(Convenience Translation into English from the Original Previously Issued in Portuguese)

Sonae Sierra Brasil S.A. and Subsidiaries

Interim Financial Information (ITR) for the Second Quarter of 2013 and Report on Review of Interim Financial Information

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Directors and Management of
Sonae Sierra Brasil S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Sonae Sierra Brasil S.A. (the "Company"), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2013, which comprises the balance sheets as of June 30, 2013 and the related statements of income and comprehensive income for the three and six-month periods then ended, and changes in equity and cash flows for the six-month period then ended, including the explanatory notes.

The Company's Management is responsible for the preparation of the individual interim financial information in accordance with technical pronouncement CPC 21(R1) - Interim Financial Reporting and the consolidated interim financial information in accordance with technical pronouncement CPC 21(R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21(R1) applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the CVM.

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Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21(R1) and IAS 34, applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by CVM.

Other matters

Statements of value added

We have also reviewed the individual and consolidated interim statements of value added (DVA), for the six-month period ended June 30, 2013, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by CVM applicable to the preparation of Interim Financial Information (ITR), and is considered as supplemental information for the International Financial Reporting Standards - IFRS that does not require the presentation of DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared consistently, in all material respects, with the individual and consolidated interim financial information taken as a whole.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, August 5, 2013

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Marcelo Magalhães Fernandes
Engagement Partner

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

BALANCE SHEETS AS OF JUNE 30, 2013 AND DECEMBER 31, 2012
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
ASSETS	Note	06/30/13	12/31/12	06/30/13	12/31/12
CURRENT ASSETS					
Cash and cash equivalents	4	296,237	336,241	530,133	681,976
Trade receivables, net	5	-	-	29,878	33,605
Recoverable taxes	6	7,842	5,600	18,729	16,456
Prepaid expenses		56	15	142	53
Other receivables	5	-	2	4,667	4,689
Total current assets		304,135	341,858	583,549	736,779
NONCURRENT ASSETS					
Restricted investments	29	-	-	5,113	4,065
Trade receivables, net	5	-	-	13,507	12,215
Loans to condominiums	7	-	-	3,514	1,441
Deferred income tax and social contribution	22	-	690	51,130	20,693
Escrow deposits	16	2,021	1,974	10,434	9,950
Other receivables	5	-	-	833	833
Investments	8	2,239,432	2,094,168	31,559	28,530
Investment properties	10	-	-	3,634,709	3,248,095
Property, plant and equipment	9	-	-	3,772	3,495
Intangible assets	11	-	-	5,466	3,585
Total noncurrent assets		2,241,453	2,096,832	3,760,037	3,332,902
TOTAL ASSETS		2,545,588	2,438,690	4,343,586	4,069,681

		Company		Consolidated	
LIABILITIES AND EQUITY	Note	06/30/13	12/31/12	06/30/13	12/31/12
CURRENT LIABILITIES					
Loans and financing	12	-	-	50,240	50,659
Debentures	13	11,749	14,603	11,749	14,603
Domestic trade accounts payable		15	6	49,049	31,460
Taxes payable	17	-	-	7,525	65,412
Personnel, payroll taxes, benefits, and rewards		-	-	9,518	9,755
Key money	15	-	-	7,721	6,863
Dividends payable	18	-	26,748	-	26,748
Earnings payable		-	-	5,116	5,165
Trade accounts payable - acquisition of assets	14	-	-	20,848	49,491
Other payables		302	214	7,123	15,865
Total current liabilities		12,066	41,571	168,889	276,021
NONCURRENT LIABILITIES					
Loans and financing	12	-	-	499,317	378,669
Debentures	13	308,019	303,449	308,019	303,449
Trade accounts payable - acquisition of assets	14	-	-	19,786	28,919
Key money	15	-	-	19,682	24,101
Deferred income tax and social contribution	22	-	-	446,022	370,641
Reserve for civil, tax, labor and social security risks	16	2,015	1,968	7,684	9,439
Accrual for variable compensation	27	-	-	1,051	1,200
Total noncurrent liabilities		310,034	305,417	1,301,561	1,116,418
EQUITY	18				
Capital		997,866	997,866	997,866	997,866
Capital reserves		80,115	80,115	80,115	80,115
Earnings reserves		1,013,721	1,013,721	1,013,721	1,013,721
Retained earnings		131,786	-	131,786	-
Equity attributable to owners of the Company		2,223,488	2,091,702	2,223,488	2,091,702
Noncontrolling interests		-	-	649,648	585,540
Total equity		2,223,488	2,091,702	2,873,136	2,677,242
TOTAL LIABILITIES AND EQUITY		2,545,588	2,438,690	4,343,586	4,069,681

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2012
(In thousands of Brazilian reais - R$, except earnings per share)

		Company				Consolidated			
	Note	Period from 04/01/13 to 06/30/13	Period from 01/01/13 to 06/30/13	Period from 04/01/12 to 06/30/12	Period from 01/01/12 to 06/30/12	Period from 04/01/13 to 06/30/13	Period from 01/01/13 to 06/30/13	Period from 04/01/12 to 06/30/12	Period from 01/01/12 to 06/30/12
NET OPERATING REVENUE FROM RENTALS, SERVICES, AND OTHER	19	-	-	-	-	65,686	130,426	65,269	121,895
COST OF RENTALS AND SERVICES	20	-	-	-	-	(14,002)	(25,842)	(11,385)	(20,983)
GROSS PROFIT		-	-	-	-	51,684	104,584	53,884	100,912
OPERATING (EXPENSES) INCOME									
General and administrative expenses	20	(355)	(1,280)	(916)	(1,670)	(4,966)	(9,623)	(5,800)	(11,251)
Tax expenses		(3)	(177)	(37)	(236)	(361)	(1,430)	(198)	(1,056)
Equity in investees	8	115,801	141,764	106,248	128,108	3,703	4,429	1,551	2,413
Changes in fair value of investment properties	10	-	-	-	-	190,209	190,209	173,127	173,127
Other operating income, net		-	-	45	45	2,265	3,522	1,168	729
Total income (expenses) from operations, net		115,443	140,307	105,340	126,247	190,850	187,107	169,848	163,962
OPERATING INCOME BEFORE FINANCIAL INCOME (EXPENSES)		115,443	140,307	105,340	126,247	242,534	291,691	223,732	264,874
FINANCIAL INCOME (EXPENSES), NET	21	(2,964)	(7,831)	756	3,241	(7,003)	(13,668)	(1,982)	538
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		112,479	132,476	106,096	129,488	235,531	278,023	221,750	265,412
INCOME TAX AND SOCIAL CONTRIBUTION									
Current	22	-	-	(23)	(948)	(6,809)	(13,551)	(7,038)	(16,884)
Deferred	22	-	(690)	(13)	(434)	(40,022)	(44,944)	(42,316)	(43,797)
Total		-	(690)	(36)	(1,382)	(46,831)	(58,495)	(49,354)	(60,681)
NET INCOME FOR THE PERIOD		112,479	131,786	106,060	128,106	188,700	219,528	172,396	204,731
NET INCOME ATTRIBUTABLE TO									
Owners of the Company						112,479	131,786	106,060	128,106
Noncontrolling interests						76,221	87,742	66,336	76,625
BASIC AND DILUTED EARNINGS PER SHARE - R$		1.47	1.72	1.39	1.68	1.47	1.72	1.39	1.68

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2012
(In thousands of Brazilian reais - R$)

	Company				Consolidated			
	Period from 04/01/13 to 06/30/13	Period from 01/01/13 to 06/30/13	Period from 04/01/12 to 06/30/12	Period from 01/01/12 to 06/30/12	Period from 04/01/13 to 06/30/13	Period from 01/01/13 to 06/30/13	Period from 04/01/12 to 06/30/12	Period from 01/01/12 to 06/30/12
NET INCOME FOR THE PERIOD	112,479	131,786	106,060	128,106	188,700	219,528	172,396	204,731
Other comprehensive income	-	-	-	-	-	-	-	-
TOTAL OF COMPREHENSIVE INCOME	112,479	131,786	106,060	128,106	188,700	219,528	172,396	204,731
NET INCOME ATTRIBUTABLE TO								
Owners of the Company					112,479	131,786	106,060	128,106
Noncontrolling interests					76,221	87,742	66,336	76,625

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

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SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (COMPANY AND CONSOLIDATED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2012
(In thousands of Brazilian reais - R$)

		Capital reserves		Earnings reserve					Total equity		
	Capital	Share issuance costs	Share subscription premium	Legal reserve	Earnings retention reserve	Unrealized earnings	Proposed additional dividends	Retained earnings	attributable to owners of the Company	Noncontrolling interests	Total consolidated equity
BALANCES AS OF DECEMBER 31, 2011	997,866	(16,083)	96,198	21,016	762,904	71,018	10,479	-	1,943,398	486,997	2,430,395
Net income for the period	-	-	-	-	-	-	-	128,106	128,106	76,625	204,731
Dividends paid in the period	-	-	-	-	-	-	(10,479)	-	(10,479)	-	(10,479)
Dividends arising from operation of Fundo de Investimento Imobiliário Shopping Parque D. Pedro and Fundo de Investimento Parque D. Pedro Shopping Center	-	-	-	-	-	-	-	-	-	(1,885)	(1,885)
BALANCES AS OF JUNE 30, 2012	997,866	(16,083)	96,198	21,016	762,904	71,018	-	128,106	2,061,025	561,737	2,622,762
BALANCES AS OF DECEMBER 31, 2012	997,866	(16,083)	96,198	30,293	895,094	88,334	-	-	2,091,702	585,540	2,677,242
Net income for the period	-	-	-	-	-	-	-	131,786	131,786	87,742	219,528
Dividends arising from operation of Fundo de Investimento Imobiliário Shopping Parque D. Pedro and Fundo de Investimento Parque D. Pedro Shopping Center	-	-	-	-	-	-	-	-	-	(23,634)	(23,634)
BALANCES AS OF JUNE 30, 2013	997,866	(16,083)	96,198	30,293	895,094	88,334	-	131,786	2,223,488	649,648	2,873,136

