Financial Statements

LOG Commercial Properties e Participações S.A.

Individual and Consolidated Financial Statements for the Year Ended December 31, 2014 and Independent Auditor's Report

LOG Commercial Properties e Participações S.A.

Financial Statements

December 31, 2014

Contents

Independent Auditor's Report on the Financial Statements 1

Audited Financial Statements

Balance Sheets 3
Income Statements 4
Statements of Comprehensive Income 5
Statements of Changes in Equity 6
Statements of Cash Flows 7
Statements of Value Added 8
Notes to the Financial Statements 9

Edifício Phelps Offices Towers
Rua Antônio de Albuquerque, 156
11º Andar - Savassi
30112-010 - Belo Horizonte, MG, Brasil

Tel: (5531) 3232-2100
Fax: (5531) 3232-2106
ey.com.br

A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and on consolidated financial information in accordance with IFRS and also with accounting practices adopted in Brazil

Independent auditor's report on financial statements

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

We have audited the accompanying individual and consolidated financial statements of LOG Commercial Properties e Participações S.A. ("Company"), identified as Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2014, and the related statements of income statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting practices and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Uma empresa-membro da Ernst & Young Global Limited

Building a better working world

Opinion

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the financial position of LOG Commercial Properties e Participações S.A. as of December 31, 2014, and its individual and consolidated financial performance and related cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added (SVA) for the year ended December 31, 2014, prepared under the responsibility of the Company's management, the presentation of which is required by Brazilian Corporation Law for publicly held companies and presented as supplementary information under IFRS, whereby no SVA presentation is required. These statements have been subject to the same auditing procedures previously described and, in our opinion, are presented fairly, in all material respects, in relation to the overall financial statements.

Belo Horizonte, February 26, 2015.

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

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

Uma empresa-membro da Ernst & Young Global Limited

LOG Commercial Properties e Participações S.A.

Balance Sheets
December 31, 2014 and 2013
(In thousands of Brazilian reais – R$)

		Individual		Consolidated	
	Notes	**12/31/2014**	**12/31/2013**	**12/31/2014**	**12/31/2013**
Assets					
Current assets					
Cash and cash equivalents	3	**60,626**	79,138	**77,334**	151,200
Trade receivables	4	**4,490**	3,212	**24,806**	20,758
Recoverable taxes		**4,677**	4,341	**6,577**	5,144
Prepaid expenses		**611**	726	**2,386**	1,654
Other		**1**	3	**3**	3
Total current assets		**70,405**	87,420	**111,106**	178,759
Noncurrent assets					
Trade receivables	4	**2,289**	2,433	**8,293**	14,194
Prepaid expenses		**745**	854	**4,442**	2,842
Recoverable taxes		**11,991**	10,621	**38,839**	19,822
Deferred income tax and social contribution	9	**28,535**	6,386	**28,535**	6,505
Other		**4**	-	**81**	2
Investments in subsidiaries and joint ventures	5	**1,771,228**	1,099,410	**242,961**	156,929
Investment property	6	**357,548**	185,998	**2,190,831**	1,246,621
Property and equipment		**844**	376	**1,060**	613
Total noncurrent assets		**2,173,184**	1,306,078	**2,515,042**	1,447,528
Total assets		**2,243,589**	1,393,498	**2,626,148**	1,626,287
Liabilities and equity					
Current liabilities					
Trade payables		**995**	1,735	**5,692**	10,772
Loans and financing	7	**125,750**	117,380	**162,523**	121,414
Debentures	7	**22,755**	123,907	**22,755**	123,907
Payroll, related taxes and benefits		**2,379**	2,611	**2,743**	4,024
Taxes payable		**637**	714	**3,241**	4,196
Land payables		**-**	13,821	**-**	13,821
Advances - barters	8	**-**	**-**	**4,029**	6,647
Deferred taxes	9	**-**	-	**1,666**	1,625
Dividends payable	11	**25,856**	2,938	**25,856**	2,938
Due to related parties	15	**-**	6,832	**-**	201
Payable for acquisition of investment	5	**-**	65,950	**-**	65,950
Other		**535**	356	**1,651**	1,812
Total current liabilities		**178,907**	336,244	**230,156**	357,307
Noncurrent liabilities					
Loans and financing	7	**151,469**	166,153	**430,382**	370,455
Debentures	7	**418,769**	151,140	**418,769**	151,140
Advances - barters		**40,000**	-	**42,776**	5,811
Deferred taxes	9	**-**	-	**48,349**	970
Provision for labor, tax, and civil contingencies	10	**203**	64	**203**	64
Other		**250**	-	**1,298**	555
Total noncurrent liabilities		**610,691**	317,357	**941,777**	528,995
Total liabilities		**789,598**	653,601	**1,171,933**	886,302
Shareholders' equity					
Capital	11	**171,844**	171,453	**171,844**	171,453
Capital reserves		**528,522**	525,576	**528,522**	525,576
Earnings reserves		**753,625**	42,868	**753,625**	42,868
Equity attributable to Company owners		**1,453,991**	739,897	**1,453,991**	739,897
Noncontrolling interests		**-**	-	**224**	88
Total shareholders' equity		**1,453,991**	739,897	**1,454,215**	739,985
Total liabilities and shareholders' equity		**2,243,589**	1,393,498	**2,626,148**	1,626,287

The accompanying notes are an integral part of these financial statements.

LOG Commercial Properties e Participações S.A.

Income Statements
Years ended December 31, 2014 and 2013
(In thousands of Brazilian reais – R$, except earnings per share)

	Notes	Individual		Consolidated	
		2014	2013	2014	2013
Net revenue	13	**15,701**	12,520	**67,968**	89,255
Costs	14	**-**	(3,954)	**-**	(38,835)
Gross profit		**15,701**	8,566	**67,968**	50,420
Operating income (expenses)					
Selling expenses	14	**(4,523)**	(3,570)	**(10,508)**	(7,616)
General and administrative expenses	14	**(7,201)**	(9,380)	**(8,723)**	(9,565)
Management compensation	14	**(1,065)**	(990)	**(1,065)**	(990)
Changes in the fair value of investment property	6	**(10,648)**	-	**160,297**	-
Other operating income (expenses), net	14	**(554)**	(742)	**229**	(1,364)
Equity in subsidiaries and joint ventures	5	**265,421**	36,939	**77,484**	8,445
Operating profit before financial income (expenses)		**257,131**	30,823	**285,682**	39,330
Financial income (expenses)					
Financial expenses	7	**(16,066)**	(9,124)	**(37,686)**	(15,901)
Financial income		**3,958**	7,038	**8,571**	11,054
Income before income tax and social contribution		**245,023**	28,737	**256,567**	34,483
Income tax and social contribution					
Current		**-**	-	**(5,694)**	(4,610)
Deferred		**27,150**	2,185	**21,374**	1,049
	9	**27,150**	2,185	**15,680**	(3,561)
Net income		**272,173**	30,922	**272,247**	30,922
Net income attributable to:					
Company owners				**272,173**	30,922
Noncontrolling interests				**74**	-
				272,247	30,922
Earnings per share (In Reais - R$):					
Basic	12	**1.58572**	0.20119	**1.58572**	0.20119
Diluted	12	**1.58259**	0.20081	**1.58259**	0.20081

The accompanying notes are an integral part of these financial statements.

LOG Commercial Properties e Participações S.A.

Statements of Comprehensive Income
Years ended December 31, 2014 and 2013
(In thousands of Brazilian reais – R$)

	Individual		Consolidated	
	2014	**2013**	**2014**	**2013**
Net income	**272,173**	30,922	**272,247**	30,922
Other components of comprehensive income	-	-	-	-
Total comprehensive income for the year	**272,173**	30,922	**272,247**	30,922
Comprehensive income attributable to:				
Company owners			**272,173**	30,922
Noncontrolling interests			**74**	-
			272,247	30,922

The accompanying notes are an integral part of these financial statements.

LOG Commercial Properties e Participações S.A.

Statements of Changes in Equity
Years ended December 31, 2014 and 2013
(In thousands of Brazilian reais – R$)

	Capital reserves			Earnings reserves					
	Share capital	Share premium	Recognized options granted	Legal	Earnings retention	Retained earnings	Equity attributable to owners of the Company	Noncontrolling interests	Total
BALANCE AT DECEMBER 31, 2012	134,362	285,930	591	833	14,051	-	435,767	55	435,822
Shareholders' contributions, ESMs of 4/18/13 and 6/25/13	37,091	241,187	-	-	-	-	278,278	-	278,278
Share issuance costs	-	(2,483)	-	-	-	-	(2,483)	-	(2,483)
Net contributions from noncontrolling shareholders	-	-	-	-	-	-	-	33	33
Recognition of stock option reserve	-	-	351	-	-	-	351	-	351
Net income	-	-	-	-	-	30,922	30,922	-	30,922
Allocation of net income:									
Recognition of legal reserve	-	-	-	1,546	-	(1,546)	-	-	-
Proposed dividends	-	-	-	-	-	(2,938)	(2,938)	-	(2,938)
Recognition of earnings retention reserve	-	-	-	-	26,438	(26,438)	-	-	-
BALANCE AT DECEMBER 31, 2013	**171,453**	**524,634**	**942**	**2,379**	**40,489**	**-**	**739,897**	**88**	**739,985**
Fair value adjustment of investment property	**-**	**-**	**-**	**-**	**-**	**464,440**	**464,440**	**59**	**464,499**
BALANCE AT JANUARY 1, 2014	**171,453**	**524,634**	**942**	**2,379**	**40,489**	**464,440**	**1,204,337**	**147**	**1,204,484**
Shareholders' contributions, ESM of 7/11/14	**391**	**2,547**	**-**	**-**	**-**	**-**	**2,938**	**-**	**2,938**
Net contributions from noncontrolling shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3**	**3**
Recognition of stock option reserve	**-**	**-**	**399**	**-**	**-**	**-**	**399**	**-**	**399**
Net income	**-**	**-**	**-**	**-**	**-**	**272,173**	**272,173**	**74**	**272,247**
Allocation of net income:									
Recognition of legal reserve	**-**	**-**	**-**	**3,609**	**-**	**(13,609)**	**-**	**-**	**-**
Proposed dividends	**-**	**-**	**-**	**-**	**-**	**(25,856)**	**(25,856)**	**-**	**(25,856)**
Recognition of earnings retention reserve	**-**	**-**	**-**	**-**	**697,148**	**(697,148)**	**-**	**-**	**-**
BALANCE AT DECEMBER 31, 2014	**171,844**	**527,181**	**1,341**	**5,988**	**737,637**	**-**	**1,453,991**	**224**	**1,454,215**

The accompanying notes are an integral part of these financial statements.

LOG Commercial Properties e Participações S.A.

