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Financial statements

LOG Commercial Properties e Participações S.A.

Individual and Consolidated Interim Financial Information for the six-month period ended June 30, 2012 and Report on Review of Interim Financial Information

LOG Commercial Properties e Participações S.A.

Financial statements

June 30, 2012

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A free translation from Portuguese into English of Report of Independent Auditors on financial statements prepared in accordance with accounting practices adopted in Brazil.

Independent Auditors' Review Report on Interim Information

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

We have reviewed the accompanying individual and consolidated interim financial information of LOG Commercial Properties e Participações S.A. for the six-months and the quarter ended June 30, 2012, comprising the balance sheet as of June 30, 2012 and related income statement for the six-months and the quarter ended on that date and the statement of changes in equity and cash flow statement for the six-months ended on that date including the explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with Technical Pronouncement CPC 21 – Interim financial reporting, and of the consolidated interim financial information according to CPC 21 and the international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board - IASB. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on the individual interim information

Based on our review, nothing has come to our attention that cause us to believe that the accompanying individual interim financial information aforementioned was not prepared, in all material respects, in accordance with CPC 21.

Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that cause us to believe that the accompanying consolidated interim financial information aforementioned was not prepared, in all material respects, in accordance with CPC 21 and IAS 34.

Other matters

Audit and review of the figures of the previous year and period

The figures for the year ended December 31, 2011, presented for comparison purposes, were previously audited by other auditors who issued a report dated on March 7, 2012, with no qualifications, containing an emphasis related to the valuation of investments in subsidiaries and jointly controlled entities on the individual financial statements, which according to the accounting practices adopted in Brazil, are accounted for using the equity method, while under IFRS, is accounted for at the cost or fair value.

The interim financial information for the six and three months ended June 30, 2011, also presented for comparison purposes, were reviewed by other auditors who issued a report dated on August 2, 2011 without modification.

Belo Horizonte (MG), August 03, 2012

ERNST & YOUNG TERCO
Auditores Independentes S/S
CRC 2SP015199/0-6-F-MG

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

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LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

BALANCE SHEETS AS AT JUNE 30, 2012 AND DECEMBER 31, 2011
(In thousands of Brazilian reais - R$)

Assets	Notes	Individual 6/30/2012	Individual 12/31/2011	Consolidated 6/30/2012	Consolidated 12/31/2011
Current assets					
Cash and cash equivalents	3	**90,421**	182,758	**108,799**	200,526
Lease receivables	4	**1,858**	-	**4,604**	1,620
Recoverable taxes		**3,415**	1,334	**3,617**	1,378
Prepaid expenses		**664**	106	**1,222**	444
Inventories	5	**-**	-	**596**	4,780
Other		**204**	1	**231**	34
Total current assets		**96,562**	184,199	**119,069**	208,782
Noncurrent assets					
Prepaid expenses		**939**	-	**1,968**	600
Inventories	5	**-**	-	**9,405**	4,252
Recoverable taxes		**4,790**	-	**6,592**	-
Deferred income tax and social contribution	11	**1,716**	1,822	**1,716**	1,822
Other		**3**	3	**7**	15
Investments in subsidiaries and jointly controlled entities	6	**475,072**	393,470	**-**	-
Investment property	7	**238,689**	210,292	**757,147**	582,292
Property and equipment		**118**	38	**145**	55
Total noncurrent assets		**721,327**	605,625	**776,980**	589,036
Total assets		**817,889**	789,824	**896,049**	797,818

Liabilities and equity	Notes	Individual 6/30/2012	Individual 12/31/2011	Consolidated 6/30/2012	Consolidated 12/31/2011
Current liabilities					
Trade accounts payable		**3,376**	5,656	**11,512**	10,683
Borrowings, financing and debentures	10	**58,328**	117,342	**58,328**	117,342
Payroll, related taxes and benefits		**949**	1,214	**1,488**	1,549
Taxes payable		**751**	515	**1,715**	1,327
Land payables	8	**66,085**	61,413	**66,085**	61,413
Advances - barters	9	**-**	15,078	**15,514**	15,078
Dividends payable		**624**	624	**624**	624
Due to related parties	16	**198**	105	**198**	105
Other		**129**	204	**148**	313
Total current liabilities		**130,440**	202,151	**155,612**	208,434
Noncurrent liabilities					
Borrowings, financing and debentures	10	**254,226**	128,336	**280,788**	128,336
Land payables	8	**-**	6,027	**-**	6,027
Advances - barters	9	**-**	26,282	**24,281**	26,282
Deferred taxes	11	**-**	-	**1,592**	1,151
Other		**4**	5	**515**	514
Total noncurrent liabilities		**254,230**	160,650	**307,176**	162,310
Total liabilities		**384,670**	362,801	**462,788**	370,744
Equity					
Share capital	12	**134,250**	134,250	**134,250**	134,250
Reserves		**298,969**	292,773	**298,969**	292,773
Equity attributable to owners of the Company		**433,219**	427,023	**433,219**	427,023
Noncontrolling interests		**-**	-	**42**	51
Total equity		**433,219**	427,023	**433,261**	427,074
Total liabilities and equity		**817,889**	789,824	**896,049**	797,818

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

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LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

INTERIM INCOME STATEMENTS FOR THE SIX-MONTH PERIODS AND QUARTERS ENDED JUNE 30, 2012 AND 2011
(In thousands of Brazilian reais - R$)

		Individual				Consolidated			
		2012		2011		2012		2011	
	Notes	1st half	2nd quarter	1st half	2nd quarter	1st half	2nd quarter	1st half	2nd quarter
Net lease revenue	14	1,678	1,678	-	-	10,690	7,104	1,919	1,404
Cost of leases	15	(471)	(471)	-	-	(2,451)	(1,691)	(441)	(321)
Gross profit		1,207	1,207	-	-	8,239	5,413	1,478	1,083
Operating income (expenses)									
Selling expenses	15	(875)	(571)	(50)	(49)	(1,269)	(780)	(96)	(72)
General and administrative expenses	15	(3,209)	(1,721)	(1,793)	(1,024)	(3,209)	(1,709)	(1,847)	(1,077)
Management compensation	15	(407)	(206)	(345)	(183)	(407)	(206)	(345)	(183)
Other operating income (expenses), net	15	(19)	(13)	(11)	9	38	(7)	(24)	(4)
Equity in subsidiary and jointly controlled entities	6	5,560	2,986	1,747	1,150	-	-	-	-
Operating profit (loss) before financial income (expenses)		2,257	1,682	(452)	(97)	3,392	2,711	(834)	(253)
Financial income (expenses)									
Financial expenses	10	(1,989)	(1,808)	(784)	(477)	(2,822)	(2,517)	(834)	(516)
Financial income		5,980	1,829	756	449	7,025	2,284	1,729	946
Income (loss) before income tax and social contribution		6,248	1,703	(480)	(125)	7,595	2,478	61	177
Income tax and social contribution									
Current	11	(107)	373	-	-	(1,054)	(207)	(118)	(75)
Deferred	11	(106)	104	757	433	(506)	(91)	365	207
		(213)	477	757	433	(1,560)	(298)	247	132
Profit for the periods		6,035	2,180	277	308	6,035	2,180	308	309
Profit attributable to									
Owners of the Company						6,035	2,180	277	308
Noncontrolling interests						-	-	31	1
						6,035	2,180	308	309
Earnings per share									
Basic (cents per share)	13	0.0450	0.0162	0.0039	0.0043				
Diluted (cents per share)	13	0.0449	0.0162	0.0039	0.0043				

The Company does not have other comprehensive income for the current or previous periods and, therefore, the related interim statement is not presented.