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

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SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2012
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	06/30/13	06/30/12	06/30/13	06/30/12
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	131,786	128,106	219,528	204,731
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	-	1,142	831
Result value of property and equipment sold and/or written off and others	-	-	44	55
Unbilled revenue from rentals	-	-	(1,360)	(1,463)
Allowance for doubtful accounts	-	-	1,514	1,890
Reserve for (reversal of) civil, tax, labor, and social security risks	-	-	(2,003)	(497)
Monetary adjustment of reserve for civil, tax, labor and social security risks	47	54	267	356
Accrual for variable compensation	-	-	822	875
Deferred income tax and social contribution	690	434	44,944	43,797
Income tax and social contribution	-	948	13,551	16,884
Interest on borrowings, financing, debentures and acquisition of assets	18,887	12,179	35,143	27,572
Changes in fair value of investment properties	-	-	(190,209)	(173,127)
Gain on disposal of investment properties	-	-	-	325
Equity in investees	(141,764)	(128,108)	(4,429)	(2,413)
(Increase) decrease in operating assets:				
Trade receivables	-	-	2,281	(3,641)
Loans to condominiums	-	-	(2,073)	44
Recoverable taxes	(2,242)	572	(2,273)	839
Advances to suppliers	-	-	-	-
Prepaid expenses	(41)	(50)	(89)	306
Escrow deposits	(47)	(54)	(484)	(6,216)
Other	2	-	22	(143)
Increase (decrease) in operating liabilities:				
Domestic trade accounts payable	9	6	1,434	(2,875)
Taxes payable	-	(1,210)	(6,269)	(10,258)
Personnel, payroll taxes, benefits and rewards	-	-	(1,208)	(181)
Key money	-	-	(3,561)	3,583
Payments of contingencies	-	-	(19)	-
Other payables	88	279	(8,742)	(1,175)
Cash provided by operating activities	7,415	13,156	97,973	100,099
Interest paid	(17,171)	-	(37,184)	(14,910)
Income tax and social contribution paid	-	-	(65,169)	(8,196)
Net cash provided by (used in) operating activities	(9,756)	13,156	(4,380)	76,993
CASH FLOW FROM INVESTING ACTIVITIES				
Restricted investments	-	-	(1,048)	(934)
Acquisition or construction of investment property	-	-	(202,317)	(138,319)
Purchase of property and equipment	-	-	(2,710)	(142)
Increase in intangible assets	-	-	(634)	-
Capital increase in investees	(3,500)	-	-	-
Proceeds from the sale of investment properties	-	-	-	11,514
Dividends received	-	-	1,400	1,048
Net cash used in investing activities	(3,500)	-	(205,309)	(126,833)
CASH FLOW FROM FINANCING ACTIVITIES				
Debentures issued	-	300,000	-	300,000
Debentures issuance costs	-	(6,707)	-	(6,707)
Loans and financing raised	-	-	136,028	60,361
Loans and financing paid - principal	-	-	(18,619)	(4,677)
Trade accounts payable - acquisition of assets	-	-	(9,132)	(8,908)
Distributed earnings of real estate funds - noncontrolling interests	-	-	(23,683)	(21,319)
Dividends paid	(26,748)	(24,456)	(26,748)	(24,456)
Net cash provided by (used in) financing activities	(26,748)	268,837	57,846	294,294
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	(40,004)	281,993	(151,843)	244,454
CASH AND CASH EQUIVALENTS				
At end of period	296,237	407,827	530,133	635,372
At beginning of period	336,241	125,834	681,976	390,918
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	(40,004)	281,993	(151,843)	244,454

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2012
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	06/30/13	06/30/12	06/30/13	06/30/12
REVENUE				
Revenue from rentals and services	-	-	145,322	131,360
Other income	-	-	2,465	1,320
Changes in fair value of investment property	-	-	190,209	173,127
Revenues related to the construction of investment properties	-	-	229,659	224,748
Allowance for doubtful accounts	-	-	(1,514)	(1,890)
	-	-	566,141	528,665
SERVICES AND SUPPLIES PURCHASED FROM THIRD PARTIES				
Cost of rentals and services	-	-	(16,075)	(7,383)
Supplies, power, outside services and other	(1,106)	(1,526)	(233,070)	(230,921)
	(1,106)	(1,526)	(249,145)	(238,304)
GROSS VALUE ADDED	(1,106)	(1,526)	316,996	290,361
DEPRECIATION AND AMORTIZATION	-	-	(1,142)	(831)
WEALTH CREATED BY THE COMPANY	(1,106)	(1,526)	315,854	289,530
WEALTH RECEIVED IN TRANSFER				
Equity in earnings of subsidiaries	141,764	128,108	4,429	2,413
Financial income	11,091	15,492	21,823	28,827
	152,855	143,600	26,252	31,240
DISTRIBUTION OF WEALTH	151,749	142,074	342,106	320,770
WEALTH DISTRIBUTED				
Personnel:				
Salaries and wages	145	74	11,678	10,745
Benefits	-	-	917	893
Severance pay fund (FGTS)	-	-	708	733
	145	74	13,303	12,371
Taxes and fees:				
Federal	896	1,643	71,820	72,488
Municipal	-	-	625	1,264
	896	1,643	72,445	73,752
Lenders and lessors:				
Financial expenses	18,922	12,251	35,491	28,289
Rentals	-	-	1,339	1,627
	18,922	12,251	36,830	29,916
Interest on capital:				
Retained earnings	131,786	128,106	131,786	128,106
Noncontrolling interests	-	-	87,742	76,625
	131,786	128,106	219,528	204,731
Total	151,749	142,074	342,106	320,770

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

1. GENERAL INFORMATION

Sonae Sierra Brasil S.A. (the "Company"), headquartered at Avenida Doutor Cardoso de Melo, 1.184 - 13º andar, in the city of São Paulo, State of São Paulo, was established on June 18, 2003 and is primarily engaged in: (a) planning, developing, implementing and investing in real estate, namely shopping malls and related activities, as developer, builder, lessor and advisor; (b) managing own and/or third-party properties and stores and providing related services; and (c) holding equity interest in other companies and/or real estate investment funds, directly or indirectly through subsidiaries and associates.

The Company trades its shares on BM&FBOVESPA S.A. (São Paulo Stock Exchange), under the tickersymbol "SSBR3".

The Company's immediate parent is Sierra Brazil 1 BV, a company headquartered in Netherlands, while its ultimate parents are Sonae Sierra SGPS S.A., headquartered in Portugal, and DDR Corp., headquartered in the United States of America.

The Company's direct and indirect subsidiaries included in the consolidated financial statements are the following:

a) Sierra Investimentos Brasil Ltda. ("Sierra Investimentos") - primarily engaged in: (a) planning, developing, implementing and investing in real estate, namely shopping malls and related activities, as developer, builder, lessor and advisor; (b) operating and managing own properties and stores and providing related services; and (c) holding equity interest in other companies. As of June 30, 2013, this company is the parent company of Sierra Enplanta Ltda. ("Sierra Enplanta"), Pátio Boavista Shopping Ltda. ("Pátio Boavista"), Pátio Penha Shopping Ltda. ("Pátio Penha"), Pátio São Bernardo Shopping Ltda. ("Pátio São Bernardo"), Pátio Sertório Shopping Ltda. ("Pátio Sertório"), Pátio Uberlândia Shopping Ltda. ("Pátio Uberlândia"), Fundo de Investimento Imobiliário Shopping Parque D. Pedro ("Fundo de Investimento Imobiliário I"), Fundo de Investimento Imobiliário - FII Parque Dom Pedro Shopping Center ("Fundo de Investimento Imobiliário II"), Pátio Londrina Empreendimentos e Participações Ltda. ("Pátio Londrina"), and Pátio Goiânia Shopping Ltda. ("Pátio Goiânia").

   (i) Fundo de Investimento Imobiliário I - is engaged in holding long-term investment properties, basically to earn income by renting and leasing properties of its real estate assets. As of June 30, 2013, Fundo de Investimento Imobiliário I holds a trust equivalent to 85% of the undivided interest in Shopping Parque D. Pedro.

(ii) Fundo de Investimento Imobiliário II - is engaged in holding long-term investment properties, basically to earn income by renting and leasing properties of its real estate assets. Established on June 30, 2009 through the partial spin-off of Fundo de Investimento Imobiliário I operations, Fundo de Investimento Imobiliário II holds a trust equivalent to 15% of the undivided interest in Shopping Parque D. Pedro.

(iii) Sierra Enplanta, Pátio Boavista, Pátio Penha, Pátio São Bernardo, Pátio Sertório, Pátio Uberlândia, Pátio Londrina and Pátio Goiânia - are engaged mainly in investing in the real estate segment, in particular in shopping malls and related activities.

b) Unishopping Administradora Ltda. ("Unishopping Administradora") - engaged in planning, installing, developing and managing shopping malls, leasing, operating and managing car park areas, managing properties and related services. As of June 30, 2013, in addition to managing the developments in which the Group holds interests, Unishopping Administradora is the parent company of Unishopping Consultoria Imobiliária Ltda. ("Unishopping Consultoria").

c) Unishopping Consultoria - engaged in planning, installing, developing and managing shopping malls, leasing, operating and managing car park areas, managing properties and related services. Unishopping Consultoria is responsible for selling development stores in which the Group holds interests.

As of June 30, 2013 and 2012 and December 31, 2012, the Company's subsidiaries and associates held the following interests in shopping malls:

		Undivided interest - %		
Developer	Shopping mall	06/30/13	12/31/12	06/30/12
Fundos de Investimento Imobiliário I e II	Shopping Parque D. Pedro	100.00	100.00	100.00
Pátio Penha	Shopping Center Penha	-	-	51.00
Pátio Penha	Shopping Plaza Sul	30.00	30.00	30.00
Pátio Boavista	Shopping Center Metrópole	100.00	100.00	100.00
Pátio Boavista	Boavista Shopping	100.00	100.00	100.00
Sierra Enplanta	Tivoli Shopping	-	-	30.00
Sierra Enplanta	Pátio Brasil Shopping	-	-	10.42
Sierra Enplanta	Franca Shopping	76.92	76.92	67.42
Pátio São Bernardo	Shopping Plaza Sul	30.00	30.00	30.00
Campo Limpo	Shopping Campo Limpo (a)	20.00	20.00	20.00
Pátio Sertório	Shopping Manauara	100.00	100.00	100.00
Pátio Uberlândia	Uberlândia Shopping	100.00	100.00	100.00
Pátio Londrina	Boulevard Londrina (b)	88.64	84.48	84.48
Pátio Goiânia	Passeio das Águas Shopping (c)	100.00	100.00	100.00

(a) Refers to an indirect interest in the undivided shopping mall fraction held by Sierra Investimentos.

(b) Opened on May 3, 2013.

(c) The development is being implemented.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of conformity

The Company's interim financial information comprises:

- Consolidated interim financial information prepared and presented in accordance with technical pronouncement CPC 21(R1) - Interim Financial Statements and international standard IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board - IASB, and in accordance with the standards established by the Brazilian Securities Commission (CVM), applicable to the preparation of interim financial information.