Statements of Cash Flows
Years ended December 31, 2014 and 2013 – Indirect Method
(In thousands of Brazilian reais – R$)

		Individual		Consolidated	
	Notes	2014	2013	2014	2013
Cash flows from operating activities					
Net income		**272,173**	30,922	**272,247**	30,922
Adjustments to reconcile net income to net cash generated by (used in) operating activities:					
Depreciation		**28**	3,974	**34**	13,356
Equity in subsidiaries and joint ventures	5	**(265,421)**	(36,939)	**(77,484)**	(8,445)
Amortization of prepaid expenses		**571**	481	**1,995**	909
Allowance for doubtful debts	4	**-**	-	**-**	176
Financial charges incurred and not paid		**15,863**	8,257	**36,343**	15,553
Deferred taxes		**(27,150)**	(2,185)	**(12,439)**	(3,336)
Changes in the fair value of investment property	6	**10,648**	-	**(169,563)**	-
Gain on land sales		**-**	-	**-**	(16,076)
Stock options		**399**	351	**399**	351
		7,111	4,861	**51,532**	33,410
(Increase) decrease in operating assets:					
Trade receivables		**(1,134)**	(1,609)	**(11,437)**	(5,740)
Recoverable taxes		**182**	(1,280)	**(3,547)**	(1,839)
Prepaid expenses		**(347)**	(158)	**(4,327)**	(1,746)
Other assets		**(2)**	5	**(78)**	(3)
Increase (decrease) in operating liabilities:					
Payroll, related taxes and benefits		**(232)**	1,690	**(1,281)**	2,322
Taxes payable		**(447)**	(141)	**4,524**	5,872
Other liabilities		**485**	(254)	**520**	531
Income tax and social contribution paid		**(9)**	-	**(5,481)**	(3,744)
Proceeds from the land sales		**-**	-	**13,290**	24,363
Dividends received from subsidiaries	5	**65,055**	31,482	**-**	-
Net cash generated by operating activities		**70,662**	34,596	**43,715**	53,426
Cash flows from investing activities					
Increase in/acquisition of investments		**(119,544)**	(174,331)	**(72,281)**	(25,586)
Acquisition of investment propriety		**(40,948)**	(104,602)	**(204,046)**	(357,781)
Other		**(496)**	(205)	**(481)**	(344)
Net cash used in investing activities		**(160,988)**	(279,138)	**(276,808)**	(383,711)
Cash flows from financing activities					
Borrowings, financing and debentures, net		**492,265**	193,158	**585,524**	355,166
Repayment of borrowings, financing and debentures		**(347,924)**	(115,236)	**(350,882)**	(115,236)
Interest payment		**(65,778)**	(56,770)	**(75,418)**	(56,273)
Contribution from shareholders		**2,938**	278,278	**2,938**	278,278
Share issuance costs		**-**	(3,762)	**-**	(3,762)
Payment of due to related parties		**(129,350)**	(77,490)	**(5,948)**	(55,517)
Increase in due to related parties		**122,601**	84,239	**5,948**	55,517
Dividend payment	11	**(2,938)**	(816)	**(2,938)**	(816)
Contributions from noncontrolling shareholders		**-**	-	**3**	33
Net cash generated by financing activities		**71,814**	301,601	**159,227**	457,390
Increase (decrease) in cash and cash equivalents		**(18,512)**	57,059	**(73,866)**	127,105
Cash and Cash Equivalents					
At the beginning of the year		**79,138**	22,079	**151,200**	24,095
At the end of the year		**60,626**	79,138	**77,334**	151,200
Increase (decrease) in cash and cash equivalents		**(18,512)**	57,059	**(73,866)**	127,105

The accompanying notes are an integral part of these financial statements.

LOG Commercial Properties e Participações S.A.

Statements of Value Added
Years ended December 31, 2014 and 2013
(In thousands of Brazilian reais – R$)

		Individual		Consolidated	
	Notes	2014	2013	2014	2013
Revenues					
Revenue for leases and land sales	13	**17,312**	13,795	**72,437**	93,671
Other income		**27**	50	**764**	158
Changes in the fair value of investment property	6	**(10,648)**	-	**169,563**	-
Revenues related to construction of own assets		**30,171**	39,327	**237,935**	285,545
Allowance for doubtful debts		**-**	-	**-**	(176)
		36,862	53,172	**480,699**	379,198
Inputs purchased from third-parties (includes the taxes ICMS, IPI, PIS AND COFINS)					
Supplies, power, outside services and other items		**(28,071)**	(32,638)	**(150,214)**	(216,121)
		(28,071)	(32,638)	**(150,214)**	(216,121)
Gross value added		**8,791**	20,534	**330,485**	163,077
Depreciation		**(28)**	(3,974)	**(34)**	(13,356)
Net wealth created		**8,763**	16,560	**330,451**	149,721
Value added received in transfer					
Equity in subsidiaries and joint ventures	5	**265,421**	36,939	**77,484**	8,445
Financial income		**3,958**	7,038	**8,571**	11,054
		269,379	43,977	**86,055**	19,499
Total wealth for distribution		**278,142**	60,537	**416,506**	169,220
Wealth distributed					
Personnel:		**10,308**	10,008	**25,673**	26,817
Salaries and wages		**8,310**	8,295	**20,216**	20,946
Benefits		**1,342**	1,067	**3,600**	3,999
Severance pay fund (FGTS)		**656**	646	**1,857**	1,872
Taxes and fees:		**(20,226)**	5,111	**9,642**	20,634
Federal		**(20,357)**	3,651	**6,566**	15,762
State		**4**	23	**6**	133
Municipal		**127**	1,437	**3,070**	4,739
Lenders and lessors:		**15,887**	14,496	**108,944**	90,847
Interest		**13,878**	10,486	**94,697**	70,559
Rentals		**1,942**	3,960	**14,115**	20,186
Leases		**47**	50	**45**	82
Other		**20**	**-**	**87**	20
Shareholders:		**272,173**	30,922	**272,247**	30,922
Dividends	11	**25,856**	2,938	**25,856**	2,938
Retained earnings		**246,317**	27,984	**246,317**	27,984
Noncontrolling interests in retained earnings		**-**	-	**74**	-
Wealth distributed		**278,142**	60,537	**416,506**	169,220

The accompanying notes are an integral part of these financial statements.

1. General information

LOG Commercial Properties e Participações S.A. ("Company") is a corporation publicly trade in category "B" (granted by the Brazilian Securities and Exchange Commission on November 12, 2013), with its head office in Belo Horizonte, Minas Gerais, established on June 10, 2008, which is engaged in the: (i) management of own assets; (ii) rendering engineering and construction services for residential and/or commercial properties; (iii) development, construction and lease of own or third-party residential and/or office buildings; and (iv) holding interests in other entities, either as partner or shareholder.

The projects are developed by LOG Commercial Properties e Participações S.A., its subsidiaries, and joint ventures ("Group"), which are primarily engaged in the construction and lease (under operating leases rules) of industrial warehouses, stores/offices, shopping malls, strip malls and development and sale of industrial lots. The projects are located in the States of Minas Gerais, São Paulo, Espírito Santo, Paraná, Rio de Janeiro, Goiás, Ceará, Sergipe and Bahia. See the list of and supplemental information on subsidiaries and joint ventures in note 5.

The Company and its subsidiaries are 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. As at December 31, 2014 the Group has preapproved credit facilities totaling R$143,000 and continues in constant conversations with financial institutions aiming to enhance its financial structure. These negotiations will be concluded during 2015.

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

2.1 Presentation of financial statements

I. Statement of compliance

The Company's individual and consolidated financial statements are presented in accordance with accounting practices adopted in Brazil (BR GAAP) and also in accordance with the International Financial Reporting Standards ("IFRSs"), issued by the International Accounting Standards Board ("IASB").

With the inclusion of equity method for investments in subsidiaries, associates and jointly controlled entities in the separate financial statements (IAS 27), endorsed by the Review Document 07 and CVM Resolution 733, the accounting practices adopted in Brazil became virtually identical with respect to IFRS.

The accounting practices adopted in Brazil comprise the policies set out in Brazilian Corporate Law and the pronouncements, guidance, and interpretations issued by the Accounting Pronouncements Committee (CPC), approved by the

Brazilian Securities and Exchange Commission (CVM) and the Federal Accounting Council (CFC).

II. Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the balances of 'Cash and cash equivalents' and 'Investment property', which are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

III. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled directly by the Company or indirectly through its subsidiaries. The Company's subsidiaries included in consolidation are listed in note 5.

The full consolidation method is used and the interests in the assets, liabilities and profits or losses of subsidiaries are combined with the corresponding line items in the Company's consolidated financial statements, on a per line item basis, and parent company's interests in the subsidiaries equities, and their balances of assets and liabilities, revenue, costs and expenses are eliminated.

2.2 Significant accounting policies

(a) Cash and cash equivalents

Include cash, positive bank account balances, and short-term investments redeemable within three months from contract date and with an immaterial risk of changes in fair value. Cash and cash equivalents are classified as financial assets measured at fair value, and the income thereon is recognized in profit or loss.

(b) Trade receivables

Represented basically by rents receivables from leased assets, net of the allowance for doubtful debts, which is recognized based on management's assessment, taking into account the involved risks. The Company's management believes that this allowance is sufficient to cover identified losses. Lease receivables are not adjusted to present value since they have short-term maturities and/or have an immaterial impact on the financial statements. Short-term (if material) and long-term land receivables are adjusted to present value as explained in item 2.2 (l).

(c) Investments in subsidiaries and joint ventures

The financial information of subsidiaries is recognized in the Company's individual financial statements by the equity method of accounting, based on the investees' financial statements for the same reporting periods and prepared using the same accounting criteria used in the Company's financial statements. In the individual and consolidated financial statements, the information on subsidiaries and joint

ventures is recognized using the equity method, based on the related investees' financial statements for the same reporting periods and using the same accounting criteria of the Company's financial statements.

Profits and losses resulting from intragroup transactions are recognized in the financial statements only to the extent of the interest in the investee that are not related to the group.

(d) Investment property

Up to December 31, 2013, investment property was measured at cost. Beginning 2014, after being initially recognized at cost, including transaction costs and interest incurred during the contract stage, investment property is measured at fair value (Note 2.3 - Change in accounting policy). All income arising on the operating lease of assets for rental or appreciation in value is recognized as investment property and measured using the fair value model. Gains and losses resulting from changes in the fair value of an investment property are recognized in profit or loss for the year when the changes took place.

As at December 31, 2014, the fair value measurement of investment property was performed by in-house appraisers with the required qualifications, using the following assumptions:

- For projects that did not underwent a material change in the value perception, whether driven by factors inherent to the property itself or its lessee portfolio, fair value was attributed by maintaining the transactions value determined by an external appraiser as at June 30, 2014, plus cost incurred in the second half of 2014;

- For projects that underwent a material change in the value perception, whether driven by factors inherent to the property itself or its lessee portfolio, fair value was attributed by adjusting/deriving the Discount Cash Flows determined by an external appraiser as at June 30, 2014 through December 31, 2014. Adjustments were restricted to the operating assumptions (average lease price, selling costs, and common area maintenance costs), without any changes in the risk and market assumptions, except for LOG Goiania, for which its capitalization rate (Exit Cap Rate) was adjusted from 11.07 to 10.00%, aiming to harmonize rates for LOG´s comparable projects, and for LOG Itatiaia, which discount rate was reduced from 10.25% to 10.00%, aiming to reflect the risk reduction perception for the commercial performance reached between the valuation date, June 30, 2014 (project delivered in June 2014) and the current date.

The fair value measurement of investment property made by external appraisers with the required qualifications as at June 30, 2014 was 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 properties, located within the same geo-economic region.

- Projects in operation or at construction stage: valuation 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 for the external appraisal:

- 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.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal, where applicable. Any gain or loss arising on derecognition of the property is recognized in profit or loss in the period in which the property is derecognized.

(e) Provisions

A provision is recognized as a result of a past event, when the Company has a legal or constructive obligation that can be reliably estimate and it is probable that a disbursement will be required to settle the obligation.

When a provision is measured based on the estimated cash flows to settle the obligation, its carrying amount corresponds to the present value of such cash flows.

(f) Loans, financing and debentures

Initially recognized when funds are received, net of transaction costs. At the end of the reporting period there are carried at their initial recognition amounts, less repayments plus the relevant charges incurred. Transaction costs are presented as a reduction to current and noncurrent liabilities, and are allocated to profit or loss over the same repayment term of the financing from which they were originated based on the effective rate of each transaction.

(g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Due to the fact that financing activities are centrally coordinated by the

Company, interest incurred by the Company on the financing of its investees' qualifying assets are capitalized and presented in the investment line item (individual financial statements), net of gains obtained on the temporary investment of funds obtained on specific borrowings that have not yet been spent on the qualifying assets. In the consolidated financial statements, subsidiaries' amounts are reclassified to cost of qualifying financed investment properties, and are recorded in profit or loss as the underlying assets are realized (note 7).

(h) Stock option plan

The Company has a share-based compensation plan under which it receives services from certain employees in exchange for equity instruments (stock options). The Company recognizes the cost of compensation in profit or loss on a straight-line basis over the vesting period, from grant date to the date an option becomes exercisable, with a corresponding increase in equity. Compensation costs are measured at fair value on the date the stock options are granted and were estimated based on the Black & Scholes pricing model (see note 11 (e)).

(i) Taxes

Current and deferred income tax, social contribution, and taxes on sales are recognized in profit or loss for the year as expenses or income, except when they correspond to items recognized in 'Other comprehensive income', or are directly recognized in equity, in which case current and deferred taxes are also recognized in 'Other comprehensive income' or directly in equity, respectively.