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

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LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS AND QUARTERS ENDED JUNE 30, 2012 AND 2011
(In thousands of Brazilian reais - R$)

		Capital reserves		Earnings reserves			Equity attributable		
	Share capital	Share premium	Recognized options granted	Legal	Earnings retention	Retained earnings	to owners of the Company	Noncontrolling interests	Total
Balance at december 31, 2010	**71,372**	**1,894**	**-**	**76**	**1,090**	**-**	**74,432**	**3,123**	**77,555**
Capital increase: esms of 4/30/11 and 6/2/11	228	144	-	-	-	-	372	-	372
Net contributions from noncontrolling shareholders	-	-	-	-	-	-	-	2,189	2,189
Acquisition of equity interest in subsidiaries	-	-	-	-	-	-	-	(5,316)	(5,316)
Recognition of stock option reserve	-	-	82	-	-	-	82	-	82
Profit for the six-month period	-	-	-	-	-	277	277	31	308
Balance at june 30, 2011	**71,600**	**2,038**	**82**	**76**	**1,090**	**277**	**75,163**	**27**	**75,190**
Balance at december 31, 2011	**134,250**	**285,418**	**243**	**404**	**6,708**	**-**	**427,023**	**51**	**427,074**
Net reduction from noncontrolling shareholders	-	-	-	-	-	-	-	(9)	(9)
Recognition of stock option reserve	-	-	161	-	-	-	161	-	161
Profit for the six-month period	-	-	-	-	-	6,035	6,035	-	6,035
Balance at june 30, 2012	**134,250**	**285,418**	**404**	**404**	**6,708**	**6,035**	**433,219**	**42**	**433,261**

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

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LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

INTERIM STATEMENTS OF CASH FLOWS FOR SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011
(In thousands of Brazilian reais - R$)

	Notes	Individual		Consolidated	
		1st half of 2012	1st half of 2011	1st half of 2012	1st half of 2011
Cash flows from operating activities					
Profit for the six-month period		**6,035**	277	**6,035**	308
Adjustments to reconcile profit for the six-month period to net cash generated by (used in operating activities:					
Depreciation	7	**471**	-	**2,451**	441
Equity in subsidiary and jointly controlled entities	6	**(5,560)**	(1,747)	**-**	-
Incurred and not paid charges		**1,929**	755	**2,681**	755
Deferred taxes		**106**	(757)	**547**	(365)
Stock options	15	**161**	82	**161**	82
		3,142	(1,390)	**11,875**	1,221
(Increase) decrease in operating assets:					
Lease receivables		**(1,858)**	-	**(2,984)**	(786)
Recoverable taxes		**(6,871)**	(208)	**(8,831)**	(243)
Inventories		**-**	-	**(969)**	(1,412)
Prepaid expenses		**(1,497)**	-	**(2,146)**	(301)
Other assets		**(201)**	3	**(278)**	1
Increase (decrease) in operating liabilities:					
Payroll, related taxes and benefits		**(265)**	269	**(61)**	518
Taxes payable		**236**	11	**1,110**	141
Other liabilities		**16**	68	**(71)**	628
Income tax and social contribution paid		**-**	-	**(722)**	(91)
Dividends received from subsidiaries	6	**3,544**	779	**-**	-
Net cash used in operating activities		**(3,754)**	(468)	**(3,077)**	(324)
Cash flows from investing activities					
Increase in/acquisition of investments		**(34,863)**	(29,827)	**-**	-
Acquisition of equity interest in subsidiaries	6	**-**	(5,316)	**-**	-
Decrease in related parties		**-**	(27)	**-**	(27)
Acquisition of investment propriety		**(103,805)**	(85,994)	**(164,477)**	(117,282)
Other		**(81)**	-	**-**	-
Net cash used in investing activities		**(138,749)**	(121,164)	**(164,477)**	(117,309)
Cash flows from financing activities					
Amortization of borrowings, financing and debentures		**(127,000)**	(60,000)	**(127,000)**	(60,000)
Borrowings, financing and debentures, net		**189,851**	167,650	**215,521**	167,650
Interest payment		**(12,685)**	(9,249)	**(12,685)**	(9,249)
Payment of capital		**-**	22	**-**	22
Payment of due to related parties		**-**	(38,930)	**-**	(38,930)
Increase in due to related parties		**-**	48,409	**-**	48,409
Contribution from (distribution to) noncontrolling interests		**-**	-	**(9)**	(3,127)
Dividend payments		**-**	(29)	**-**	(29)
Net cash generated by financing activities		**50,166**	107,873	**75,827**	104,746
Decrease in cash and cash equivalents		**(92,337)**	(13,759)	**(91,727)**	(12,887)
Cash and cash equivalents					
At the beginning of the year		**182,758**	16,522	**200,526**	33,120
At the end of the six-month period		**90,421**	2,763	**108,799**	20,233
Decrease in cash and cash equivalents		**(92,337)**	(13,759)	**(91,727)**	(12,887)

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

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Log Commercial Properties E Participações S.A. E Controladas

Notes to the interim financial information
For the six-month period ended june 30, 2012
Amounts in thousands of brazilian reais

1. General information

LOG Commercial Properties e Participações S.A. ("Company") is a private corporation 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 jointly controlled entities ("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 and Bahia. See the list of and supplemental information on and jointly controlled entities in note 6.

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. For this reason, on June 30, 2012, the Group has negative working capital of R$36,543. The Company has lines of credit pre-approved by leading financial institutions to its cash needs and to support projects under development.

2. Presentation of interim financial information and significant accounting policies

(a) Statement of compliance

The Company's financial statements comprise:

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

2. Presentation of interim financial information and significant accounting policies--Continued

(a) Statement of compliance--Continued

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) and approved by the Federal Accounting Council (CFC).

The individual interim financial information present the valuation of investments in subsidiaries and jointly controlled entities by the equity method of accounting, pursuant to prevailing Brazilian statutes. The accounting practices adopted in Brazil, applied to the individual interim financial information, differ from IFRSs applicable to the separate interim financial information only with respect to the measurement of investments in subsidiaries which, under IFRSs, must be measured at cost or fair value.

