	**(2,197)**	(1,257)	(2,046)
Management compensation	**(287)**	**(516)**	(228)	(457)
Outside services	**(572)**	**(1,337)**	(844)	(1,740)
General expenses	**(431)**	**(802)**	(553)	(918)
Stock options	**(93)**	**(188)**	(84)	(170)
Vacancy expenses	**(318)**	**(542)**	(44)	(87)
Other financial income	**(197)**	**(258)**	(66)	(70)
	(3,247)	**(6,387)**	(4,353)	(7,797)
Classified as:				
Costs	**-**	**-**	(802)	(1,604)
Selling expenses	**(935)**	**(1,876)**	(822)	(1,452)
General and administrative expenses	**(1,820)**	**(3,721)**	(2,431)	(4,208)
Management compensation	**(287)**	**(516)**	(228)	(457)
Other operating expenses	**(205)**	**(274)**	(70)	(76)
	(3,247)	**(6,387)**	(4,353)	(7,797)

	Consolidated			
	2014		2013	
	2nd quarter	**1st half**	**2nd quarter**	**1st half**
Depreciation	**(9)**	**(18)**	(2,940)	(5,698)
Advertising	**(282)**	**(581)**	(478)	(705)
Salaries, charges and benefits	**(1,111)**	**(2,199)**	(1,257)	(2,052)
Management compensation	**(287)**	**(516)**	(228)	(457)
Outside services	**(1,202)**	**(2,767)**	(1,025)	(2,102)
General expenses	**(487)**	**(889)**	(560)	(937)
Stock options	**(93)**	**(188)**	(84)	(170)

	Individual			
	2014		2013	
	2nd quarter	1st half	2nd quarter	1st half
Vacancy expenses	**(1,307)**	**(2,391)**	(367)	(694)
Other	**(46)**	**342**	(242)	(252)
	(4,824)	**(9,207)**	(7,181)	(13,067)
Classified as:				
Costs	**-**	**-**	(2,936)	(5,691)
Selling expenses	**(2,263)**	**(4,516)**	(1,337)	(2,435)
General and administrative expenses	**(2,219)**	**(4,499)**	(2,434)	(4,226)
Management compensation	**(287)**	**(516)**	(228)	(457)
Other operating (expenses) income	**(55)**	**324**	(246)	(258)
	(4,824)	**(9,207)**	(7,181)	(13,067)

16. Related-party transactions

Related-party balances and transactions are as follows:

	Individual		Consolidated	
	06/30/14	12/31/13	**06/30/14**	12/31/13
Balance sheets:				
Short-term investments:				
Banco Intermedium (a)	**-**	42,834	**4,274**	52,886
Banco BMG (b)	**-**	-	**-**	175
Lease receivables (c)	**-**	-	**242**	180
Due to related parties:				
MRV Engenharia e Participações S.A. (d)	**-**	83	**-**	201
Loan with controlled SPEs (e)	**37,571**	6,749	**-**	-

	Individual			
	2014		2013	
	2nd quarter	1st half	2nd quarter	1st half
Transactions:				
Income from short-term investments:				
Banco Intermedium (a)	**371**	**1,204**	41	154
Expenses on the provision of administrative services (d)	**346**	**495**	629	1,326
Financial expenses - due to related parties:				
MRV Engenharia e Participações S.A.	**-**	**-**	681	701
Loan with controlled SPEs (e)	**597**	**1,516**	233	233

	Consolidated			
	2014		2013	
	2nd quarter	1st half	2nd quarter	1st half
Transactions:				
Income from short-term investments:				
Banco Intermedium (a)	**543**	**1,561**	**131**	345
Banco BMG (b)	**2**	**14**	**45**	147
Lease receivables (c)	**555**	**1,096**	**520**	1,029
Expenses on the provision of administrative services (d)	**588**	**1,221**	**629**	1,326
Financial expenses - due to related parties:				
MRV Engenharia e Participações S.A.	**-**	**-**	**681**	701

(a) Refers to short-term investments in CDBs with Intermedium Crédito Financiamento e Investimento S.A. ("Intermedium"), which is controlled by the controlling shareholder of MRV Engenharia e Participações S.A.. As at June 30, 2014, short-term investments yielded approximately 110.58% of CDI in Individual and 110.90% of CDI on a consolidated basis (110.00% of CDI in Individual and on a consolidated basis at December 31, 2013).

(b) Refers to an investment in CDBs with Banco BMG, which had the same controlling shareholders as Agrícola São Gabriel Ltda., which in turn is a shareholder of SPE Cabral.