- Individual interim financial information prepared and presented in accordance with technical pronouncement CPC 21(R1), and in accordance with the standards established by CVM, applicable to the preparation of interim financial information.

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

The individual interim financial information presents the valuation of investments in subsidiaries and associates under the equity method, pursuant to prevailing Brazilian statutes. Accordingly, this individual financial information is not considered as in accordance with IFRSs, which require the measurement of such investments in separate financial statements of the parent, at their fair values or at cost.

As there is no difference between the consolidated shareholders' equity and the consolidated net income attributable to the owners of the Company, disclosed in the consolidated interim financial information prepared in accordance with IFRSs, and the Company's shareholders' equity and net income, disclosed in the individual financial information prepared in accordance with accounting practices adopted in Brazil, the Company opted for presenting this individual and consolidated financial information in a single set, side by side.

2.2. Basis of preparation

The interim financial information has been prepared based on the historical cost and adjusted to reflect the fair values of the investment properties and certain financial instruments against net income for the period. The historical cost is generally based on the fair value of the consideration paid in exchange for assets.

As of January 1, 2012, the Company changed the period for measurement at fair value of investment properties from quarterly basis to semiannual basis.

The summary of the main accounting policies adopted by the Company in preparing this individual and consolidated interim financial information is in line with those included in the financial statements for the year ended December 31, 2012 and, therefore, they should be analyzed together.

2.3. New standards, changes and interpretations

a) Standards, interpretations and revised standards with initial adoption from January 1, 2013

- IFRS 10 - Consolidated Financial Statements

  The Company adopted IFRS 10, which sets out guidelines for the presentation and preparation of consolidated financial statements when an entity controls one or more entities. IFRS 10 supersedes the consolidation requirements of SIC 12 - Consolidation of Special Purpose Entities and IAS 27 - Separate and Consolidated Financial Statements. The adoption of this IFRS did not have any material impact on the amounts reported for the current quarter and the prior year.

- IFRS 11 - Joint Arrangements

  IFRS 11 provides for a more realistic reflection of agreements together, focusing on the rights and obligations of the agreement, rather than its legal form. The standard addresses inconsistencies in the treatment of an agreement together, requiring a single method to treat controlled entities jointly through the equity method. IFRS 11 replaces IAS 31 - Jointly-controlled Enterprises and SIC 13 - Jointly-controlled Entities - Nonmonetary Contributions by Shareholders. Early application is permitted.

  The main effect of the adoption of IFRS 11 will be the end of proportionate consolidation, which will not affect the Company's consolidated interim financial information. The adoption of this IFRS had no material effect on the amounts reported for the current quarter and previous year.

- IFRS 12 - Disclosure of Interests in Other Entities

  IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of investments in other entities, including subsidiaries, joint ventures, associates and unconsolidated structured entities. The adoption of this IFRS had no material effect on the amounts reported for the current quarter and previous year.

- IFRS 13 - Fair Value Measurement

  Replaces and consolidates in a single standard all the guidance and requirements in respect of fair value measurement contained in other IFRSs. IFRS 13 defines fair value and provides guidance on how to measure fair value and requirements for disclosure relating to fair value measurement. However, it does not introduce any new requirement or amendment with respect to items to be measured at fair value, which remain as originally issued. The adoption of this IFRS had no material effect on the amounts reported for the current quarter and previous year.

- IAS 27 - Individual and Consolidated Financial Statements (Revised in 2011)

  As a result of the recent IFRS 10 and IFRS 12, what remains in the IAS 27 is restricted to accounting for subsidiaries, joint control entities and associated in separate financial statements. The adoption of this IFRS had no material effect on the amounts reported for the current quarter and previous year.

- IAS 28 - Investments in Associates and Joint Ventures (Revised in 2011)

  As a result of the recent IFRS 10 and IFRS 12, what remains in the IAS 28 is restricted to accounting for subsidiaries, joint control entities and associated in separate financial statements. The adoption of this IFRS had no material effect on the amounts reported for the current quarter and previous year.

- Amendments to IAS 19 - Employee Benefits

  Eliminates the corridor approach and requires recognition of actuarial gains and losses as other comprehensive income for pension plans and other long-term benefits in profit or loss, when earned or incurred, among other changes. The adoption of this IFRS had no material effect on the amounts reported for the current quarter and previous year.

- Amendments to IAS 1 - Presentation of Financial Statements

  Introduces the requirement that all items recognized in other comprehensive income be separated into and totaled as items that are and items that are not subsequently reclassified to profit or loss. The adoption of this IFRS had no material effect on the amounts reported for the current quarter and previous year.

b) Standards, interpretations and revised standards not yet effective and which were not early adopted by the Company

- IFRS 9 - Financial Instruments: Classification and Measurement

  Ends the first part of the project to supersede IAS 39 - Financial Instruments: Recognition and Measurement. This new standard adopts a simple approach to determine whether a financial asset is measured at amortized cost or fair value, based on the way an entity manages its financial instruments (its business model) and contractual cash flow typical of financial assets. IFRS 9 also requires only one method to be adopted to determine impairment losses.

  Effective for annual periods beginning on or after January 1, 2015.

3. CRITICAL ACCOUNTING JUDGMENTS AND MAIN ESTIMATES

In the application of the Company's and its subsidiaries' accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

The following are the main judgments and accounting estimates that the Company's and its subsidiaries' Management understands as critical for the preparation of the individual and consolidated interim financial information:

a) Investment properties value: the fair value of investment property is determined by valuating the cash flows of each property at present value, as determined by independent valuers. The Company's and its subsidiaries' Management uses its judgment to choose the method and define assumptions, which are mainly based on market conditions. As of January 1, 2012, the Company changed the period for measurement at fair value of investment properties from quarterly basis to semiannual basis.

b) Accrual for civil, tax, labor and social security risks: the accrual for risks is recognized for lawsuits assessed by the legal counsel and Management of the Company and its subsidiaries as probable losses, considering the nature of the lawsuits and the legal counsel and Management's experience in similar cases. Reserves have been recognized for matters classified as legal obligations, regardless of the expected outcome of lawsuits.

c) Projections prepared for the realization of deferred income tax and social contribution balances: based on analyses of the multiyear operating projections, the Company recognized tax credits related to prior year tax loss carryforwards and temporary differences.

   Maintenance of tax credits from tax loss carryforwards, deferred income tax and social contribution tax loss carryforwards is supported by future earnings projections prepared by the Company's Management and periodically reviewed, for the next ten years, to determine the recoverability of tax loss carryforwards and temporary differences.

4. CASH AND CASH EQUIVALENTS

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Cash	2	2	82	79
Banks	107	105	9,952	1,046
Short-term investments (*)	296,128	336,134	520,099	680,851
Total	296,237	336,241	530,133	681,976

(*) As of June 30, 2013, the short-term investments are highly liquid and earn yield at the weighted average interest rate of 103% of the interbank deposit rate (CDI) (102.5% as of December 31, 2012).

5. TRADE RECEIVABLES, NET AND OTHER RECEIVABLES

Trade receivables

	Consolidated	
	06/30/13	12/31/12
Rentals	40,208	41,649
Assignment of rights receivable (a)	528	1,300
Total trade receivables billed	40,736	42,949
Unbilled revenue from rentals (b)	13,507	12,215
Total trade receivables billed and unbilled	54,243	55,164
Allowance for doubtful accounts	(10,858)	(9,344)
Total	43,385	45,820
Current	(29,878)	(33,605)
Noncurrent	13,507	12,215

(a) Represent receivables from lease of commercial spaces in shopping malls, also known as "key money".

(b) Represent the effect of unbilled revenue from rentals recognized on a straight-line basis according to agreement terms.

The aging list of trade receivables billed as of June 30, 2013 and December 31, 2012 is as follows:

	Consolidated	
	06/30/13	12/31/12
Current	26,582	32,874
Past-due:		
Up to 30 days	2,510	1,579
31 to 60 days	1,308	821
61 to 90 days	1,018	584
91 to 180 days	2,035	1,377
Over 180 days	7,283	5,714
Subtotal	14,154	10,075
Total	40,736	42,949

Allowance for doubtful accounts

Change in allowance for doubtful accounts for the six-month periods ended June 30, 2013 and 2012 is as follows:

	Consolidated
Balance as of December 31, 2012	(9,344)
Allowances recognized in the period, net	(1,514)
Balance as of June 30, 2013	(10,858)
Balance as of December 31, 2011	(9,727)
Allowances recognized in the period, net	(1,890)
Balance as of June 30, 2012	(11,617)

Other receivables

Additionally, as of June 30, 2013 and December 31, 2012, the balance of the "Other receivables" account is broken down as follows:

	Consolidated	
	06/30/13	12/31/12
Receivables of Banco Ourinvest S.A. (*)	833	833
Other receivables from condominiums	971	1,019
Receivables from parking operations	1,186	1,502
Vacations, 13th salary and other advances to employees	942	256
Other	1,568	1,912
Total	5,500	5,522
Current	(4,667)	(4,689)
Noncurrent	833	833

(*) As of June 30, 2013, the subsidiary Sierra Investimentos has R$833 in receivables from Banco Ourinvest S.A., as a result from the commitment entered into on October 29, 2009 (see note 29).

6. RECOVERABLE TAXES

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Withholding income tax (IRRF)	7,822	5,580	18,065	15,735
Social contribution - Law 10833/03	11	11	411	452
Other	9	9	253	269
Total	7,842	5,600	18,729	16,456

Recoverable taxes were generated from the operations of the Company and its subsidiaries and do not depend on court or administrative decisions to be realized.

7. LOANS TO CONDOMINIUMS

Represent advances to condominiums of the shopping malls to cover cash shortages, notably arising from default. The amounts will be recovered as the common area maintenance fees are received and according to the condominiums' cash availability.

		Consolidated	
Subsidiary	Condominium	06/30/13	12/31/12
Pátio São Bernardo	Condomínio Shopping Center Plaza Sul	125	125
Pátio Penha	Condomínio Shopping Center Penha	70	-
Pátio Uberlândia	Condomínio Uberlândia Shopping	2,208	1,316
Pátio Londrina	Condomínio Londrina Shopping	1,111	-
Total		3,514	1,441

These loans are considered related-party transactions.

The Company has been receiving the amounts prepaid according to the condominiums' cash and Management does not expect problems on the realization of these amounts.