As there is no difference between the consolidated equity and the consolidated profit attributable to the owners of the Company, disclosed in the consolidated interim financial information prepared in accordance with CPC 21 and IAS 34, and the Company’s equity and profit disclosed in the individual interim financial information prepared in accordance with CPC 21, the Company opted for presenting these individual and consolidated financial statements in a single set, side by side.

The other information on the basis of preparation, basis of consolidation, investments in subsidiaries and jointly controlled entities and significant accounting policies did not change significantly in relation to the information disclosed in note 2, item (b) and (c), and note 3 to the annual financial statements for the year ended December 31, 2011, published on April 17, 2012 in the newspapers Diário Oficial da Estado de Minas Gerais (Minas Gerais State Gazette) and Hoje em Dia (hereinafter referred to as “financial statements for the year ended December 31, 2011”).

3. Cash and cash equivalents

Broken down as follows:

	Individual		Consolidated	
	6/30/12	**12/31/11**	**6/30/12**	**12/31/11**
Cash	**11**	17	**12**	26
Bank accounts	**131**	183	**238**	320
Short-term investments:				
Bank certificates of deposit (CDBs)	**49,380**	87,133	**67,650**	104,755
Certificates backed by debentures	**40,899**	95,425	**40,899**	95,425
Total	**90,421**	182,758	**108,799**	200,526

Short-term investments, classified as held for trading, have daily liquidity, are immediately redeemable and subject to an immaterial risk of change in value and are carried at cost plus income earned, which is approximately 104.0% of the interbank deposit rate (CDI) at June 30, 2012 in Individual and 104.4% of CDI on a consolidated basis (104.5% of CDI in Individual and 104.6% of CDI on a consolidated basis at December 31, 2011), and are 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.

4. Lease receivables

This balance refers to the lease of industrial warehouses under operating leases. The lease agreements are adjusted on an annual basis using the General Market Price Index (IGPM).

The aging list of future receivables is as follows:

	Individual		Consolidated	
	6/30/12	**12/31/11**	**6/30/12**	**12/31/11**
12 months	**23,466**	-	**30,330**	13,477
13 to 24 months	**20,568**	-	**27,607**	12,696
25 to 36 months	**15,754**	-	**23,991**	8,150
37 to 48 months	**6,917**	-	**15,154**	4,751
More than 48 months	**3,338**	-	**10,522**	412
Total	**70,043**	-	**107,604**	39,486

The other information on lease receivables did not change significantly in relation to the information disclosed in note 5 to the financial statements for the year ended December 31, 2011.

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Log Commercial Properties E Participações S.A. E Controladas

5. Inventories

As at June 30, 2012, this line item includes the industrial subdivisions for sale, owned by jointly controlled entity Betim I Incorporações SPE Ltda., as shown below:

	Consolidated	
	6/30/12	**12/31/11**
Urbanization in progress	**1,011**	267
Land bank	**8,990**	8,765
Total	**10,001**	9,032
Current	**596**	4,780
Noncurrent	**9,405**	4,252

6. Investments in subsidiaries and jointly controlled entities

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

Project	Incorporation date	Startup date	Location
Subsidiaries in operation:			
Contagem I SPE Ltda. ("LOG I")	6/13/2008	February 2009	Contagem - Minas Gerais
Contagem II Incorporações SPE Ltda. ("LOG II")	8/27/2008	March 2011	Contagem - Minas Gerais
Jundiaí Incorporações SPE Ltda. ("LOG Jundiaí")	9/1/2009	April 2011	Jundiaí - São Paulo
Goiânia I Incorporações Imobiliárias SPE Ltda. ("LOG Goiânia")	3/10/2011	April 2012	Goiânia - Goiás
Subsidiaries and jointly controlled entities at start-up stage:			
Hortolândia Incorporações SPE Ltda. ("LOG Hortolândia")	4/22/2010	-	Hortolândia - São Paulo
Cabral Investimentos SPE Ltda. ("Cabral")	4/22/2010	-	Contagem - Minas Gerais
MRV LOG MDI SJC I Incorporações SPE Ltda. ("LOG SJC Sony")	9/28/2010	-	São José dos Campos - São Paulo
Betim I Incorporações SPE Ltda. ("Betim subdivision")	11/8/2010	-	Betim - Minas Gerais
Campos Sociedade em Conta de Participação ("LOG Campos")	4/25/2011	-	Campo dos Goytacazes - Rio de Janeiro
MRV LOG SP I Incorporações SPE Ltda. ("Office Park Pirituba")	5/20/2011	-	São Paulo - São Paulo
LOG Macaé I SPE Ltda. ("LOG Macaé")	11/29/2011	-	Macaé - Rio de Janeiro
LOG Maracanaú I SPE Ltda. ("LOG Fortaleza")	11/30/2011	-	Maracanaú - Ceará
LOG Sumaré Deltalog I SPE Ltda. ("LOG Sumaré")	11/30/2011	-	Sumaré - São Paulo
LOG Feira de Santana I SPE Ltda. ("LOG Feira de Santana")	11/30/2011	-	Feira de Santana - Bahia
LOG Juiz de Fora I SPE Ltda. ("LOG Juiz de Fora")	1/13/2012	-	Juiz de Fora - Minas Gerais
LOG SJRP I Incorporações SPE Ltda. ("LOG SJRP")	1/18/2012	-	São José do Rio Preto - São Paulo
LOG São José dos Pinhais I SPE Ltda. ("LOG SJP")	3/5/2012	-	São José dos Pinhais - Paraná
LDI LOG Desenvolvimento Imobiliário Ltda. ("LDI")	10/18/2011	-	Belo Horizonte - Minas Gerais

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Log Commercial Properties E Participações S.A. E Controladas

6. Investments in subsidiaries and jointly controlled entities-- Continued

The main information on each investment is summarized below:

	Information on investees		Information on Company				
	Share capital		Equity interest				
	6/30/12		6/30/12			12/31/11	
	Amount	Number of shares	Number of shares	Contractual percentage	Actual percentage (*)	Contractual percentage	Actual percentage (*)
SPEs/SCPs - subsidiaries:							
LOG I	**72,541**	**50,000,000**	49,995,000	99.99%	99.99%	100.00%	100.00%
LOG II	**19,588**	**18,000,000**	17,998,200	99.99%	99.99%	100.00%	100.00%
LOG Jundiaí	**35,364**	**22,437,065**	22,434,821	99.99%	99.99%	99.99%	99.99%
LOG Hortolândia	**35,135**	**13,000,000**	12,999,999	100.00%	100.00%	100.00%	100.00%
LOG SJC Sony	**53,859**	**52,500,000**	52,499,999	100.00%	100.00%	100.00%	100.00%
LOG Goiânia	**27,395**	**10,000**	9,990	99.90%	99.90%	99.90%	99.90%
LOG Campos	**9,378**	**10,000**	9,990	99.90%	99.90%	99.90%	99.90%
Office Park Pirituba	**92,320**	**10,000**	9,999	99.99%	99.99%	99.99%	99.99%
LOG Fortaleza	**4,630**	**10,000**	9,999	99.99%	99.99%	-	-
LOG Sumaré	**101**	**10,000**	9,999	99.99%	99.99%	-	-
LOG SJRP	**9,055**	**10,000**	9,999	99.99%	99.99%	-	-
LOG Juiz de Fora	**12,277**	**10,000**	9,999	99.99%	99.99%	-	-
LOG Feira de Santana	**2,780**	**10,000**	9,999	99.99%	99.99%	-	-
LOG Macaé	**11,720**	**10,000**	9,999	99.99%	99.99%	-	-
LOG SJP	**9,704**	**10,000**	9,999	99.99%	99.99%	-	-
LDI	**16**	**10,000**	9,999	99.99%	99.99%	-	-
SPEs - jointly controlled:							
Cabral	**32,027**	**64,054,000**	32,027,000	50.00%	50.00%	50.00%	50.00%
Betim subdivision	**9,325**	**84,325,968**	42,162,984	50.00%	18.11%	50.00%	17.67%

(*) Percentage interest actually contributed by the shareholders on the related reporting dates.

	Information on investees					
			Profit or loss			
	Equity		2012		2011	
	6/30/12	12/31/11	1st half	2nd quarter	1st half	2nd quarter
SPEs/SCPs – subsidiaries:						
LOG I	66,410	60,856	3,372	1,898	858	509
LOG II	20,194	20,425	876	476	242	244
LOG Jundiaí	35,793	42,935	1,130	717	63	77
LOG Hortolândia	35,112	13,856	(17)	(14)	(1)	(1)
LOG SJC Sony	53,858	53,844	(1)	(1)	3	2
LOG Goiânia	26,995	33,116	(360)	(346)	-	-
LOG Campos	9,374	5,041	(4)	(4)	-	-
Office Park Pirituba	92,315	90,067	(5)	(5)	-	-
LOG Fortaleza	4,630	-	-	-	-	-
LOG Sumaré	101	-	-	-	-	-
LOG SJRP	9,055	-	-	-	-	-
LOG Juiz de Fora	12,277	-	-	-	-	-
LOG Feira de Santana	2,780	-	-	-	-	-
LOG Macaé	11,720	-	-	-	-	-
LOG SJP	9,704	-	-	-	-	-
LDI	17	-	1	1	-	-
SPEs – jointly controlled:						
Cabral (*)	70,078	68,942	1,136	528	1,228	640
Betim subdivision	51,378	51,100	-	-	-	-
Total	511,791	440,182	6,128	3,250	2,393	1,471

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6. Investments in subsidiaries and jointly controlled entities-- Continued

	Information on Company					
	Investment		Equity in investees			
			2012		2011	
	6/30/12	12/31/11	1st half	2nd quarter	1st half	2nd quarter
SPEs – subsidiaries:						
LOG I	66,403	60,856	3,372	1,896	826	509
LOG II	20,192	20,425	876	476	242	244
LOG Jundiaí	35,789	42,931	1,130	717	63	76
LOG Hortolândia	35,112	13,856	(17)	(13)	(1)	(1)
LOG SJC Sony	53,858	53,844	(1)	(1)	3	2
LOG Goiânia	26,968	33,083	(360)	(345)	-	-
LOG Campos	9,365	5,036	(4)	(4)	-	-
Office Park Pirituba	92,306	90,058	(5)	(5)	-	-
LOG Fortaleza	4,630	-	-	-	-	-
LOG Sumaré II	101	-	-	-	-	-
LOG SJRP	9,054	-	-	-	-	-
LOG Juiz de Fora	12,276	-	-	-	-	-
LOG Feira de Santana	2,780	-	-	-	-	-
LOG Macaé	11,719	-	-	-	-	-
LOG SJP	9,703	-	-	-	-	-
LDI	17	-	1	1	-	-
SPEs – jointly controlled:						
Cabral (*)	35,679	35,111	568	264	614	320
Betim subdivision	9,305	9,030	-	-	-	-
Capitalization of financial charges (**)	39,815	29,240	-	-	-	-
Total	475,072	393,470	5,560	2,986	1,747	1,150

(*) The investment amount of R$640 refers to the goodwill paid by the Company upon the payment of capital of Cabral.

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

The balances of assets and liabilities of jointly controlled entities are as follows:

	Total assets		Total liabilities	
	6/30/12	12/31/11	6/30/12	12/31/11
Cabral	**72,492**	70,824	**2,414**	1,882
Betim subdivision	**51,403**	51,143	**25**	43

6. Investments in subsidiaries and jointly controlled entities-- Continued

The changes in the balances of investments in subsidiaries and jointly controlled entities for the six-month periods ended June 30, 2012 and 2011 are as follows:

	Opening balances	Capital contributions (reversals)	Purchase of equity interest	Equity in investees	Dividends	Other	Closing balances
Six-month period ended June 30, 2012:							
SPEs/SCPs - subsidiaries:							
LOG I	60,856	3,560	-	3,372	(1,385)	-	66,403
LOG II	20,425	(399)	-	876	(710)	-	20,192
LOG Jundiaí	42,931	(6,825)	-	1,130	(1,447)	-	35,789
LOG Hortolândia	13,856	21,273	-	(17)	-	-	35,112
LOG SJC Sony	53,844	17	-	(1)	(2)	-	53,858
LOG Goiânia	33,083	(5,755)	-	(360)	-	-	26,968
LOG Campos	5,036	4,333	-	(4)	-	-	9,365
Office Park Pirituba	90,058	2,253	-	(5)	-	-	92,306
LOG Fortaleza	-	4,630	-	-	-	-	4,630
LOG Sumaré	-	101	-	-	-	-	101
LOG SJRP	-	9,054	-	-	-	-	9,054
LOG Juiz de Fora	-	12,276	-	-	-	-	12,276
LOG Feira de Santana	-	2,780	-	-	-	-	2,780
LOG Macaé	-	11,719	-	-	-	-	11,719
LOG SJP	-	9,703	-	-	-	-	9,703
LDI	-	16	-	1	-	-	17
SPEs - jointly controlled:							
Cabral	35,111	-	-	568	-	-	35,679
Betim subdivision	9,030	275	-	-	-	-	9,305
Capitalization of financial charges	29,240	-	-	-	-	10,575	39,815
Total	393,470	69,011	-	5,560	(3,544)	10,575	475,072
Six-month period ended June 30, 2011:							
Total	164,813	56,338	5,316	1,747	(779)	7,226	234,661

