

PDG Realty S.A. Empreendimentos e Participações

Financial statements
December 31, 2013

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with the accounting practices adopted in Brazil, rules of the CVM and the International Financial Reporting Standards – IFRS)

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The year 2013 was marked by changes introduced by the Company's new management in accordance with the guidelines established in its strategic plan and by the consolidation of a new management model.

The company redesigned its corporate structure, which included the creation of vice-president and executive positions and hiring of a first-class, strong and consistent team, **and began operating under a new model, with a centralized corporate structure that controls key decision-making processes and defines uniform guidelines for independent regional units.** According to this model, regional units are responsible for prospecting and executing new businesses, while the corporate area monitors and approves the projects' feasibility, while the CSC supports execution. Under the leadership of Antonio Guedes, we reinforced the Development and Engineering departments during the year and formed a unique and experienced operational team, with a history of teamwork and focus on PDG's target segments.

Along with the review of several critical processes related to the operation, we installed an **Investment Committee, with participation of the development, engineering, finance, legal, business and project management areas.** This unified committee supervises all decisions to buy or sell land and project launches. New models viability and management control have been completed and implemented, which adopt assumptions and scenarios in line with recent history of the company and the industry.

Under the new management model, which is based on a strong commitment to results and control of costs and expenses, **the company set a new short and long-term remuneration policy for its employees, seeking to align their interests with those of the company and its shareholders and reinforcing the meritocracy concept.** During the year, the company established a new position and salary plan for its entire unified structure, with annual short-term incentives based on the implementation of corporate goals. In December, the new stock option plan for administrators and employees was approved, offering them the opportunity to become shareholders of the company and aligning them to the risk of the business.

As part of the dissemination of this culture, a **Work Incentive Plan was implemented in the second quarter with a view to encouraging cost reduction in worksites and rewarding work with better quality and performance.** The plan provides for the distribution of part of cost reduction among the teams directly involved with the work in question.

In the management area, we implemented budget control of projects and corporate areas, and implemented the GMD – Expense Matrix Management, with a focus on reducing administrative expenses.

On the operational front, PDG focused on reducing operational complexity and the risk of execution of projects launched by 2012. We concluded the construction works of 27,711 units, 7% above the expectation for the year, with no expectations of cost overrun, reinforcing the assertiveness of our budgetary review at the end of 2012. We obtained permits to occupy 96 projects, representing 19,717 units, and individualized 22,064 units. At the end of the process, we transferred 14,164 units in 2013 at a conversion rate of 71%, above the rates of 70% in 2012 and 57% in 2011.

Simultaneously, the new development team resumed launches, which totaled R\$2,012 million in the year and were aligned with new operational criteria, having received a positive response from the market in terms of sales. The Southeast region accounted for the bulk of launches in the second half, especially Rio de Janeiro and São Paulo, which jointly represented 93% of total launches. Launch sales, excluding cancelled sales, came to R\$1,147 million, representing a sales speed of 57% in the year.

Lastly, we remain focused on our inventory sales. At the beginning of 2013, our inventory at market value amounted to R\$5,410 million and after the implementation of several initiatives in all regional units, the inventory reached R\$4,014 million at the close of the year, including R\$ 740 million of inventory from new launches. We remain confident in the sales capacity of our inventory, as 59% of this amount represents projects with over 60% sold units, confirming its quality.

Continuing with the process that began in September 2012 with the hiring of our new management, launched projects whose works had not begun were reviewed in accordance new operational and financial guidelines, and risk and profitability criteria. **In 2013, a total of 48 projects were cancelled**, concluding the review work of the projects launched by 2012. No additional adjustments are expected out of the regular course of our activities.

During the year, we tightened control of processes of credit analysis and assignment, transfers and registration, which is now under a unified division, ensuring smoother cash flow, in its origin, credit assignment and registration of the mortgage transfer contract.

We successfully concluded the review of mortgage transfer and registration processes and contracting of production financing, which began in the first quarter of the year with the help of a renowned consulting firm, with the aim of significantly reducing duration of client transfers to the banks and accelerating the return of cash to the Company. **After the conclusion of this process, average transfer time decreased significantly, surpassing the targets initially established.**

We also altered the company's credit approval policy with a view to aligning the sales credit rules to the banks' criteria and policies at the moment of the mortgage transfer, therefore reducing cancellations. Despite being a more restrictive policy that impacted 2013 sales, we believe this is an important achievement that will better align clients' credit cycle with PDG's and reduce future cancellations due to the inability to conclude transfers.

Along with the implementation of the new credit policy, we began a proactive and anticipated qualification process of our receivables portfolio before the end of construction works, which resulted in the cancellation of sales to clients who did not meet the credit requirements of the banks. **In this context, we reported a higher number of cancellations in the year, especially during the second and third quarters, as a result of this non-recurring adjustment in our receivables portfolio.** The number of cancellations has already declined in the fourth quarter and is expected to return to regular levels from now on.

The good news has been the speed of resale of units from cancelled sales above that of launch sales and the maintenance of sales price in real terms. The resale speed, which stood at 85% in the last 12 months, reinforces our belief that the developments cancelled are highly attractive for the market. The 15% price increase between the original PSV cancelled and the resale price is in line with the increase in the INCC construction cost index, which also confirms the quality of the cancelled units.

In 2013, **the company successfully conducted fund raising and corporate debt rollover, confirming the banks' support to the changes being implemented by new management.** Simultaneously, we devoted our efforts to increasing production financing in accordance to construction works in the period, which increased our SFH debt balance.

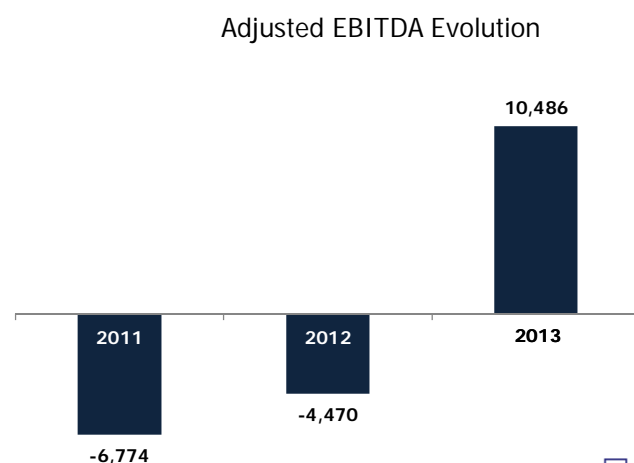
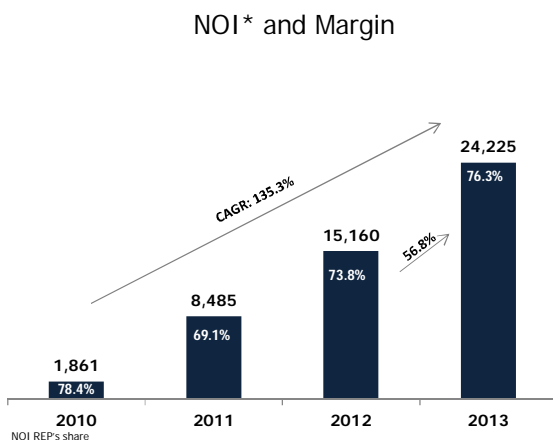
In 2014, we will continue focusing on reducing the risk of execution of the projects launched before 2013, confirmed by the high number of units and worksites to be concluded in the next 12 months, which will reduce management complexity and positively impact our cash flow, allowing the company's deleveraging. As a result, new management believes to be laying the groundwork for a new investment cycle, prioritizing profitability and financial and operational discipline to resume growth on solid foundations and creating value for the shareholders.