8. INVESTMENTS

June 30, 2013	Number of shares held	Capital - equity interest - %	Assets	Liabilities	Equity	Revenue	Net income for the period	Equity in investees	Investment balance
Company									
Subsidiaries:									
Sierra Investimentos Brasil Ltda.	1,016,762,171	100.00	2,241,735	18,535	2,223,200	132	139,374	139,374	2,223,200
Unishopping Administradora Ltda.	10,910,860	100.00	23,402	7,170	16,232	20,908	2,390	2,390	16,232
Total			2,265,137	25,705	2,239,432	21,040	141,764	141,764	2,239,432
Consolidated									
Associate-									
Campo Limpo Empreendimentos e Participações Ltda.	9,435,400	20.00	212,753	54,958	157,795	10,497	22,146	4,429	31,559

December 31, 2012	Number of shares held	Capital - equity interest - %	Assets	Liabilities	Equity	Revenue	Net income for the year	Equity in investees	Investment balance
Company									
Subsidiaries:									
Sierra Investimentos Brasil Ltda.	938,762,172	100.00	2,105,083	23,148	2,081,935	168	184,707	184,707	2,081,935
Unishopping Administradora Ltda.	10,910,860	100.00	24,343	12,110	12,233	50,988	4,276	4,276	12,233
Total			2,129,426	35,258	2,094,168	51,156	188,983	188,983	2,094,168
Consolidated									
Associate-									
Campo Limpo Empreendimentos e Participações Ltda.	9,435,400	20.00	191,117	48,468	142,649	20,117	24,104	4,821	28,530

Changes in investments for the six-month periods ended June 30, 2013 and 2012

	Parent	Consolidated
Balances as of December 31, 2012	2,094,168	28,530
Capital increase	3,500	-
Equity in investees	141,764	4,429
Dividends received	-	(1,400)
Balances as of June 30, 2013	2,239,432	31,559
Balances as of December 31, 2011	1,827,185	26,157
Equity in investees	128,108	2,413
Dividends received	-	(1,048)
Balances as of June 30, 2012	1,955,293	27,522

9. PROPERTY, PLANT AND EQUIPMENT

		06/30/13		
	Annual depreciation rate - %	Consolidated		
		Cost	Accumulated depreciation	Net
Facilities	10	2,747	(2,747)	-
Furniture and fixtures	10	928	(527)	401
Machinery and equipment	10	667	(316)	351
IT equipment	20	2,491	(1,711)	780
Vehicles	20	2,673	(831)	1,842
Other	20	48	(47)	1
Subtotal		9,554	(6,179)	3,375
Construction in progress	-	186	-	186
Advances to suppliers	-	211	-	211
Total		9,951	(6,179)	3,772

		12/31/12		
	Annual depreciation rate - %	Consolidated		
		Cost	Accumulated depreciation	Net
Facilities	10	2,747	(2,747)	-
Furniture and fixtures	10	923	(483)	440
Machinery and equipment	10	662	(284)	378
IT equipment	20	2,432	(1,566)	866
Vehicles	20	2,338	(832)	1,506
Other	20	45	(43)	2
Subtotal		9,147	(5,955)	3,192
Advances to suppliers	-	303	-	303
Total		9,450	(5,955)	3,495

Changes in property, plant and equipment in operation for the six-month periods ended June 30, 2013 and 2012

	Consolidated					
	Furniture and fixtures	Machinery and equipment	IT equipment	Vehicles	Other	Total
Balances as of December 31, 2012	440	378	866	1,506	2	3,192
Transfer from advances to suppliers	5	5	59	536	3	608
Additions	-	-	-	292	-	292
Disposals	-	-	-	(44)	-	(44)
Depreciation	(44)	(32)	(145)	(448)	(4)	(673)
Balances as of June 30, 2013	401	351	780	1,842	1	3,375

	Consolidated						
	Facilities	Furniture and fixtures	Machinery and equipment	IT equipment	Vehicles	Other	Total
Balances as of December 31, 2011	207	518	404	870	1,532	3	3,534
Additions	-	2	34	142	103	1	282
Disposals	-	-	-	-	(55)	-	(55)
Depreciation	(207)	(41)	(32)	(124)	(200)	(2)	(606)
Balances as of June 30, 2012	-	479	406	888	1,380	2	3,155

Changes in construction in progress and advances to suppliers for the six-month periods ended June 30, 2013 and 2012

	Consolidated		
	Construction in progress	Advances to suppliers	Total
Balances as of December 31, 2012	-	303	303
Additions	1,902	516	2,418
Transfer to fixed asset in operation and intangible	(1,716)	(608)	(2,324)
Balances as of June 30, 2013	186	211	397

	Consolidated		
	Construction in progress	Advances to suppliers	Total
Balances as of December 31, 2011	1,979	459	2,438
Additions	-	290	290
Transfer to fixed asset in operation and intangible	(852)	(282)	(1,134)
Balances as of June 30, 2012	1,127	467	1,594

10. INVESTMENT PROPERTIES

Under technical pronouncement CPC 28 (IAS 40) - Investment Property, properties held to earn rentals or for capital appreciation or both can be recognized as investment properties. Investment properties were initially measured at cost. The Company's Management adopted the fair value method to reflect better its business, from January 1, 2009.

The measurement at and change in fair value are made on a semiannually basis.

	Consolidated	
	06/30/13	12/31/12
Constructed investment properties	3,242,549	2,724,327
Investment properties under construction	392,160	523,768
Total	3,634,709	3,248,095

Changes for the six-month periods ended June 30, 2013 and 2012

	Consolidated		
	Constructed properties	Properties under construction	Total
Balances as of December 31, 2012	2,724,327	523,768	3,248,095
Additions	18,150	208,165	226,315
Disposal - barter transaction of Boulevard Londrina Shopping (a)	(29,910)	-	(29,910)
Transfers (b)	339,773	(339,773)	-
Gain from the change in fair value of properties	190,209	-	190,209
Balances as of June 30, 2013	3,242,549	392,160	3,634,709
Balances as of December 31, 2011	2,338,796	437,254	2,776,050
Additions	76,566	148,040	224,606
Disposal - sale of interest and swap in Shopping Penha	(11,839)	-	(11,839)
Transfers	231,222	(231,222)	-
Gain from the change in fair value of properties	177,472	(4,345)	173,127
Balances as of June 30, 2012	2,812,217	349,727	3,161,944

Notes:

(a) On May 3, 2013, subsidiary Pátio Londrina handed out 11.36% of the interest held in Boulevard Londrina Shopping as payment for the land acquired to build said mall. With this transaction, the Company kept its 88.64% stake.

(b) On May 3, 2013, the project Boulevard Londrina Shopping has 47,800 s.q.m in Gross Leasable Area - GLA and 216 stores (information not reviewed).

The certificate of title of the Shopping Boavista project is not registered with the Registry of Deeds Office. As of June 30, 2013 and December 31, 2012, the total amount carried as investment property is R$66,010 and R$62,215.

Fair value measurement methodology

The fair value of each investment property in operation and in construction was determined based on a valuation reported at the time, prepared by an independent external appraiser (Cushman & Wakefield).

The valuation of these investment properties is in accordance with the Practice Statements of the RICS Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors (Red Book), based in the United Kingdom.

The methodology adopted to calculate the market value (fair value) of investment properties in operation involves developing making related to ten-year projections of gains and losses for each shopping mall, added to the residual value, which corresponds to a perpetuity calculated based on the net earnings of the 11th year and a market yield rate (exit yield or cap rate). For the calculation of the perpetuity it was considered a real growth rate of 0.0%. These projections are discounted at the measurement date using a market discount rate.

The projections are not forecasts, but simply reflect the best estimate of the appraiser regarding the current view of the market with respect to the future revenue and cost of each property. The yield rate and the discount rate are set according to the local investment and institutional market and the reasonableness of the market value obtained according to the methodology above, equally tested in terms of the initial yield rate obtained based on net yield estimated for the first year of the projections.

In the valuation of the investment properties, some assumptions were taken into consideration that, according to the Red Book classification, are considered special, namely with respect to recently opened shopping malls, for which possible still due investment expenses have not been taken into account as such amounts are duly recognized in the interim financial information.

Beginning January 1, 2012, in order to reduce operating costs, the Company reviewed its accounting policy for recognizing investment properties at fair value. Consequently, the period for measurement at fair value was changed from quarterly basis to semiannual basis.

The assumptions used as of June 30, 2013 and December 31, 2012 for the measurement at fair value described above are as follows:

06/30/13				12/31/12			
10-year discount rate		Exit yield		10-year discount rate		Exit yield	
Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
12.25%	14.00%	7.75%	9.50%	12.50%	14.00%	8.00%	9.50%

11. INTANGIBLE ASSETS

	Annual amortization rate - %	Consolidated	
		06/30/13	12/31/12
Software	20	6,993	4,643
Accumulated amortization (*)		(1,527)	(1,058)
Total		5,466	3,585

(*) In the semester ended June 30, 2013, the amortization expense of the cost of purchase of software, amounting to R$469 (R$225 as of June 30, 2012), is recognized in line item “General and administrative expenses”, in the statement of income.

Changes in intangible assets for the six-month periods ended June 30, 2013 and 2012

	Consolidated		
	Cost	Amortization	Total, net
Balances as of December 31, 2012	4,643	(1,058)	3,585
Additions	634	(469)	165
Transfer from fixed asset in operation	1,716	-	1,716
Balances as of June 30, 2013	6,993	(1,527)	5,466
Balances as of December 31, 2011	2,153	(571)	1,582
Additions	704	(225)	479
Balances as of June 30, 2012	2,857	(796)	2,061

12. LOANS AND FINANCING

		Consolidated	
Domestic	Maturity	06/30/13	12/31/12
Banco do Amazonas S.A. - BASA (a)	12/10/20	128,012	136,543
Banco Itaú BBA S.A. (b)	10/21/15	10,760	13,048
Banco Itaú BBA S.A. (c)	10/17/16	16,803	19,344
Banco Bradesco S.A. (d)	10/27/25	114,578	73,463
Banco Bradesco S.A. (e)	10/26/25	75,658	78,084
Banco Itaú BBA S.A. (f)	05/10/18	46,743	51,237
Banco Santander S.A. (g)	06/22/23	157,003	57,609
Total		549,557	429,328
Current		(50,240)	(50,659)
Noncurrent		499,317	378,669

(a) On December 17, 2008, the subsidiary Pátio Sertório raised a loan of R$90,315 with Banco do Amazonas S.A. - BASA to finance the construction of the mall Shopping Manauara. In the year ended December 31, 2009, the subsidiary raised new borrowings, totaling R$21,985. These borrowings bear fixed interest of 10% per year, with possible discount of 15% if payments are made on the maturity date, and have a grace period of 48 months, during which only 50% of interests incurred are paid. The remaining balance of accrued interest will be paid after the grace period together with the principal repayment installments. The loan is collateralized by the Shopping Manauara property. The Company and the subsidiary Sierra Investimentos are guarantors of this transaction.