Income tax and social contribution

The Company and some subsidiaries calculate income tax and social contribution based on actual taxable income. As permitted by the Brazilian tax law, the subsidiaries and almost all joint ventures opted for taxation based on deemed income, where the income tax and social contribution taxable base is calculated at the rate of 32% of gross revenues from lease services and plus the financial income.

The regular 15% income tax rate is levied on deemed taxable income, plus a 10% surtax on income exceeding R$240 per annum, and for social contribution the rate levied is 9%.

As permitted by the prevailing tax law, the subsidiaries and the joint ventures that elected the deemed income taxation regime calculate income from the provision of commercial property lease services, land sales, and taxes on financial income on a cash basis.

Deferred taxes

Deferred income tax and social contribution ("deferred taxes") are fully recognized as prescribed by CPC 32 and IAS 12 *Income Tax* on the differences between assets and liabilities recognized for tax purposes and related amounts recognized in the financial statements and are determined taking into account the tax rates

(and laws) in effects on the date the financial statements were prepared and applicable when the related income tax and social contribution are realized.

Deferred taxes assets are recognized only to the extent that it is probable that there will be a positive tax base for which temporary differences can be used and tax loss carryforwards can be offset. The recovery of deferred tax assets is reviewed at the end of each annual reporting period and, when it is no longer probable that future taxable income will be available to allow the recovery of all or part of the assets, these are adjusted to the expected recoverable amount.

Taxes on revenue

Revenue is carried net of taxes on sales (PIS and COFINS). The aggregate tax rate of the Social Integration Program Tax on Revenue (PIS) and the Social Security Funding Tax on Revenue (COFINS) is 9.25%, levied on actual income (noncumulative regime) or 3.65%, levied of deemed income.

(j) Income and expense recognition

Lease revenues are recognized on a straight-line basis over term of the underlying agreement and are being carried net, i.e., less the taxes levied thereon to the extent it is probable that economic benefits will flow to the Company and their amount can be reliably measured.

Revenue from land sales is recognized when land is delivered and ownership is transferred so that all the criteria set forth by CPC 30 (IAS 18) *Revenue* are met.

Revenue and expenses are recorded on the accrual basis.

(k) Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments and are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are classified into the following categories: (i) financial assets at fair value through profit or loss; (ii) held-to-maturity' investments; (iii) loans and receivables; and (iv) available-for-sale. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are

purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The Group discloses financial assets, which are classified into the categories described below:

Category	Financial assets
At fair value through profit or loss	Cash and cash equivalents
Loans and receivables	Trade receivables

- Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss when they are held for trading or on their initial recognition, designated at fair value through profit or loss, and any gains or losses thereon are recognized in profit or loss.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, measured at amortized cost using the effective interest method, less any impairment losses. Interest revenue, when applicable, is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest is immaterial.

- Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

- Impairment of financial assets

The Group assesses at the end of the reporting periods if there is objective evidence that a financial asset or group of financial assets has been impaired. A financial asset or a group of financial assets is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. As at December 31, 2014, except for the allowance for doubtful debts (Note 4), there were no events that would indicate the need to recognize an allowance for impairment losses and, therefore, no allowance for losses was recognized.

Financial liabilities

The main financial liabilities held by the Group are: land payables, borrowings, financing, debentures, and trade payables. These liabilities are initially measured

at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest method.

- Derecognition

The Group derecognizes financial liabilities when, and only when, the Company's. its subsidiaries, or its joint ventures' obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

- Net presentation

Financial assets and financial liabilities are stated at their net amounts in the balance sheet if, and only if, the Company has a legally enforceable right to set off the amounts recognized and if there is an intent to simultaneously realize the asset and settle the liability.

(l) Discount to present value

Monetary assets and monetary liabilities are adjusted to their present value based on an effective interest rate resulting from short- (if material) and long-term transactions, without yield or subject to: (i) fixed interest; (ii) interest rates clearly below market rates for similar transactions; and (iii) inflation adjustment only, with no interest. The Group periodically assesses the effect of this policy and, for the annual reporting periods, this adjustment is restricted to land payables and land receivables.

(m) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, and revenues and expenses in the reporting periods. Assets and liabilities subject to these estimates and assumptions include fair value, deferred income tax and social contribution assets, asset impairment testing, and provisions for labor, tax, and civil contingencies. Since management's judgment involves estimates related to the probability of future events, actual results could differ from those estimates.

The Company revises its estimates and assumptions at least annually. The effects arising from these revisions are recognized in the year when the estimates are revised if such revision impacts just such year, or also in subsequent years if the revision impacts both the current period and future years.

(n) Functional and reporting currency

The individual and consolidated financial statements are presented in Brazilian reais (R$), which is the Company's, its subsidiaries', and its jointly controlled entities' functional currency.

(o) Statement of value added

The Company prepares individual and consolidated statements of value added in accordance with Brazilian Accounting Standard (CPC) 09 - *Demonstração do Valor Adicionado* (Statement of Value Added), which are presented as an integral part of the financial statements prepared in accordance with the BRGAAP applicable to publicly heal companies, while for IFRS purposes they are presented as supplemental information.

The first part of this statement presents the wealth created, represented by revenue, inputs acquired from third parties, and the value added received from third parties and the second part presents the distribution of wealth among personnel, taxes, fees and contributions, lenders and lessors, and shareholders.

(p) Leases

Determining whether an arrangement is or contains a lease is based on the arrangement's substance at its inception.
Leases where the Group, as a lessor, does not transfer substantially all the risks and rewards incidental to ownership are classified as an operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

(q) Earnings per share

Basic

Basic earnings per share are calculated by dividing profit attributable to the owners of the Company by the weighted average number of common shares outstanding in the year, excluding the common shares bought back by the Company.

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares to presume the conversion of all potentially dilutive common shares. The Company only has a type of potentially dilutive common shares: stock options, for which a calculation is made to determine the number of shares that could have been acquired at their fair value (determined as the market price of Company stock), based on the monetary value of the subscription rights linked to the outstanding stock options.

(r) Segment information

The Company has the following operating segments: industrial warehouses and retail (shopping center and strip mall), which do not meet the minimum quantitative parameters established by CPC 22 and IAS 14 *Segment Reporting*, to be separately disclosed.

(s) New and revised standards and interpretations already issued and not yet adopted

The standards and interpretations issued or amended but not yet adopted by the end of the reporting period are as follows: IFRS 9 *Financial Instruments*, IAS 16 *Property, Plant and Equipment*, IAS 24 *Related Party Disclosures*, IFRS 13 *Fair Value Measurement*; IAS 40 – *Investment Property*, IFRS 15 – *Revenue from Contracts with Customers*; amendments to: IAS 16 and IAS 38: Clarifications on Acceptable Depreciation and Amortization Methods, IAS 27: Equity Method of Accounting in Separate Financial Statements.

In light of the Company's and subsidiaries' current operations, Management does not expect these changes to have material impacts on the financial statements after their adoption. There are no other issued standards and interpretations not yet adopted that could, according to Management, have a significant impact on the net income or the shareholders' equity disclosed by the Company.

2.3 Change in accounting policy

In the 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 Property*), 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 previous year.

The impact on 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**

3. Cash and cash equivalents

Broken down as follows:

	Individual		**Consolidated**	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Cash	**20**	19	**22**	21
Bank accounts	**455**	108	**801**	475
Short-term investments:				
Bank Deposit Certificates (CDBs)	**30,605**	69,495	**45,725**	83,054
Certificates backed by debentures	**14,938**	9,516	**15,374**	27,340
Mutual funds	**14,608**	-	**15,412**	40,310
Total	**60,626**	79,138	**77,334**	151,200

Short-term investments, classified as held for trading, have daily liquidity, are immediately redeemable and subject to an immaterial risk of change in value, carried at cost plus income earned, which at December 31, 2014 is approximately 110.00% of

the interbank deposit rate (CDI) in Individual and 107.00% of CDI on a consolidated basis (105.76% of CDI in Individual and 103.81% of CDI on a consolidated basis at December 31, 2013), and adjusted to fair value, when applicable.

Investment in certificates backed by debentures, which have its repurchase guaranteed by financial institutions, can be immediately redeemed according to Company needs and their yield is pegged to the CDI.

The investment funds are highly-liquid nonexclusive funds, pegged to the fixed income DI rate, and are aimed to accompany the CDI variance.

4. Trade receivables

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Leases	**6,241**	4,409	**21,157**	11,959
Land sales	**-**	-	**9,787**	21,870
Other	**538**	1,236	**2,903**	1,871
	6,779	5,645	**33,847**	35,700
Allowance for doubtful debts	**-**	-	**(748)**	(748)
Total	**6,779**	5,645	**33,099**	34,952
Current	**4,490**	3,212	**24,806**	20,758
Noncurrent assets	**2,289**	2,433	**8,293**	14,194
	6,779	5,645	**33,099**	34,952

The lease balance refers to the lease of industrial warehouses, under operating leases subject to Law 8245/91 ("Lease Law") which includes, among others, procedures for cancellation of lease contracts and their termination fines, which are agreed commercially with each tenant. The lease agreements are adjusted on an annual basis using the using the General Market Price Index (IGPM).

The land was sold in 2013 and the related proceeds will be received through July 2015 in fixed installments. As at December 31, 2014, the receipt inflow is short term in nature and includes the adjustment to present value at a rate of 9.75% per annum, totaling R$213.

The table below shows the aging list of trade receivables:

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Undue:				
Up to 12 months	**4,441**	2,867	**23,408**	19,734
More than 12 months	**2,289**	2,433	**8,293**	14,194
	6,730	5,300	**31,701**	33,928
Past due:				
Up to 30 days	**25**	84	**25**	760
31 to 90 days	**1**	226	**1,113**	226
More than 90 days	**23**	35	**1,008**	786
	49	345	**2,146**	1,772
Total	**6,779**	5,645	**33,847**	35,700

The balance the allowance for doubtful debts as at December 31, 2014 and 2013 is R$748, and in 2014 no amount was added and in 2013 was added R$176.

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

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
12 months	**20,024**	16,152	**90,696**	63,618
13 to 24 months	**18,478**	15,973	**84,250**	57,049
25 to 36 months	**10,059**	14,297	**62,219**	46,048
37 to 48 months	**4,347**	6,177	**40,941**	27,661
More than 48 months	**9,715**	5,854	**48,132**	36,447
Total	**62,623**	58,453	**326,238**	230,823

5. Investments in subsidiaries and joint ventures

Refer to interest held in subsidiaries and joint ventures, 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 properties 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
LOG Itatiaia SPE Ltda. (“LOG Itatiaia”)	July 2014	Itatiaia, RJ
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 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				
	Capital		Equity interest				
	12/31/14		12/31/14			12/31/13	
	Amount	Number of shares	Number of shares	Contractual percentage		Contractual percentage	
Joint ventures:							
Cabral	39,247	78,494,000	39,247,000	50.00%		50.00%	
Betim subdivision	33,412	84,325,968	42,162,984	50.00%	(*)	50.00%	(*)
Torino	346,873	318,600	127,440	40.00%		40.00%	
Subsidiaries:							
LOG I	66,762	61,460,971	61,455,971	99.99%		99.99%	
LOG II	21,854	18,000,000	17,998,200	99.99%		99.99%	
LOG Jundiaí	37,866	35,874,919	35,873,675	99.99%		99.99%	
LOG Goiânia	71,172	46,930,180	46,930,170	99.90%		99.90%	
LOG Hortolândia	73,679	13,000,000	12,999,999	100.00%		100.00%	
LOG SJP	36,159	23,351,000	23,350,999	100.00%		100.00%	
LOG Juiz de Fora	35,618	10,000	9,900	99.00%		99.99%	
LOG Feira de Santana	24,017	29,541,000	29,540,999	99.99%		99.99%	
LOG Fortaleza	45,403	34,037,979	34,037,978	99.99%		99.99%	
LOG Via Expressa	65,990	47,000,000	46,999,999	99.99%		99.99%	
LOG Campos	55,482	10,000	9,990	99.90%		99.90%	
LOG Viana	86,195	10,000	9,999	99.99%		99.99%	
LOG Londrina	33,549	10,000	9,999	99.99%		99.99%	
LOG Itatiaia	41,620	27,410,838	27,410,837	99.99%		99.99%	
LOG SJC Sony	54,264	52,500,000	52,499,999	100.00%		100.00%	
Office Park Pirituba	106,771	106,440,597	106,440,596	99.99%		99.99%	
LOG Sumaré	716	10,000	9,999	99.99%		99.99%	
LOG SJRP	9,387	10,000	9,999	99.99%		99.99%	
LOG Macaé	13,548	10,000	9,999	99.99%		99.99%	
LOG RP	19,752	10,000	9,999	99.99%		99.99%	
LOG Curitiba	26,239	10,000	9,999	99.99%		99.99%	
LOG Rio	17,347	10,000	9,999	99.99%		99.99%	
LOG Aracajú	14,134	10,000	9,999	99.99%		99.99%	
LOG Uberaba	5,551	10,000	9,900	99.00%		-	
LDI	26,387	24,690,048	24,689,948	100.00%		100.00%	

(*) Actual equity interest percentage of 44.21% at December 31, 2014 (39.10% at December 31, 2013).