REP Restructuring

The hiring of Thiago Lima, announced in the beginning of last year, enabled the beginning of a process similar to that observed in PDG in the period, with **(i) redefinition of the company's positioning and operating strategy, with a focus on small and medium-sized shopping malls; (ii) review of its corporate structure; (iii) implementation of a culture focused on results and financial austerity; and (iv) adjustments in the debt profile.**

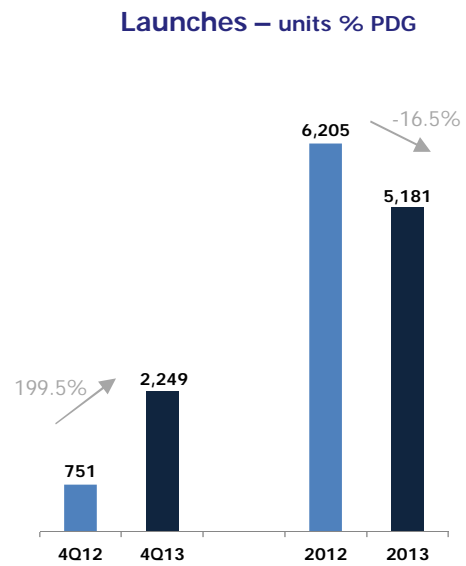
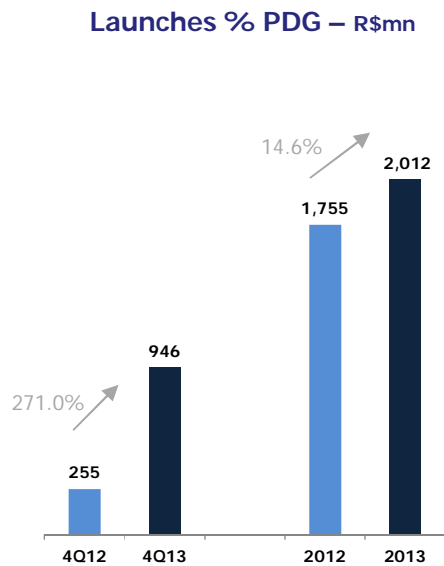
The company currently manages 24 operations, including five traditional malls and nineteen strip malls. In 1H14, the company shall inaugurate its sixth mall (Botucatu – SP) A number of initiatives were implemented to streamline the company's operations, which increased NOI from R\$15.2 million to R\$24.2 million in the year. At the same time, G&A expenses fell by 23.2%, with reduction in the number of executive officers from 4 to 3 and in the payroll by 30%, and the company tightened cost control. **As a result, REP recorded EBITDA of R\$10.5 million in 2013, after a few years registering negative EBITDA.**

In compliance with CPC 28, in 4Q13 REP reassessed its properties for investment at fair value, which, jointly with other adjustments, generated a positive impact of R\$24 million on PDG's consolidated results in the quarter.



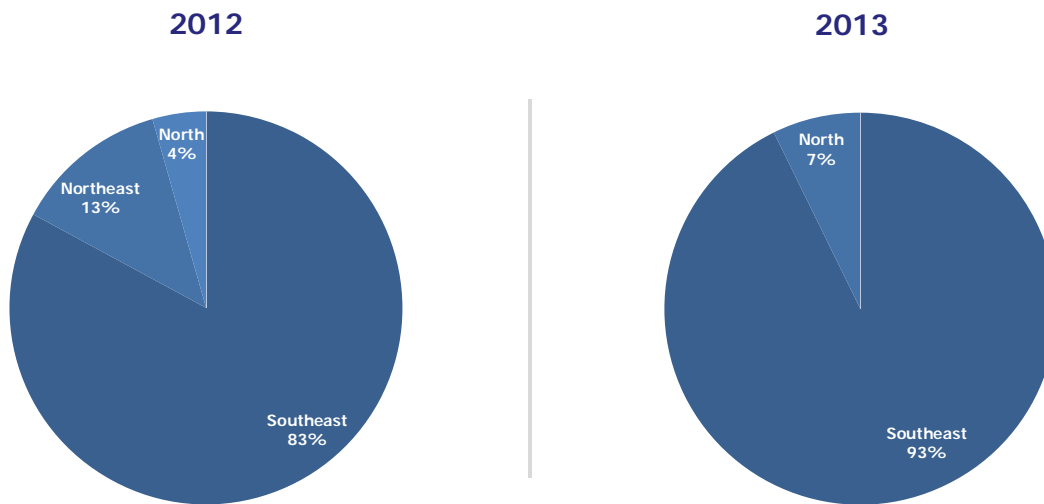
Operating Performance – Launches

- ❖ A total of 27 projects were launched in 2013, totaling PSV of R\$2.0 billion, in line with the company's estimates and representing a 14.6% increase over the prior year. São Paulo and Rio de Janeiro accounted for the largest share, representing 93% of total launches.
- ❖ 47% of launches were concentrated in the fourth quarter, amounting to R\$946 million, 271% more than in the same period a year earlier. It is worth noting the launching of The City, in Rio de Janeiro, with PSV of R\$355 million.



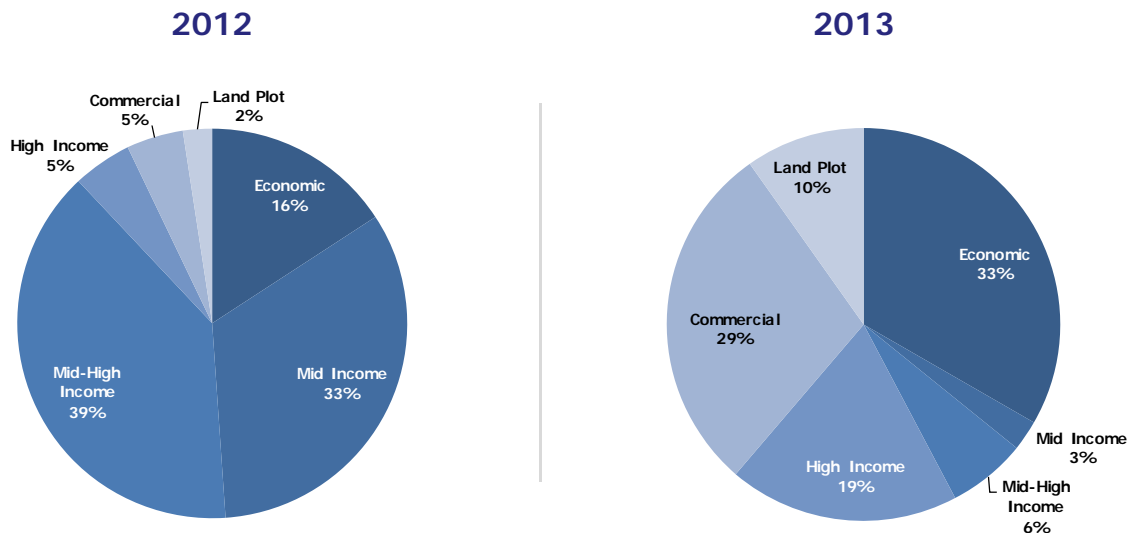
Launches by Region % PDG – PSV

- ❖ The southeast region accounted for 93% of launches in 2013, 10 p.p. more than in the prior year. This concentration does not yet reflect the long-term strategic positioning expected for the Company.