(b) On November 16, 2010, the subsidiary Sierra Investimentos raised R$20,000 with Banco Itaú BBA S.A. to finance working capital. This loan is subject to average interest linked to CDI plus 2.85% per year. The Company is the guarantor of this transaction. The loan is collateralized by: (i) the Shopping Metrópole property; and (ii) net receivables of Shopping Metrópole. This loan has a nine-month grace period for the payment of the first installment of principal. On June 19, 2013, Sierra Investimentos changed the interest rate applied to CDI plus 1.66% per year.

(c) On November 16, 2010, the subsidiary Pátio Boavista raised R$27,000 with Banco Itaú BBA S.A. to finance working capital. This loan is subject to average interest linked to CDI plus 3.3% per year. The Company is the guarantor of this transaction. The loan is collateralized by: (i) the Shopping Metrópole property; and (ii) net receivables of Shopping Metrópole. This loan has a nine-month grace period for the payment of the first installment of principal. On June 19, 2013, Pátio Boavista changed the interest rate applied to CDI plus 1.78% per year.

(d) Between June 2011 and June 2013, the subsidiary Pátio Londrina raised R$114,027 with Banco Bradesco S.A. to finance the construction of Shopping Londrina. The approved funding line, in the total amount of R$120,000, bears a fixed rate equivalent to TR (a managed prime rate) plus 10.9% per year. The agreement is effective for 15 years, with a two-year grace period for repaying the principal. After this period, the outstanding balance will be paid in 155 monthly consecutive installments. The loan is collateralized by Shopping Londrina property. The Company is the guarantor of this transaction. On December 14, 2012, Pátio Londrina changed the interest rate applied to TR plus 9.7% per year.

(e) Between August 2010 and February 2012, the subsidiary Pátio Uberlândia raised R$77,152 with Banco Bradesco S.A. to finance the construction of Shopping Uberlândia, with a fixed rate equivalent to the TR plus 11.3% per year. The agreement is effective for 15 years, with a two-year grace period for repaying the principal. After this period, the outstanding balance will be paid in 156 monthly consecutive installments. The loan is collateralized by Shopping Uberlândia property. The Company is the guarantor of this transaction. On November 21, 2012, Pátio Uberlândia changed the interest rate applied to TR plus 9.7% per year.

(f) On June 29, 2011, the subsidiary Pátio Boavista raised R$52,651 with Banco Itaú BBA S.A. to finance the expansion of Shopping Metrópole. This loan bears a fixed rate equivalent to TR plus 10.3% per year. The agreement is effective for 7 years, with a 12-month grace period for repaying the principal. After this period, the outstanding balance will be paid in 72 monthly consecutive installments. The Company is the guarantor of this transaction. The loan is collateralized by: (i) Shopping Metrópole property; and (ii) Shopping Metrópole's net receivables. On June 19, 2013, Pátio Boavista changed the interest rate applied to TR plus 9.30% per year.

(g) Between March 2012 and June 2013, the subsidiary Pátio Goiânia raised R$148,208 with Banco Santander (Brasil) S.A. to finance the construction of Passeio das Águas Shopping. The approved funding line, in the total amount of R$200,000, bears a fixed rate equivalent to TR plus 11% per year. The agreement is effective for 12 years, with a 24-month grace period for repaying the principal; after this period, the outstanding balance will be paid in 111 monthly, consecutive installments. The loan is collateralized by Passeio das Águas Shopping property. The Company is the guarantor of this transaction. On December 21, 2012, Pátio Goiânia changed the interest rate applied to TR plus 9.7% per year.

On June 30, 2013, the amount of the properties pledged as collateral to the banks for the borrowings and financing totals R$1,826,342. On June 30, 2013, the fiduciary assignment of the net receivables pledged as collateral for Pátio Boavista totals R$2,370.

Covenants

The loan agreements entered by the Company and its subsidiaries, described above, do not provide for compliance with any financial ratios such as debt ratios, expenses coverage with interests, etc.

Changes in loans and financing for the six-month periods ended June 30, 2013 and 2012

Balance as of December 31, 2012	429,328
New borrowings	136,028
Payments - principal	(18,619)
Interest payments	(19,137)
Interest capitalized in investment properties under construction	7,236
Interest allocated to net income	14,721
Balance as of June 30, 2013	549,557

Balance as of December 31, 2011	350,891
New borrowings	60,361
Payments - principal	(4,677)
Interest payments	(14,741)
Interest capitalized in investment properties under construction	6,367
Interest allocated to net income	13,160
Balance as of June 30, 2012	411,361

The noncurrent portion in the caption “Loans and financing” as of June 30, 2013 matures as follows:

From 07/01/14	45,079
2015	65,600
2016	61,078
2017	56,987
2018	54,761
2019 - 2023	184,170
2024 - 2026	31,642
Total	499,317

13. DEBENTURES

		Parent and Consolidated	
Debentures	Final maturity	06/30/13	12/31/12
Securities - series 1	02/15/17	96,694	96,514
Securities - series 2	02/15/19	223,074	221,538
Total		319,768	318,052
Current		(11,749)	(14,603)
Noncurrent		308,019	303,449

On February 15, 2012, the Company issued 30,000 nonconvertible debentures, in two series, with a par value of R$10 each, totaling R$300,000. After the bookbuilding procedure carried out on March 2, 2012, which defined the debenture interest, the series can be summarized as follows:

- Series 1: 9,550 debentures, in the total amount of R$95,500, yielding a floating annual rate equivalent to CDI + 0.96%, with final maturity within five years. Compensation will be paid semiannually.

- Series 2: 20,450 debentures, in the total amount of R$204,500, yielding a floating annual rate equivalent to consumer price index (IPCA) + 6.25% with final maturity within seven years. Compensation will be paid annually.

Changes in debentures, recorded in current and noncurrent liabilities, are broken down as follows:

	R$
Balance as of December 31, 2012	318,052
Amortized borrowing costs	555
Interest allocated to net income	18,332
Interest payments	(17,171)
Balance as of June 30, 2013	319,768
Balance as of December 31, 2011	-
New borrowings	300,000
Amortizable borrowing costs	(6,707)
Amortized borrowing cost	310
Interest allocated to net income	11,869
Balance as of June 30, 2012	305,472

The debenture principal, classified in noncurrent liabilities, will be repaid as follows:

	R$	Amortizable borrowing costs	Total
From 07/01/2014	-	(555)	(555)
2015	-	(1,111)	(1,111)
2016 (repayment of 50% of series 1)	47,750	(1,111)	46,639
2017 (repayment of 50% of series 1)	47,750	(745)	47,005
2018 (repayment of 50% of series 2)	108,412	(671)	107,741
2019 (repayment of 50% of series 2)	108,412	(112)	108,300
Total	312,324	(4,305)	308,019

Covenants

The debenture indenture subjects the Company to covenants, which are related mainly to financial ratios, as Earnings Before Interest, Taxes, Depreciation and Amortization - EBITDA, net debt and net financing expenses. Below the contractually required ratios:

	Contractually required ratio
Net debt/EBITDA	Equal or less than 3.5
EBITDA/net financing expenses	Equal or greater than 1.75

As of June 30, 2013, the Company believes that it is compliant with all covenants.

14. TRADE ACCOUNTS PAYABLE - ACQUISITION OF ASSETS

	Consolidated	
	06/30/13	12/31/12
Acquisition of equity interest in shopping mall (a)	40,634	49,108
Acquisition of land (b)	-	29,302
Total	40,634	78,410
Current	(20,848)	(49,491)
Noncurrent	19,786	28,919

Changes in trade accounts payable - acquisition of assets are as follows:

Balance as of December 31, 2012	78,410
Payment of principal	(9,132)
Financial charges paid	(876)
Financial charges allocated to profit or loss	1,535
Financial charges capitalized under investment property under construction	607
Disposal - barter transaction of Boulevard Londrina Shopping (b)	(29,910)
Balance as of June 30, 2013	40,634
Balance as of December 31, 2011	25,000
Acquisition of equity interest in shopping mall (a)	63,701
Payment of principal	(8,908)
Financial charges allocated to profit or loss	2,233
Financial charges paid	(169)
Balance as of June 30, 2012	81,857

(a) The balance payable refers to an asset barter transaction with cash consideration. Such account payables will be settled in 42 equal, consecutive installments of R$1,522 (original value), adjusted based on CDI. As of June 30, 2013, 24 installments are outstanding.

(b) The amount payable at December 31, 2012 refers to the land located in the city of Londrina. In consideration for the land, an undivided interest equivalent to 11.36% in the Boulevard Londrina project will be transferred. With the opening of said mall on May 3, 2013, the subsidiary Pátio Londrina completed this barter transaction by handing over the 11.36% undivided interest in the mall. See note 10.b).

15. KEY MONEY - CONSOLIDATED

		Consolidated	
Subsidiary	Shopping mall	06/30/13	12/31/12
Pátio Boavista	Boavista Shopping	2,981	3,047
Pátio Sertório	Shopping Manauara	3,847	7,628
Pátio Uberlândia	Uberlândia Shopping	6,054	8,432
Pátio Londrina	Boulevard Londrina	7,639	7,250
Pátio Goiânia	Passeio das Águas	5,320	2,818
Fundo de Investimento Imobiliário I	Parque D. Pedro	1,327	1,520
Fundo de Investimento Imobiliário II	Parque D. Pedro	235	269
Total		27,403	30,964
Current		(7,721)	(6,863)
Noncurrent		19,682	24,101

Refers to the lease agreements for the use of property space, payable by tenants from the time the point of sales lease agreement is executed. Mainly on the launching of new projects, expansions or when a store is returned, the new tenants pay for the right to use commercial locations in the shopping malls. These amounts are negotiated based on the market value of the locations.

The key money amounts are billed according to the lease term, in up to 60 months, and are recognized on a straight-line basis in the statement of income over the lease agreement period.

16. RESERVE FOR CIVIL, TAX, LABOR AND SOCIAL SECURITY RISKS

The Company and its subsidiaries are parties to civil, tax, labor and social security lawsuits at different courts and levels. Based on the opinion of its legal counsel, the Company's Management recorded an accrual for lawsuits whose likelihood of an unfavorable outcome is considered probable. Accrual for risks is broken down as follows:

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Labor and social security (a)	-	-	3,284	4,191
Tax (b)	2,015	1,968	3,673	3,597
Civil (c)	-	-	727	1,651
Total	2,015	1,968	7,684	9,439

Changes in the accrual for the six-month periods ended June 30, 2013 and 2012 are as follows:

	Consolidated			
	Labor and social security (a)	Tax (b)	Civil (c)	Total
Balances as of December 31, 2012	4,191	3,597	1,651	9,439
Constitution	410	-	23	433
Monetary adjustment	153	76	38	267
Payments	-	-	(19)	(19)
Reversal	(1,470)	-	(966)	(2,436)
Balances as of June 30, 2013	3,284	3,673	727	7,684
Balances as of December 31, 2011	5,375	3,455	1,455	10,285
Constitution	764	-	232	996
Monetary adjustment	216	86	54	356
Reversal/payments	(1,271)	-	(222)	(1,493)
Balance as of June 30, 2012	5,084	3,541	1,519	10,144

(a) Labor and social security

As of June 30, 2013, the Company and its subsidiaries recorded an accrual in the amount of R$1,133 (R$1,197 as of December 31, 2012) for labor lawsuits assessed as probable loss by the legal counsel.