(c) Refers to the lease agreement entered into by Hortolândia Incorporação SPE Ltda. and Patrus Transportes Urgentes Ltda., controlled by one of the Company's noncontrolling shareholders.

(d) Amounts payable related to expenses incurred on the provision of administrative services by MRV Engenharia e Participações S.A.. The agreement provides for the monthly payment of R$5.5 per project developed by the Company or its investees. This amount is annually adjusted using the average salary increase percentage granted to the employees of MRV Engenharia e Participações S.A.. The agreement is effective for an indefinite period.

(e) Refers to intragroup loan between the Company and subsidiaries. The adjustment was made using CDI + a fixed rate of 2.05% per annum.

As at December 31, 2013, MRV Engenharia de Participações S.A. and some Company shareholders are the guarantors of R$109,474 in Company debentures (nil at June 30, 2014).

The Group conducts transactions with Banco Bradesco, manager of the investment fund Fundo de Investimento em Participações Multisetorial Plus that became a Company shareholder in the second quarter of 2013. As at June 30, 2014, the transactions consist of loans, financing and debentures, amounting to R$454,942 (R$402,820 at December 31, 2013) and short-term investments, amounting to R$221 (R$12,103 at December 31, 2013). In the quarter and six-month period ended June 30, 2014, these transactions, conducted at usual market rates, generate financial expenses of R$6,598 and financial income of R$21,401 and financial income of R$402 and R$635, respectively.

Compensation of key personnel

Pursuant to CPC 05 (R1), which addresses related party disclosures, and according to the understanding of the Company, management's key personnel consists of members of the Board of Directors and officers elected by the Board of Directors in conformity with the Company's bylaws, and their responsibilities comprise decision-making powers and control of the Company's activities.

	Individual and Consolidated			
	2014		2013	
	2nd quarter	1st half	2nd quarter	1st half
Short-term benefits granted to management:				
Management compensation	**287**	**516**	228	457
Profit sharing	**176**	**293**	438	438
Share-based compensation:				
Stock option plan	**90**	**182**	83	170
	553	991	749	1,065

On April 30, 2014, the Extraordinary and Annual Shareholders' Meeting approved the change in the overall management compensation threshold to R$2,000.

In addition to the benefits above, the Company does not grant any other benefits such as postemployment benefits, other long-term benefits or severance compensation.

17. Financial instruments and risk management

(a) Category of financial instruments

	Individual		Consolidated	
	06/30/14	12/31/13	06/30/14	12/31/13
Financial assets:				
Cash and banks	**12**	127	**347**	496
Fair value through profit or loss held for trading (*)	**-**	79,011	**7,290**	150,704
Loans and receivables	**6,261**	5,645	**33,031**	34,952
Financial liabilities:				
Amortized cost	**552,003**	574,136	**832,304**	791,509

(*) Financial assets recognized at fair value with level 2 measurement.

(b) Exposure to interest rates and inflation adjustment indices

The analysis below was undertaken at June 30, 2014, as described in nota 17, (c), to the financial statements for the year ended December 31, 2013.

Index	Financial asset	Financial liability	Net exposed financial liability	Effective rate for the 12-month period ended 6/30/2014	Estimated annual rate for 2014 (*)		Change in effective rate for the relevant scenario	Total estimated effect
Probable scenario:								
CDI	7,290	(450,125)	(442,835)	9.68%	10.78%	(i)	1.10%	(4,871)
TR	-	(384,800)	(384,800)	0.54%	0.58%	(ii)	0.04%	(154)
								(5,025)
Scenario I:								
CDI	7,290	(450,125)	(442,835)	9.68%	13.48%		3.80%	(16,828)
TR	-	(384,800)	(384,800)	0.54%	0.73%		0.19%	(731)
								(17,559)
Scenario II:								
CDI	7,290	(450,125)	(442,835)	9.68%	16.17%		6.49%	(28,740)
TR	-	(384,800)	(384,800)	0.54%	0.87%		0.33%	(1,270)
								(30,010)

(*) Effective change for the first six months of 2014 plus a projection for the next six months of 2014.

(i) Data obtained on the Central Bank of Brazil website.
(ii) Data obtained on the Central Bank of Brazil website, Focus Bulletin.
(iii) Data obtained on the BM&F Bovespa website.

