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

Sonae Sierra Brasil S.A. and Subsidiaries

Interim Financial Information (ITR) for the First Quarter of 2014 and Report on Review of Interim Financial Information

Deloitte Touche Tohmatsu Auditores Independentes

Deloitte.

Deloitte Touche Tohmatsu
Rua Alexandre Dumas, 1.981
04717-906 - São Paulo - SP
Brasil

Telefone: (11) 5186-1000
Fac-símile: (11) 5181-2911
www.deloitte.com.br

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INDEPENDENT AUDITORS' REPwORT

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. ("Company") and its subsidiaries, identified as Company and Consolidated, respectively, included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2014, which comprises the balance sheets as of March 31, 2014 and the related statements of income, comprehensive income, changes in equity and cash flows for the three-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 three-month period ended March 31, 2014, 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, May 12, 2014

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 MARCH 31, 2014 AND DECEMBER 31, 2013
(In thousands of Brazilian reais - R$)

		Company		Consolidated				Company		Consolidated	
ASSETS	Note	03/31/14	12/31/13	03/31/14	12/31/13	LIABILITIES AND EQUITY	Note	03/31/14	12/31/13	03/31/14	12/31/13
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	4	230,297	282,783	397,180	424,431	Loans and financing	12	-	-	69,433	61,168
Trade receivables, net	5	-	-	32,653	40,196	Debentures	13	1,621	14,903	1,621	14,903
Recoverable taxes	6	20	20	10,004	9,979	Domestic trade accounts payable		9	57	40,249	49,812
Prepaid expenses		77	15	135	29	Taxes payable	17	-	-	4,363	6,482
Other receivables	5	-	-	7,780	6,954	Personnel, payroll taxes, benefits, and rewards		8	8	9,747	10,520
Total current assets		230,394	282,818	447,752	481,589	Key money	15	-	-	8,027	8,340
						Dividends payable	18	34,772	34,772	34,772	34,772
NONCURRENT ASSETS						Earnings payable		-	-	4,057	5,167
Restricted investments	30	-	-	6,655	6,124	Trade accounts payable - acquisition of assets	14	-	-	21,082	21,186
Trade receivables, net	5	-	-	15,539	14,059	Other payables		212	231	10,487	12,125
Recoverable taxes	6	14,606	10,219	14,606	10,219	Total current liabilities		36,622	49,971	203,838	224,475
Loans to condominiums	7	-	-	15,022	9,436						
Related parties transactions	23	-	20,129	-	-	NONCURRENT LIABILITIES					
Deferred income tax and social contribution	22	-	26	5,147	5,036	Loans and financing	12	-	-	503,416	510,495
Escrow deposits	16	2,095	2,094	11,417	11,253	Debentures	13	324,238	318,085	324,238	318,085
Other receivables	5	-	-	5,921	3,950	Trade accounts payable - acquisition of assets	14	-	-	6,088	10,654
Investments	8	2,361,597	2,285,448	33,208	33,375	Key money	15	-	-	16,233	17,044
Investment properties	10	-	-	3,957,391	3,946,171	Deferred income tax and social contribution	22	-	-	476,411	475,343
Property, plant and equipment	9	-	-	3,666	3,163	Reserve for civil, tax, labor and social security risks	16	2,095	2,067	8,309	7,913
Intangible assets	11	-	-	5,233	5,662	Accrual for variable compensation	27	-	-	1,647	1,469
Total noncurrent assets		2,378,298	2,317,916	4,073,805	4,048,448	Total noncurrent liabilities		326,333	320,152	1,336,342	1,341,003
						EQUITY	18				
						Capital		997,866	997,866	997,866	997,866
						Capital reserves		80,115	80,115	80,115	80,115
						Earnings reserves		1,152,630	1,152,630	1,152,630	1,152,630
						Retained earnings		15,126	-	15,126	-
						Equity attributable to owners of the Company		2,245,737	2,230,611	2,245,737	2,230,611
						Noncontrolling interests		-	-	735,640	733,948
						Total equity		2,245,737	2,230,611	2,981,377	2,964,559
TOTAL ASSETS		2,608,692	2,600,734	4,521,557	4,530,037	TOTAL LIABILITIES AND EQUITY		2,608,692	2,600,734	4,521,557	4,530,037

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 QUARTER ENDED MARCH 31, 2014 AND 2013
(In thousands of Brazilian reais - R$, except earnings per share)

	Note	Company		Consolidated	
		03/31/14	03/31/13	03/31/14	03/31/13
NET OPERATING REVENUE FROM RENTALS, SERVICES, AND OTHER	19	-	-	74,340	64,740
COST OF RENTALS AND SERVICES	20	-	-	(18,383)	(11,840)
GROSS PROFIT		-	-	55,957	52,900
OPERATING (EXPENSES) INCOME					
General and administrative expenses	20	(756)	(925)	(6,799)	(4,657)
Tax expenses		(179)	(174)	(1,395)	(1,069)
Equity in investees	8	20,149	25,963	753	726
Other operating income, net		-	-	581	1,257
Total income (expenses) from operations, net		19,214	24,864	(6,860)	(3,743)
OPERATING INCOME BEFORE FINANCIAL INCOME (EXPENSES)		19,214	24,864	49,097	49,157
FINANCIAL INCOME (EXPENSES), NET	21	(4,062)	(4,867)	(14,425)	(6,665)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		15,152	19,997	34,672	42,492
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	22	-	-	(6,276)	(6,742)
Deferred	22	(26)	(690)	(957)	(4,922)
Total		(26)	(690)	(7,233)	(11,664)
NET INCOME FOR THE PERIOD		15,126	19,307	27,439	30,828
NET INCOME ATTRIBUTABLE TO					
Owners of the Company				15,126	19,307
Noncontrolling interests				12,313	11,521
BASIC AND DILUTED EARNINGS PER SHARE - R$	18.7	0.20	0.25	0.20	0.25

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 COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2014 AND 2013
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	03/31/14	03/31/13	03/31/14	03/31/13
NET INCOME FOR THE PERIOD	15,126	19,307	27,439	30,828
Other comprehensive income	-	-	-	-
TOTAL OF COMPREHENSIVE INCOME	15,126	19,307	27,439	30,828
NET INCOME ATTRIBUTABLE TO				
Owners of the Company			15,126	19,307
Noncontrolling interests			12,313	11,521

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 QUARTER ENDED MARCH 31, 2014 AND 2013
(In thousands of Brazilian reais - R$)

		Capital reserves		Earnings reserve						
	Capital	Share issuance costs	Share subscription premium	Legal reserve	Earnings retention reserve	Unrealized earnings	Retained earnings	Total equity attributable to owners of the Company	Noncontrolling interests	Total consolidated equity
BALANCES AS OF DECEMBER 31, 2012	997,866	(16,083)	96,198	30,293	895,094	88,334	(52,270)	2,039,432	637,810	2,677,242
Net income for the period	-	-	-	-	-	-	19,307	19,307	11,521	30,828
Dividends arising from operation of Fundo de Investimento Imobiliário Shopping Parque D. Pedro and Fundo de Investimento Parque D. Pedro Shopping Center	-	-	-	-	-	-	-	-	(11,773)	(11,773)
BALANCES AS OF MARCH 31, 2013	997,866	(16,083)	96,198	30,293	895,094	88,334	(32,963)	2,058,739	637,558	2,696,297
BALANCES AS OF DECEMBER 31, 2013	997,866	(16,083)	96,198	41,591	1,003,814	107,225	-	2,230,611	733,948	2,964,559
Net income for the period	-	-	-	-	-	-	15,126	15,126	12,313	27,439
Dividends arising from operation of Fundo de Investimento Imobiliário Shopping Parque D. Pedro and Fundo de Investimento Parque D. Pedro Shopping Center	-	-	-	-	-	-	-	-	(10,621)	(10,621)
BALANCES AS OF MARCH 31, 2014	997,866	(16,083)	96,198	41,591	1,003,814	107,225	15,126	2,245,737	735,640	2,981,377