	Information on investees							
	Shareholders' equity		Profit (loss) for the year		Investment		Equity in investees	
	12/31/14	12/31/13	2014	2013	12/31/14	12/31/13	2014	2013
Joint ventures:								
Cabral	**133,004**	102,258	**32,027**	16,908	**66,502**	51,770	**14,732**	8,454
Betim subdivision	**75,406**	69,070	**(3)**	(19)	**33,338**	27,008	**(1)**	(7)
Torino	**346,873**	183,126	**163,747**	(5)	**138,775**	73,276	**65,499**	(2)
Capitalized interest (*)	**-**	-	**-**	-	**4,346**	4,875	**(2,746)**	-
Total joint ventures – Consolidated	**555,283**	354,454	**195,771**	16,884	**242,961**	156,929	**77,484**	8,445
Subsidiaries:								
LOG I	**144,761**	65,755	**9,582**	8,124	**144,747**	65,748	**9,581**	8,123
LOG II	**36,459**	20,533	**3,300**	1,703	**36,455**	20,531	**3,300**	1,703
LOG Jundiaí	**69,934**	36,168	**4,512**	3,858	**69,927**	36,164	**4,512**	3,858
LOG Goiânia	**110,336**	45,576	**35,149**	(685)	**110,226**	45,530	**35,114**	(685)
LOG Hortolândia	**118,341**	74,331	**(4,022)**	2,242	**118,341**	74,331	**(4,022)**	2,242
LOG SJP	**21,932**	15,169	**5,371**	(1,484)	**21,932**	15,167	**5,371**	(1,484)
LOG Juiz de Fora	**57,008**	32,396	**(187)**	(126)	**57,002**	32,393	**(187)**	(126)
LOG Feira de Santana	**19,439**	23,416	**(1,222)**	(591)	**19,437**	23,414	**(1,222)**	(591)
LOG Fortaleza	**108,254**	33,602	**34,026**	(120)	**108,243**	33,597	**34,023**	(120)
LOG Via Expressa	**91,134**	64,053	**2,173**	125	**91,125**	64,047	**2,173**	125
LOG Campos	**83,447**	41,080	**36,166**	(14)	**83,364**	41,036	**36,130**	(14)
LOG Viana	**109,256**	60,232	**20,202**	(86)	**109,245**	60,226	**20,200**	(86)
LOG Londrina	**71,188**	25,630	**28,991**	(72)	**71,181**	25,627	**28,988**	(72)
LOG Itatiaia	**26,521**	25,561	**(1,368)**	(59)	**26,518**	25,558	**(1,368)**	(59)
LOG SJC Sony	**84,001**	53,946	**8,958**	(7)	**84,001**	53,946	**8,958**	(7)

	Information on investees							
	Shareholders' equity		Profit (loss) for the year		Investment		Equity in investees	
	12/31/14	12/31/13	2014	2013	12/31/14	12/31/13	2014	2013
Office Park Pirituba	**127,593**	102,042	**(30,481)**	(6)	**127,580**	102,032	**(30,478)**	(6)
LOG Sumaré	**9**	(3)	**(7)**	(698)	**9**	(3)	**(7)**	(698)
LOG SJRP	**23,798**	9,308	**9,148**	(6)	**23,796**	9,307	**9,147**	(6)
LOG Macaé	**19,404**	13,348	**409**	4	**19,402**	13,347	**409**	4
LOG RP	**52,823**	18,991	**19,473**	(6)	**52,818**	18,989	**19,471**	(6)
LOG Curitiba	**93,452**	25,598	**61,105**	(6)	**93,443**	25,595	**61,099**	(6)
LOG Rio	**21,456**	16,600	**3,600**	(6)	**21,454**	16,598	**3,600**	(6)
LOG Aracajú	**16,522**	10,315	**(1,772)**	(6)	**16,520**	10,314	**(1,772)**	(6)
LOG Uberaba	**6,736**	-	**1,186**	-	**6,669**	-	**1,174**	-
LDI	**14,832**	27,093	**1,527**	16,417	**14,832**	27,093	**1,527**	16,417
Capitalized interest (*)	**-**	-	**-**	-	**-**	101,894	**(57,784)**	-
Total subsidiaries	**1,528,636**	840,740	**245,819**	28,495	**1,528,267**	942,481	**187,937**	28,494
Total Individual	**2,083,919**	1,195,194	**441,590**	45,379	**1,771,228**	1,099,410	**265,421**	36,939

(*) 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:

- Cabral Investimentos SPE Ltda. ("Cabral") is mainly engaged in building investment proprieties in shopping mall, store and office segments and other assets for lease.
- Betim I Incorporações SPE Ltda. ("Loteamento Betim") is mainly engaged in the subdivision of industrial land for sale and development, building and lease of business assets, primarily, logistics warehouses.
- Parque Torino Imóveis S.A. ("Torino") is engaged in the lease of own properties, construction, and development of real estate projects.

In December 2013 the Company acquired a 40% stake in Torino for R$73,278, settled in ten monthly, equal, consecutive installments amounting to R$7,328, beginning December 2013. As at December 31, 2014, the amount payable by the Company is nil (R$65,950 at December 31, 2013).

Even though the main strategic decisions regarding the business to be developed and the definition of the joint ventures' capital structure to be jointly decided, the Company has a major role in the financial, accounting and operating of the companies Cabral and Betim Subdivision.

The risks and rewards arising on the net results generated by these entities are assumed by each shareholder, according to the percentage equity interest held.

The joint ventures do not entail contractual restrictions to the distributions or funds generated by their operating activities to their controlling shareholders.

The main financial information is as follows:

	Cabral		Betim subdivision		Torino	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**	**12/31/14**	**12/31/13**
Cash and cash equivalents	**54,214**	7,245	**3**	3	**30,423**	3,408
Trade receivables	**631**	20,710	**-**	-	**1,000**	88,511
Inventories	**-**	-	**10,582**	5,155	**-**	-
Other current assets	**429**	464	**(1)**	-	**40**	-
Total current assets	**55,274**	28,419	**10,584**	5,158	**31,463**	91,919
Inventories	**-**	-	**64,947**	64,040	**-**	-
Investment property	**85,120**	51,375	**-**	-	**328,015**	103,244
Other noncurrent assets	**1,111**	32,209	**2**	1	**-**	-
Total noncurrent assets	**86,231**	83,584	**64,949**	64,041	**328,015**	103,244
Total assets	**141,505**	112,003	**75,533**	69,199	**359,478**	195,163
Current liabilities	**3,253**	3,702	**127**	129	**290**	157
Noncurrent liabilities	**5,248**	6,043	**-**	-	**12,315**	11,880
Shareholders' equity	**133,004**	102,258	**75,406**	69,070	**346,873**	183,126
Liabilities and shareholders' equity	**141,505**	112,003	**75,533**	69,199	**359,478**	195,163

	Cabral		Betim subdivision		Torino	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Operating revenue	**8,572**	56,007	**-**	-	**-**	-
Cost of services	**(2,867)**	(37,210)	**-**	-	**(193)**	-
Financial income (expenses)	**2,080**	342	**(3)**	(19)	**3,263**	(5)
Changes in the fair value of investment property:	**26,568**	-	**-**	-	**167,124**	-
Income tax and social contribution	**(2,326)**	(2,231)	**-**	-	**(6,447)**	-
Net income	**32,027**	16,908	**(3)**	(19)	**163,747**	(5)

c) The changes in the balances of investments in subsidiaries and joint ventures in the years ended December 31, 2014 and 2013 are as follows:

	Opening balances	**Fair value adjustment of investment**	**Adjusted opening balances at 01/01/14**	**Capital contributions (reversals)**	**Equity in investees**		**Dividends received**	**Other**	**Closing balances**
Year ended December 31, 2014:									
Joint ventures:									
Cabral	51,770	-	51,770	-	14,732		-	-	66,502
Betim subdivision	27,008	-	27,008	6,331	(1)		-	-	33,338
Torino	73,276	-	73,276	-	65,499		-	-	138,775
Capitalized interest	4,875	-	4,875	-	(2,746)	(*)	-	2,217	4,346
Total joint ventures – Consolidated	**156,929**	**-**	**156,929**	**6,331**	**77,484**		**-**	**2,217**	**242,961**
Subsidiaries:									
LOG I	65,748	80,344	146,092	970	9,581		(11,896)	-	144,747
LOG II	20,531	15,959	36,490	171	3,300		(3,506)	-	36,455
LOG Jundiaí	36,164	36,588	72,752	1,124	4,512		(8,461)	-	69,927
LOG Goiânia	45,530	32,210	77,740	2,843	35,114		(5,471)	-	110,226
LOG Hortolândia	74,331	54,340	128,671	1,018	(4,022)		(7,326)	-	118,341
LOG SJP	15,167	2,882	18,049	3	5,371		(1,491)	-	21,932
LOG Juiz de For a	32,393	23,607	56,000	2,998	(187)		(1,809)	-	57,002
LOG Feira de Santana	23,414	9,651	33,065	(10,498)	(1,222)		(1,908)	-	19,437
LOG Fortaleza	33,597	32,707	66,304	11,551	34,023		(3,635)	-	108,243
LOG Via Expressa	64,047	43,843	107,890	(13,232)	2,173		(5,706)	-	91,125
LOG Campos	41,036	(2,768)	38,268	13,973	36,130		(5,007)	-	83,364
LOG Viana	60,226	7,906	68,132	25,874	20,200		(4,961)	-	109,245
LOG Londrina	25,627	8,751	34,378	7,846	28,988		(31)	-	71,181
LOG Itatiaia	25,558	730	26,288	2,000	(1,368)		(402)	-	26,518
LOG SJC Sony	53,946	20,885	74,831	212	8,958		-	-	84,001
Office Park Pirituba	102,032	51,314	153,346	4,713	(30,478)		(1)	-	127,580
LOG Sumaré	(3)	-	(3)	19	(7)		-	-	9

	Opening balances	Fair value adjustment of investment	Adjusted opening balances at 01/01/14	Capital contributions (reversals)	Equity in investees	Dividends received	Other	Closing balances
LOG SJRP	9,307	5,269	14,576	73	9,147	-	-	23,796
LOG Macaé	13,347	6,071	19,418	166	409	(591)	-	19,402
LOG RP	18,989	13,605	32,594	755	19,471	(2)	-	52,818
LOG Curitiba	25,595	6,112	31,707	637	61,099	-	-	93,443
LOG Rio	16,598	518	17,116	741	3,600	(3)	-	21,454
LOG Aracajú	10,314	4,206	14,520	3,813	(1,772)	(41)	-	16,520
LOG Uberaba	-	-	-	5,495	1,174	-	-	6,669
LDI	27,093	3	27,096	(10,984)	1,527	(2,807)	-	14,832
Capitalized interest	101,894	(101,894)	-	-	(57,784)	-	57,784	-
Total subsidiaries	942,481	352,839	1,295,320	**52,281**	**187,937**	**(65,055)**	**57,784**	**1,528,267**
Total Individual	**1,099,410**	**352,839**	**1,452,249**	**58,612**	**265,421**	**(65,055)**	**60,001**	**1,771,228**
Year ended December 31, 2013:								
Total Consolidated	57,110	-	-	91,536	8,445	-	(162)	156,929
Total Individual	695,160	-	-	347,856	36,939	(31,482)	50,937	1,099,410

(*) Write-off of the capitalized interest as a result of the adoption of the fair value for investment property (see nota 2.3).