For the social security risks, the Company recorded an accrual of R$2,151 as of June 30, 2013 (R$2,994 as of December 31, 2012) according to the legal counsel's opinion, which estimated that the likelihood of loss on these lawsuits is probable.

(b) Tax

IRRF, CIDE, CPMF and CADE

The Company is claiming the suspension of the payment of IRRF, economic intervention contribution (CIDE), and tax on banking transaction (CPMF) on payments made abroad. The historical amounts of such lawsuits correspond to the total amount of R$3,263 (R$3,187 as of December 31, 2012), which are deposited in escrow and accrued, considering that the likelihood of loss on these lawsuits is probable.

The CIDE and IRRF lawsuits had an unfavorable decision to the Company on appellate court and await ruling at special appeal.

There was a final and unappealable decision on the lawsuit challenging the CPMF levied on foreign payments unfavorable decision to the subsidiary Sierra Investimentos. This decision will not require disbursements since the court costs have already been paid and the subsidiary was not sentenced to pay attorney's fees to prevailing party arising from the injunction. Presently, the subsidiary Sierra Investimentos waits the settlement of the escrow deposit, which amounts to R$1,247, in order to write off the tax credit.

Additionally, the subsidiary Sierra Investimentos recognizes an accrual for contingencies and made an escrow deposit of R$410, corresponding to the administrative fine imposed by the Brazilian antitrust agency (CADE). As of June 30, 2012, this lawsuit had already obtained a final and unappealable decision. Presently, the subsidiary Sierra Investimentos is awaiting the withdrawal of said of escrow deposits by CADE to settle said fine, with no impact on net income.

(c) Civil

The Company's subsidiaries are defendants in several lawsuits arising from their regular business activities, especially involving compensation, contract termination and shopping mall rental renewal and revision lawsuits.

The Company's subsidiaries are plaintiffs in lawsuits mostly related to evictions (due to default and contractual breaches), executions and collections, in general.

The Company and its subsidiaries are parties to other tax, civil, labor and social security lawsuits arising from the normal course of their business and whose likelihood of loss is possible. These lawsuits amount to R$72,725 as of June 30, 2013 (R$68,321 as of December 31, 2012). The main lawsuits are described as follows:

a) The subsidiary Pátio Sertório filed suit against the building company responsible for the construction of Manauara Shopping. It refers to an action involving rescission of contract combined with indemnity for pain and suffering claiming the payment of compensation due to nonperformance and irregularities in the construction of Manauara Shopping. Additionally, the subsidiary Pátio Sertório is a defendant in a lawsuit started by the building company, claiming the payment of the updated amount of R$23,764 related to the execution of the construction of Manauara Shopping. Currently the proceeding awaits ruling at lower court.

b) The subsidiary Pátio Londrina is a party to a arbitration proceeding filed against the building company responsible for the construction of Boulevard Londrina Shopping that claims the agreement termination and damages and pain and suffering compensation for the noncompliance of the construction schedule and the resulting delay of the project's opening; on the other hand, the building company claims compensation for pain and suffering, damages, and loss of profits in updated amount of R$35,630. Currently the arbitration proceeding are in closing arguments stage.

Escrow deposits

The breakdown of escrow deposits is as follows:

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Labor and social security	7	6	483	85
Tax	2,014	1,968	3,673	3,597
Civil	-	-	6,278	6,268
Total	2,021	1,974	10,434	9,950

17. TAXES PAYABLE

	Consolidated	
	06/30/13	12/31/12
Income tax and social contribution	2,341	60,938
IRRF	1,498	1,368
COFINS	847	1,387
PIS	246	304
ISS	1,368	934
Other	1,225	481
Total	7,525	65,412

18. EQUITY - PARENT COMPANY

18.1. Capital

As of June 30, 2013 and December 31, 2012, the Company's subscribed and paid-in capital was R$997,866, represented by 76,423,831 common shares without par value.

According to its bylaws, the Company is authorized to increase the capital regardless of any amendment to said bylaws up to a cap of R$1,500,000 by decision of the Board of Directors, which will set in each case the number of shares to be issued, the issue price, and the terms and conditions for the capital subscription and payment.

18.2. Share premium reserve

As of June 30, 2013, the Company had R$80,115 registered as share premium reserve that represents the premium paid by shareholders on issuance of shares.

The amount will remain in the line item "Capital reserve" until its capitalization. Such amount will be capitalized proportionately to the interest held by each shareholder.

18.3. Legal reserve

As provided for by article 193 of Law 6404/76, 5% of net income for the year must be used to recognize a legal reserve, which cannot exceed 20% of capital. As of June 30, 2013, the Company recognizes a legal reserve in the amount of R$30,293.

18.4. Unrealized earnings reserve

In the years when mandatory dividends, calculated as prescribed by the Company's bylaws, exceed the realized portion of net income, the Shareholders' Meeting can, as proposed by Management bodies, allocate net income surplus to the unrealized earnings reserve.

It is considered realized the portion of net income for the year that exceeds the positive net income related to equity pick-up.

As of June 30, 2013, the Company had R$88,334 related to the portion of unrealized net income.

18.5. Profit retention reserve

The earnings retention reserve has the main objective of funding the budgeted investment plans for expansion, renewal and maintenance of shopping malls.

As of June 30, 2013, the Company had R$895,094 related to the profit retention reserve.

18.6. Dividends

Under the bylaws, shareholders are entitled to minimum dividends of 25% of net income adjusted according to Brazilian Corporate Law.

On May 15, 2013, mandatory minimum dividends were paid related to the year ended December 31, 2012 in the amount of R$26,748.

18.7. Earnings per share

As required by IAS 33, equivalent to technical pronouncement CPC 41 - Earnings per Share, below is the reconciliation of net income to the amounts used to calculate the basic and diluted earnings per share.

The Company has no debt convertible into shares neither stock options granted; therefore, no diluted earnings per share were calculated.

	Parent and Consolidated			
	04/01/13 to 06/30/13	01/01/13 to 06/30/13	04/01/12 to 06/30/12	01/01/12 to 06/30/12
Net income for the period attributable to the Company's owners	112,479	131,786	106,060	128,106
Weighted average of outstanding common shares (thousand shares)	76,424	76,424	76,424	76,424
Basic per share - R$	1.47	1.72	1.39	1.68

18.8. Share issuance costs

The Company maintains costs in the amount of R$16,083, net of taxes, related to shares issuance, accounted for as a reduction to the capital reserves, These costs are comprised mainly by commissions, attorney's fees, audit fees, registration fee, printing, publications and other expenses.

19. NET OPERATING REVENUE FROM RENTALS, SERVICES, AND OTHER

	Consolidated			
	04/01/13 to 06/30/13	01/01/13 to 06/30/13	04/01/12 to 06/30/12	01/01/12 to 06/30/12
Gross revenue:				
Rentals	58,072	112,342	55,857	104,349
Revenue from services	4,580	9,440	4,240	8,288
Parking revenue	6,176	13,097	6,893	12,673
Key money	4,166	10,443	3,393	6,050
Other income	2,135	2,465	910	1,320
Total	75,129	147,787	71,293	132,680
Deductions:				
Taxes on rentals and services	(5,071)	(9,931)	(4,428)	(8,344)
Discounts and abatements	(4,372)	(7,430)	(1,596)	(2,441)
Total	(9,443)	(17,361)	(6,024)	(10,785)
Net revenue	65,686	130,426	65,269	121,895

20. EXPENSES BY NATURE

	Parent				Consolidated			
	04/01/13 to 06/30/13	01/01/13 to 06/30/13	04/01/12 to 06/30/12	01/01/12 to 06/30/12	04/01/13 to 06/30/13	01/01/13 to 06/30/13	04/01/12 to 06/30/12	01/01/12 to 06/30/12
Depreciation and amortization	-	-	-	-	484	1,142	392	831
Personnel	67	174	64	100	7,864	15,892	7,687	14,443
Outsourced services	199	940	629	1,310	2,259	4,677	2,874	5,623
Cost of occupancy (vacant stores)	-	-	-	-	3,843	5,306	1,699	2,765
Costs of contractual agreements with tenants	-	-	-	-	1,025	1,924	456	787
Allowance for doubtful accounts	-	-	-	-	1,151	1,514	1,444	1,890
Rentals	4	-	-	-	704	1,339	691	1,293
Others	85	166	223	260	1,638	3,671	1,942	4,602
Total	355	1,280	916	1,670	18,968	35,465	17,185	32,234
Classified as:								
Cost of rentals and services	-	-	-	-	14,002	25,842	11,385	20,983
General and administrative expenses	355	1,280	916	1,670	4,966	9,623	5,800	11,251
Total	355	1,280	916	1,670	18,968	35,465	17,185	32,234

21. FINANCIAL INCOME (EXPENSES), NET

	Parent				Consolidated			
	04/01/13 to 06/30/13	01/01/13 to 06/30/13	04/01/12 to 06/30/12	01/01/12 to 06/30/12	04/01/13 to 06/30/13	01/01/13 to 06/30/13	04/01/12 to 06/30/12	01/01/12 to 06/30/12
Financial income:								
Interest from short-term investments	5,605	10,994	8,851	15,469	10,039	20,262	14,440	27,686
Other	51	97	6	23	731	1,561	797	1,141
	5,656	11,091	8,857	15,492	10,770	21,823	15,237	28,827
Financial expenses:								
Interest on loans and financing	-	-	-	-	(8,087)	(14,721)	(7,510)	(13,160)
Interest on debentures	(8,609)	(18,887)	(8,055)	(12,179)	(8,609)	(18,887)	(8,055)	(12,179)
Interest on trade accounts payable - acquisition of assets	-	-	-	-	(770)	(1,535)	(1,226)	(2,233)
Other	(11)	(35)	(46)	(72)	(307)	(348)	(428)	(717)
	(8,620)	(18,922)	(8,101)	(12,251)	(17,773)	(35,491)	(17,219)	(28,289)
Total, net	(2,964)	(7,831)	756	3,241	(7,003)	(13,668)	(1,982)	538