Launches by Product % PDG – PSV

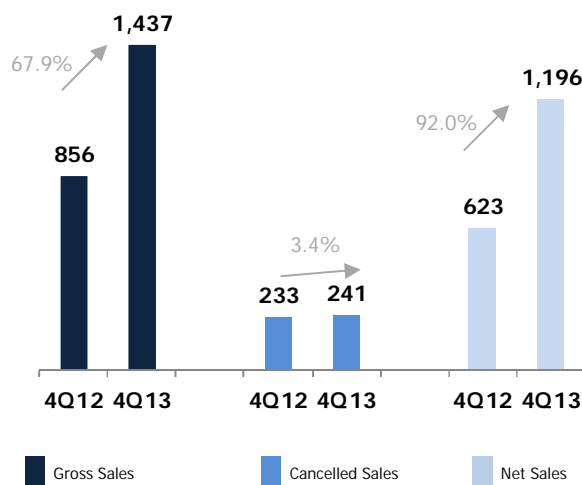
- ❖ The increase in the share of commercial launches was mainly due to the launches of the projects The City (R\$355mn) and Dom Offices (R\$130mn).



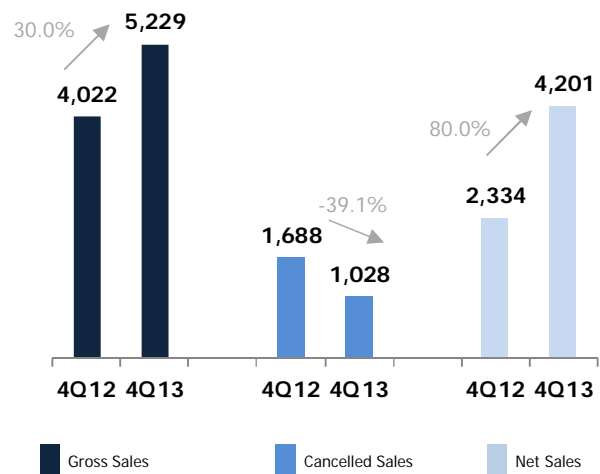
Operating Performance – Sales

- ❖ Sales came to R\$4.2 billion in 2013, representing 16,929 units. Inventory sales accounted for 60% of total sales, confirming our successful sales campaign during the year.
- ❖ The fourth quarter was the best period in the year for the Company in terms of sales, which totaled R\$1.4 billion, representing 5,229 units, 56% of which were inventory sales and 44% were launch sales. It is worth noting the R\$163 million related to the cash sale of Domo Corporate to Domo Fundo de Investimento Imobiliário, strengthening the company's cash position.