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 QUARTER ENDED MARCH 31, 2014 AND 2013
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	03/31/14	03/31/13	03/31/14	03/31/13
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	15,126	19,307	27,439	30,828
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	-	663	658
Result value of property and equipment sold and/or written off and others	-	-	84	90
Gain by debentures adjustment in a fair value hedge accounting	(581)	-	(581)	-
Loss with derivatives transaction in fair value hedge accounting	1,395	-	1,395	-
Unbilled revenue from rentals	-	-	(1,581)	(841)
Allowance for doubtful accounts	-	-	1,728	363
Accrual for (reversal of) civil, tax, labor, and social security risks	-	-	211	(421)
Monetary adjustment of reserve for civil, tax, labor and social security risks	28	26	185	205
Accrual for variable compensation	-	-	495	538
Deferred income tax and social contribution	26	690	957	4,922
Income tax and social contribution	-	-	6,276	6,742
Interest on borrowings, financing, debentures and acquisition of assets	11,531	10,278	26,026	17,676
Equity in investees	(20,149)	(25,963)	(753)	(726)
(Increase) decrease in operating assets:				
Trade receivables	-	-	5,916	6,346
Loans to condominiums	-	-	(5,586)	(353)
Recoverable taxes	(4,387)	(1,790)	(4,412)	(1,824)
Prepaid expenses	(62)	(62)	(106)	(138)
Escrow deposits	(1)	(25)	(164)	(430)
Other	-	2	(2,797)	582
Increase (decrease) in operating liabilities:				
Domestic trade accounts payable	(48)	35	(9,563)	(8,006)
Taxes payable	-	-	(5,513)	(3,805)
Personnel, payroll taxes, benefits and rewards	-	-	(1,090)	(488)
Key money	-	-	(1,124)	(3,022)
Payments of contingencies	-	-	-	(17)
Other payables	(19)	(26)	(1,639)	(5,594)
Cash provided by operating activities	2,859	2,472	36,466	43,285
Interest paid	(19,474)	(17,171)	(29,408)	(26,884)
Income tax and social contribution paid	-	-	(2,882)	(62,210)
Net cash provided by (used in) operating activities	(16,615)	(14,699)	4,176	(45,809)
CASH FLOW FROM INVESTING ACTIVITIES				
Restricted investments	-	-	(531)	(555)
Acquisition or construction of investment property	-	-	(11,220)	(83,929)
Purchase of property and equipment	-	(1)	(820)	(1,338)
Increase in intangible assets	-	-	(1)	(480)
Capital increase in investees	(58,600)	(3,500)	-	-
Dividends received	2,600	-	920	800
Net cash used in investing activities	(56,000)	(3,501)	(11,652)	(85,502)
CASH FLOW FROM FINANCING ACTIVITIES				
Loans and financing raised	-	-	5,000	71,825
Loans and financing paid - principal	-	-	(8,478)	(9,069)
Trade accounts payable - acquisition of assets	-	-	(4,566)	(4,566)
Distributed earnings of real estate funds - noncontrolling interests	-	-	(11,731)	(12,457)
Related parties	20,129	-	-	-
Net cash provided by (used in) financing activities	20,129	-	(19,775)	45,733
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	(52,486)	(18,200)	(27,251)	(85,578)
CASH AND CASH EQUIVALENTS				
At end of period	230,297	318,041	397,180	596,398
At beginning of period	282,783	336,241	424,431	681,976
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	(52,486)	(18,200)	(27,251)	(85,578)

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 QUARTER ENDED MARCH 31, 2014 AND 2013
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	03/31/14	03/31/13	03/31/14	03/31/13
REVENUE				
Revenue from rentals and services	-	-	84,576	72,328
Other income	-	-	803	330
Revenues related to the construction of investment properties, property plant and equipament and intangible assets	-	-	12,041	95,086
Allowance for doubtful accounts	-	-	(1,728)	(363)
	-	-	95,692	167,381
SERVICES AND SUPPLIES PURCHASED FROM THIRD PARTIES				
Cost of rentals and services	-	-	(15,827)	(6,332)
Supplies, power, outside services and other	(713)	(818)	(15,673)	(97,368)
	(713)	(818)	(31,500)	(103,700)
GROSS VALUE ADDED	(713)	(818)	64,192	63,681
DEPRECIATION AND AMORTIZATION	-	-	(663)	(658)
WEALTH CREATED BY THE COMPANY	(713)	(818)	63,529	63,023
WEALTH RECEIVED IN TRANSFER				
Equity in earnings of subsidiaries	20,149	25,963	753	726
Financial income	8,302	5,435	12,538	11,053
	28,451	31,398	13,291	11,779
DISTRIBUTION OF WEALTH	27,738	30,580	76,820	74,802
WEALTH DISTRIBUTED				
Personnel:				
Salaries and wages	37	89	6,504	5,965
Benefits	-	-	581	484
Severance pay fund (FGTS)	-	-	332	341
	37	89	7,417	6,790
Taxes and fees:				
Federal	211	882	13,665	18,206
Municipal	-	-	650	625
	211	882	14,315	18,831
Lenders and lessors:				
Financial expenses	12,364	10,302	26,963	17,718
Rentals	-	-	686	635
	12,364	10,302	27,649	18,353
Interest on capital:				
Retained earnings	15,126	19,307	15,126	19,307
Noncontrolling interests	-	-	12,313	11,521
	15,126	19,307	27,439	30,828
Total	27,738	30,580	76,820	74,802

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 -13th floor, on São Paulo City, São Paulo State, 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) operating and 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 (São Paulo Stock Exchange), under the ticker symbol "SSBR3".

As of March 31, 2014 the Company's immediate parent is Sierra Brazil 1 BV, a company headquartered in Kingdom of the Netherlands.

The Company's direct and indirect subsidiaries included in the interim accounting information the following:

a) Sierra Investimentos Brasil Ltda. ("Sierra Investimentos") - primarily engaged in: (i) planning, developing, implementing and investing in real estate, namely shopping malls and related activities, as developer, builder, lessor and advisor; (ii) operating and managing own properties and stores and providing related services; and (iii) holding equity interest in other companies. As of March 31, 2014, this company is the parent company of Pátio Boavista Shopping Ltda. ("Pátio Boavista"), Pátio Campinas Shopping Ltda. ("Pátio Campinas"), Pátio São Bernardo Shopping Ltda. ("Pátio São Bernardo"), Pátio Sertório Shopping Ltda. ("Pátio Sertório"), Pátio Uberlândia Shopping Ltda. ("Pátio Uberlândia"), Pátio Londrina Empreendimentos e Participações Ltda. ("Pátio Londrina"), Pátio São Paulo Shopping Ltda. ("Patio São Paulo"), Pátio Goiânia Shopping Ltda.("Pátio Goiânia"). Fundo de Investimento Imobiliário Shopping Parque D. Pedro ("Fundo de Investimento Imobiliário I") and Fundo de Investimento Imobiliário Parque D. Pedro Shopping Center ("Fundo de Investimento Imobiliário II").

   Fundo de Investimento Imobiliário I - engaged in holding long-term investment properties, basically to earn income by renting and leasing properties of its real estate assets. As of March 31, 2014, Fundo de Investimento Imobiliário I holds a trust equivalent to 85% of the undivided interest in Shopping Parque D. Pedro.

(i) Fundo de Investimento Imobiliário II - 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's operations, Fundo de Investimento Imobiliário II holds a trust equivalent to 15% of the undivided interest in Shopping Parque D. Pedro.

(ii) Pátio Boavista, Pátio Campinas, Pátio São Bernardo, Pátio Sertório, Pátio Uberlândia, Pátio Londrina, Pátio São Paulo and Pátio Goiânia - are primarily engaged in investing in real estate, namely shopping malls and related activities.