(c) Capital risk management

As at June 30, 2014 and December 31, 2013, the consolidated debt-to-equity ratio is as follows:

	Individual		Consolidated	
	06/30/14	12/31/13	06/30/14	12/31/13
Loans, financing and debentures	**547,821**	558,580	**818,994**	766,916
Cash and Cash Equivalents	**(12)**	(79,138)	**(7,637)**	(151,200)
Net debt (cash) (o)	**547,809**	479,442	**811,357**	615,716
Shareholders' equity	**1,460,098**	739,897	**1,460,330**	739,985
Net debt (cash) (o) to shareholders' equity	**37.5%**	64.8%	**55.6%**	83.2%

The Company is currently at a stage of significant expansion, purchasing land and building warehouses, as well as other projects to be leased and/or sold in the future. However, the continuity of its expansion plan will depend on obtaining third-party funds (either as capital contributions or borrowings), own capital and/or cash generated by our operations.

(d) Liquidity and interest rate risk table

The tables below detail the remaining contractual maturity of the Group's non-derivative financial liabilities and the contractual amortization periods.

These tables have been prepared using the undiscounted cash flows of the financial liabilities based on the nearest date on which the Group should settle the related obligations. The tables include interest and principal cash flows. As the interest flows refer to floating rates, the undiscounted was obtained based on the index projections from June 30, 2014 to the contractual maturity, which is based on the nearest date on which the Group should settle the related obligations.

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Individual:					
Floating rates	191,707	102,288	114,961	356,793	765,749
Fixed rates	87	-	-	-	87
Non-interest bearing securities	23,363	-	-	-	23,363
Total	215,157	102,288	114,961	356,793	789,199
Consolidated:					
Floating rates	219,313	146,951	167,117	700,298	1,233,679
Fixed rates	87	-	-	-	87
Non-interest bearing securities	32,365	-	-	-	32,365
Total	251,765	146,951	167,117	700,298	1,266,131

(e) Fair value of financial instruments

The table below shows in detail the comparisons between the carrying amounts and fair values of loans, financing and debentures:

	Individual					
	06/30/2014			12/31/2013		
Financial instruments	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Debentures:						
CDI+1.85% p.a.	(103,893)	(103,893)	-	-	-	-
CDI+1.90% p.a.	(63,413)	(63,280)	133	(68,242)	(67,818)	424
CDI+1.90% p.a.	(98,853)	(97,897)	956	(100,849)	(99,712)	1,137
CDI+2.20% p.a.	-	-	-	(109,474)	(109,373)	101
Total	(266,159)	(265,070)	1,089	(278,565)	(276,903)	1,662
Working capital loans						
CDI+1.60% p.a.	(28,098)	(28,098)	-	(30,518)	(30,518)	-
CDI+2.00% p.a.	(91,099)	(90,719)	380	(91,010)	(90,185)	825
CDI+2.70% p.a.	(15,808)	(15,773)	35	(20,180)	(20,116)	64
Total	(135,005)	(134,590)	415	(141,708)	(140,819)	889
Financing:						
Construction financing	(155,053)	(155,053)	-	(146,474)	(146,474)	-
Total	(155,053)	(155,053)	-	(146,474)	(146,474)	-
Grand total (w/o issuance costs)	(556,217)	(554,713)	1,504	(566,747)	(564,196)	2,551

	Consolidated					
	06/30/2014			12/31/2013		
Financial instruments	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Debentures:						
CDI+1.85% p.a.	(103,893)	(103,893)	-	-	-	-
CDI+1.90% p.a.	(63,413)	(63,280)	133	(68,242)	(67,818)	424
CDI+1.90% p.a.	(98,853)	(97,897)	956	(100,849)	(99,712)	1,137
CDI+2.20% p.a.	-	-	-	(109,474)	(109,373)	101
Total	(266,159)	(265,070)	1,089	(278,565)	(276,903)	1,662
Working capital loans						
CDI+1.60% p.a.	(28,098)	(28,098)	-	(30,518)	(30,518)	-
CDI+2.00% p.a.	(91,099)	(90,719)	380	(91,010)	(90,185)	825
CDI+2.70% p.a.	(15,808)	(15,773)	35	(20,180)	(20,116)	64
Total	(135,005)	(134,590)	415	(141,708)	(140,819)	889
Financing:						
Construction financing	(431,040)	(431,040)	-	(358,681)	(358,681)	-
Total	(431,040)	(431,040)	-	(358,681)	(358,681)	-
Grand total (w/o issuance costs)	(832,204)	(830,700)	1,504	(778,954)	(776,403)	2,551

The fair values of loans, financing, and debentures subject to CDI plus spread and TR, a managed prime rate, were estimated by the Company's management based on the future value of the loans on maturity at the contracted rate, discounted to present value at the market rate at June 30, 2014 and December 31, 2013.