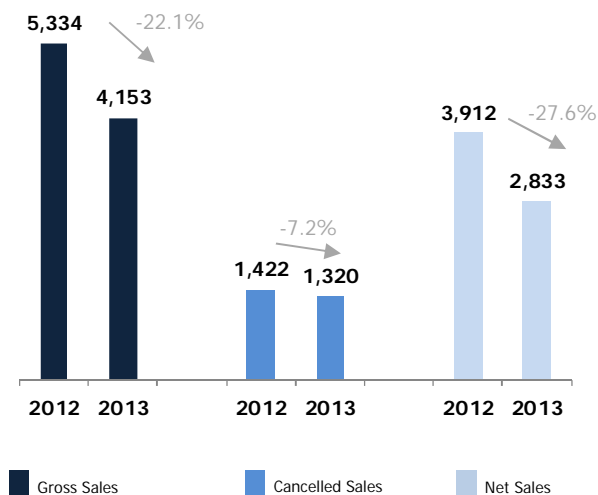
4Q12 vs. 4Q13 – R\$mn



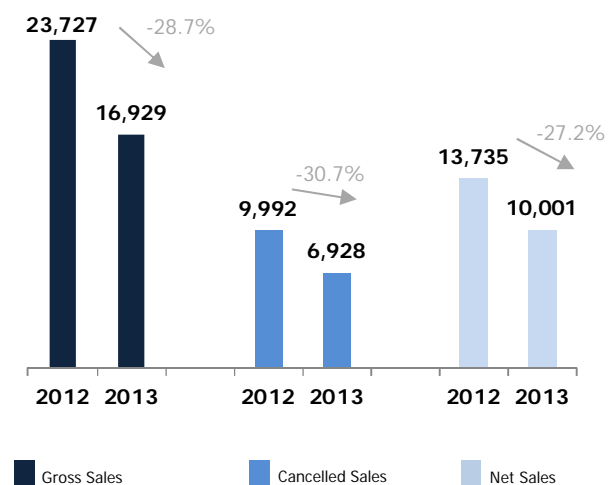
4Q12 vs. 4Q13 - Units



2012 vs. 2013 – R\$mn

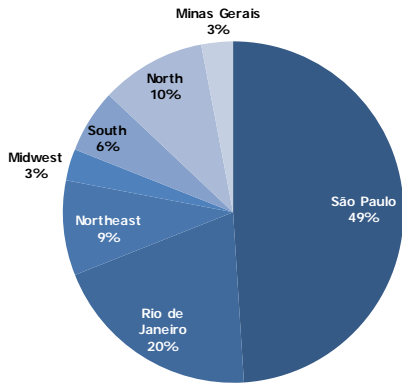


2012 vs. 2013 - Units

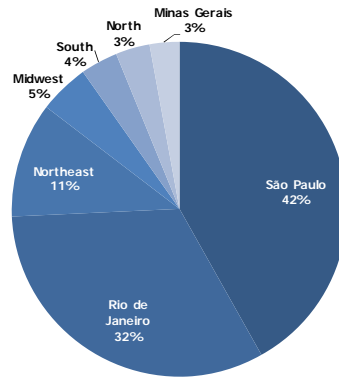


Net Sales by Region - % PSV

2012

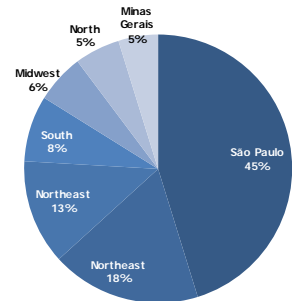


2013

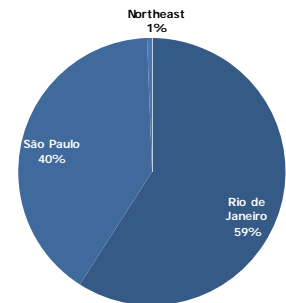


2013

Inventory Sales: 60%

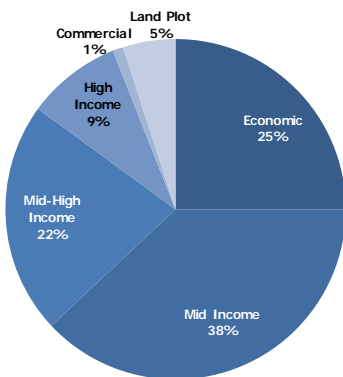


Launch Sales: 40%

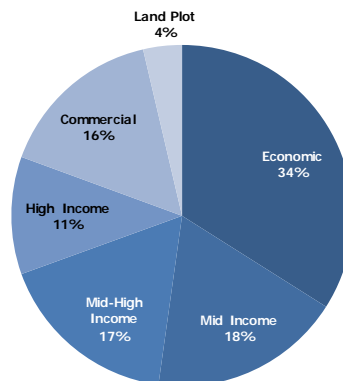


Net Sales by Product % PDG – PSV

2012

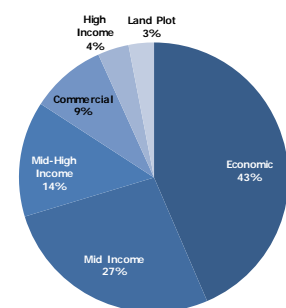


2013

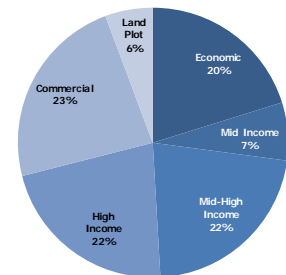


2013

Inventory Sales: 60%



Launch sales: 40%



Operating Performance – Cancellations

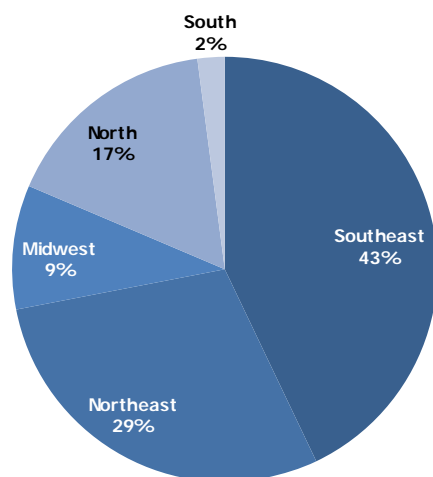
- ❖ In the fourth quarter, giving continuity to the process of selecting projects launched by the Company by 2012 and in compliance with current operational guidelines and risk and profitability criteria, the last five projects have been cancelled, as announced at the end of the third quarter. The impacts included: (i) R\$251.1 million PSV; (ii) R\$18.5 million accounting effect on the income statement; (iii) R\$50.9 million reduction in backlog adjusted gross profit; (iv) R\$82.4 million decline in the inventory; (v) disbursement related to cancellations estimated at R\$11.5 million; and (vi) reduction of R\$200.2 million in construction costs to be incurred.
- ❖ A total of 48 projects were cancelled in 2013, representing PSV of R\$2.1 billion and a R\$1.3 billion decrease in construction costs to be incurred, reducing the operational complexity of the legacy and allowing the prioritization of projects with higher margins, in line with the Company's strategy. As a result, we concluded the review of the projects launched by 2012 and we do not expect additional adjustments out of the regular course of our activities.
- ❖ The cancellation process was conducted on a transparent way and preserving the customer relationship, which enabled us to reach 91% of cancelled sales provisioned in the year.

Summary of Cancellations

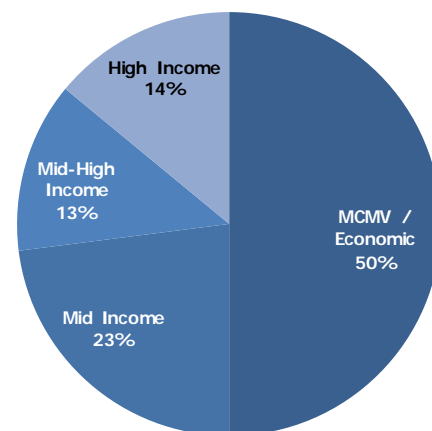
| | # Projects | Total Cancelled PSV | PSV Sold | % Sold | Gross Backlog Profit | Inventory PSV | Costs to be Incurred | Accounting Impact | Estimated Cash Impact |
|--------------------------------|------------|---------------------|--------------|------------|----------------------|----------------|----------------------|-------------------|-----------------------|
| Cancelled in 4Q13 | 5 | 251.1 | 168.7 | 67% | 50.9 | 82.4 | 200.2 | 18.5 | 11.5 |
| Total Cancelled in 9M13 | 43 | 1,858.8 | 675.5 | 36% | 120.1 | 1,182.8 | 1,061.1 | 143.6 | 52.6 |
| Total Cancelled in 2013 | 48 | 2,109.9 | 844.2 | 40% | 171.0 | 1,265.2 | 1,261.3 | 162.1 | 64.1 |

As announced in 3Q13, 8 projects cancelled in 2011 were written off: (i) PSV of R\$226.4 million; (ii) Accounting effect of R\$6.8 million on the income statement; (iii) R\$0.8 million decrease in adjusted gross profit to be recognized; and (iv) reduction of R\$163.1 million in construction costs to be incurred.

Cancellations by Region - % PSV



Cancellations by Product - % PSV

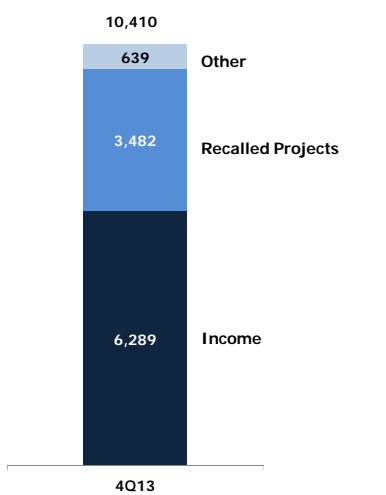


Operating Performance – Cancellations and Resale

- ❖ Of the total cancellations in 2013, 78% correspond to projects with more than 80% of units sold, reinforcing our belief that the cancellations do not represent products with low commercial attractiveness. In this context, the speed of resale of cancelled units should remain within the average historical curve.
- ❖ The company resold 56.8% of the units cancelled in 2013, reflecting the high concentration of cancelled sales in mid-2013, mainly in June and July. As shown in the chart in the following page, the average resale curve reached 85% twelve months after cancelled.
- ❖ The 15.0% variation between the original PSV cancelled and the resale price is chiefly due to the increase in the INCC construction cost index in the period.