7. Investment property

	Annual weighted depreciation rates	6/30/12			12/31/11
		Cost	Accumulated depreciation	Net	Net
Company:					
Buildings	4%	57,410	(471)	56,939	-
Land	-	142,264	-	142,264	155,906
Works in progress	-	39,486	-	39,486	54,386
Total		239,160	(471)	238,689	210,292
Consolidated:					
Buildings	4%	179,679	(4,739)	174,940	69,687
Land	-	444,685	-	444,685	375,152
Works in progress	-	137,522	-	137,522	137,453
Total		761,886	(4,739)	757,147	582,292

7. Investment property--Continued

Changes in investment property for the six-month period ended June 30, 2012 and the year ended December 31, 2011 are as follows:

	Individual		Consolidated	
	Six-month period ended 6/30/12	Year ended 12/31/11	Six-month period ended 6/30/12	Year ended 12/31/11
Opening balance	**210,292**	136,695	**582,292**	293,516
Additions	**104,376**	188,725	**177,306**	292,113
Contributions to investees	**(75,508)**	(115,128)	**-**	-
Transfer to inventory	**-**	-	**-**	(1,826)
Depreciation	**(471)**	-	**(2,451)**	(1,511)
Closing balance for the period/year	**238,689**	210,292	**757,147**	582,292

The table below shows the net balances at June 30, 2012, segregated into individual and subsidiaries:

	Net balance			
Classification	Land	Buildings	Works in progress	Total
Company:				
Industrial warehouses	123,179	56,939	35,244	215,362
Shopping mall	10,999	-	2,064	13,063
Strip mall	8,086	-	2,178	10,264
Total Individual	142,264	56,939	39,486	238,689
SPES/SCPS:				
Industrial warehouses	203,274	118,001	72,679	393,954
Offices	81,355	-	21,117	102,472
Shopping mall	17,792	-	4,240	22,032
Total SPEs and SCPs	302,421	118,001	98,036	518,458
Total consolidated	444,685	174,940	137,522	757,147

The table below is a comparative of historical cost net of depreciation and the fair value of investment property at June 30, 2012:

	Individual		Consolidated	
Project description	Net cost	Fair value	Net cost	Fair value
Industrial warehouses	215,362	282,851	609,316	785,949
Offices	-	-	102,472	117,155
Shopping mall	13,063	17,728	35,095	38,546
Strip mall	10,264	12,636	10,264	12,636
Total	238,689	313,215	757,147	954,286

The fair values of investment properties has been estimated for reporting December 31, 2011 and maintained for the six-month period ended June 30, 2012. The land acquired in the six-month period is considered by the Company's experts at fair value at the end of the reporting period.

From the total R$757,147 in investment properties, R$239,994 was as collateral of borrowings and financing entered into by the Company and its subsidiaries.

8. Land payables

	Individual and consolidated	
	6/30/12	12/31/11
Land payables	**66,572**	68,899
Adjustment to present value	**(487)**	(1,459)
Net	**66,085**	67,440
Current	**66,085**	61,413
Noncurrent	**-**	6,027
Total	**66,085**	67,440

As at June 30, 2012, land payables, by maturity and adjustment index, are broken down as follows:

Period	Savings (*)	IGP-M (**)	Fixed rate	Total
12 months	904	31,708	33,473	66,085
Total	904	31,708	33,473	66,085

(*) Benchmark interest rate plus 0.50% per month
(**) General Market Price Index

Discount to present value:	Individual and consolidated	
	Six-month period ended 6/30/12	Year ended 12/31/11
Opening balance of DPV on land payables	**1,459**	5,575
Discount to present value of land payables	**-**	1,817
Realization in the period:		
- capitalized in investment property	**(972)**	(5,933)
- recognized in profit or loss	**-**	-
Closing balance of DPV	**487**	1,459

The other information on land payables did not change significantly in relation to the information disclosed in note 9 to the financial statements for the year ended December 31, 2011.

9. Advances-barters

In the first quarter of 2012, the Company transferred the assets and liabilities related to barters to its subsidiaries.

The other information on barters did not change significantly in relation to the information disclosed in note 10 to the financial statements for the year ended December 31, 2011.

10. Borrowings, financing and debentures

The position of borrowings, financing and debentures at June 30, 2012 and December 31, 2011 is as follows:

	Individual		Consolidated	
	6/30/12	**12/31/11**	**6/30/12**	**12/31/11**
Local currency bank loans				
Working capital (a)	**94,346**	137,939	**94,346**	137,939
Debentures (b)	**189,665**	109,748	**189,665**	109,748
Construction financing (c)	**32,555**	-	**59,677**	-
(-) Borrowing costs	**(4,012)**	(2,009)	**(4,572)**	(2,009)
Total	**312,554**	245,678	**339,116**	245,678
Current	**58,328**	117,342	**58,328**	117,342
Noncurrent	**254,226**	128,336	**280,788**	128,336

(a) In March 2012, the Company entered into a working capital loan agreement with a financial institution amounting to R$12,000. The agreement provides for interest equivalent to 100% of the CDI plus 1.95% spread per annum (effective interest rate equivalent to 100% of CDI plus 2.32% per annum). Principal and interest will be paid in 36 monthly installments, commencing in April 2014. These agreements do not contain any restrictive covenants requiring compliance with financial ratios. This transaction is collateralized by subsidiary Jundiaí I Incorporação SPE Ltda. and the receivables from the lease of industrial warehouses.

In June 2012, the Company entered into a working capital loan agreement with a financial institution amounting to R$9,022. The agreement provides for interest equivalent to 100% of the CDI plus 1.90% *spread* per annum (effective interest rate equivalent to 100% of CDI plus 2.28% per annum). Principal and interest will be paid in 36 monthly installments, commencing in June 2014. These agreements do not contain any restrictive covenants requiring compliance with financial ratios. This transaction is collateralized by the property Avenida Papa João Paulo I, in the city of Guarulhos and the receivables from the lease of industrial warehouses located in this property.

(b) In June 2012, the Company issued simple, nonconvertible, registered, book-entry, unsecured debentures, in a single series, with face value of R$1,000, totaling on issuance date, R$80,000, which pay interest equivalent to 100% of the CDI fluctuation plus spread of 1.90% per annum (effective interest rate of 100% of CDI fluctuation plus 2.17% per annum). The final maturity of these debentures in June 18, 2019 and interest and principal will be paid semiannually, commencing December 2012. These debentures do not contain any restrictive covenants requiring compliance with financial ratios. The debentures are collateralized by Contagem I property and receivables.

10. Borrowings, financing and debentures--Continued

(c) In the first quarter of 2012, the lenders disbursed funds to finance the construction of industrial warehouses amounting to R$43,016 (R$31,680 for the Company and R$11,337 for subsidiary SPE Jundiaí). The agreements provide for interest equivalent to 100% of the TR (a managed prime rate) plus 11.50% per annum (effective interest rate equivalent to 100% of TR plus 11.68% per annum). The agreements provide for a 23-month grace period for principal and interest, which will be paid in up to 120 installments, commencing after the grace period. These transactions are collateralized by the land, improvements and receivables generated by the financed projects. These agreements do not contain any restrictive covenants requiring compliance with financial ratios.