The table below shows a comparative of the contracted and market rates, individual and consolidated, at June 30, 2014:

	Current market rate	**Maturity dates**
Debentures:		
CDI+1.85% p.a.	1.85% p.a.	February 2019
CDI+1.90% p.a.	1.99% p.a.	June 2019
CDI+1.90% p.a.	2.22% p.a.	June 2020
Working capital loans		
CDI+1.60% p.a.	1.60% p.a.	September 2017
CDI+2.00% p.a.	3.05% p.a.	November 2014
CDI+2.70% p.a.	3.15% p.a.	July 2015
Financing:		
Construction CDI+1.65% p.a.	1.65% p.a.	October 2024
Construction TR + 9.30% to 11.50% p.a.	9.30% to 11.50% p.a.	September 2025

Management believes that the other financial instruments such as cash, banks, short-term investments, trade receivables, payables to related parties, trade payables, and land payables approximate their fair values because a significant portion of the balances matures on dates close to the end of reporting period.

The other information on financial instruments and risk management is not significantly different from the information disclosed in note 17 to the financial statements for the year ended December 31, 2013.

18. Guarantees

Except for the guarantees described in notes 6 and 7, the Group does not collateralize any of its assets and is not the guarantor of any other types of third-party transactions.

19. Commitments

The Company entered into a shareholders' agreement with Agropecuária Aroeiras Ltda. mainly aimed at establishing how this Betim I Incorporações SPE Ltda.'s capital will be paid in, and other relationships between the shareholders. As Agropecuária Aroeiras Ltda. paid in the capital through the assignment of own land on the establishment of the SPE and the Company is paying in capital basically in cash over time, the unpaid balance will be adjusted using a rate equivalent to 66% of CDI fluctuation, which will be the amount contributed by the Company as capital increase in SPE Betim. As at June 30, 2014, the amount to be paid by the Company is R$21,173 (R$21,354 at December 31, 2013).

20. Noncash transactions

During the six-month periods ended June 30, 2014 and 2013, the Company and its subsidiaries conducted the following investment and financing transactions that did not involve cash, which, therefore, are not reflected in the statement of cash flows:

	Individual		Consolidated	
	1st half of		1st half of	
	2014	2013	2014	2013
Capital contribution to investee with investment properties	**5,018**	96,965	**-**	-
Barter of investment properties, net of realization	**40,000**	588	**37,280**	4,768
Interest capitalization	**29,464**	27,648	**32,920**	27,886
Initial effects of the adoption of the fair value of investment property:				
- Investment properties	**116,602**	-	**502,327**	-
- Investment	**352,839**	-	**-**	-
- deferred income tax and social contribution – asset	**34,644**	-	**34,644**	-
- deferred taxes - liabilities	**39,645**	-	**72,472**	-

21. Insurance

The Company has an insurance policy that considers primarily risk concentration and their materiality, taking into consideration the nature of its business, and advice of the insurance brokers. As at June 30, 2014, insurance coverage is as follows:

Items	Type of coverage	Insured amount
Engineering risk insurance	Coverage during construction for involuntary damages caused during construction, installation and assembling work on the insured sites.	140,482
Civil liability	Directors and officers liability insurance (D&O).	5,000
Builder civil liability	Builder civil liability (construction works)	8,800
Company group life and collective injuries insurance	Bodily injury involuntarily caused to employees, contractors, interns and engineers.	26,514
Corporate	Property damages caused by electrical damages, fire, windstorm, riot and insures against loss of rental.	75,431
Real property delivery insurance	Guarantees delivery of the works to committed buyers and barterers.	30,000

22. Events after the reporting period

On July 10, 2014, the Extraordinary Shareholders' Meeting approved the change of the date for the date dividends related to the profit for 2013 are made available to shareholders for credit from May 30, 2014 to July 11, 2014.

On July 11, 2014, the Extraordinary Shareholders' Meeting approved a capital increase through the issue of 391,159 registered common shares without par value, at the issue price of R$7.51 per share; of the issue price, R$1.00 shall be used for the capital increase, totaling R$391, and R$6.51 will be allocated to the capital reserve, totaling R$2,547. After this capital increase, capital is R$171,844.

On July 31, 2014, the Company completed the 5th issue of simples, private, nonconvertible debentures, in a single series, with unsecured guarantee to be replaced by an additional collateral, totaling R$140,000, at the cost of 118% of the CDI variance. Interest and principal will be paid semiannually, where interest payment begins on January 31, 2015 and repayment begins on July 31, 2016.

23. Approval of the interim financial information

This interim financial information was approved by the Company's Directors on August 14, 2014.