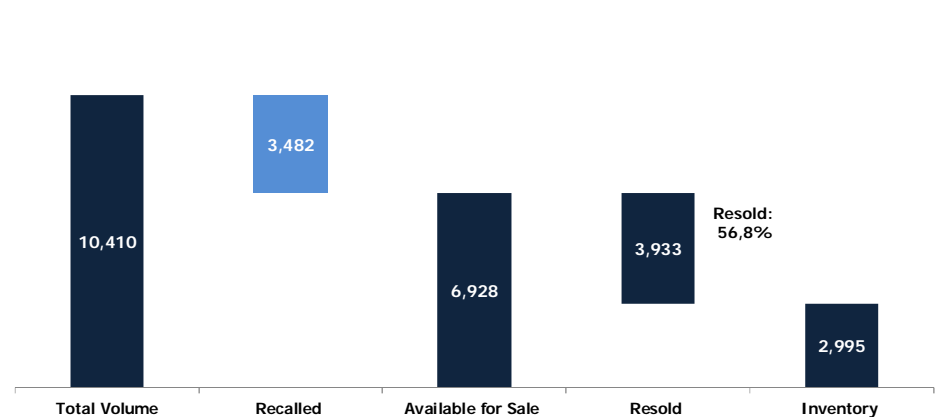
Cancellations Breakdown units

(12 months)

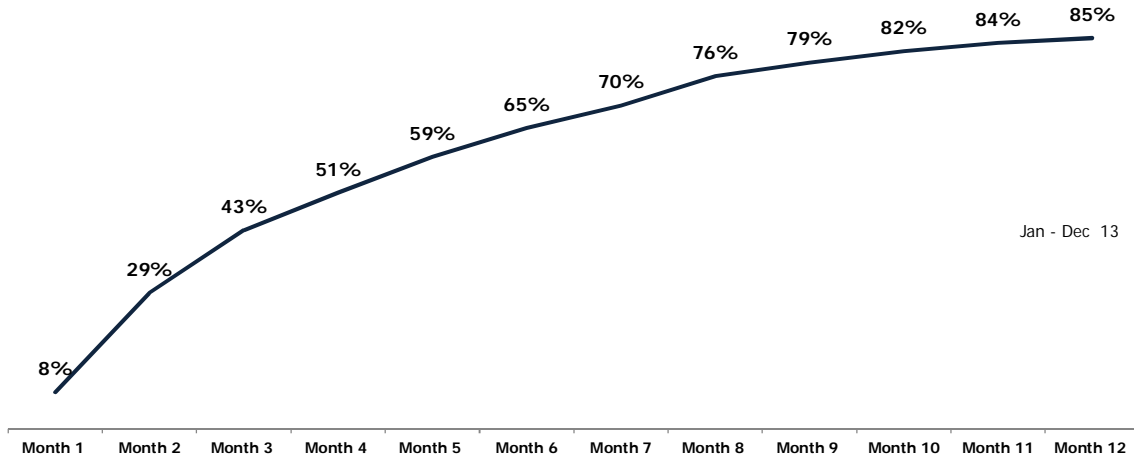


Cancellations and Resale of Units

(12 months)



Average Resale Aging - 12 months



Operating Performance - Inventory

- ❖ The inventory at market value came to R\$4,014 million in 4Q13, represented by 13,914 units. Of this total, R\$770 million or 3,460 units are concluded, representing 19%, in line with the prior quarter.
- ❖ Total inventory contracted by 13.4% over 3Q13 and by 25.8% over 4Q12, reinforcing the company's strategy of focusing on inventory sales.
- ❖ It's important to note that 47% of the Company's inventory is concentrated in the southeast region, as shown in the following graph:

Operating Performance - Inventory

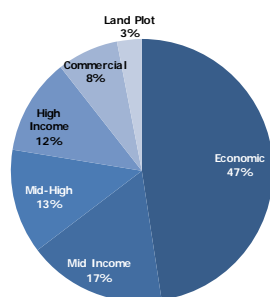
Inventory by Percentage Sales and Geography

| Region | 20% or less | | 20% to 40% | | 40% to 60% | | 60% to 80% | | 80% to 100% | | Inventory | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|--------------|----------------|---------------|----------------|
| | Units | PSV | Units | PSV | Units | PSV | Units | PSV | Units | PSV | Units | PSV |
| Southeast | 137 | 63 | 836 | 195 | 754 | 229 | 1,837 | 687 | 2,186 | 720 | 5,750 | 1,894 |
| Northeast | 918 | 128 | - | - | 443 | 208 | 655 | 252 | 515 | 199 | 2,531 | 787 |
| Midwest | - | - | 858 | 109 | 815 | 123 | 606 | 117 | 449 | 65 | 2,728 | 413 |
| North | - | - | - | - | 754 | 182 | 527 | 194 | 394 | 158 | 1,675 | 534 |
| South | - | - | - | - | 230 | 64 | 657 | 173 | 343 | 149 | 1,230 | 385 |
| TOTAL | 1,055 | 191.0 | 1,694 | 303.9 | 2,996 | 805.9 | 4,282 | 1,422.3 | 3,887 | 1,290.7 | 13,914 | 4,013.7 |

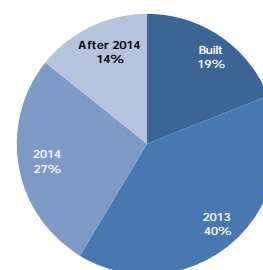
Inventory by Percentage Sales and Year of Delivery

| Percentage Sold | Built | | 2014 Delivery | | 2015 Delivery | | Post 2015 | | TOTAL | | % |
|-----------------|--------------|--------------|---------------|----------------|---------------|----------------|--------------|--------------|---------------|----------------|-------------|
| | Units | PSV | Units | PSV | Units | PSV | Units | PSV | Units | PSV | |
| 20% or less | 86 | 49.6 | 969 | 141.4 | - | - | - | - | 1,055 | 191.0 | 7.6% |
| 20% to 40% | 562 | 67.9 | 408 | 69.2 | 478 | 99.4 | 246 | 67.4 | 1,694 | 303.9 | 12.2% |
| 40% to 60% | 435 | 51.2 | 1,058 | 247.8 | 1,133 | 380.7 | 370 | 126.1 | 2,996 | 805.9 | 21.5% |
| 60% to 80% | 445 | 132.6 | 1,989 | 531.8 | 1,207 | 419.5 | 641 | 338.3 | 4,282 | 1,422.3 | 30.8% |
| 80% to 99% | 1,932 | 468.8 | 1,266 | 581.4 | 541 | 195.1 | 148 | 45.4 | 3,887 | 1,290.7 | 27.9% |
| TOTAL | 3,460 | 770.1 | 5,690 | 1,571.8 | 3,359 | 1,094.7 | 1,405 | 577.2 | 13,914 | 4,013.7 | 100% |

Inventory by Product - % PSV



Inventory Delivery Schedule - % PSV



Operating Performance - Sales Speed

- ❖ Sales speed stood at 38% in the last twelve months, 5 p.p. more than in 3Q13, which had been affected by the high number of sales cancellations. The sales speed reached 22% in 4Q13, the best quarterly performance in the year.
- ❖ We finished the year with R\$ 4.0 billion in inventory at market value. Excluding the inventory from new launches, this figure falls to R\$ 3.3 billion, a significant reduction compared to R\$ 5.4 billion from the beginning of 2013.