In the second quarter of 2012, subsidiary SPE Goiânia received R$15,094 in funds used to finance the construction of industrial warehouses. The agreement provides for interest equivalent to 100% of the TR (a managed prime rate) plus 11.50% per annum (effective interest rate equivalent to 100% of TR plus 11.73% per annum). The agreement provides for a 23-month grace period for principal and interest, which will be paid in up to 96 installments, commencing after the grace period. This transaction is collateralized by the land, improvements and receivables generated by the financed projects. The agreement does not contain any restrictive covenants requiring compliance with financial ratios.

The table below shows the borrowings, financing and debentures repayment schedule at June 30, 2012 and December 31, 2011:

	Individual		Consolidated	
	6/30/12	**12/31/11**	**6/30/12**	**12/31/11**
After the reporting period				
12 months	**58,328**	117,342	**58,328**	117,342
13 to 24 months	**127,250**	4,027	**127,134**	4,027
25 to 36 months	**23,640**	114,475	**23,582**	114,475
37 to 48 months	**25,246**	6,553	**25,188**	6,553
More than 48 months	**78,090**	3,281	**104,884**	3,281
Total	**312,554**	245,678	**339,116**	245,678

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10. Borrowings, financing and debentures--Continued

Allocation of financial charges

Finance charges are capitalized as follows:

	Individual			
	2012		2011	
	1st half	2nd quarter	1st half	2nd quarter
Finance charges:				
Borrowings, financing and debentures	**(15,298)**	**(7,090)**	(11,456)	(7,390)
Realization of DPV and adjustment of land payable	**(3,882)**	**(2,050)**	(6,812)	(4,502)
Total finance charges	**(19,180)**	**(9,140)**	(18,268)	(11,892)
Interest capitalized in investment property				
Company	**6,676**	**2,273**	10,305	7,344
Subsidiaries	**10,715**	**5,183**	7,226	4,118
	(1,789)	**(1,684)**	(737)	(430)
Other financial expenses	**(200)**	**(124)**	(47)	(47)
Finance charges allocated to profit or loss	**(1,989)**	**(1,808)**	(784)	(477)

	Consolidated			
	2012		2011	
	1st half	2nd quarter	1st half	2nd quarter
Finance charges:				
Borrowings, financing and debentures	**(16,190)**	**(7,882)**	(11,456)	(7,390)
Realization of DPV and adjustment of land payable	**(3,882)**	**(2,050)**	(6,812)	(4,502)
Total finance charges	**(20,072)**	**(9,932)**	(18,268)	(11,892)
Interest capitalized in investment property	**17,391**	**7,456**	17,531	11,462
	(2,681)	**(2,476)**	(737)	(430)
Other financial expenses	**(141)**	**(41)**	(97)	(86)
Finance charges allocated to profit or loss	**(2,822)**	**(2,517)**	(834)	(516)

The other information on borrowings, financing and debentures did not change significantly in relation to the information disclosed in Note 11 to the financial statements for the year ended December 31, 2011.

11. Income tax and social contribution

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

The income tax and social contribution income (expenses) for the six-month periods and quarters is reconciled with accounting profit (loss) as follows:

	Individual			
	2012		2011	
	1st half	2nd quarter	1st half	2nd quarter
Income (loss) before income tax and social contribution	**6,248**	**1,703**	(480)	(125)
Statutory rate - income tax and social contribution	**34%**	**34%**	34%	34%
Nominal (expense) credit	**(2,124)**	**(579)**	163	42
Effect of IRPJ and CSLL on permanent differences				
Equity in subsidiary and jointly controlled entity	**1,890**	**1,015**	594	391
Other	**21**	**41**	-	-
IRPJ and CSLL (expenses) credits in Company's profit or loss	**(213)**	**477**	757	433

	Consolidated			
	2012		2011	
	1st half	2nd quarter	1st half	2nd quarter
Lease revenue - subsidiaries	**9,354**	**5,643**	1,989	1,453
Tax rate on deemed income	**32%**	**32%**	32%	32%
Deemed income - subsidiaries	**2,993**	**1,806**	636	465
Financial income - subsidiaries	**1,045**	**455**	973	497
Other	**46**	**125**	-	14
Taxable basis - subsidiaries	**4,084**	**2,386**	1,609	976
IRPJ and CSLL expenses - subsidiaries	**(1,389)**	**(811)**	(547)	(332)
Effect of IRPJ surtax (*)	**42**	**36**	37	30
Effective IRPJ and CSLL expenses - subsidiaries	**(1,347)**	**(775)**	(510)	(301)
Individual	**(213)**	**477**	757	433
Consolidated	**(1,560)**	**(298)**	247	132

(*) The 10% surtax is levied only on annual income exceeding R$240.

(b) Deferred tax balances

Deferred tax assets arise from tax loss carryforwards, while deferred tax liabilities arise from temporary differences between the cash basis adopted for tax purposes and the accrual basis for accounting purposes.

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

11. Income tax and social contribution--Continued

(b) Deferred tax balances--Continued

	Individual		Consolidated	
	6/30/12	**12/31/11**	**6/30/12**	**12/31/11**
Assets:				
Income tax and social contribution	**1,716**	1,822	**1,716**	1,822
Liabilities:				
Income tax and social contribution	**-**	-	**(1,492)**	(1,092)
Taxes on revenue (PIS/COFINS)	**-**	-	**(100)**	(59)
	-	-	**(1,592)**	(1,151)

As at June 30, 2012, deferred tax assets and liabilities will be realized and settled based on the projection of future taxable income, prepared by the Company's management, is as follows:

	Individual		Consolidated	
	IRPJ and CSLL		IRPJ and CSLL	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Expected realization:				
12 months	-	-	-	(1,492)
From 13 to 24 months	1,716	-	1,716	-
Total	1,716	-	1,716	(1,492)

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

	Individual		Consolidated	
	6/30/12	**12/31/11**	**6/30/12**	**12/31/11**
Tax loss carryforwards	**5,043**	5,197	**5,043**	5,197
Other	**5**	161	**5**	161
	5,048	5,358	**5,048**	5,358
Tax rate	**34%**	34%	**34%**	34%
Income tax and social contribution - noncurrent assets	**1,716**	1,822	**1,716**	1,822
Rentals not received - subsidiaries	**-**	-	**(2,746)**	(1,620)
Tax rate on deemed income	**32%**	32%	**32%**	32%
Deemed taxable base	**-**	-	**(879)**	(518)
Finance income taxed on an accrual basis	**-**	-	**(3,509)**	(2,694)
Total taxable base	**-**	-	**(4,388)**	(3,212)
Tax rate	**34%**	34%	**34%**	34%
Income tax and social contribution - noncurrent liabilities	**-**	-	**(1,492)**	(1,092)

12. Equity

Common shares and issued capital

	Individual	
	Number of shares in thousands	Share capital
Balance at December 31, 2010	71,372	71,372
Payment of capital:		
In cash	22	22
Dividends	206	206
Balance at June 30, 2011	71,600	71,600
Balance at December 31, 2011	134,250	134,250
Balance at June 30, 2012	134,250	134,250

Dividends of 2011, amounting to R$624, were approved by the Annual Shareholders' Meeting held on April 27, 2012.