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

As of March 31, 2014 and 2013 and December 31, 2013, the Company's subsidiaries and associates held the following interests in shopping malls:

		Undivided interest - %		
Developer	Shopping mall	03/31/14	12/31/13	03/31/13
Fundos de Investimento Imobiliário I	Shopping Parque D. Pedro	85.00	85.00	85.00
Fundos de Investimento Imobiliário II	Shopping Parque D. Pedro	15.00	15.00	15.00
Pátio Penha (i)	Shopping Plaza Sul	-	-	30.00
Pátio Londrina Empreendimentos e Participações Ltda.	Shopping Plaza Sul	30.00	30.00	-
Pátio São Bernardo Shopping Ltda.	Shopping Plaza Sul	30.00	30.00	30.00
Pátio Boavista Shopping Ltda.	Shopping Center Metrópole	100.00	100.00	100.00
Pátio Boavista Shopping Ltda. (i)	Boavista Shopping	-	-	100.00
Pátio Campinas Shopping Ltda.	Boavista Shopping	100.00	100.00	-
Sierra Enplanta. (i)	Franca Shopping	-	-	76.92
Pátio Uberlândia Shopping Ltda.	Franca Shopping	76.92	76.92	-
Pátio Sertório Shopping Ltda.	Shopping Manauara	100.00	100.00	100.00
Pátio Uberlândia Shopping Ltda.	Uberlândia Shopping	100.00	100.00	100.00
Pátio Londrina Empreendimentos e Participações Ltda.	Boulevard Londrina (ii)	88.64	88.64	84.48
Pátio Goiânia Shopping Ltda.	Passeio das Águas Shopping (iii)	100.00	100.00	100.00
Campo Limpo Empreendimentos e Participações Ltda.	Shopping Campo Limpo	20.00	20.00	20.00

(i) These subsidiaries were merged and/or spun-off on November 2, 2013.

(ii) Opened on May 3, 2013.

(iii) Opened on October 30, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Declaration of conformity

The Company's interim financial statements comprise:

- 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 the policies set out in the Brazilian Corporate Law and the pronouncements, guidance, and interpretations issued by the Accounting Pronouncements Committee ("CPC") and approved by the Brazilian Securities and Exchange Commission ("CVM").

The interim financial information present 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 Brazilian accounting practices, 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 these interim financial information is a single set, side by side.

2.2. Basis of preparation

The interim financial information have 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.

The summary of the main accounting practices adopted by the company in preparing these individual and consolidated interim financial information, is consistent with those disclosed in the financial statements for the year ended December 31, 2013 and should, therefore, be analyzed together.

2.3. New standards, changes and interpretations

The first-time adoption of the standards, interpretations and revised standards beginning January 1, 2014 did not materially impact the amounts reported for the current and prior years.

The financial information for the year ended December 31, 2013 include further details on these standards.

3. CRITICAL ACCOUNTING JUDGMENTS AND MAIN ESTIMATES

In the application of the Company's 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 relevant for the preparation of the interim financial information:

a) Investment property value: the fair value of investments property is determined by valuating the future 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 existing at the end of the reporting period. Since January 1, 2012, the period for measurement at fair value was changed from quarterly basis to semiannual basis.

b) Reserve for civil, tax, labor and social security risks: reserve 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 final 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

	Company		Consolidated	
	03/31/14	12/31/13	03/31/14	12/31/13
Cash	2	2	82	75
Banks	215	60	1,311	1,561
Short-term investments (*)	230,080	282,721	395,787	422,795
Total	230,297	282,783	397,180	424,431

(*) As of March 31, 2014, the short-term investments are highly liquid and earn yield at the weighted average interest rate of 102.4% of the interbank deposit rate -CDI (102.9% as of December 31, 2013).

5. TRADE RECEIVABLES, NET AND OTHER RECEIVABLES

Trade receivables

	Consolidated	
	03/31/14	12/31/13
Rentals	44,463	49,613
Assignment of rights receivable (a)	633	1,298
Total trade receivables billed	45,096	50,911
Unbilled revenue from rentals (b)	15,539	14,059
Total trade receivables billed and unbilled	60,635	64,970
Allowance for doubtful accounts	(12,443)	(10,715)
Total	48,192	54,255
Current	(32,653)	(40,196)
Noncurrent	15,539	14,059

(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 March 31, 2014 and December 2013 is as follows:

	Consolidated	
	03/31/14	12/31/13
Current	30,534	39,013
Past due:		
Up to 30 days	2,542	2,067
31 to 60 days	1,543	978
61 to 90 days	1,610	903
91 to 180 days	2,069	2,423
Over 180 days	6,798	5,527
Subtotal	14,562	11,898
Total	45,096	50,911

Allowance for doubtful accounts

Change in allowance for doubtful accounts for the quarter ended March 31, 2014 and 2013 is as follows:

	Consolidated
Balance as of December 31, 2013	(10,715)
Allowances recognized in the year	(1,728)
Balance as of March 31, 2014	(12,443)
Balance as of December 31, 2012	(9,344)
Allowances recognized in the year	(363)
Balance as of March 31, 2013	(9,707)

Other receivables

Additionally, as of March 31, 2014 and December 31, 2013, the balance of "Other receivables" is broken down as follows:

	Consolidated	
	03/31/14	12/31/13
Receivables of Banco Ourinvest S.A. (a)	833	833
Loan agreement with a storeowners (b)	5,089	3,117
Other receivables from condominiums	4,689	3,846
Receivables from parking operations	1,315	1,315
Vacations, 13th salaries, and other advances to employees	53	98
Other	1,722	1,695
Total	13,701	10,904
Current	(7,780)	(6,954)
Noncurrent	5,921	3,950

(a) As of March 31, 2014, 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).

(b) Refers to loans agreements entered into among Company's subsidiaries and shopping storeowners. These agreements are subject to financial charges corresponding to the annual fluctuation of the Amplified Consumer Price Index - IPCA, and mature within up to 60 months.

6. RECOVERABLE TAXES

	Company		Consolidated	
	03/31/14	12/31/13	03/31/14	12/31/13
Withholding income tax (IRRF)	14,606	10,219	23,810	19,521
Social contribution - Law 10833/03	11	11	510	369
Other	9	9	290	308
Total	14,626	10,239	24,610	20,198
Current	(20)	(20)	(10,004)	(9,979)
Noncurrent	14,606	10,219	14,606	10,219

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, or by new mall openings. The amounts will be recovered as the common area maintenance fees are received and according to the condominiums' cash availability.

		Consolidated	
Subsidiary	Condominium	03/31/14	12/31/13
Pátio São Bernardo	Condomínio Shopping Center Plaza Sul	933	933
Pátio Sertório	Condomínio Manauara Shopping	313	341
Pátio Uberlândia	Condomínio Uberlândia Shopping	3,786	2,712
Pátio Londrina	Condomínio Boulevard Londrina Shopping	5,045	3,561
Pátio Goiânia	Condomínio Passeio das Águas Shopping	4,945	1,889
Total		15,022	9,436

These loans are considered related-party transactions (see note 23).

The contracted interest rates are based on the market practices and management does not expect problems on the realization of these amounts.

8. INVESTMENTS

a) Investments in subsidiaries (Company)

March31, 2013	Number of shares held	Capital - equity interest - %	Assets	Liabilities	Equity	Revenue	Net income for the year	Equity in investees	Investment balance
Subsidiaries									
Sierra Investimentos Brasil Ltda.	1,020,262,171	100.00	2,359,977	17,225	2,342,752	35	19,376	19,375	2,342,752
Unishopping Consultoria Imobiliária Ltda. (*)	12,663,326	100.00	29,959	11,114	18,845	10,346	773	773	18,845
Total			2,389,936	28,340	2,361,597	10,381	20,149	20,148	2,361,597

December 31, 2013	Number of shares held	Capital - equity interest - %	Assets	Liabilities	Equity	Revenue	Net income for the year	Equity in investees	Investment balance
Subsidiaries									
Sierra Investimentos Brasil Ltda.	1,020,262.171	100.00	2,282,538	17,762	2,264,776	230	230,221	230,221	2,264,776
Unishopping Consultoria Imobiliária Ltda. (*)	12,663,326	100.00	32,996	12,324	20,672	17,950	9,829	9,829	20,672
Total			2,315,534	30,086	2,285,448	18,180	240,050	240,050	2,285,448

(*) As of November 2, 2013, Unishopping Administradora was merged into Unishopping Consultoria, which became the Company's direct subsidiary.

b) Investment in associate (Consolidated)

(i) Ownership interest held in Campo Limpo Empreendimentos e Participações Ltda.