As referred to in note 2.3, in 2014 the Group changed its investment property valuation accounting policy from the cost method to the fair value method. Accordingly, it made a R$352,839 adjustment to investment in subsidiaries as at January 1, 2014. Additionally, the balances of the joint ventures Cabral and Torino were also adjusted to be measured at fair value and in accordance with 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 impact of this adjustment in 2014 net income. The impacts for the year ended December 31, 2014, for these joint ventures, are as follows:

	Cabral	Torino
Equity in investees - income statement	**3,153**	**786**
Fair value adjustment of investment property	**11,579**	**64,713**
Closing equity in investees	**14,732**	**65,499**

6. Investment property

Investment property consists of properties held to earn rentals or for capital appreciation (including construction in progress for such purpose) and is stated as follows:

	12/31/2014		12/31/2013	
	Fair value		Cost	
	Individual	Consolidated	Individual	Consolidated
Industrial warehouses	286,695	1,990,788	156,571	1,090,753
Offices	-	129,190	-	147,625
Strip mall	70,853	70,853	29,427	8,243
Total Consolidated	**357,548**	**2,190,831**	185,998	1,246,621

Changes in investment property for the years ended December 31, 2014 and 2013 are as follows:

	Individual		Consolidated	
	2014	**2013**	**2014**	**2013**
Opening balance	**185,998**	258,200	**1,246,621**	974,409
Fair value adjustment to opening balance (note 2.3)	**116,602**	-	**502,327**	-
Adjusted opening balance	**302,600**	258,200	**1,748,948**	974,409
Additions	**66,238**	34,089	**204,328**	270,872
Contributions to investees (*)	**(5,018)**	(107,575)	**-**	-
Capitalized interest (note 7)	**4,376**	5,549	**67,992**	58,381
Derecognition (**)	**-**	(311)	**-**	(43,708)
Depreciation	**-**	(3,954)	**-**	(13,333)
Changes in fair value	**(10,648)**	-	**169,563**	-
Closing balance	**357,548**	185,998	**2,190,831**	1,246,621

(*) Refers to land acquired that were contributed to subsidiaries.
(**) The consolidated amount in 2013 incorporated R$17,058 related to a terminated barter (note 8), transaction that, due to its nature, does not involve cash or the payment of any amounts, and R$25,502 that refers to the derecognition of the land sale (note 13).

The impact of fair value in net income for the year ended December 31, 2014 was negative by R$10,648 in Individual and positive by R$160,297 on a consolidated basis, net of deferred PIS/COFINS amounting to nil and R$9,266, respectively.

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	258,433
Strip mall	29,427	44,168
Total Individual	185,998	302,601
Consolidated:		
Industrial warehouses	1,090,753	1,547,384
Offices	147,625	157,395
Strip mall	8,243	44,169
Total Consolidated	1,246,621	1,748,948

The fair value of investment property has been estimated as described in note 2.2 (d) – Investment Property.

As at December 31, 2014, out of the total amount in investment properties, R$2,054,378 has been pledged as collateral of loans, financing and debentures 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 December 31, 2014 and 2013 is as follows:

			12/31/14			12/31/13
Type	**Maturity of principal**	**Effective financial charges p.a. (*)**	**Current**	**Noncurrent**	**Total**	**Total**
Individual:						
Working capital	Jul 13 to Dec 14	CDI + 3.50%	**-**	**-**	**-**	20,180
Working capital	Jul 14	CDI + 2.60%	**-**	**-**	**-**	91,010
Working capital	Sep 14 to Feb 15	115% CDI + 4.29%	**100,100**	**-**	**100,100**	-
Working capital	Sep 13 to Sep 17	CDI + 1.83%	**8,596**	**15,309**	**23,905**	30,518
Construction financing	Dec 13 to Oct 24	CDI + 1.92%	**5,083**	**40,025**	**45,108**	47,379
Construction financing	Dec 13 to Nov 23	TR + 9.42%	**2,990**	**21,708**	**24,698**	26,193
Construction financing	Dec 13 to Nov 23	TR + 9.43%	**1,482**	**10,753**	**12,235**	12,978

Construction financing	Jul 14 to Jun 22	TR + 11.33%	**3,545**	**21,139**	**24,684**	24,220
Construction financing	Aug 14 to Jul 22	TR + 11.32%	**2,015**	**12,141**	**14,156**	13,668
Construction financing	Apr 15 to Sep 22	TR + 11.07%	**1,757**	**15,558**	**17,315**	15,173
Construction financing	Oct 15 to Sep 25	TR + 9.69%	**112**	**4,337**	**4,449**	-
Construction financing	Mar 15 to Jul 23	TR + 9.62%	**1,212**	**9,994**	**11,206**	6,863
Construction financing	Feb 16 to Jan 26	TR + 10.10%	**-**	**3,159**	**3,159**	-
(-) Financing cost			**(1,142)**	**(2,654)**	**(3,796)**	(4,649)
Total Individual			**125,750**	**151,469**	**277,219**	283,533
Subsidiaries:						
Working capital	Oct 14 to Oct 15	13.11%	**10,000**	**-**	**10,000**	-
Construction financing	Dec 13 to Nov 23	TR + 9.37%	**1,589**	**11,528**	**13,117**	13,918
Construction financing	Feb 14 to Jan 22	TR + 11.62%	**2,722**	**15,172**	**17,894**	19,010
Construction financing	Aug 14 to Jul 22	TR + 11.05%	**1,257**	**7,590**	**8,847**	8,557
Construction financing	Nov 14 to Oct 22	TR + 10.74%	**669**	**4,190**	**4,859**	4,298
Construction financing	Feb 15 to Jan 25	TR + 10.05%	**1,378**	**13,532**	**14,910**	12,883
Construction financing	Apr 15 to Mar 25	TR + 9.98%	**961**	**11,663**	**12,624**	10,251
Construction financing	Feb 15 to Jan 25	TR + 9.98%	**1,952**	**19,150**	**21,102**	18,148
Construction financing	Apr 15 to Mar 25	TR + 9.99%	**2,083**	**25,286**	**27,369**	23,618
Construction financing	Apr 15 to Mar 25	TR + 10.00%	**926**	**11,238**	**12,164**	10,063
Construction financing	Apr 15 to Mar 25	TR + 9.97%	**1,082**	**13,135**	**14,217**	10,440
Construction financing	Oct 14 to Sep 25	TR + 9.66%	**523**	**20,182**	**20,705**	17,881
Construction financing	Aug 14 to Jul 25	TR + 9.78%	**2,042**	**17,649**	**19,691**	7,696
Construction financing	Jan 15 to Dec 22	TR + 10.14%	**3,235**	**20,881**	**24,116**	17,298
Construction financing	May 15 to Apr 23	TR + 10.05%	**1,393**	**13,610**	**15,003**	-
Construction financing	Aug 15 to Jul 23	TR + 10.07%	**624**	**9,569**	**10,193**	-
Construction financing	Jan 15 to Apr 23	TR + 9.59%	**3,372**	**22,837**	**26,209**	23,732
Construction financing	Jan 15 to Apr 23	TR + 9.60%	**2,046**	**13,859**	**15,905**	14,414
Construction financing	Apr 16 to Mar 26	TR + 10.09%	**-**	**23,348**	**23,348**	-
Construction financing	Feb 16 to Jan 26	TR + 9.69%	**-**	**6,970**	**6,970**	-
Construction financing	Sep 16 to Aug 26	TR + 10.14%	**-**	**1,961**	**1,961**	-
(-) Financing cost			**(1,081)**	**(4,437)**	**(5,518)**	(3,871)
Total subsidiaries			**36,773**	**278,913**	**315,686**	208,336
Total Consolidated			**162,523**	**430,382**	**592,905**	491,869

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

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

	Individual		**Consolidated**	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
After the reporting period				
12 months	**125,750**	117,380	**162,523**	121,414
13 to 24 months	**26,348**	33,747	**59,916**	56,472
25 to 36 months	**24,283**	24,018	**57,852**	46,738
37 to 48 months	**17,721**	21,953	**51,289**	44,675
More than 48 months	**83,117**	86,435	**261,325**	222,570
Total	**277,219**	283,533	**592,905**	491,869

Changes in borrowings and financing:

	Individual		**Consolidated**	
	2014	**2013**	**2014**	**2013**
Opening balance	**283,533**	287,886	**491,869**	324,471
Funding	**161,265**	97,448	**257,036**	262,842
Accrued financial charges	**31,854**	30,499	**59,614**	40,549
Borrowing costs	**(2,280)**	(1,779)	**(4,792)**	(5,165)
Amortization of borrowing costs	**3,129**	3,044	**3,999**	3,240
Repayment of principal	**(167,924)**	(106,436)	**(170,882)**	(106,436)
Payment of financial charges	**(32,358)**	(27,129)	**(43,939)**	(27,632)
Closing balance	**277,219**	283,533	**592,905**	491,869

Funding during the year ended December 31, 2014 was as follows:

	Maturity of principal	Effective financial charges p.a. (*)	Amount raised
Individual:			
Working capital	Mar 14	CDI + 1.60%	10,000
Working capital	Jul 14	CDI + 2.70%	40,000
Working capital	Feb 15	115% CDI + 4.29%	100,000
Construction financing	Oct 15 to Sep 25	TR + 9.69%	4,089
Construction financing	Mar 15 to Jul 23	TR + 9.62%	3,325
Construction financing	Apr 15 to Sep 22	TR + 11.07%	711
Construction financing	Feb 16 to Jan 26	TR + 10.10%	3,140
Total Individual			161,265
Subsidiaries:			
Working capital	Oct 14 to Oct 15	13.11%	13,000
Construction financing	Apr 15 to Mar 25	TR + 9.98%	1,195
Construction financing	Feb 15 to Jan 25	TR + 9.98%	909
Construction financing	Aug 14 to Jul 25	TR + 9.78%	12,261
Construction financing	Jan 15 to Apr 23	TR + 9.59%	23
Construction financing	Jan 15 to Apr 23	TR + 9.60%	1
Construction financing	Apr 15 to Mar 25	TR + 10.00%	976
Construction financing	Nov 14 to Oct 22	TR + 10.74%	208
Construction financing	Feb 16 to Jan 26	TR + 9.69%	6,730
Construction financing	Apr 15 to Mar 25	TR + 9.97%	2,480
Construction financing	Apr 15 to Mar 25	TR + 9.99%	1,195
Construction financing	Oct 15 to Sep 25	TR + 9.66%	935
Construction financing	Jan 15 to Dec 22	TR + 10.14%	6,572
Construction financing	May 15 to Apr 23	TR + 10.05%	14,811
Construction financing	Aug 15 to Jul 23	TR + 10.07%	10,062
Construction financing	Apr 16 to Mar 26	TR + 10.09%	21,827
Construction financing	Sep 16 to Aug 26	TR + 10.14%	1,950
Construction financing	Feb 15 to Jan 25	TR + 10.05%	636
Total subsidiaries			95,771
Total Consolidated			257,036

b) Debentures

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

			Individual and Consolidated			
			12/31/14			12/31/13
Issue	Principal - maturity	Effective financial charges p.a. (*)	Current	Noncurrent	Total	Total
1st issue	Feb 14	CDI + 2.64%	**-**	**-**	**-**	109,474
2nd issue	Dec 12 to Jun 19	CDI + 2.17%	**-**	**-**	**-**	68,242
3rd issue	Jun 14 to Jun 20	CDI + 2.27%	**6,932**	**90,000**	**96,932**	100,849
4th issue	Aug 16 to Feb 19	CDI + 2.13%	**4,395**	**100,000**	**104,395**	-
5th issue	Jul 16 to Jul 18	118% CDI + 0.62%	**7,588**	**140,000**	**147,588**	-
6th issue	Dec15 to Dec 19	CDI + 2.38%	**5,721**	**95,000**	**100,721**	-
(-) Funding cost			**(1,881)**	**(6,231)**	**(8,112)**	(3,518)
Total			**22,755**	**418,769**	**441,524**	275,047

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

During the year ended December 31, 2014, the Company settled the 1st issue, settled in advance the 2nd issue of debentures, and undertook the 4th, 5th, and 6th issue.