22. INCOME TAX AND SOCIAL CONTRIBUTION

a) Income tax and social contribution expense

	Parent				Consolidated			
	04/01/13 to 06/30/13	01/01/13 to 06/30/13	04/01/12 to 06/30/12	01/01/12 to 06/30/12	04/01/13 to 06/30/13	01/01/13 to 06/30/13	04/01/12 to 06/30/12	01/01/12 to 06/30/12
Income before income tax and social contribution	112,479	132,476	106,096	129,488	235,531	278,023	221,750	265,412
Statutory rate	34%	34%	34%	34%	34%	34%	34%	34%
Expected income tax and social contribution charge, at statutory rate	(38,243)	(45,042)	(36,073)	(44,026)	(80,081)	(94,528)	(75,395)	(90,240)
Effect of income tax and social contribution on permanent differences:								
Equity in investees	39,373	48,200	36,125	43,557	1,259	1,506	527	820
Other permanent differences	-	-	(69)	(5)	(531)	(655)	(495)	(588)
Effect of income tax and social contribution on prior periods' temporary differences and tax loss carryforwards that had not been accrued since their realization was not reasonably assured:								
Temporary differences	-	-	(19)	(908)	6,092	6,395	57	(512)
Tax loss carryforwards	(1,130)	(3,848)	-	-	(859)	(3,937)	514	514
Effect of taxation of subsidiaries taxed based on deemed income	-	-	-	-	384	751	1,418	1,889
Effect of different taxation of Fundos de Investimento Imobiliário I and II (*)	-	-	-	-	26,905	31,973	24,020	27,436
Income tax and social contribution expense at effective rate	-	(690)	(36)	(1,382)	(46,831)	(58,495)	(49,354)	(60,681)
Effective rate - %	-	1	-	1	20	21	22	23

(*) Fundos de Investimento Imobiliário I and II are tax exempt.

b) Deferred income tax and social contribution

Based on analyses of the multiyear operating projections, the Company recognized tax credits related to tax loss carryforwards and temporary differences in prior years.

Maintenance of tax credits from tax loss carryforwards, deferred income tax and social contribution tax loss carryforwards is supported by future earnings projections prepared by the Company's Management and periodically reviewed, for the next ten years, to determine the recoverability of tax loss carryforwards and temporary differences.

Deferred income tax and social contribution are broken down as follows:

	Parent		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Tax loss carryforwards	-	690	4,784	4,686
Accrual for civil, tax, labor, and social security risks	-	-	325	598
Allowance for doubtful accounts	-	-	2,603	1,979
Other temporary reserves	-	-	(1,180)	(2,971)
Change in fair value of investment properties	-	-	(400,724)	(354,240)
Total deferred income tax and social contribution	-	690	(394,892)	(349,948)
In noncurrent assets	-	690	51,130	20,693
In noncurrent liabilities	-	-	(446,022)	(370,641)

Recognized noncurrent tax credits, totaling R$58,842 (Consolidated) as of June 30, 2013, should be realized in the period up to nine years, as shown below:

Year	Consolidated
2013	573
2014	1,145
2015	3,328
2016	4,266
2017	4,805
2018-2023	44,725
Total	58,842

As of June 30, 2013, the Company and its subsidiaries have tax loss carryforwards totaling R$21,528 (R$19,510, Parent) on which no deferred income tax and social contribution have been recognized, since, based on internal studies and projections, their realization is not probable.

23. RELATED-PARTY TRANSACTIONS

In the course of the Company's business, controlling shareholders, subsidiaries, the associate, and condominiums (related parties) carry out commercial and financial intercompany transactions. These commercial transactions include mainly management of shopping malls (common charges and promotion fund).

Balances and transactions with related parties as of June 30, 2013 and December 31, 2012 are as follows:

		Consolidated	
Balance sheet	Purpose	06/30/13	12/31/12
Current assets-			
Affiliates-			
Condomínio Parque Dom Pedro Shopping	(a)	5	5
Condomínio Boa Vista Shopping		89	-
Total (*)		94	5
Noncurrent assets-			
Affiliates:			
Condomínio Shopping Center Plaza Sul	(b)	125	125
Condomínio Shopping Penha	(b)	70	-
Condomínio Uberlândia Shopping	(b)	2,208	1,316
Condomínio Londrina Shopping	(b)	1,111	-
Total		3,514	1,441
Current liabilities-			
Affiliates-			
Parque D. Pedro I BV SARL	(c)	2,270	2,150
Total		2,270	2,150

		Consolidated			
Statement of income	Purpose	04/01/13 to 06/30/13	01/01/13 to 06/30/13	04/01/12 to 06/30/12	01/01/12 to 06/30/12
Operating revenue-					
Affiliates:					
Condomínio Shopping Center Penha	(a)	323	639	270	573
Condomínio Civil Center Shopping São Bernardo	(a)	253	515	225	474
Condomínio Tivoli Shopping Center	(a)	140	280	76	201
Condomínio Shopping Pátio Brasil	(a)	-	-	16	132
Condomínio Franca Shopping Center	(a)	114	221	73	174
Condomínio Boavista Shopping	(a)	227	447	181	402
Condomínio Shopping Center Plaza Sul	(a)	383	779	323	692
Condomínio Parque Dom Pedro Shopping	(a)	716	1,427	633	1,315
Condomínio Campo Limpo Shopping	(a)	227	433	143	343
Condomínio Manauara Shopping	(a)	460	913	397	813
Condomínio Uberlândia Shopping	(a)	311	629	194	216
Condomínio Londrina Shopping	(a)	70	70	-	-
Total		3,224	6,353	2,531	5,335

(*) Included in the balance of receivables, net, and other receivables.

(a) Refers to revenue from services provided by subsidiary Unishopping Administradora Ltda. related to the management of common charges and the promotion fund of said condominiums. This revenue is recognized in the line item “Service revenue”, as disclosed in note 19.

(b) Refers to loans to condominiums described on note 7.

(c) Yield payable to Fundos de Investimento Imobiliário I and II. Related company Parque D. Pedro I BV SARL holds 27.6% and 15.9% of the units of these Funds, respectively. This amount is recognized in the line item "Earnings payable".

24. OPERATING SEGMENTS REPORTING

Segment reporting is used by the Company's Top Management to make decisions about resources to be allocated to a segment and assess its performance. Assets and liabilities by segment are not presented, as they are not analyzed for strategic decision-making by the Top Management.

Therefore, the Company's segments reportable pursuant to IFRS 8 and technical pronouncement CPC 22 - Operating Segments Reporting are follows:

a) Development and management

Refer to the provision of asset and property management services to shopping malls' storeowners and owners, brokerage services, and development of project for a new shopping mall.

b) Investment

Refers to the rental of store space to storeowners and other commercial space, such as sales stands, rental of commercial space for advertising and promotion, operation of parking lots, and the property space (key money) lease fee.

	Consolidated - 04/01/13 to 06/30/13			
	Development and management	Investment	Elimination of intersegment	Total
Gross revenue	11,148	70,548	(6,567)	75,129
Deductions:				
Taxes	(1,582)	(3,489)	-	(5,071)
Discounts and rebates	-	(4,372)	-	(4,372)
Total	(1,582)	(7,861)	-	(9,443)
Net operating revenue	9,566	62,687	(6,567)	65,686
General costs and expenses	(9,201)	(16,334)	6,567	(18,968)
Adjusted operating income	365	46,353	-	46,718

	Consolidated - 01/01/13 to 06/30/13			
	Development and management	Investment	Elimination of intersegment	Total
Gross revenue	21,806	138,347	(12,366)	147,787
Deductions:				
Taxes	(3,104)	(6,827)	-	(9,931)
Discounts and rebates	-	(7,430)	-	(7,430)
Total	(3,104)	(14,257)	-	(17,361)
Net operating revenue	18,702	124,090	(12,366)	130,426
General costs and expenses	(17,828)	(30,003)	12,366	(35,465)
Adjusted operating income	874	94,087	-	94,961

	Consolidated - 04/01/12 to 06/30/12			
	Development and management	Investment	Elimination of intersegment	Total
Gross revenue	11,232	67,053	(6,992)	71,923
Deductions:				
Taxes	(1,458)	(2,970)	-	(4,428)
Discounts and rebates	-	(1,596)	-	(1,596)
Total	(1,458)	(4,566)	-	(6,024)
Net operating revenue	9,774	62,487	(6,992)	65,269
General costs and expenses	(9,461)	(14,716)	6,992	(17,185)
Adjusted operating income	313	47,771	-	48,084

	Consolidated - 01/01/12 to 06/30/12			
	Development and management	Investment	Elimination of intersegment	Total
Gross revenue	21,705	124,392	(13,417)	132,680
Deductions:				
Taxes	(2,946)	(5,398)	-	(8,344)
Discounts and rebates	-	(2,441)	-	(2,441)
Total	(2,946)	(7,839)	-	(10,785)
Net operating revenue	18,759	116,553	(13,417)	121,895
General costs and expenses	(19,127)	(26,524)	13,417	(32,234)
Adjusted operating income	(368)	90,029	-	89,661

25. FINANCIAL INSTRUMENTS

The Company and its subsidiaries conduct transactions involving financial instruments, all of which recorded in balance sheet accounts, which are intended to meet their operating and financial needs.

These financial instruments are managed based on policies, definition of strategies, and establishment of control systems, which are duly monitored by the Management of the Company and its subsidiaries, with a view to maximize shareholder value and achieve a balance between debt and equity capital.

The Company's and its subsidiaries' main financial instruments are represented by:

a) Cash and cash equivalents: are classified as loans and receivables and recorded at the contracted amounts, which approximate market.

b) Trade accounts receivable: are classified as loans and receivables and recorded at the contracted amounts, which approximate market.

c) Domestic trade accounts payable, loans and financing, debentures and payables for purchase of asset: are classified as other financial liabilities.