On June 28, 2012, the Company approved the second stock option plan, equivalent to 89,774 common shares, at the exercise price of R$5.59. No amount is paid by the beneficiary when the option is granted. The stock options granted correspond to 2.52% of total approved for the plan. The options' vesting period is up to four years and options can be exercised within three years after the vesting date. From a total of 89,774 granted stock options, 4,489 are already vested when granted.

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:

Risk-free rate	8.66%
Vesting period in years	4
Expected annualized volatility	42.26%
Expected dividends	5%
Stock options fair value on grant date per share	R$3.11

The risk-free rate is based on an average of future CDI rates for the maximum exercise period of the plan's tranche, 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 historical volatility for the same industry.

The compensation costs resulting from the granted stock options were R$279 and will be recognized over an average four-year period, starting July 2012.

The other information on equity did not change significantly in relation to the information disclosed in note 13 to the financial statements for the year ended December 31, 2011.

13. Earnings per share

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

	Individual			
	2012		2011	
	1st half	2nd quarter	1st half	2nd quarter
Basic earnings per share:				
Profit for the periods	**6,035**	**2,180**	277	308
Weighted average number of outstanding common shares	**134,250,021**	**134,250,021**	71,436,493	71,500,349
Basic earnings per share - in R$	**0.0450**	**0.0162**	0.0039	0.0043
Diluted earnings per share:				
Profit for the periods	**6,035**	**2,180**	277	308
Weighted average number of outstanding common shares	**134,250,021**	**134,250,021**	71,436,493	71,500,349
Dilutive effect of stock options	**229,880**	**229,880**	38,107	75,795
Weighted average number of outstanding common shares	**134,479,901**	**134,479,901**	71,474,600	71,576,144
Diluted earnings per share - in R$	**0.0449**	**0.0162**	0.0039	0.0043

14. Net lease revenue

	Individual			
	2012		2011	
	1st half	2nd quarter	1st half	2nd quarter
Lease revenue	**1,849**	**1,849**	-	-
PIS/COFINS on lease revenue	**(171)**	**(171)**	-	-
Net lease revenue	**1,678**	**1,678**	-	-

	Consolidated			
	2012		2011	
	1st half	2nd quarter	1st half	2nd quarter
Lease revenue	**11,203**	**7,492**	1,989	1,453
PIS/COFINS on lease revenue	**(513)**	**(388)**	(70)	(49)
Net lease revenue	**10,690**	**7,104**	1,919	1,404

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15. Costs and expenses by nature

	Individual			
	2012		2011	
	1st half	2nd quarter	1st half	2nd quarter
Depreciation	**(471)**	**(471)**	-	-
Advertising	**(270)**	**(199)**	(44)	(43)
Payroll, related taxes and benefits	**(1,727)**	**(858)**	(888)	(555)
Management compensation	**(407)**	**(206)**	(345)	(183)
Consulting and other services	**(1,313)**	**(755)**	(635)	(275)
General expenses	**(522)**	**(311)**	(177)	(101)
Stock options	**(161)**	**(78)**	(82)	(82)
Vacancy expenses	**(88)**	**(88)**	-	-
Other	**(22)**	**(16)**	(28)	(8)
	(4,981)	**(2,982)**	(2,199)	(1,247)
Classified as:				
Cost of leases	**(471)**	**(471)**	-	-
Selling expenses	**(875)**	**(571)**	(50)	(49)
General and administrative expenses	**(3,209)**	**(1,721)**	(1,793)	(1,024)
Management compensation	**(407)**	**(206)**	(345)	(183)
Other operating income (expenses), net	**(19)**	**(13)**	(11)	9
	(4,981)	**(2,982)**	(2,199)	(1,247)

	Consolidated			
	2012		2011	
	1st half	2nd quarter	1st half	2nd quarter
Depreciation	**(2,451)**	**(1,691)**	(441)	(321)
Advertising	**(271)**	**(113)**	(71)	(47)
Payroll, related taxes and benefits	**(1,727)**	**(858)**	(888)	(555)
Management compensation	**(407)**	**(206)**	(345)	(183)
Consulting and other services	**(1,533)**	**(974)**	(635)	(275)
General expenses	**(537)**	**(331)**	(179)	(102)
Stock options	**(161)**	**(79)**	(82)	(82)
Vacancy expenses	**(238)**	**(123)**	(51)	(51)
Other	**27**	**(18)**	(61)	(41)
	(7,298)	**(4,393)**	(2,753)	(1,657)
Classified as:				
Cost of leases	**(2,451)**	**(1,691)**	(441)	(321)
Selling expenses	**(1,269)**	**(780)**	(96)	(72)
General and administrative expenses	**(3,209)**	**(1,709)**	(1,847)	(1,077)
Management compensation	**(407)**	**(206)**	(345)	(183)
Other operating income (expenses), net	**38**	**(7)**	(24)	(4)
	(7,298)	**(4,393)**	(2,753)	(1,657)

("A free translation from Portuguese into English")

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16. Related parties

Related-party balances and transactions are as follows:

	Individual		Consolidated	
	6/30/12	12/31/11	6/30/12	12/31/11
Balance sheets:				
Short-term investments:				
Banco Intermedium (a)	**27,317**	36,259	**36,492**	45,079
Banco BMG (b)	**-**	-	**9,105**	8,803
Due to related parties:				
MRV Engenharia e Participações S.A. (c)	**198**	105	**198**	105
Land payables:				
MDI Desenvolvimento Imobiliário Ltda. (d)	**14,880**	26,828	**14,880**	26,828

	Individual			
	2012		2011	
	1st half	2nd quarter	1st half	2nd quarter
Transactions:				
Income from short-term investments:				
Banco Intermedium (a)	**1,750**	**755**	224	125
Provision of administrative services (c)	**1,052**	**600**	440	172
Financial expenses - due to related parties:				
MRV Engenharia e Participações S.A. (f)	**-**	**-**	505	321

	Consolidated			
	2012		2011	
	1st half	2nd quarter	1st half	2nd quarter
Transactions:				
Income from short-term investments:				
Banco Intermedium (a)	**2,178**	**954**	695	370
Banco BMG (b)	**429**	**199**	459	239
Provision of administrative services (c)	**1,052**	**600**	440	172
Acquisition of services (e)	**-**	**-**	1,246	-
Financial expenses - due to related parties:				
MRV Engenharia e Participações S.A. (f)	**-**	**-**	505	321

(a) Refers to short-term investments in CDBs with Intermedium Crédito Financiamento e Investimento S.A. ("Intermedium"), which is controlled by the controlling shareholder da MRV Engenharia e Participações S.A.. As at June 30, 2012, short-term investments yielded approximately 112% of CDI in Individual and 110.5% of CDI on a consolidated basis (111.4% of CDI in Individual and 110.4% of CDI on a consolidated basis at December 31, 2011).