As at December 31, 2014, the debentures are simple, nonconvertible, registered, book-entry, and have the following other main features:

Issue	Type	Amount raised	Funding year	Contractual rates	Interest - maturity 1st installment	Charge payment	Repayment of principal
3rd	Collateral	100,000	2013	CDI + 1.90% p.a.	Dec 13	Semiannual	Semiannual
4th	Unsecured (*)	100,000	2014	CDI + 1.85% p.a.	Aug 14	Semiannual	Semiannual
5th	Unsecured (*)	140,000	2014	118% CDI	Jan 15	Semiannual	Semiannual
6th	Collateral	100,000	2014	CDI + 2.00% p.a.	Jun 15	Semiannual	Annual

(*) Includes additional collateral consisting of a mortgage and collateral transfer.

The table below shows the debentures payment schedule:

	Individual and Consolidated					
	12/31/14					12/31/13
After the reporting period	3rd issue	4th issue	5th issue	6th issue	Total	Total
Amortization:						
12 months	**6,932**	**4,395**	**7,588**	**5,721**	**24,636**	124,565
13 to 24 months	**14,000**	**10,000**	**28,000**	**10,000**	**62,000**	17,200
25 to 36 months	**16,000**	**25,000**	**56,000**	**15,000**	**112,000**	26,400
37 to 48 months	**20,000**	**30,000**	**56,000**	**25,000**	**131,000**	28,800
After 48 months	**40,000**	**35,000**	**-**	**45,000**	**120,000**	81,600
Total	**96,932**	**104,395**	**147,588**	**100,721**	**449,636**	278,565
Costs:						
12 months	**(361)**	**(282)**	**(863)**	**(375)**	**(1,881)**	(658)
13 to 24 months	**(363)**	**(283)**	**(869)**	**(377)**	**(1,892)**	(581)
25 to 36 months	**(363)**	**(283)**	**(870)**	**(378)**	**(1,894)**	(584)
37 to 48 months	**(364)**	**(284)**	**(507)**	**(379)**	**(1,534)**	(583)
After 48 months	**(519)**	**(45)**	**-**	**(347)**	**(911)**	(1,112)
Total	**(1,970)**	**(1,177)**	**(3,109)**	**(1,856)**	**(8,112)**	(3,518)
Total net	**94,962**	**103,218**	**144,479**	**98,865**	**441,524**	275,047

Changes in debentures are as follows:

	Individual and Consolidated	
	2014	2013
Opening balance	**275,047**	184,275
Funding	**340,000**	100,000
Accrued financial charges	**40,611**	24,484
Borrowing costs	**(6,720)**	(2,511)
Amortization of borrowing costs	**2,128**	882
Repayment of principal	**(180,000)**	(8,800)
Payment of financial charges	**(29,542)**	(23,283)
Closing balance	**441,524**	275,047

c) Guarantees

The table below shows the types of guarantee for borrowings, financing and debentures at December 31, 2014:

	Consolidated				
	Working capital	Construction financing	Debentures	Total	
Collateral/surety	100,100	468,214	-	568,314	
Surety	23,905	-	-	23,905	
Collateral/receivables	-	-	449,636	449,636	
Receivables	10,000	-	-	10,000	
Total	134,005	468,214	449,636	1,051,855	(*)

(*) 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		Consolidated	
	2014	**2013**	**2014**	**2013**
Finance charges:				
Loans, Financing and Debentures	**(77,722)**	(58,909)	**(106,352)**	(69,155)
Charges due to related parties	**(1,686)**	(701)	**(34)**	(701)
Realization of PVA and adjustment of land payable	**(166)**	(3,916)	**(166)**	(3,916)
Total financial charges	**(79,574)**	(63,526)	**(106,552)**	(73,772)
Interest capitalized on:				
Investment property (note 6)	**4,376**	5,549	**67,992**	58,381
Investments	**60,001**	51,501	**2,217**	(162)
	(15,197)	(6,476)	**(36,343)**	(15,553)
Other financial expenses	**(869)**	(2,648)	**(1,343)**	(348)
Financial charges allocated to profit or loss	**(16,066)**	(9,124)	**(37,686)**	(15,901)

Due to the fact that financing activities are centrally coordinated by the Company, interest incurred essentially on the financing of its qualifying assets (basically investment property) are capitalized as follows:

- Interest on financing of the Company's investment property is allocated directly to the cost of the relevant assets.
- Interest incurred on financing qualifying assets of Company investees is capitalized by the Company and realized together with the depreciation of the relevant assets. In the consolidated financial statements, interest incurred by subsidiaries is classified as part of the cost of the relevant assets.

In the year ended December 31, 2014, total capitalized borrowings, financing and debentures represented an average charge rate of 12.73% per annum (10.63% per annum in the year ended December 31, 2013).

8. 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.

In 2013 the Company terminated one of the barter agreements, amounting to R$17,058 (note 6). Due to its nature, this transaction does not involve cash or the payment of any amounts.

9. 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		Consolidated	
	2014	**2013**	**2014**	**2013**
Income before income tax and social contribution	**245,023**	28,737	**256,567**	34,483
Statutory rate - income tax and social contribution	**34%**	34%	**34%**	34%
Nominal expense	**(83,308)**	(9,771)	**(87,233)**	(11,724)
Effect of IRPJ and CSLL on permanent differences:				
Equity in subsidiaries and joint ventures grossed with written-off capitalized interest	**110,823**	12,559	**27,278**	2,871
Tax basis difference for companies taxes based on deemed income	**-**	-	**76,009**	5,895
Other	**(365)**	(603)	**(374)**	(603)
IRPJ and CSLL credit (expenses) in profit or loss	**27,150**	2,185	**15,680**	(3,561)

(b) Deferred tax balances

The breakdown of deferred tax assets (liabilities) disclosed in the balance sheets is as follows:

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Noncurrent assets:				
Income tax and social contribution	**28,535**	6,386	**28,535**	6,505
Liabilities:				
Income tax and social contribution	**-**	-	**(22,255)**	(1,579)
Taxes on revenue (PIS/COFINS)	**-**	-	**(27,760)**	(1,016)
	-	-	**(50,015)**	(2,595)
Current	**-**	-	**(1,666)**	(1,625)
Noncurrent assets	**-**	-	**(48,349)**	(970)
Total	**-**	-	**(50,015)**	(2,595)

Deferred tax assets arise basically from tax loss carryforwards, while deferred tax liabilities substantially arise from the appreciation of the investment property and the temporary differences between the cash basis adopted for tax purposes and the accrual basis for accounting purposes. The bases to recognize deferred tax assets (liabilities) are as follows:

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Tax effect on:				
Deferred assets:				
Tax loss carryforwards	**11,354**	6,214	**13,359**	6,332
Capitalized interest	**54,794**	-	**54,794**	-
Temporary differences	**206**	172	**240**	173
	66,354	6,386	**68,393**	6,505
Reclassified deferred liabilities	**(37,819)**	-	**(39,858)**	-
Deferred assets	**28,535**	6,386	**28,535**	6,505

	Individual		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Deferred liabilities:				
Fair value appreciation on investment property	**(37,819)**	-	**(60,657)**	-
Rents receivable	**-**	-	**(1,011)**	(648)
Land sales receivable	**-**	-	**(301)**	(675)
Finance income taxed on a cash basis	**-**	-	**(144)**	(256)
	(37,819)	-	**(62,113)**	(1,579)
Reclassified deferred liabilities	**37,819**	-	**39,858**	-
Deferred tax liabilities	**-**	-	**(22,255)**	(1,579)

As at December 31, 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:		
2015	**687**	**707**
2016	**838**	**879**
2017	**4,248**	**4,335**
2018	**3,810**	**3,950**
2019	**3,343**	**3,870**
After 2019	**53,428**	**54,652**
Total	**66,354**	**68,393**

The balances of the reclassified deferred taxes are related to taxes on income collected by the same tax authority and were individually made by entity.

As at December 31, 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 year ended December 31, 2014 and 2013:

	Individual				Consolidated			
	2014			2013	2014			2013
	Assets	Liabilities	Net	Net	Assets	Liabilities	Net	Net
Opening balance	**6,386**	**-**	**6,386**	2,922	**6,505**	**(1,579)**	**4,926**	2,598
Deferred IRPJ and CSLL effect recognized in:								
- shareholders' equity (*)	**34,644**	**(39,645)**	**(5,001)**	1,279	**34,644**	**(54,664)**	**(20,020)**	1,279
- net income	**25,324**	**1,826**	**27,150**	2,185	**27,244**	**(5,870)**	**21,374**	1,049
Closing balance	**66,354**	**(37,819)**	**28,535**	6,386	**68,393**	**(62,113)**	**6,280**	4,926

(*) The impact in 2014 refers to the impact described in note 2.3 – Changes in Accounting Policies in 2013 to the tax credit on expenses on share issuance (note 11 (a)).

(c) Transitional tax regime

On May 14, 2014, Law 12973 (conversion of Provisional Measure, MP 627/2013) which repeal the Transitional Tax Regime (RTT) and introduces other provisions, including: (i) it amends Decree Law 1598/77, which addresses the corporate income tax, and the social contribution on net income law; (ii) it provides for adjustments to the income tax and social contribution and the PIS and COFINS

tax bases by force of the amendment to and adoption of new methods and the accounting criteria prescribed by the Law 11638/07 and Law 11941/09.

With the new law, the Brazilian tax legislation becomes aligned to corporate law and the international accounting standards, by eliminating the concept of double accounting. The Company can early adopt these provisions in 2014, which become mandatory beginning 2015.

The Company prepared a study on the potential impacts of applying this law and elected to early adopt this new regime in 2014.

10. Provisions for labor, tax and civil contingencies

The Group set up provisions for contingencies related to the lawsuits subject to a probable possibility of an unfavorable outcome, based on the assessment of its legal counsel, which forecasts that a disbursement of funds will be required to discharge its obligations. These lawsuits consist only of labor and environmental claims. Changes in 2014 and 2013 are as follows:

	Individual and Consolidated	
	2014	**2013**
Opening balance	**64**	17
Additions	**308**	77
Payment	**(110)**	(4)
Reversal	**(59)**	(26)
Closing balance	**203**	64

The lawsuits assessed as possible losses by the legal counsel, related basically to labor lawsuits, amount to R$426 as at December 31, 2014 (R$300 at December 31, 2013).

Based on the legal counsel's assessment, there are no tax or civil lawsuits classified with a risk of unfavorable outcome classified as probable or possible.

11. Shareholders' equity

(a) Common shares and issued capital

	Individual and Consolidated	
	12/31/14	**12/31/13**
Capital	**171,844**	171,453
Number of common shares, without par value (thousand)	**171,844**	171,453

The Company's authorized capital as at December 31, 2014 and December 31, 2013 is R$2,000,000.

Each common share is entitled to one vote in decisions at the shareholders' meeting and the shareholders' meeting can create new classes of shares, such as preferred shares, limited to fifty percent of total shares issued.

The holders of Company shares have preemptive rights, proportionally to their interests, in the subscription of new shares or their partial or total transfer to third parties. These rights can be exercised within the statutory period of thirty (30) days.

In the year ended December 31, 2014 and 2013, the Company's Extraordinary Shareholders' Meeting approved, within the authorized capital ceiling, a capital increase, through the issue of registered, book-entry, common shares without par value, as follows:

Date of ESM approval	Description	Number of shares	Total outstanding shares after issuance	Unit price		Total capital increase	Capital after capital increase	Share issuance premium
		(thousand)	(thousand)	R$		R$'000	R$'000	R$'000
2014:								
07/11/14	Issue of new shares	391	171,844	7.51	(**)	391	171,844	2,547
2013:								
06/25/13	Issue of new shares	36,945	171,453	7.51	(**)	36,945	171,453	240,517
04/18/13	Issue of new shares	146	134,508	5.59	(*)	146	134,508	670

(*) R$1.00 allocated to the capital increase and R$4.59 allocated to the premium reserve.
(**) R$1.00 allocated to the capital increase and R$6.51 allocated to the premium reserve.