| | 1Q13 | 2Q13 | 3Q13 | 4Q13 | VSO |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Initial Inventory | 5,410 | 5,245 | 5,052 | 4,635 | - |
| (-) Cancellations | - | 180 | 484 | 178 | - |
| Inventory | - | 180 | 413 | 82 | - |
| Project Sold (SPE) | - | 0 | 71 | 95 | - |
| = Effective Inventory | 5,410 | 5,065 | 4,568 | 4,457 | 5,410 |
| (+) Launches | 388 | 489 | 189 | 946 | 2,012 |
| (-) Net Sales⁽¹⁾ | 881 | 480 | 276 | 1,196 | 2,833 |
| Gross Sales | 1,050 | 853 | 813 | 1437 | - |
| Cancelled Sales ⁽²⁾ | 169 | 373 | 537 | 241 | - |
| Ongoing Projects | - | 373 | 530 | 209 | - |
| Cancelled Projects | - | 0 | 7 | 32 | - |
| (+) Adjusts⁽³⁾ | 326 | -21 | 154 | -193 | - |
| Final Inventory | 5,245 | 5,052 | 4,635 | 4,014 | - |
| Sales Speed (12 mos.) | 42% | 39% | 33% | 38% | 38% |

(1) Net sales considers sales from cancelled projects.

(2) Cancelled Sales do not consider cancelled projects.

(3) The adjustment of R\$ 193mm is mainly due to the discount applied to the inventory.

Sales Speed: Net sales in 12 months/ (Initial Actual Inventory 1Q13 + Launches in 12 months)

Operating Performance – De-risking panel

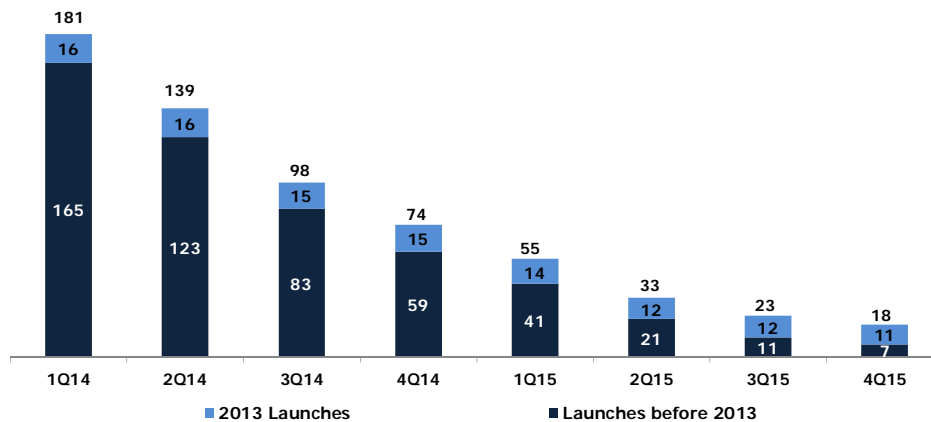
Concluded works - units

- In 4Q13, the construction works of 3,809 units were concluded, 17% more than in the prior quarter, when 3,257 units were concluded. In 2013, 27,711 units were concluded, representing 107% of the midway point of 26,000 expected for the year.



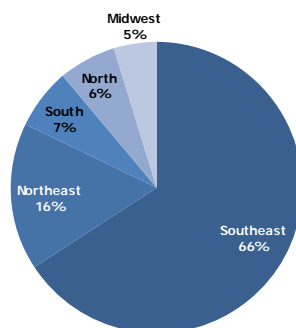
Projects in progress – Occupancy Permit Schedule

- In 2013, we obtained occupancy permit for 19,717 units, totaling 96 projects and PSV of R\$3.7 billion. In 4Q13, we obtained occupancy permit for 25 projects, representing 6,104 units and PSV (PDG's share) of R\$1.1 billion.
- In 1Q14, 181 projects were in progress, 91% of which had been initiated before 2013 and the bulk of which should be concluded by the end of 2015.
- The schedule below includes only projects launched by December 31 and will be impacted by projects to be launched as of this date. Note that this is an estimate, as the company does not adopt quarterly targets.

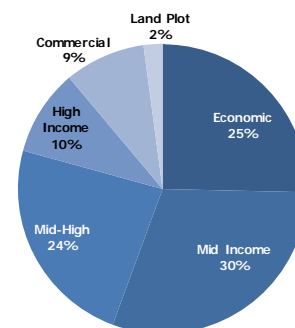


PS: Projects under PDG's management

Breakdown by Region (% PSV)

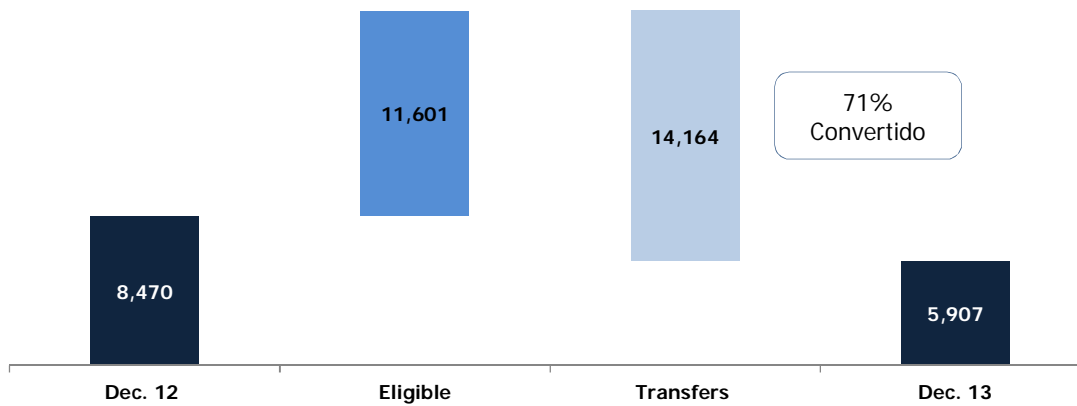


Breakdown by Product (% PSV)



Operating Performance – Mortgage Transfers

- ❖ Mortgages of 3,571 units were transferred in 4Q13, totaling 14,164 units in 2013, in line with our estimates for the year.
- ❖ For 2014 we expect transfers between 18,000 and 20,000 units.