	Consolidated	
	03/31/14	12/31/13
Balance sheet		
Number of shares held by Sierra Investimentos	9,435,400	9,435,400
Interest held in investee's capital (%)	20.00	20.00
Investment balance	33,208	33,375

	Consolidated	
	03/31/14	12/31/13
Profit or loss		
Equity in subsidiary	753	726

(ii) Financial information on Campo Limpo Empreendimentos e Participações Ltda.

	03/31/14	03/31/13
Balance sheet		
Current assets	5,588	6,230
Noncurrent assets	220,516	220,475
Current liabilities	2,034	2,557
Noncurrent liabilities	58,032	57,272
Equity	166,038	166,876
Profit or loss		
Revenue	4,957	4,885
Profit for the period and comprehensive income	3,763	3,630

(iii) Changes in investments for the quarter ended March 31, 2014 and 2013

	Company	Consolidated
Balance as of December 31, 2013	2,285,448	33,375
Capital increase (*)	58,600	-
Equity in investees	20,149	753
Dividends received	(2,600)	(920)
Balance as of March 31, 2014	2,361,597	33,208

	Company	Consolidated
Balance as of December 31, 2012	2,094,168	28,530
Capital increase	3,500	-
Equity in investees	25,963	726
Dividends received	-	(800)
Balance as of March 31, 2013	2,123,631	28,456

(*) Refers to the capital increases undertaken in subsidiaries to fund working capital, as well as part of the construction cost of projects opened in 2013.

c) Noncontrolling interest

(i) Ownership interest held by noncontrolling interest of Fundo de Investimento Imobiliário I and in Fundo de Investimento Imobiliário II

	Consolidated			
	Fundo de Investimento Imobiliário I		Fundo de Investimento Imobiliário II	
	03/31/14	12/31/13	03/31/14	12/31/13
Balance sheets				
Interest in capital held by noncontrolling (%)	40.00	40.00	49.90	49.90
Noncontrolling interests in equity	509,349	509,349	225,709	224,599
Profit or loss				
Net income from noncontrolling interests	8,458	7,955	3,855	3,566
Dividends paid to noncontrolling	8,418	8,793	3,313	3,664

(ii) Financial information of Fundo de Investimento Imobiliário I and Fundo de Investimento Imobiliário II

	Fundo de Investimento Imobiliário I		Fundo de Investimento Imobiliário II	
	03/31/14	12/31/13	03/31/14	12/31/13
Balance sheet				
Current assets	24,008	30,041	8,001	10,496
Noncurrent assets	1,259,789	1,256,099	449,141	447,277
Current liabilities	8,969	12,075	5,917	6,978
Noncurrent liabilities	-	691	-	122
Equity	1,274,828	1,273,374	451,225	450,673

	Fundo de Investimento Imobiliário I		Fundo de Investimento Imobiliário II	
Profit or loss	03/31/14	12/31/13	03/31/14	12/31/13
Net operating revenue from rentals, services and other	21,173	20,051	3,736	3,538
Net and comprehensive income of the period	21,145	19,888	7,307	6,866

9. PROPERTY AND EQUIPMENT

	Annual depreciation rate - %	03/31/2014 Consolidated Cost	Accumulated depreciation	Net
Facilities	10	2,747	(2,747)	-
Furniture and fixtures	10	931	(584)	347
Machinery and equipment	10	677	(364)	313
IT equipment	20	2,586	(1,929)	657
Vehicles	20	2,808	(874)	1,934
Other	20	54	(50)	4
Subtotal		9,803	(6,548)	3,255
Advances to suppliers	-	324	-	324
Total		87	-	87
		10,214	(6,548)	3,666

	Annual depreciation rate - %	12/31/13 Consolidated Cost	Accumulated depreciation	Net
Facilities	10	2,747	(2,747)	-
Furniture and fixtures	10	930	(566)	364
Machinery and equipment	10	674	(348)	326
IT equipment	20	2,541	(1,863)	678
Vehicles	20	2,659	(873)	1,786
Other	20	54	(49)	5
Subtotal		9,605	(6,446)	3,159
Advances to suppliers	-	4	-	4
Total		9,609	(6,446)	3,163

Changes in property, plant and equipment in operation for the quarter ended March, 2014 and 2013

	Consolidated					
	Furniture and fixtures	Machinery and equipment	IT equipment	Vehicles	Other	Total
Balances at December 31, 2013	364	326	678	1,786	5	3,159
Transfer to advances to suppliers	1	3	45	52	-	101
Additions	-	-	-	312	-	312
Write-off	-	-	-	(84)	-	(84)
Depreciation	(18)	(16)	(66)	(132)	(1)	(233)
Balances at March 31, 2014	347	313	657	1,934	4	3,255

	Consolidated					
	Furniture and fixtures	Machinery and equipment	IT equipment	Vehicles	Other	Total
Balances at December 31, 2012	440	378	866	1,506	2	3,192
Transfer to advances to suppliers	1	2	17	115	3	138
Additions	-	-	-	209	-	209
Write-off	-	-	-	90	-	90
Depreciation	(25)	(15)	(75)	(308)	(2)	(425)
Balances at March 31, 2013	416	365	808	1,612	3	3,204

Changes in construction in progress and advances to suppliers for quarter ended March 31, 2014 and 2013

	Consolidated		
	Construction in progress	Advances to suppliers	Total
Balances at December 31, 2013	-	4	4
Additions	324	184	508
Transfer to fixed asset in operation and intangible	-	(101)	(101)
Balances at March 31, 2014	324	87	411
Balances at December 31, 2012	-	303	303
Additions	603	526	1,129
Transfer to fixed asset in operation and intangible	-	(138)	(138)
Balances at March 31, 2013	603	691	1,294

10. INVESTMENT PROPERTY

Under technical pronouncement CPC 28 investment property (IAS 40 - Investment Property), properties held to earn rentals or for capital appreciation or both can be recognized as investment property. The Company's management adopt the fair value method to reflect better its business.

The measurement and changing in fair value of property are made at the date of the financial statements.

	Consolidated	
	31/03/14	12/31/13
Constructed investment property	3,888,758	3,879,411
Investment property under construction	26,941	25,068
Land	41,692	41,692
Total	3,957,391	3,946,171

Changes in investment property for quarter ended March 31, 2014 and 2013

	Consolidated			
	Constructed properties	Properties under construction	Land	Total
Balance at December 31, 2013	3,879,411	25,068	41,692	3,946,171
Additions	9,347	1,873	-	11,220
Balance at March 31, 2014	3,888,758	26,941	41,692	3,957,391
Balance at December 31, 2012	2,724,327	523,768	-	3,248,095
Additions (a)	5,189	88,150	-	93,339
Balance at March 31, 2013	2,729,516	611,918	-	3,341,434

The title to part of the property comprising Shopping Boavista project is not registered with the Registry of Deed Office. As of March 31, 2014, the total amount of such property, which was accounted for as investment property, is R$64,655 (R$64,655 as of December 31, 2013).

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 evaluation of these investment properties is prepared in accordance with Practice Statements of RICS Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors “Red Book”, located in England.

The methodology adopted to calculate the market value (fair value) of investment property 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, we 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, 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.

The period for measurement at fair value was changed from quarterly basis to semiannual basis.