The share issuance conducted on June 25, 2013 generated issue costs totaling R$3,762 (R$2,483 net of taxes) consisting of funding commission and legal advisory services, recognized in equity and absorbed by the share premium.

(b) Capital reserve - share subscription premium

It is the amount contributed by the shareholders that exceeds the amount allocated to the capital increase, net of costs incurred in the share issuances.

(c) Earnings reserves

Legal reserve

The legal reserve is recognized based on the allocation of 5% of net income, up to a ceiling of 20% of share capital. The allocation of part of net income to this line item is not mandatory is years where the balance of this reserve, plus the amount of capital reserves, exceeds 30% of shares capital. The objective of the legal reserve is to ensure the integrity of capital and can only be utilized to offset losses or increase capital. The calculation schedules for the recognition of the 2014 and 2013 legal reserve is broken down in (d) below.

Earnings retention

The earnings retention reserves refer to profits not distributed to shareholders basically because of the Company's need for funds to be used in investments according to the capital budget. As at December 31, 2014 the Company recognized an earnings retention reserves amounting to R$697,148 (R$26,438 at December 31, 2013).

(d) Mandatory minimum dividend payable to shareholders

Under its bylaws the Company can, by decision of the Board of Directors (i) prepare semiannual, quarterly financial statements or for smaller periods, and declare dividends based on the profits disclosed in such financial statements; or (ii) declare interim dividends, charged to retained earnings or earnings reserves disclosed in the latest annual or semiannual financial statements. The distributed interim dividends can be deducted from the mandatory dividends. The Shareholders' Meeting can change the percentage of dividends to be paid to shareholders. Shareholders are entitled to an annual mandatory minimum dividend of no less than 10% of profit, which can be decreased or increased by the following amounts: (i) amount to be allocated to the legal reserve; (ii) amount to be allocated to the recognition of a provision for contingencies and reversal of the same provisions recognized in prior years; and (iii) amount derived from the reversal of prior years' unrealized earnings reserve, pursuant to Article 202, II, of Corporate Law. Under the law, the payment of the mandatory dividend can be limited to realized net income.

According to the Company's management's proposal, to be approved at the Annual Shareholders' Meeting (ASM), 2014 dividends are as follows (2013 dividends are presented for comparative purposes):

	2014	2013
Net income	**272,173**	30,922
Legal reserve - 5% of net income	**(13,609)**	(1,546)
Profit available for distribution	**258,564**	29,376
Proposed dividends - 10% of profit available for distribution	**25,856**	2,938
Proposed dividends per share (Reais – R$ per share)	**0.1505**	0.0171

The 2013 dividends, amounting to R$2,938, were approved at the Annual Shareholders' Meeting (ASM) held on April 30, 2014 to be paid on May 30, 2014, afterward postponed to July 11, 2014 as approved at the Extraordinary Shareholders' Meeting (ESM) held on July 10, 2014, the date when they were actually settled.

The 2012 dividends, amounting to R$816, were approved at the Annual Shareholders' Meeting held on April 18, 2013 and paid in 2013.

(e) Stock option plan

The Stock Option Plan approved by the Company, pursuant to the related regulation, shall correspond to a ceiling of 3,568,596 shares, equivalent to 5% of total Company shares in November 2010. The plan's charter also establishes the exercise terms and conditions. Once an option is exercised by its beneficiary, the corresponding shares will be issued through an increase of the Company's capital. The exercise price of the Stock Option Plan will be equivalent to the book value of each share determined b y the Board of Directors at the time each program is discussed and approved.

The Company's officers and employees, including of direct and indirect subsidiaries, may be eligible for the plan. Should the employment agreement or mandate of the employee or officer terminates due to (a) respectively, quitting or resignation; or (b) dismissal (with or without just cause) or removal from office

(with or without fair reason), providing the definition of fair reason is provided for in corporate law or of cause is provided for in labor law, as applicable is observed, the options whose exercise right (i) had not been vested until such date will be cancelled; and (ii) had already been vested by such date, may be exercised within ninety day of the date of the termination of said employment agreement or mandate, by means of a written notice sent to the Chairman of the Company´s Board and, after this period, they will be cancelled.

In case of death or permanent disability of the beneficiary, his or her successors shall have the right to exercise any unexercised stock options, regardless of the share sale restrictions periods set out in the Plan and even if such stock options are unvested, immediately and during the exercise period set out in the related program, where the number of shares to which the beneficiary's successors are entitled will be calculated on a prorated basis, according to the Plan.

The table below details the features and terms of the stock option programs:

Program	Approval	Number	% of total approved in the plan	Vesting	Option price	Participants	initial exercise deadline	Exercise deadline (*)
1	06/2011	280,000	7.85%	Up to 4 year	R$1.00	Officers	08/2011	12/2018
2	06/2012	89,774	2.52%	Up to 4 year	R$5.59	Officers	08/2012	08/2019
3	10/2013	131,455	3.68%	Up to 4 year	R$7.51	Officers and managers	12/2013	12/2020
4	11/2014	127,341	3.57%	Up to 4 year	R$7.51	Officers and managers	11/2014	11/2021

(*) After each plan's last vesting, the beneficiary has three additional exercise years.

The position, per program, of the exercisable stock options as at December 31, 2014 and 2013 is as follows:

Program	12/31/2014	12/31/2013
1	56,000	42,000
2	13,467	8,978
3	13,146	6,573
4	6,367	-
Total	**88,980**	**57,551**

None of the programs requires that the beneficiary pays any amount when the option is granted. The stock options granted correspond to 17.61% of total approved for the plan.

In the years ended December 31, 2014 and 2013 there were no cancelled, exercised or expired stock options.

Under Article 171, Par. 3, of the Brazilian Corporate Law, the Company's shareholders do not have preemptive rights on the exercise of stock options.

The Company records the employees' share-based compensation in the financial statements based on its fair value. The fair value of the stock option program was estimated based on the Black & Scholes stock option pricing model, considering the following weighed average assumptions:

	1st plan	2nd plan	3rd plan	4th plan
Risk-free rate	12.08%	8.66%	10.86%	12.42%
Vesting period in years (*)	7	7	7	7
Expected annualized volatility	45.73%	42.26%	36.56%	27.17%
Expected dividends	5%	5%	5%	5%
Stock options fair value on grant date per share	R$4.04	R$2.73	R$2.09	R$3.43

(*) Vesting period of up to 4 years.

The risk-free rate is based on an average of future CDI rates for the maximum exercise period of each tranche of the plans, using the projection of the São Paulo Mercantile and Stock Exchange (BM&FBOVESPA).

Due to the lack of historical data, the expected volatility was calculated based on the average historical volatility of companies operating in the same industry.

The compensation costs arising from the stock options granted totaled R$399 for the year ended December 31, 2014 (R$351 for the year ended December 31, 2013). As at December 31, 2014, compensation costs of the stock options granted to be recognized over the remaining average vesting period of 3.0 years, total approximately R$750 (R$711 at December 31, 2013).

As at December 31, 2014, based on the strike prices (R$1.00, R$5.59, R$7.51 and R$7.51), if all options currently granted had been exercised, the Company would have issued 628,570 shares, which would represent a 0.36% dilution in relation to total Company shares of 171,844,443.

12. Earnings per share

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

	Individual and Consolidated	
	2014	2013
Basic earnings per share:		
Net income	**272,173**	30,922
Weighted average number of outstanding common shares (in thousands)	**171,640**	153,697
Basic earnings per share - in R$	**1.58572**	0.20119
Diluted earnings per share:		
Net income	**272,173**	30,922
Weighted average number of outstanding common shares (in thousands)	**171,640**	153,697
Dilutive effect of stock options (in thousands)	**339**	293
Weighted average number of outstanding common shares (in thousands)	**171,979**	153,990
Diluted earnings per share - in R$	**1.58259**	0.20081

13. Net revenue

	Individual		Consolidated	
	2014	2013	2014	2013
Revenue from land sales	**-**	-	**-**	45,583
Lease revenue	**17,312**	13,795	**72,437**	48,088
PIS/COFINS on revenue	**(1,611)**	(1,275)	**(4,469)**	(4,416)
Net revenue	**15,701**	12,520	**67,968**	89,255

14. Costs and expenses by nature

	Individual		Consolidated	
	2014	**2013**	**2014**	**2013**
Costs to sell land	**-**	-	**-**	(25,502)
Depreciation	**(28)**	(3,974)	**(34)**	(13,356)
Advertising	**(1,270)**	(1,479)	**(1,322)**	(1,606)
Salaries, charges and benefits	**(4,545)**	(5,039)	**(4,558)**	(5,051)
Management compensation	**(1,065)**	(990)	**(1,065)**	(990)
Outside services	**(2,646)**	(3,821)	**(5,555)**	(6,282)
General expenses	**(1,444)**	(1,677)	**(1,625)**	(1,813)
Stock options	**(399)**	(351)	**(399)**	(351)
Vacancy expenses	**(1,392)**	(583)	**(5,738)**	(2,078)
Other	**(554)**	(722)	**229**	(1,341)
	(13,343)	(18,636)	**(20,067)**	(58,370)
Classified as:				
Costs	**-**	(3,954)	**-**	(38,835)
Selling expenses	**(4,523)**	(3,570)	**(10,508)**	(7,616)
General and administrative expenses	**(7,201)**	(9,380)	**(8,723)**	(9,565)
Management compensation	**(1,065)**	(990)	**(1,065)**	(990)
Other operating expenses	**(554)**	(742)	**229**	(1,364)
	(13,343)	(18,636)	**(20,067)**	(58,370)

15. Related parties

Related-party balances and transactions are as follows:

	Individual		Consolidated	
	12/31/14	12/31/13	**12/31/14**	12/31/13
Balance sheets:				
Short-term investments:				
Banco Intermedium (a)	**30,605**	42,834	**60,959**	52,886
Banco BMG (b)	**-**	-	**10,902**	175
Lease receivables (c)	**-**	-	**272**	180
Due to related parties:				
MRV Engenharia e Participações S.A. (d)	**-**	83	**-**	201
Loan with controlled SPEs (e)	**-**	6,749	**-**	-

	Individual		Consolidated	
	2014	2013	**2014**	2013
Transactions:				
Income from short-term investments:				
Banco Intermedium (a)	**2,084**	1,692	**3,730**	2,223
Banco BMG (b)	**-**	-	**592**	319
Lease receivables (c)	**-**	-	**2,262**	2,079
Provision of administrative services (d)	**1,018**	2,733	**2,441**	2,859
Financial expenses - due to related parties:				
MRV Engenharia e Participações S.A. (f)	**34**	701	**34**	701
Loan with controlled SPEs (e)	**1,652**	1,223	**-**	-

(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 December 31, 2014, short-term investments yielded approximately 110.52% of CDI in Individual and 109.79% 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 has the same controlling shareholders as Agrícola São Gabriel Ltda., which in turn is a shareholder of SPE Cabral. As at December 31, 2014, this investment yields approximately 107.28% of CDI (106.00% at December 31, 2013).

(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 three years, beginning December 2, 2013, automatically extendable for an equal period, if not apposed by any of the parties.

(e) Refers to intragroup loan between the Company and subsidiaries. The adjustment was made using the CDI + a fixed a rate of 1.84% per year in 2014 (CDI + plus fixed rate of 2.05% per year in 2013).

(f) Refers to financial expenses arising on the loan agreement entered into by these companies, which bears interest equivalent to CDI + a fixed rate of 2.01% per annum in 2014 (CDI + 2.33% per annum in 2013).

As at December 31, 2013 MRV Engenharia de Participações S.A. and some Company shareholders were the guarantors of R$109,474 in Company debentures (nil at December 31, 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 December 31, 2014, the transactions consist of loans, financing, debentures, and discount of receivables amounting to R$567,592 (R$402,820 at December 31, 2013) and short-term investments, amounting to R$14,413 (R$12,103 at December 31, 2013). In the year ended December 31, 2014, these transactions, conducted at usual market rates, generated financial expenses of R$57,719 (R$59,181 in 2013) and financial income of R$1,198 (R$2,789 in 2013), 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**
Short-term benefits granted to management:		
Management compensation	**1,065**	990
Profit sharing	**586**	543
Share-based compensation:		
Stock option plan	**353**	346
	2,004	1,879

On April 30, 2014, the Extraordinary Shareholders' Meeting approved the overall management compensation at 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.