PDG Realty S.A. Empreendimentos e Participações

Balance sheets Years ended December 31, 2013, 2012 and January 1, 2012

(In thousands of Reais - R\$)

| | Note | Parent company | | Consolidated | | |
|--|------|------------------|--------------------|-------------------|--------------------|--------------------------|
| | | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) | 01/01/2012 (Restated) |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 4a | 512.356 | 489.504 | 1.309.457 | 1.762.947 | 1.639.046 |
| Interest earning bank deposits | 4b | 43.891 | - | 43.891 | - | - |
| Trade accounts receivable | 5 | 113.289 | 102.766 | 5.460.048 | 6.275.674 | 6.881.322 |
| Real estate inventories for sale | 6 | 20.828 | 38.847 | 2.486.329 | 2.072.367 | 3.642.251 |
| Current taxes recoverable | - | 49.625 | 55.393 | 105.842 | 121.041 | 100.581 |
| Current accounts with partners in projects | - | 94.310 | 92.193 | - | - | - |
| Related parties | 11 | - | - | - | - | 164.871 |
| Loan agreement | - | - | - | 54.410 | 49.664 | 11.898 |
| Deferred taxes | - | - | - | 17.841 | - | - |
| Credit receivables purchased | - | - | - | - | - | 53.031 |
| Enrecognized sales expenses | - | 781 | 8.106 | 29.328 | 65.025 | 106.550 |
| Other assets | - | 9.198 | - | 226.951 | 194.371 | 296.077 |
| Total current assets | | 844.278 | 786.809 | 9.734.097 | 10.541.089 | 12.895.627 |
| Non-current assets | | | | | | |
| Long term assets | | | | | | |
| . Interest earning bank deposits | - | - | - | - | - | 37.467 |
| . Investment available for sale | - | - | - | - | 57.611 | 51.648 |
| . Trade accounts receivable | 5 | 5.329 | 25.406 | 2.840.197 | 1.768.725 | 2.219.440 |
| . Debenture | 11.b | 28.562 | 25.548 | 24.030 | 1.064 | 40.593 |
| . Real estate inventories for sale | 6 | 38.713 | 16.025 | 2.370.859 | 2.568.542 | 865.169 |
| . Deferred taxes | - | - | - | - | 195 | 83.166 |
| . Enrecognized sales expenses | - | - | - | - | 43.636 | 40 |
| . Current accounts with partners in projects | - | 116.365 | 107.083 | 184.450 | 109.913 | - |
| . Related parties | 11 | - | 18.547 | - | - | 73.804 |
| . Dividends receivable | - | - | 50.212 | - | - | - |
| . Credit receivables purchased | - | 579.189 | 366.480 | 76.162 | - | 57.693 |
| . Advances for future capital increase | 11.a | 1.085.445 | 826.777 | - | - | 43.064 |
| . Loans agreement | - | 122.053 | 118.616 | - | - | 16.483 |
| . Taxes recoverable | - | - | - | 6.066 | 6.202 | 6.025 |
| . Other assets | - | 62.246 | 94.927 | 7.616 | 121.655 | 45.776 |
| | | 2.037.902 | 1.649.621 | 5.509.380 | 4.677.543 | 3.540.368 |
| Investments | 7 | 6.068.041 | 5.938.804 | 427.653 | 399.047 | 700.200 |
| Investment properties | 8 | - | - | 462.574 | 236.707 | 212.827 |
| Property, plant and equipment | 9 | 1.610 | 5.271 | 67.877 | 214.408 | 177.034 |
| Intangible assets | 10 | 27.431 | 31.478 | 597.274 | 624.941 | 662.143 |
| | | 6.097.082 | 5.975.553 | 1.555.378 | 1.475.103 | 1.752.204 |
| Total non-current assets | | 8.134.984 | 7.625.174 | 7.064.758 | 6.152.646 | 5.292.572 |
| Total assets | | 8.979.262 | 8.411.983 | 16.798.855 | 16.693.735 | 18.188.199 |

See the accompanying notes to the financial statements

Balance sheets

Years ended December 31, 2013, 2012 and January 1, 2012

(In thousands of Reais - R\$)

| | Note | Parent company | | Consolidated | | |
|--|------|------------------|--------------------|-------------------|--------------------|--------------------------|
| | | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) | 01/01/2012 (Restated) |
| Liabilities and shareholders' equity | | | | | | |
| Current liabilities | | | | | | |
| Loans and financing | 12 | 41.355 | 72.583 | 1.487.165 | 1.901.739 | 1.973.481 |
| Suppliers | - | 4.619 | 3.668 | 177.722 | 256.210 | 359.073 |
| Debenture | 14.b | 196.502 | 316.727 | 196.502 | 316.727 | - |
| Payables for acquisition of real estate | 15 | 12.210 | - | 506.449 | 697.037 | 839.710 |
| Tax, social and labor obligations | - | 51.871 | 5.338 | 169.197 | 135.256 | 158.810 |
| Deferred taxes | 16.b | 1.646 | 25.779 | 380.965 | 372.768 | 344.974 |
| Provision for guarantees | 18 | 282 | 36 | 140.120 | 93.504 | 25.956 |
| Income and social contribution taxes payable | 16 | - | - | 45.798 | 30.545 | 37.817 |
| Related parties | 11 | - | 40.024 | - | - | 169.162 |
| Co-obligation in the assignment of receivables | - | 161.034 | 7.894 | 36.134 | 32.213 | 113.430 |
| Liabilities from CCB/CCI issuance | 14.a | 875.997 | - | 1.233.046 | - | - |
| Advances from clients | 17 | 6.561 | 9.614 | 404.857 | 477.641 | 430.064 |
| Dividends payable | - | - | - | - | - | 168.152 |
| Current accounts with partners in projects | - | - | - | 34.008 | 48.227 | 49.708 |
| Liability regarding the acquisition of equity interest | - | 4.467 | - | - | 163.859 | 105.445 |
| Other liabilities | - | 34.434 | 1.096 | 19.465 | 52.160 | 603.599 |
| Total current liabilities | | 1.390.978 | 482.759 | 4.831.428 | 4.577.886 | 5.380.371 |
| Non-current Liabilities | | | | | | |
| Loans and financing | 12 | 139.387 | 419.875 | 2.417.460 | 2.510.315 | 1.811.434 |
| Debenture | 14.b | 1.235.600 | 1.426.113 | 1.263.894 | 1.426.113 | 1.580.065 |
| Payables for acquisition of real estate | 15 | - | 2.927 | 216.927 | 149.513 | 186.840 |
| Tax, social and labor obligations | - | - | - | - | 104 | - |
| Deferred taxes | 16.b | - | 42.815 | 151.470 | 150.898 | 211.367 |
| Provision for guarantees | 18 | - | 277 | 88 | - | 25.751 |
| Provision for contingencies | 18 | - | - | 183.068 | 139.830 | 27.503 |
| Related parties | 11 | - | - | - | - | 31.280 |
| Co-obligation in the assignment of receivables | - | 67.878 | 43.127 | 396.784 | 78.114 | 30.360 |
| Liabilities from CCB/CCI issuance | 14.a | 1.302.983 | 882.280 | 1.335.948 | 1.500.252 | 1.464.234 |
| Advances from clients | 17 | - | - | 357.938 | 350.238 | 289.467 |
| Current accounts with partners in projects | - | 114.291 | 83.050 | - | - | - |
| Advances for future capital increase | 11.a | - | - | - | - | 156.056 |
| Other liabilities | - | 24.516 | - | 313.797 | 301.687 | 91.454 |
| Total non-current liabilities | | 2.884.655 | 2.900.464 | 6.637.374 | 6.607.064 | 5.908.466 |
| Shareholders' equity | | | | | | |
| Capital | 19a | 4.907.843 | 4.907.843 | 4.907.843 | 4.907.843 | 4.822.039 |
| Capital reserve and treasury shares | - | 732.556 | 781.985 | 732.556 | 781.985 | 103.523 |
| Profit reserve | - | - | - | - | - | 1.552.369 |
| Accumulated losses | - | (873.948) | (602.961) | (873.948) | (602.961) | - |
| Other comprehensive income | 19d | (62.822) | (58.107) | (62.822) | (58.107) | (58.107) |
| Shareholders' equity attributable to controlling shareholders | | 4.703.629 | 5.028.760 | 4.703.629 | 5.028.760 | 6.419.824 |
| Shareholders' equity attributable to non-controlling | - | - | - | 626.424 | 480.025 | 479.538 |
| Total shareholders' equity | | 4.703.629 | 5.028.760 | 5.330.053 | 5.508.785 | 6.899.362 |
| Total liabilities and shareholders' equity | | 8.979.262 | 8.411.983 | 16.798.855 | 16.693.735 | 18.188.199 |