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

12/31/13			
10-year discount rate		10-year exit yield	
Minimum	Maximum	Minimum	Maximum
12.25%	14.00%	7.75%	9.50%

11. INTANGIBLE ASSETS

	Annual amortization rate - %	Consolidated	
		31/03/14	12/31/13
Software	20	7,798	7,797
Accumulated amortization (*)		(2,565)	(2,135)
Total		5,233	5,662

(*) For the quarter ended March 31, 2014, the amortization expense of the cost of purchase of software, amounting to R$430 (R$233 as of March 31, 2013), is recognized in caption "General and administrative expenses", in the statement of income.

Changes in intangible assets for the quarter ended March 31, 2014 and 2013

	Consolidated		
	Cost	Amortization	Net
Balance at December 31, 2013	7,797	(2,135)	5,662
Additions	1	(430)	(429)
Balance at March 31, 2014	7,798	(2,565)	5,233
Balance at December 31, 2012			
Additions	4,643	(1,058)	3,585
Transfer from construction in progress	480	(233)	247
Balance at March 31, 13	5,123	(1,291)	3,832

12. LOANS AND FINANCING

		Consolidated	
Domestic	Maturity	03/31/14	12/31/13
Banco do Amazonas S.A. - BASA (a)	12/10/20	115,294	119,546
Banco Itaú BBA S.A. (b)	10/21/15	7,037	8,152
Banco Itaú BBA S.A. (c)	10/17/16	12,682	14,019
Banco Bradesco S.A. (d)	10/27/25	118,031	117,778
Banco Bradesco S.A. (e)	10/26/25	71,406	72,784
Banco Itaú BBA S.A. (f)	05/10/23	41,692	42,654
Banco Santander S.A. (g)	06/22/23	206,707	196,730
Total		572,849	571,663

		Consolidated	
Domestic	Maturity	03/31/14	12/31/13
Current		(69,433)	(61,168)
Noncurrent		503,416	510,495

(a) On December 17, 2008, 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 obtained new loans totaling R$21,985. These loans 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. The loan is collateralized by the Shopping Manauara property. The Company and subsidiary Sierra Investimentos are guarantors of this transaction.

(b) On November 16, 2010, subsidiary Sierra Investimentos raised R$20,000 with Banco Itaú BBA S.A. to finance working capital. 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. The interest rate applied to CDI plus 1.66% per year.

(c) On November 16, 2010, subsidiary Pátio Boavista raised R$27,000 with Banco Itaú BBA S.A. to finance working capital. 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 six-month grace period for the payment of the first installment of principal. The interest rate applied to CDI plus 1.78% per year.

(d) During the construction of Boulevard Londrina Shopping, the subsidiary Pátio Londrina raised R$117,027 with Banco Bradesco S.A. to finance the construction. This loan, R$120,000. The agreement is effective for 15 years, with a 2-year grace period for repaying the principal. After this period, the outstanding balance will be paid in 137 monthly consecutive installments. Part of the property, equivalent to 88.64%, is collateralized by the Boulevard Londrina Shopping property. The Company is the guarantor of this transaction. The interest rate applied to TR plus 9,7% per year.

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

(f) On June 29, 2011, subsidiary Pátio Boavista raised R$52,651 with Banco Itaú BBA S.A. to finance the expansion of Shopping Metrópole. 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) the Shopping Metrópole property; and (ii) Shopping Metrópole's net receivables. The interest rate applied to TR plus 9.3% per year. On September 23, 2013, Pátio Boavista renegotiated the repayment schedule to 128 monthly, successive installments; because of such change, the maturity date of the agreement changed to October 2023.

(g) Between March 2012 and March 2014, subsidiary Pátio Goiânia raised R$184,005 with Banco Santander S.A. to finance the construction of Passeio das Águas Shopping. The approved funding line, in the total amount of R$200,000. 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 finance is collateralized by Passeio das Águas Shopping property. The Company is the guarantor of this transaction. The interest rate applied to TR plus 9,7% per year.

As of March 31, 2014, the total amount of the properties pledged to the banks in connection with the borrowings and financing is R$1,983,836 and the amount of net receivables pledged by Pátio Boavista is R$2,918.

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 quarter ended March 31, 2014 and 2013

Balance at December 31, 2013	571,663
New borrowings	5,000
Payments - principal	(8,478)
Interest payments	(9,113)
Interest allocated to net income	13,777
Balance at March 31, 2014	572,849

Balance at December 31, 2012	429,328
New borrowings	71,825
Payments - principal	(9,069)
Interest payments	(9,318)
Interest capitalized in investment property under construction	3,566
Interest allocated to net income	6,633
Balance at March 31, 2013	492,695

The noncurrent portion of line item “Borrowings and financing” as of March 31, 2014 matures as follows:

From April 1, 2015	50,058
2016	63,884
2017	59,793
2018	59,793
2019	59,793
2020 - 2024	175,375
2025 - 2026	34,720
Total	503,416

13. DEBENTURES

Debentures	Maturity	Company and consolidated 03/31/14	12/31/13
Securities - 1st Series	02/15/17	95,208	97,542
Securities - 2nd Series	02/15/19	227,428	233,618
Loss with derivative transaction in fair value hedge accounting	15/02/19	3,223	1,828
Total		325,859	332,988
Current		(1,621)	(14,903)
Noncurrent		324,238	318,085

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:

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

- 2nd Series: 20,450 debentures, in the total amount of R$204,500, yielding a floating annual rate equivalent of Amplified Consumer Price Index - IPCA+ 6.25% with final maturity within seven years. Compensation will be paid annually.

As described in note 25.3, on August 22, 2013, the Company contracted a derivative instrument ("swap") in the notional amount of R$54,500, to partially hedge the inflation rate risk (IPCA) subject to the interest of the 2nd series of debentures. In this transaction, the Company replaced the IPCA + 6.25% per year by the CDI +1.24% per year.

The swap agreement expires within 6 years and matures on February 15, 2019. This maturity date is the same as the hedged instrument.

This transaction is intended to adjust the Company's indebtedness, including the change from variable IPCA rate to the interbank deposit rate - CDI. Although both rates are variable, the CDI currently reflects the primary compensation index of the Company's financial assets and, therefore, it is more appropriate to the management of financial instruments.

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

	Company and consolidated
Balance as of December 31, 2013	332,988
Amortized borrowing costs	278
Interest allocated to net income	11,253
Interest payments	(19,474)
Gain with derivatives transaction in a fair value hedge accounting	(581)
Loss with derivatives transaction in a fair value hedge accounting	1,395
Balance as of March 31, 2014	325,859

	Company and consolidated
Balance as of December 31, 2012	318,052
Amortized borrowing costs	270
Interest allocated to net income	10,008
Interest payments	(17,171)
Balance as of March 31, 2013	311,159

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

	Principal and Interests	Unamortized cost	R$
From April 1, 2015	-	(833)	(833)
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)	116,105	(671)	115,434
2019 (repayment of 50% of Series 2)	116,105	(112)	115,993
Total	327,710	(3,472)	324,238

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 3.25
EBITDA/Net Financing Expenses	Equal or greater than 1.75

As of March 31, 2014, the Company's management believes that is compliant with all covenants.

14. TRADE ACCOUNTS PAYABLE - ACQUISITION OF ASSETS

	Consolidated	
	03/31/14	12/31/13
Acquisition of equity interest in shopping mall (a)	27,170	31,840
Current	(21,082)	(21,186)
Noncurrent	6,088	10,654

(a) The balance payable refers to an asset barter transaction with cash consideration involving Shopping Center Penha for acquisition of stake in Shopping Plaza Sul. Such account payables will be settled in 42 equal, consecutive installments of R$1,522 (original value), adjusted based on the interbank deposit rate - CDI. As of March 31, 2014, 15 installments are outstanding.