16. Financial instruments and risk management

(a) Financial instruments

Financial instruments are represented by the balances of: cash, banks, short-term investments, lease receivables, trade accounts receivable, due to related parties, trade accounts payable, financing, debentures, and land payables. All financial instruments held by the Group were recorded as at December 31, 2014.

The Group does not operate with derivatives or other speculative financial instruments and has the policy of investing funds in highly-liquid short-term investments with low exposure to risk.

Category of financial instruments

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Financial assets:				
Cash and banks	**475**	127	**823**	496
Fair value through profit or loss held for trading (*)	**60,151**	79,011	**76,511**	150,704
Loans and receivables	**6,779**	5,645	**33,099**	34,952
Financial liabilities:				
Amortized cost	**719,738**	574,136	**1,040,121**	791,509

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

(b) Exposure to interest rates and inflation adjustment indices

The Group is exposed to interest rates on its short-term investments, loans, financing and debentures, and due to related parties as described in notes 3, 7, and 15.

Sensitivity analysis

The Group is exposed to usual market risks arising from changes in interest rates and inflation adjustment indices. The sensitivity analysis was developed considering the exposure to changes in CDI and the savings accounts adjustment index ("TR") because the Group's main financial instruments are pegged to such indices, as detailed below.

- *Exposure to CDI*

CDI is the main index to which the Group's borrowings and debentures, and short-term investments are pegged.

Market expectations, based Central Bank of Brazil inputs at December 31, 2014, indicated an effective mean CDI rate estimated at 12.96% as the probable scenario for 2015, against an effective rate of 10.81% incurred in the twelve-month period ended December 31, 2014.

- *Exposure to the TR*

The main financial instruments pegged to the Referential Rate ("TR") are the "Corporate Plan" loans.

Market expectations, based on indicators released by the BM&F (Commodities and Futures Exchange) and the Central Bank of Brazil at December 31, 2014, pointed to an estimated TR of 1.82%, as the probable scenario or 2015, against effective rates of 0.86% incurred in the twelve-month period ended December 31, 2014.

The change between the estimated rate for twelve-month period in 2015 ("probable scenario") and the effective rate for the last twelve-month period before the end of the reporting period, multiplied by the exposed net balance at December 31, 2014 was used to calculate the financial effect, should the probable scenario materialize in 2014. In conformity with the information required by CVM Instruction 475/08, we have also calculated scenarios I and II, considering a 25% and 50% increase in the rates estimated for 2015, respectively.

Accordingly, the financial effects for the scenarios and indices described above would be as follows in consolidated:

Index	Financial asset	Financial liability	Net exposed financial liability	Effective rate for 2014	Estimated annual rate for 2015 (*)		Change in effective rate for the relevant scenario	Total estimated effect
Probable scenario:								
CDI	76,511	(618,749)	(542,238)	10.81%	12.96%	(i)	2.15%	(11,658)
TR	-	(423,106)	(423,106)	0.86%	1.82%	(ii)	0.96%	(4,062)
								(15,720)
Scenario I:								
CDI	76,511	(618,749)	(542,238)	10.81%	16.20%		5.39%	(29,227)
TR	-	(423,106)	(423,106)	0.86%	2.28%		1.42%	(6,008)
								(35,235)
Scenario II:								
CDI	76,511	(618,749)	(542,238)	10.81%	19.44%		8.63%	(46,795)
TR	-	(423,106)	(423,106)	0.86%	2.73%		1.87%	(7,912)
								(54,707)

(i) Data obtained on the Central Bank of Brazil website.
(ii) Data obtained on the BM&F Bovespa website.
(*) Projection for the twelve months in 2015.

As required by IFRS 7, management believes that the estimated annual rates presented in the probable scenario above reflect the reasonable possible scenario for 2015.

(c) Capital risk management

The Group manages its capital to ensure that all group companies can continue as going concerns, and at the same time maximizes the return of all their stakeholders by optimizing the balance debt and shareholders' equity.

The Group's equity structure consists of net debts (debt broken down in note 7, less cash and cash equivalents, broken down in notes 3) and the Group's shareholders' equity.

The Directors periodically review the Company's equity structure. As part of this review, the Directors consider the cost of capital, asset liquidity, the risks associated to each class of equity, and the Group's debt-to-equity ratio. As at December 31, 2014 and 2013, the consolidated debt-to-equity ratio is as follows:

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Loans, financing and debentures	**718,743**	558,580	**1,034,429**	766,916
Cash and cash equivalents	**(60,626)**	(79,138)	**(77,334)**	(151,200)
Net debt (cash)	**658,117**	479,442	**957,095**	615,716
Shareholders' equity	**1,453,991**	739,897	**1,454,215**	739,985
Net debt (cash) to shareholders' equity	**45.3%**	64.8%	**65.8%**	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 December 31, 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	201,090	160,290	110,297	404,905	876,582
Fixed rates	-	-	-	-	-
Non-interest bearing securities	995	-	-	-	995
Total	202,085	160,290	110,297	404,905	877,577
Consolidated:					
Floating rates	244,981	210,531	165,990	752,757	1,374,259
Fixed rates	10,000	-	-	-	10,000
Non-interest bearing securities	5,692	-	-	-	5,692
Total	260,673	210,531	165,990	752,757	1,389,951

(e) Credit risk

Credit risk refers to the risk of a counterparty not complying with its contract obligations, which would result in financial losses for the Group. The Group has the policy of only negotiating with counterparties with creditworthiness and obtaining adequate guarantees, when appropriate, as a way to mitigate the risk of financial loss due to default.

(f) 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					
	12/31/2014			12/31/2013		
Financial instruments	**Carrying amount**	**Fair value**	**Difference**	**Carrying amount**	**Fair value**	**Difference**
Debentures:						
CDI+2.20% p.a.	**-**	**-**	**-**	(109,474)	(109,373)	101
CDI+1.90% p.a.	**-**	**-**	**-**	(68,242)	(67,818)	424
CDI+1.90% p.a.	**(96,932)**	**(96,432)**	**500**	(100,849)	(99,712)	1,137
CDI+1.85% p.a.	**(104,395)**	**(104,395)**	**-**	-	-	-
118% CDI p.a.	**(147,588)**	**(144,756)**	**2,832**	-	-	-
CDI+2.00% p.a.	**(100,721)**	**(97,110)**	**3,611**	-	-	-
Total	**(449,636)**	**(442,693)**	**6,943**	(278,565)	(276,903)	1,662
Working capital loans						
CDI+2.00% p.a.	**-**	**-**	**-**	(91,010)	(90,185)	825
CDI+2.70% p.a.	**-**	**-**	**-**	(20,180)	(20,116)	64
115% CDI p.a.	**(100,100)**	**(99,920)**	**180**	-	-	-
CDI+1.60% p.a.	**(23,905)**	**(23,905)**	**-**	(30,518)	(30,518)	-
Total	**(124,005)**	**(123,825)**	**180**	(141,708)	(140,819)	889
Financing:						
Construction financing	**(157,010)**	**(157,010)**	**-**	(146,474)	(146,474)	-
Total	**(157,010)**	**(157,010)**	**-**	(146,474)	(146,474)	-
Grand total (w/o issuance costs)	**(730,651)**	**(723,528)**	**7,123**	(566,747)	(564,196)	2,551

	Consolidated					
	12/31/2014			12/31/2013		
Financial instruments	**Carrying amount**	**Fair value**	**Difference**	**Carrying amount**	**Fair value**	**Difference**
Debentures:						
CDI + 2.20% p.a.	**-**	**-**	**-**	(109,474)	(109,373)	101
CDI+1.90% p.a.	**-**	**-**	**-**	(68,242)	(67,818)	424
CDI+1.90% p.a.	**(96,932)**	**(96,432)**	**500**	(100,849)	(99,712)	1,137
CDI+1.85% p.a.	**(104,395)**	**(104,395)**	**-**	-	-	-
118% CDI p.a.	**(147,588)**	**(144,756)**	**2,832**	-	-	-
CDI+2.00% p.a.	**(100,721)**	**(97,110)**	**3,611**	-	-	-
Total	**(449,636)**	**(442,693)**	**6,943**	(278,565)	(276,903)	1,662
Working capital loans						
CDI+2.00% p.a.	**-**	**-**	**-**	(91,010)	(90,185)	825
CDI+2.70% p.a.	**-**	**-**	**-**	(20,180)	(20,116)	64
115% CDI p.a.	**(100,100)**	**(99,920)**	**180**	-	-	-
CDI+1.60% p.a.	**(23,905)**	**(23,905)**	**-**	(30,518)	(30,518)	-
13.11% p.a.	**(10,000)**	**(10,000)**	**-**	-	-	-
Total	**(134,005)**	**(133,825)**	**180**	(141,708)	(140,819)	889
Financing:						
Construction financing	**(468,214)**	**(468,214)**	**-**	(358,681)	(358,681)	-
Total	**(468,214)**	**(468,214)**	**-**	(358,681)	(358,681)	-
Grand total (w/o issuance costs)	**(1,051,855)**	**(1,044,732)**	**7,123**	(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 December 31, 2014 and 2013.

The table below shows a comparative of the contracted and market rates, Company and consolidated, at December 31, 2014:

	Current market rate	Maturity dates
Debentures:		
CDI + 1.90% p.a.	CDI + 2.09% p.a.	June 2020
CDI + 1.85% p.a.	CDI + 1.85% p.a.	February 2019
118% of CDI p.a.	CDI + 3.15% p.a.	August 2018
CDI + 2.00% p.a.	CDI + 3.25% p.a.	December 2019
Working capital loans		
115% of CDI p.a.	CDI + 2.90% p.a.	February 2015
CDI + 1.60% p.a.	CDI + 1.60% p.a.	September 2017
13.11% p.a.	13.11% p.a.	October 2015
Construction financing:		
CDI + 1.65% p.a.	CDI+1.65% p.a.	October 2024
TR+9.30% to 11.50% p.a.	TR+9.30% to 11.50% p.a.	August 2026

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

17. 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.

18. 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 December 31, 2014, the amount to be paid by the Company is R$16,319 (R$21,354 at December 31, 2013).

19. Noncash transactions

During the years ended December 31, 2014 and 2013, the Company and its subsidiaries conducted the following investment and financing transactions that did

not involve not affecting cash, which, therefore, are not reflected in the statement of cash flows:

	Individual		Consolidated	
	Year ended		Year ended	
	2014	2013	2014	2013
Capital contribution to investee with investment properties	**5,018**	107,575	**-**	-
Capital contribution to investee with investment properties – barter and realization	**40,000**	-	**34,347**	24,369
Interest capitalization	**64,377**	57,050	**70,209**	58,219
Purchase of equity interest	**-**	65,950	**-**	65,950
Initial effects of adopting the investment property fair value:				
Investment property	**116,602**	-	**502,327**	-
Investment	**352,839**	-	**-**	-
Deferred taxes	**(5,001)**	-	**(37,828)**	-

20. Insurance

The Group 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 December 31, 2014, insurance coverage is as follows:

Items	Type of coverage	Insured amount
Engineering risk insurance	Insures, during the project construction period, any compensation for damages caused to the construction, such as fire, lightening, theft, and other specific coverage of facilities and assemblies on the insured site.	42,922
Civil liability (officers)	Insures the coverage of pain and suffering payable by Company officers (D&O).	5,000
Builder guarantee insurance	Insures the project financer construction will be completed in the event of technical and/or financial inability by the Company.	3,300
Group life and personal injury insurance	Insures payment of compensation related to involuntary personal injuries to employees, contractors, interns, and officers.	15,140
Corporate insurance	Insures payment of compensation to the Company for covered events occurring in leased commercial properties, events such as electric damages, fire, lightening, windstorm, etc.	75,431
Real property delivery insurance	Insures to the barters the delivery of the units subject matter of the Barter Instrument entered into by the parties.	30,000

21. Approval of the financial statements

These financial statements were approved by the Board of Directors on February 26,2015 and authorized for issue by the Board of Officers.