As of June 30, 2013 and December 31, 2012, the carrying amounts and fair values of the Company's and its subsidiaries' financial instruments are as follows:

Parent

		06/30/13		12/31/12	
Type	Classification	Carrying amount	Fair value	Carrying amount	Fair value
Assets:					
Cash and cash equivalents	Loans and receivables	296,237	296,237	336,241	336,241
Escrow deposits	Loans and receivables	2,021	2,021	1,974	1,974
Liabilities-					
Debentures	Other financial liabilities	319,768	321,213	318,052	346,989
Domestic trade accounts payable	Other financial liabilities	15	15	6	6

Consolidated

		06/30/13		12/31/12	
Type	Classification	Carrying amount	Fair value	Carrying amount	Fair value
Assets:					
Cash and cash equivalents	Loans and receivables	530,133	530,133	681,976	681,976
Trade receivables	Loans and receivables	43,385	43,385	45,820	45,820
Restricted investments	Loans and receivables	5,113	5,113	4,065	4,065
Loans to condominiums	Loans and receivables	3,514	3,514	1,441	1,441
Escrow deposits	Loans and receivables	10,434	10,434	9,950	9,950
Liabilities:					
Loans and financing	Other financial liabilities	549,557	549,557	429,328	429,328
Debentures	Other financial liabilities	319,768	321,213	318,052	346,989
Domestic trade accounts payable	Other financial liabilities	49,049	49,049	31,460	31,460
Trade accounts payable - acquisition of asset	Other financial liabilities	40,634	40,634	78,410	78,410

According to their nature, financial instruments may involve known or unknown risks, and the Company's judgment is important to the risk assessment. Thus, risks may exist with or without guarantees depending on circumstantial or legal aspects. The main market risk factors that may affect the Company's business are as follows:

25.1. Credit risk

The Company has a large customer base and constantly monitors trade receivables using internal controls, which limit the risk of default. The allowance for doubtful accounts is recognized in an amount considered by Management sufficient to cover probable losses on the collection of receivables, based on the following criterion: allowance of 100% for receivables past due over 120 days.

The credit risk related to cash and cash equivalents is limited as the counterparties are represented by banks with a high rating assigned by international credit rating.

25.2. Price fluctuation risk

The Company's revenue consists basically of rentals received from shopping malls' storeowners. In general, rentals are adjusted based on the annual fluctuation of IPCA, as provided in the lease agreements. Management monitors these risks in order to minimize impacts on its business.

25.3. Interest rate risk

Results from the portion of debt contracted with interest linked to CDI, TR and IPCA and involves the risk of increase in financial expenses as a result of unfavorable rates.

25.4. Currency risk

Trade receivables and trade accounts payable are denominated in Brazilian reais and are not exposed to exchange fluctuations.

25.5. Capital risk management

The Company and its subsidiaries manage their capital to ensure regular business continuity and, at the same time, maximize return for all stakeholders or parties involved in their operations, by optimizing debt and equity balance.

The Company's and its subsidiaries' equity structure consists of net debt (loans and financing and debentures are detailed in notes 12 and 13, less cash and cash equivalents) and consolidated shareholders' equity (including capital and reserves, as mentioned in note 18).

Indebtedness level

As of June 30, 2013 and December 31, 2012, the indebtedness level is as follows:

	Consolidated	
	06/30/13	12/31/12
Debt (a)	869,325	747,380
Cash and cash equivalents	(530,133)	(681,796)
Net debt (net cash)	339,192	65,584
Shareholders' equity (b)	2,223,488	2,091,702
Net debt-to-equity ratio	15.25%	3.14%

(a) Debt is defined as short- and long-term borrowings, financing and debentures, as detailed in notes 12 and 13.

(b) Shareholders' equity includes the Company's total capital and reserves, managed as capital.

25.6. Liquidity risk management

The Company and its subsidiaries manage the liquidity risk by maintaining proper reserves, bank and other credit facilities to raise new borrowings that they consider appropriate, based on the continuous monitoring of budgeted and actual cash flows, and the combination of the maturity profiles of financial assets and financial liabilities.

Liquidity risk and interest tables

The tables below detail the remaining contractual maturity of the Company's financial liabilities and the contractual payment periods. These tables were prepared in accordance with nondiscounted cash flows of financial liabilities based on the closest date when the Company and its subsidiaries should settle the corresponding obligations. The tables include interest and principal cash flows. As interest flows are based on floating rates, the undiscounted amount was based on the interest curves at the end of the period. Contractual maturity is based on the most recent date when the Company and its subsidiaries should settle the related obligations.

June 30, 2013	Weighted average effective interest rate	Less than one month	From one to three months	From three months to one year	From one to five years	More than five years	Total
Loans and financing	10.46	6,841	12,983	67,112	368,885	346,530	802,351
Debentures	10.52	-	4,077	19,352	225,846	170,001	419,276

Supplementary sensitivity analysis on financial instruments, pursuant to ICVM 475/08

Considering the financial instrument previously described, the Company has developed a sensitivity analysis, according to the CVM Instruction 475/08, which requires the presentation of two additional scenarios based on 25% and 50% fluctuations in the risk variable taken into consideration, These scenarios may impact the Company's and its subsidiaries' net income and/or future cash flows, as described below:

- Base scenario: maintenance of interest in the same levels as those as of June 30, 2013.
- Adverse scenario: a 25% fluctuation of the main risk factor of the financial instrument compared to the level as of June 30, 2013.
- Remote scenario: a 50% fluctuation of the main risk factor of the financial instrument compared to the level as of June 30, 2013.

Assumptions

As described above, the Company believes that it is exposed mainly to the risks of fluctuation of CDI and TR, which is the basis to adjust a substantial portion of short-term investments and loans and financing. Accordingly, the table below shows the indices and rates used to prepare the sensitivity analysis:

Assumptions	Base scenario	Adverse scenario	Remote scenario
CDI fluctuation:			
Short-term investments	9.19%	6.89%	4.60%
Loans and financing	9.19%	11.48%	13.78%
TR fluctuation-			
Loans and financing	0.03%	0.04%	0.05%
IPCA fluctuation-			
Debentures	6.50%	8.13%	9.75%

Management analysis

Risk factor	Financial instrument	Risk	Base scenario (*)	Adverse scenario	Remote scenario
Short-term investments	Interest rate	Decrease in CDI rate	47,797	35,845	23,925
Loans	Interest rate	Increase in CDI rate	2,533	3,166	3,800
Loans	Interest rate	Increase in TR rate	118	148	177
Debentures	Interest rate	Increase in CDI rate	8,776	10,971	13,165
Debentures	Inflation index	Increase in IPCA rate	13,293	16,616	19,939

(*) The Company's base scenario is comprised of interest estimated for the next 12-month period.

The Company's Management understands that the market risks originated from other financial instruments are immaterial.

25.7. Derivatives

The Company and its subsidiaries did not conduct derivative transactions for the six--month period ended June 30, 2013 and for the year ended December 31, 2012.

26. INSURANCE

As of June 30, 2013, insurance is as follows:

Line	Insured amount - R$
Civil liability (shopping mall operations)	176,279
Fire	1,360,725
Loss of profits	232,674
Windstorm/smoke	87,276

27. MANAGEMENT COMPENSATION

During the six-month periods ended June 30, 2013 and 2012, expenses on management compensation are broken down as follows:

	Consolidated	
	06/30/13	06/30/12
Payroll and related taxes	1,810	1,964
Variable compensation	822	875
Benefits	151	190
Total	2,783	3,029

These amounts are recorded in the line item "Cost of rentals and services", in the statement income of the period.

The amounts referring to the compensation of key management personnel are represented by short- and long-term benefits, substantially corresponding to management fees and sharing profit (including performance bonuses). The Company does not pay postemployment benefits or share-based compensation.

As of June 30, 2013, the balance of the line item "Accrual for variable compensation", totaling R$1,051 (R$1,200 as of December 31, 2012), stated in noncurrent liabilities, includes only variable compensation (performance bonuses) awarded to Company officers.

Additionally, as approved at the Annual and Extraordinary Shareholders' Meetings held on April 25, 2013, the overall compensation to Company's directors and officers in 2013 is R$10,000.

28. ADDITIONAL DISCLOSURES ON CASH FLOWS

The Company conducted the following noncash transactions:

	Consolidated	
	06/30/13	06/30/12
Capitalized interest in investment properties in construction	7,843	6,367
Acquisition of assets (see note 10)	-	63,701
Increase in trade accounts payable due to investment properties in construction	16,155	16,219
Transfer of construction in progress and advances to suppliers to property, plant and equipment and intangible assets	2,324	844

29. COMMITMENTS

With the enactment of Law 12024, of August 27, 2009, which prescribes the tax treatment applicable to income earned by real estate investment funds, the administrator of Fundo de Investimento Imobiliário I, Banco Ourinvest S.A. stopped retain IRRF on income paid to a certain shareholder headquartered in Brazil, In view of the inquiry made by Banco Ourinvest S.A. to the Federal Revenue Service on the content and scope of this Law, Sierra Investimentos committed in an agreement entered into with this bank, dated October 29, 2009, to make a short-term investment under custody to cover a possible collection of the tax that is not being withheld. At the same date, Parque D. Pedro 1 BV SARL (a Luxembourg company belonging to the same corporate group of the Company) and Sierra Investimentos entered into an agreement under which Parque D. Pedro 1 BV SARL agrees to reimburse Sierra Investimentos for any type of risk arising from the nonpayment of said tax by Banco Ourinvest S.A.

On January 13, 2010, Banco Ourinvest S.A. obtained the reply to its inquiry to the Federal Revenue Service, which concludes for the need to continue retaining IRRF on income paid to shareholders established as real estate investment funds whose interests exceed 10% of the units of a fund.

In order to avoid the mandatory withholding of IRRF, Banco Ourinvest S.A. filed an injunction with federal courts to stay the withholding of income tax on income paid to Fundo de Investimento Imobiliário I and other real estate investment funds. Accordingly, all income tax amounts not withheld until January 13, 2010, which were part of the short-term investments under the custody of Sierra Investimentos, were redeemed and transferred to Banco Ourinvest S.A. and subsequently deposited in escrow.

On April 9, 2010, Banco Ourinvest S.A. obtained from a federal lower court a decision awarding the injunction described above. A federal lower court issued a decision favorable to the claim for not withholding income tax on earnings distributed by real estate investment funds, whose units are traded exclusively on stock exchanges or the over-the-counter market, to another real estate investment fund. The decision also establishes that after a final and unappealable decision is issued, the plaintiff will have the right to withdraw the voluntary deposits made in court.

As of May 13, 2010, the federal government filed an appeal against the federal lower court decision. On June 11, 2010, Banco Ourinvest S.A. filed its counterarguments and currently awaits the appellate court decision.

As of June 30, 2013, the subsidiary Sierra Investimentos has R$833 receivable from Banco Ourinvest S.A. as a result of the agreement entered into on October 29, 2009. These receivables are classified in the line item “Other receivables”, in noncurrent assets (see note 5). In addition, the subsidiary Sierra Investimentos has a balance of R$5,113 on June 30, 2013 (R$4,065 as of December 31, 2012) in restricted investments, stated in noncurrent assets.

30. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim financial information was approved by the Executive Committee and authorized for issue on August 5, 2013.