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

	Consolidated
Balance as of December 31, 2013	31,840
Payment of principal	(4,566)
Financial charges allocated to profit or loss	718
Financial charges paid	(822)
Balance as of March 31, 2014	27,170
Balance as of December 31, 2012	78,410
Payment of principal	(4,566)
Financial charges allocated to profit or loss	765
Financial charges paid	(395)
Balance as of March 31, 2013	74,214

15. KEY MONEY - CONSOLIDATED

		Consolidated	
Subsidiary	Shopping mall	03/31/14	12/31/13
Pátio Boavista	Boavista Shopping	2,801	2,962
Pátio Sertório	Shopping Manauara	1,272	2,007
Pátio Uberlândia	Uberlândia Shopping	4,473	5,021
Pátio Londrina	Boulevard Londrina	6,298	6,839
Pátio Goiânia	Passeio das Águas Shopping	8,259	7,270
Fundo de Investimento Imobiliário I	Shopping Parque D. Pedro	983	1,092
Fundo de Investimento Imobiliário II	Shopping Parque D. Pedro	174	193
Total		24,260	25,384
Current		(8,027)	(8,340)
Noncurrent		16,233	17,044

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 SERVICES 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 a reserve for lawsuits whose likelihood of an unfavorable outcome is considered probable.

The reserve for risks is broken down as follows:

	Company		Consolidated	
	03/31/14	12/31/13	03/31/14	12/31/13
Labor and social security (a)	-	-	3,829	3,477
Tax (b)	2,095	2,067	3,800	3,754
Civil (c)	-	-	680	682
Total	2,095	2,067	8,309	7,913

Changes in the reserve for the quarter ended March 31, 2014 and 2013 are as follows:

	Consolidated			
	Labor and social security (a)	Tax (b)	Civil (c)	Total
Balance at December 31, 2013	3,477	3,754	682	7,913
Addition	404	-	29	433
Inflation adjustments	122	46	17	185
Reversals	(174)	-	(48)	(222)
Balance at March 31, 2014	3,829	3,800	680	8,309
Balance at December 31, 2012	4,191	3,597	1,651	9,439
Addition	312	-	22	334
Inflation adjustments	114	41	50	205
Payments	-	-	(17)	(17)
Reversals	(618)	-	(137)	(755)
Balance at March 31, 2013	3,999	3,638	1,569	9,206

(a) Labor and social security

As of March 31, 2014, the Company and its subsidiaries whose contingency in the amount of R$1,545 (R$1,120 as of December 31, 2013) was assessed as probable loss by the legal counsel.

For the social security risks, as of December 31, 2013, the Company maintained a reserve of R$2,284 as of March 31, 2014 (R$2,267 as of December 31, 2013) 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$3,390 (R$3,344 as of December 31, 2013), 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 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, subsidiary Sierra Investimentos waits the settlement of the escrow deposit, which amounts to R$1,294, in order to write off the tax credit.

Additionally, Sierra Investimentos recognizes a reserve for contingencies and made an escrow deposit of R$410, corresponding to the administrative fine imposed by the CADE (Brazilian antitrust agency). As of December 31, 2012, this lawsuit had already obtained a final and unappealable decision. Presently, Sierra Investimentos is awaiting the withdrawal of said of escrow deposits by the 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$40,957 as of March 31, 2014 (R$70,695 as of December 31, 2013).

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 non-performance and irregularities in the construction of Manauara Shopping. Additionally, subsidiary Pátio Sertório Shopping Ltda. is a defendant in a lawsuit started by the building company, claiming the payment of the updated amount of R$25,752 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.

On February 25, 2014, a final sentence on said arbitration proceeding was issued. In summary, the court granted part of the claims made by both parties and expressly authorized the offset the amounts at the end of the proceeding. To this regard, we have asserted that even though not setting the final amount of some decisions, which will soon be settled under a specific proceeding, we believe that at the end the amounts will be netted and will not result in any payment obligation in a material amount for the Company.

Currently, the subsidiary Pátio Londrina awaits the settlement of the sentence todetermine the amounts pending settlement and calculate the sentence in terms of costs and lawyers' fees.

Escrow deposits

Breakdown of escrow deposits:

	Company		Consolidated	
	03/31/14	12/31/13	03/31/14	12/31/13
Labor and social security	-	-	455	454
Tax	2,095	2,094	3,800	3,782
Civil	-	-	7,162	7,017
Total	2,095	2,094	11,417	11,253

17. TAXES PAYABLE

	Consolidated	
	03/31/14	12/31/13
Income tax and social contribution	2,253	2,745
IRRF	1,307	1,355
COFINS	449	1,355
PIS	97	304
ISS	231	523
Other	26	200
Total	4,363	6,482

18. EQUITY - COMPANY

18.1. Capital

As of March 31, 2014 and 2013 the Company's 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.

The Company's main shareholders for the period ended March 31, 2014 is as follows:

Name	Percentage	Number of shares
Sierra Brazil 1 BV	66.65%	50,933,104
Deutsche Bank	9.78%	7,472,946
Other free float	23.57%	18,017,781
Total	100.00%	76,423,831

Management will propose to the Board of Directors the capital increase, through the use of part of the retained profit reserve in the minimum amount of R$47,539.

18.2. Share premium reserve

As of March 31, 2014, the Company had R$80,115 registered as share premium reserve, net of share issuance costs, that represents the premium paid by shareholders on issuance of shares.

The amount will remain in 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 March 31, 2014, the Company had a legal reserve in the amount of R$41,591.

18.4. Unrealized earnings reserve

In 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 net equity gains in investees.

As of March 31, 2014, the Company had R$107,225 related to the portion of unrealized earnings reserve.

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 March 31, 2014, the Company had an amount of R$1,003,814 related for 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.

As of March 31, 2014, the Company recognizes R$34,772 in current liabilities, as mandatory minimum dividends for the year ended December 31, 2013.

18.7. Earnings per share

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

The Company has no debt convertible into shares nor stock options granted; therefore, no diluted earnings per share were calculated.

	Company and consolidated	
	03/31/14	03/31/13
Net income for the period attributable to the Company's owners	15,126	19,307
Weighted average of outstanding common shares (*)	76,424	76,424
Basic per share - R$	0.20	0.25

18.8. Share issuance costs

On February 2, 2011 the Company completed an initial public offering and the related shares issuance costs in the amount of R$16,083 net of taxes, were 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 REVENUE

	Consolidated	
	03/31/14	03/31/13
Gross revenue:		
Rentals	67,117	54,270
Revenue from services	5,797	4,860
Parking revenue	7,531	6,921
Key Money	4,131	6,277
Other income	803	330
Total	85,379	72,658
Deductions:		
Taxes on rentals and services	(4,402)	(4,860)
Discounts and abatements	(6,637)	(3,058)
Total	(11,039)	(7,918)
Net revenue	74,340	64,740

20. EXPENSES BY NATURE

	Company		Consolidated	
	03/31/14	03/31/13	03/31/14	03/31/13
Depreciation and amortization	-	-	663	658
Personnel	43	107	8,702	8,028
External services	636	741	2,662	2,418
Cost of occupancy (vacant stores)	-	-	5,858	1,463
Costs of contractual agreements with tenants	-	-	2,429	899
Allowance for (reversal of) doubtful lease receivables	-	-	1,728	363
Rent	-	-	686	635
Others	77	77	2,454	2,033
Total	756	925	25,182	16,497
Classified as:				
Cost of rentals and services	-	-	18,383	11,840
General and administrative expenses	756	925	6,799	4,657

21. FINANCIAL INCOME (EXPENSES), NET

	Company		Consolidated	
	03/31/14	03/31/13	03/31/14	03/31/13
Financial income:				
Interest from short-term investments	6,584	5,389	10,097	10,223
Gain arising from debenture adjustment hedged in a fair value hedge accounting	581	-	581	-
Other	1,718	46	2.441	830
	8,883	5,435	13,119	11,053
Financial expenses:				
Interest on loans and financing	-	-	(13,777)	(6,633)
Interest on debentures	(11,531)	(10,278)	(11,531)	(10,278)
Loss on derivatives designated as a hedging instrument in a fair value hedge accounting	(1,395)	-	(1,395)	-
Other	(19)	(24)	(841)	(807)
	(12,945)	(10,302)	(27,544)	(17,718)
Total, net	(4,062)	(4,867)	(14,425)	(6,665)