(b) Refers to an investment in CDBs with Banco BMG, which is the controlling shareholder of Agrícola São Gabriel Ltda., a shareholder of SPE Cabral. As at June 30, 2012, this investment yields approximately 106.0% of CDI (106.0% of CDI at December 31, 2011).

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16. Related parties--Continued

(c) Amounts payable consisting of expenses on administrative services provided by MRV Engenharia e Participações S.A., which are calculated by applying a 7.5% rate on the Company's projected revenue. The agreement is effective for an indefinite period.

(d) Refers to payables for land purchased in December 2010 of a company controlled by MRV Engenharia e Participações S.A..

(e) Refers to building and construction management services provided by a company related to the non-controlling shareholder related to the construction of warehouses at LOG I, LOG II and LOG Jundiaí. At the beginning of the second quarter of 2011, the Company acquired the interest held by these shareholders.

(f) Refers to financial expenses as arising on the loan agreement entered into by these companies, which bears interest equivalent to CDI + 2.75% per year for the first half of 2011. The loan was settled in August 2011.

17. Financial instruments and risk management

(a) Exposure to interest rates and inflation adjustment indices

The analysis below was undertaken as described in note 18 (c) to the financial statements for the year ended December 31, 2011.

Indicators	Financial asset	Financial liability	Net exposed financial liability	Effective rate for the 12-month period ended 6/30/2012	Estimated annual rate for 2012		Change in effective rate for the relevant scenario	Total estimated effect
Probable scenario:								
CDI	108,549	(284,011)	(175,462)	10.66%	7.63%	(i)	-3.03%	5,317
IGPM	-	(32,488)	(32,488)	5.14%	5.58%	(ii)	0.44%	(143)
TR	-	(60,591)	(60,591)	0.92%	0.00%	(iii)	-0.92%	557
								5,731
Scenario I:								
CDI	108,549	(284,011)	(175,462)	10.66%	9.54%		-1.12%	1,965
IGPM	-	(32,488)	(32,488)	5.14%	6.98%		1.84%	(598)
TR	-	(60,591)	(60,591)	0.92%	0.00%		-0.92%	557
								1,924
Scenario II:								
CDI	108,549	(284,011)	(175,462)	10.66%	11.45%		0.79%	(1,386)
IGPM	-	(32,488)	(32,488)	5.14%	8.37%		3.23%	(1,049)
TR	-	(60,591)	(60,591)	0.92%	0.00%		-0.92%	557
								(1,878)

(i) Data obtained on the Central Bank of Brazil website.
(ii) Data obtained on the Central Bank of Brazil website, Focus Bulletin.
(iii) Data obtained on the BM&F Bovespa website.
(*) Effective change for the first six months of 2012 plus a projection for the next six months of 2012.

17. Financial instruments and risk management--Continued

(b) Liquidity and interest rate risk table

The tables below detail the remaining contractual maturity of the Group's non-derivative financial liabilities and the contractual amortization periods. These tables have been prepared using the undiscounted cash flows of the financial liabilities based on the nearest date on which the Group should settle the related obligations. The tables include interest and principal cash flows. As the interest flows refer to floating rates, the undiscounted was obtained based on the index projections from June 30, 2012 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
Company:					
Floating rates	121,981	163,947	40,625	141,044	467,597
Fixed rates	34,398	-	-	-	34,398
Non-interest bearing securities	5,209	-	-	-	5,209
Total	161,588	163,947	40,625	141,044	507,204
Consolidated:					
Floating rates	121,981	171,921	46,895	182,244	523,041
Fixed rates	34,398	-	-	-	34,398
Non-interest bearing securities	15,378	-	-	-	15,378
Total	171,757	171,921	46,895	182,244	572,817

The other information on financial instruments, exposure to foreign exchange risks, capital risk management, and credit risk did not change significantly in relation to the information disclosed in note 18 to the financial statements for the year ended December 31, 2011.

18. Guarantees

Except for the guarantees described in notes 7 and 10, the Group does not collateralize any of its assets and is not the guarantor of any other types of third-party transactions.

19. Commitments

SPE Betim:

The Company entered into a shareholders' agreement with Agropecuária Aroeiras Ltda. mainly aimed at establishing how this SPE's capital will be paid in, and other relationships between the shareholders. As Agropecuária Aroeiras Ltda. paid in the capital through the assignment of own land on the establishment of the SPE and the Company is paying in capital basically in cash over time, the unpaid balance will be adjusted using a rate equivalent to 66% of CDI fluctuation, which will be the amount contributed by the Company as capital increase in SPE Betim. As at June 30, 2012, the amount to be paid-in by the Company is R$37,176.

20. Noncash transactions

During the six-month periods ended June 30, 2012 and 2011, the Company and its subsidiaries conducted the following investment and financing transactions that did not involve cash, which, therefore, are not reflected in the statement of cash flows:

	Individual		Consolidated	
	1st half of 2012	1st half of 2011	1st half of 2012	1st half of 2011
Capital contribution to investee with investment properties	**34,148**	26,511	-	-
Capital contribution to investee with investment properties - barter	**41,360**	-	-	-
Interest capitalization	**17,391**	17,531	**17,391**	17,531

21. Insurance

The Company has an insurance policy that considers primarily risk concentration and their materiality, taking into consideration the nature of its business, and advice of the insurance brokers. As at June 30, 2012, insurance coverage is as follows:

Items	Type of coverage	Insured amount
- Construction insurance (engineering risk)	- Coverage during construction for involuntary damages caused during construction, installation and assembling work on the insured sites.	53,713
- Real property delivery insurance	- Guarantees delivery of the works to committed buyers and barterers.	24,000
- Group life and personal injury insurance	- Bodily injury involuntarily caused to employees, contractors, interns and engineers.	38,993
- Corporate	- Fire, lightening, explosion, windstorm, hail, car crash, RC transactions, and rental loss/payment.	52,140

22. Events after the reporting period

In July 2012, the Company raised a working capital loan R$25,000. This loan bears interest equivalent to 100% of the CDI plus spread of 2.70% per year. Interest will be paid in six semiannual installments, commencing January 2013, and principal will be repaid in five semiannual installments, commencing July 2013. The agreement does not contain any restrictive covenants requiring compliance with financial ratios.

23. Approval of the financial statements

These financial statements were approved by the Company's Directors on July 23, 2012.