22. INCOME TAX AND SOCIAL CONTRIBUTION

a) Income tax and social contribution expense

	Company		Consolidated	
	03/31/14	03/31/13	03/31/14	03/31/13
Income before income tax and social contribution	15,152	19,997	34,672	42,492
Statutory rate	34%	34%	34%	34%
Expected income tax and social contribution charge, at statutory rate	(5,152)	(6,799)	(11,788)	(14,447)
Effect of income tax and social contribution on permanent differences:				
Equity in investees	6,851	8,827	256	247
Other permanent differences	-	-	(88)	(124)
Effect of income tax and social contribution on temporary differences and tax loss carryforwards:				
Temporary differences	-	-	(639)	303
Tax loss carryforwards	(1,725)	(2,718)	(890)	(3,078)
Effect of taxation of subsidiaries taxed based on deemed income	-	-	956	367
Effect of different taxation of Fundos de Investimento Imobiliário I and II (*)	-	-	4,960	5,068
Income tax and social contribution expense at effective rate	(26)	(690)	(7,233)	(11,664)
Effective rate - %	-	4	21	27

(*) 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:

	Consolidated	
	03/31/14	03/31/13
Tax loss carryforward	12,463	8,249
Reserve for civil, tax, labor, and social security risks	1,794	1,767
Allowance for doubtful accounts	1,410	2,174
Other temporary reserves	1,067	(9)
Change in fair value of investment property	(487,998)	(482,488)
Total deferred income tax and social contribution	(471,264)	(470,307)
In noncurrent assets	5,147	5,036
In noncurrent liabilities	(476,411)	(475,343)

Recognized tax credits totaling R$21,881 as of March 31, 2014 should be realized within up to ten years, as shown below:

Year	Consolidated
From April 1, 2014	361
2015	-
2016	268
2017	1,707
2018	2,963
2019 - 2021	16,582
Total	21,881

As of March 31, 2014, the Company has tax loss carryforwards totaling R$27,706 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 March 31, 2014 and December 31, 2013 and March 31, 2013 are as follows:

		Company		Consolidated	
Balance sheet	Purpose	12/31/14	12/31/13	12/31/14	12/31/13
Current assets-					
Affiliates:					
Condomínio Shopping Center Penha	(a)	-	-	106	110
Condomínio Civil Center Shopping São Bernardo	(a)	-	-	433	420
Condomínio Tivoli Shopping Center	(a)	-	-	60	64
Condomínio Shopping Center Plaza Sul	(a)	-	-	158	143
Condomínio Franca Shopping Center	(a)	-	-	5	58
Condomínio Parque Dom Pedro Shopping	(a)	-	-	357	633
Total (*)		-	-	1,119	1,428
Noncurrent assets-					
Subsidiary-					
Pátio Uberlândia	(d)	-	20,129	-	-
Affiliates:					
Condomínio Manauara	(b)	-	-	313	341
Condomínio Boulevard Londrina Shopping	(b)	-	-	5,045	3,561
Condomínio Passeio das Águas Shopping	(b)	-	-	4,945	1,889
Condomínio Shopping Center Plaza Sul	(b)	-	-	933	933
Condomínio Uberlândia Shopping	(b)	-	-	3,786	2,712
Total		-	20,129	15,022	9,436
Current liabilities-					
Affiliates-					
Parque D. Pedro I BV SARL	(c)	-	-	2,267	2,330
Total		-	-	2,267	2,330
Profit or loss					
Operating revenue:					
Affiliates:					
Condomínio Shopping Center Penha	(a)	-	-	336	316
Condomínio Civil Center Shopping São Bernardo	(a)	-	-	271	262
Condomínio Tivoli Shopping Center	(a)	-	-	147	140
Condomínio Franca Shopping Center	(a)	-	-	114	107
Condomínio Boavista Shopping	(a)	-	-	228	220
Condomínio Shopping Center Plaza Sul	(a)	-	-	415	395
Condomínio Parque Dom Pedro Shopping	(a)	-	-	801	711
Condomínio Campo Limpo Shopping	(a)	-	-	226	206
Condomínio Manauara Shopping	(a)	-	-	476	453
Condomínio Uberlândia Shopping	(a)	-	-	319	68
Boulevard Londrina Shopping	(a)	-	-	343	-
Passeio das Águas Shopping	(a)	-	-	447	-
Subtotal		-	-	4,123	2,878
Financial income:					
Subsidiary-					
Pátio Uberlândia	(d)	294	-	-	-
Subtotal		294	-	-	-

Financial Income-					
Related company-					
Condomínio Manauara Shopping	(b)	-	-	8	-
Boulevard Londrina Shopping	(b)	-	-	68	41
Passeio das Águas Shopping	(b)	-	-	98	-
Condomínio Shopping Center Plaza Sul	(b)	-	-	-	41
Condomínio Uberlândia Shopping	(b)	-	-	68	25
Total		-	-	242	107

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

(a) Refers to revenue from services provided by subsidiary Unishopping Consultoria Ltda. related to the management of common charges and the promotion fund of said condominiums. This revenue is recognized in 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.

(d) Refers to the loan transaction among the Company and its subsidiary Pátio Uberlândia, for the acquisition of land for expansion of Franca Shopping, amounting to R$19,550, paid in one single installment on February 20, 2014, whose inflation adjustment is calculated based on the 103% fluctuation of the interbank deposit certificate rate - CDI.

24. OPERATING SEGMENT 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 – *Segment Report* 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’ tenants and owners, brokerage services, and development of project for a new shopping mall.

b) Investment

Refers to the rentals of stores spaces to tenants 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.

(i) Segment reporting of asset

	Consolidated - 12/31/13		
	Development and management	Investment	Total
Asset	29,959	4,491,598	4,521,557

	Consolidated - 12/31/13		
	Development and management	Investment	Total
Asset	32,996	4,497,041	4,530,037

(ii) Segment reporting of income statement

	Consolidated – 03/31/2014			
	Development and management	Investment	Elimination of intersegment revenue	Total
Gross revenue	12,044	79,582	(6,247)	85,379
Deductions:				
Taxes	(1,698)	(2,704)	-	(4,402)
Discounts and rebates	-	(6,637)	-	(6,637)
Total	(1,698)	(9,341)	-	(11,039)
Net operating revenue	10,346	70,241	(6,247)	74,340
Operating costs and expenses and general	(9,202)	(22,227)	6,247	(25,182)
Adjusted net operating revenue	1,144	48,014	-	49,158

	Consolidated – 03/31/2013			
	Development and management	Investment	Elimination of intersegment revenue	Total
Gross revenue	10,658	67,799	(5,799)	72,658
Deductions:				
Taxes	(1,522)	(3,338)	-	(4,860)
Discounts and rebates	-	(3,058)	-	(3,058)
Total	(1,522)	(6,396)	(5,799)	(7,918)
Net operating revenue	9,136	61,403	(5,799)	64,740
Operating costs and expenses and general	(8,627)	(13,669)	5,799	(16,497)
Adjusted net operating revenue	509	47,734	-	48,243

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 held for trading and their carrying amount is equivalent to the assets´ fair value.

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

c) Domestic trade accounts payable, loans and financing: are classified as other financial liabilities.

d) Debentures: part is classified as other financial liabilities and part is classified as fair value through profit and loss.

As of March 31, 2014 and December 31, the carrying amounts and fair values financial instruments are as follows:

Company

			03/31/14		12/31/13	
Type	Classification	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
Assets:						
Cash and cash equivalents	Loans and receivables	Level 2	230,297	230,297	282,783	282,783
Escrow deposits	Loans and receivables	Level 2	2,095	2,095	2,094	2,094
Related-party	Loans and receivables	Level 2	-	-	20,129	20,129
Liabilities-						
Debentures	Other financial liabilities	Level 2	265,723	272,106	273,125	266,906
Debentures	Fair value through profit and loss	Level 2	56,913	56,913	58,035	58,035
Domestic trade accounts payable	Other financial liabilities	Level 2	9	9	57	57
Derivatives	Fair value through profit and loss	Level 2	3,223	3,223	1,828	1,828

Consolidated

			03/31/14		12/31/13	
Type	Classification	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
Assets:						
Cash and cash equivalents	Loans and receivables	Level 2	397,180	397,180	424,431	424,431
Trade receivables	Loans and receivables	Level 2	48,192	48,192	54,255	54,255
Restricted investments	Loans and receivables	Level 2	6,655	6,655	6,124	6,124
Loans to condominiums	Loans and receivables	Level 2	15,022	15,022	9,436	9,436
Escrow deposits	Loans and receivables	Level 2	11,417	11,417	11,253	11,253

Type	Classification	Fair value hierarchy	03/31/14 Carrying amount	03/31/14 Fair value	12/31/13 Carrying amount	12/31/13 Fair value
Liabilities:						
Loans and financing	Other financial liabilities	Level 2	572,849	572,849	571,663	571,663
Debentures	Other financial liabilities	Level 2	265,723	272,106	273,125	266,906
Debentures	Fair value through profit and loss	Level 2	56,913	56,913	58,035	58,035
Domestic trade accounts payable	Other financial liabilities	Level 2	40,249	40,249	49,812	49,812
Derivatives	Fair value through profit and loss	Level 2	3,223	3,223	1,828	1,828

The measurement of financial instruments is grouped into levels 1 to 3, based on the fair value hierarchy:

- Level 1 - quoted prices in active markets for identical assets and liabilities;
- Level 2 - other techniques according to which all inputs with significant effects on the fair value are observable, either directly or indirectly;
- Level 3 - techniques that use inputs with significant effects on fair value not based on observable market inputs.

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 as 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 agencies.

25.2. Price fluctuation risk

The Company's revenue consists basically of rentals received from shopping malls' tenants. In general, rentals are adjusted based on the annual fluctuation of consumer price index (IPCA), as provided in the lease agreements. The rental levels may vary according to adverse economic conditions and, consequently, the revenue level may be affected. 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 the CDI, TR and IPCA and involves the risk of increase in financial expenses as a result of unfavorable rates.

The Company contracted non-speculative derivatives ("swap") to partially hedge the inflation rate risk (IPCA) subject to interest of the 2nd series of debentures, as follows:

						Fair Value		
Type	Initial date	Maturity date	Notional R$ (thousand)	Active index edge	Passive index edge	Active index edge	Passive index edge	R$ (thousand)
Swap	08/22/2013	02/15/2019	54.500	IPCA + 6,25% p.a.	CDI + 1,24% p.a.	57,575	60,798	(3,223)

The aforementioned ("swap") transaction was designated by the Company as a fair value hedge accounting transaction. The fair value of debentures, which is the subject matter of the swap transaction, correspond to a loss of R$2,561 (see notes 13).

25.4. Current risk

Trade receivables and trade payables 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 detailed in notes 12 and 13 , less cash and cash equivalents) and consolidated shareholders' equity (including capital, reserves and noncontrolling interests, as mentioned in note 18).

Indebtedness level

As of March 31, 2014 and December 31, 2013, the indebtedness level is as follows:

	Consolidated	
	03/31/14	12/31/13
Debt (a)	895,485	902,823
Cash and cash equivalents	(397,180)	(424,431)
Net debt (net cash)	498,305	478,392
Shareholders' equity (b)	2,245,737	2,230,611
Net debt-to-equity ratio	22.19%	21.45%

(a) Debt is defined as short- and long-term loans, financing and debentures detailed in notes 12 and 13. Excludes derivative receivable or payables.

(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 non-discounted 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 year end. Contractual maturity is based on the most recent date when the Company and its subsidiaries should settle the related obligations.

March 31, 2014	Weighed average effective interest rate	Less than 1 month	From one to three months	From to three months to one year	Between one and five years	More than five years	Total
Loans and financing	9,84%	9,921	19,738	87,370	389,451	310,504	816,984
Debentures	12,18%	-	-	28,547	466,164	-	494,711

Supplementary sensitivity analysis on financial instruments, pursuant to CVM 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 March 31, 2014.

- Adverse scenario: a 25% fluctuation of the main risk factor of the financial instrument compared to the level as of March 31, 2014.

- Remote scenario: a 50% fluctuation of the main risk factor of the financial instrument compared to the level as of March 31, 2014.

Assumptions

As described above, the Company believes that it is exposed mainly to the risks of fluctuation of the interbank deposit rate (CDI), TR and IPCA, 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	11.14%	8.36%	5.57%
Loans, financing and debentures and Swap Derivatives	11.14%	13.93%	16.71%
TR fluctuation-			
Loans, financing and debentures	0.39%	0.49%	0.59%
IPCA fluctuation-			
Debentures	6.30%	7.88%	9.45%
Swap derivatives	6.30%	4.73%	3.15%

Management analysis

			Consolidated		
Risk factor	Financial instrument	Risk	Base scenario (*)	Adverse scenario	Remote scenario
Short-term investments	Interest rate	Decrease in CDI rate	44,091	33,068	22,045
Loans	Interest rate	Increase in CDI rate	2,197	2,746	3,295
Loans	Interest rate	Increase in TR rate	1,708	2,145	2,583
Debentures	Interest rate	Increase in CDI rate	10,639	13,298	15,958
Debentures	Interest rate	Increase in IPCA rate	12,884	16,104	19,325
Swap derivatives	Inflation index and interest rate	Increase in CDI rate and Decrease in IPCA	3,171	5,789	8,407

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

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

26. INSURANCE

As of March 31, 2014, insurance is as follows:

Line	Insured amount - R$
Civil liability (shopping mall operations)	265,275
Fire	1,825,054
Loss of profits	253,515
Windstorm/smoke	127,456

27. MANAGEMENT COMPENSATION

During for the quarters ended March 31, 2014 and 2013, expenses on management compensation are broken down as follows:

	Consolidated	
	03/31/14	12/31/13
Payroll and related taxes	707	886
Variable compensation	495	538
Benefits	78	78
Total	1,280	1,502

These amounts are recorded in line item “Cost of rents and services”, in the statement of income.

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 post-employment benefits or share-based compensation.

As of March 31, 2014, the balance of line item “Accrual for variable compensation”, totaling R$1,647 (R$1,469 as of December 31, 2013), 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 29, 2014, the overall compensation to Company Directors and Officers in 2014 is R$10,000.

28. ADDITIONAL DISCLOSURES ON CASH FLOWS

The Company conducted the following noncash transactions:

	Consolidated	
	03/31/14	12/31/13
Capitalized interest in properties for investment in construction (see notes 12 and 14)	-	3.566
Increase in trade payable due to properties for investment in construction	-	5.844

29. COMMITMENTS

With the enactment of Law 12,024, 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.

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 December 31, 2013, 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 item ‘Other receivables’, in noncurrent assets (see note 5). In addition, subsidiary Sierra Investimentos has a balance of R$6,665 as of March 31,2014 (R$6,124 as of December 31, 2013) in restricted investments, stated in noncurrent assets.

30. SUBSEQUENT EVENTS

On April 28, 2014, DDR Corp., ultimate controlling shareholder of DDR Luxembourg SARL and DDR Luxembourg II SARL complete the sale of its shares representing a 50% of the share capital of Sonae Sierra Brazil BV SARL, the indirect holder of a 66.65% stake in the Company, to Mr. Alexander Otto and his associated companies.

31. APPROVAL OF THE FINANCIAL STATEMENTS

The interim financial informations statements were approved by Directors on May 12, 2014.