See the accompanying notes to the financial statements

PDG Realty S.A. Empreendimentos e Participações

Income Statements

Years ended December 31, 2013 and 2012

(In thousands of Reais - R\$)

| | Note | Parent company | | Consolidated | |
|--|------|-------------------------|---------------------------|-------------------------|---------------------------|
| | | 2013 | 2012 (restated) | 2013 | 2012 (restated) |
| Net operating income | 25 | 56.031 | 63.687 | 5.316.929 | 4.366.286 |
| Cost of units sold | 26 | <u>(87.258)</u> | <u>(75.186)</u> | <u>(4.218.496)</u> | <u>(5.242.155)</u> |
| Gross Income | | (31.227) | (11.499) | 1.098.433 | (875.869) |
| Operating income and expenses | | | | | |
| Business | 29 | (5.719) | (6.701) | (226.739) | (271.963) |
| General and administrative | 28 | (37.992) | (18.458) | (431.514) | (445.831) |
| Tax | | (3.428) | (5.586) | (12.330) | (30.212) |
| Equity in net income of subsidiaries | 7 | 81.098 | (1.653.321) | 80.484 | 33.032 |
| Gains (losses) in subsidiaries | | (72.076) | (31.448) | (102.909) | (101.271) |
| Depreciation and amortization | | (9.681) | (101.258) | (73.852) | (179.330) |
| Other operating income (expenses), net | | <u>(10.544)</u> | <u>28.421</u> | <u>(89.563)</u> | <u>12.872</u> |
| | | (58.342) | (1.788.351) | (856.423) | (982.703) |
| Income (loss) before financial income and expenses | | (89.569) | (1.799.850) | 242.010 | (1.858.572) |
| Financial income and expenses | | | | | |
| Interest income | 27 | 187.233 | 67.991 | 299.511 | 275.176 |
| Interest expenses | 27 | <u>(421.731)</u> | <u>(409.034)</u> | <u>(569.121)</u> | <u>(390.278)</u> |
| | | (234.498) | (341.043) | (269.610) | (115.102) |
| Income (loss) before income and social contribution taxes | | (324.067) | (2.140.893) | (27.600) | (1.973.674) |
| Income and social contribution taxes | 16 | 53.080 | (14.437) | (125.657) | (213.112) |
| Net income (loss) for the year | | <u>(270.987)</u> | <u>(2.155.330)</u> | <u>(153.257)</u> | <u>(2.186.786)</u> |
| Assigned to: | | | | | |
| Non-controlling shareholders | | (270.987) | (2.155.330) | (270.987) | (2.155.330) |
| Non-controlling shareholders | | <u>-</u> | <u>-</u> | <u>117.730</u> | <u>(31.456)</u> |
| | | <u>(270.987)</u> | <u>(2.155.330)</u> | <u>(153.257)</u> | <u>(2.186.786)</u> |
| Net income (loss) per share (in Reais) - Basic | 19.b | (0,2048) | (1,7512) | (0,2048) | (1,7512) |
| Net income (loss) per share (in reais) - Diluted | 19.b | (0,1677) | (1,4947) | (0,1677) | (1,4947) |

See the accompanying notes to the financial statements

PDG Realty S.A. Empreendimentos e Participações

Statements of changes in shareholders' equity

Years ended December 31, 2013, 2012 and January 1, 2012

(In thousands of Reais - R\$)

| | Capital | | | | Profit reserves | | | | | | |
|---|--------------------------------|----------------------------------|--------------------------|---|-----------------|-------------------|--------------------------|----------------------------|----------------------|--|-----------------------------------|
| | Subscribed and paid-in capital | Expenditure with shares issuance | Capital, net of expenses | Capital reserves, Options granted and Treasury shares | Legal reserve | Statutory reserve | Retained earnings (loss) | Other comprehensive income | Shareholders' equity | Interest of non-controlling shareholders | Consolidated shareholders' equity |
| Balances at January 1, 2012 (Restated) | 4.874.276 | (52.237) | 4.822.039 | 103.523 | 105.501 | 1.446.868 | - | (58.107) | 6.419.824 | 479.538 | 6.899.362 |
| Share subscription | 85.804 | - | 85.804 | 775.868 | - | - | - | - | 861.672 | - | 861.672 |
| Reversal of granted options expenses | - | - | - | (25.655) | - | - | - | - | (25.655) | - | (25.655) |
| Repurchase of shares | - | - | - | (71.751) | - | - | - | - | (71.751) | - | (71.751) |
| Net change in noncontrolling interests | - | - | - | - | - | - | - | - | - | 487 | 487 |
| Net income (loss) for the year | - | - | - | - | - | - | (2.155.330) | - | (2.155.330) | - | (2.155.330) |
| Allocations: | | | | | | | | | | | |
| Offset against losses | - | - | - | - | (105.501) | (1.446.868) | 1.552.369 | - | - | - | - |
| Balances at December 31, 2012 (Restated) | 4.960.080 | (52.237) | 4.907.843 | 781.985 | - | - | (602.961) | (58.107) | 5.028.760 | 480.025 | 5.508.785 |
| Reversal of granted options expenses | - | - | - | (49.429) | - | - | - | - | (49.429) | - | (49.429) |
| Adjustment of conversion of investments | - | - | - | - | - | - | - | (4.715) | (4,715) | - | (4,715) |
| Net change in noncontrolling interests | - | - | - | - | - | - | - | - | - | 28.669 | 28.669 |
| Net income (loss) for the year | - | - | - | - | - | - | (270.987) | - | (270.987) | 117.730 | (153.257) |
| Balances at December 31, 2013 | 4.960.080 | (52.237) | 4.907.843 | 732.556 | - | - | (873.948) | (62.822) | 4.703.629 | 626.424 | 5.330.053 |

See the accompanying notes to the financial statements

PDG Realty S.A. Empreendimentos e Participações

Statements of cash flows – Indirect method

Years ended December 31, 2013 and 2012

(In thousands of Reais - R\$)

| | Parent company | | Consolidated | |
|--|------------------|--------------------|------------------|--------------------|
| | 2013 | 2012 (restated) | 2013 | 2012 (restated) |
| Operating activities | | | | |
| Income (loss) before income and social contribution taxes | (324.067) | (2.140.893) | (27.600) | (1.973.674) |
| Adjustment to reconcile profit or loss before taxes: | | | | |
| . Depreciation and amortization | 9.681 | 101.258 | 73.852 | 179.330 |
| . Capital gains and losses in subsidiaries or associates | 72.076 | 31.448 | 102.909 | 101.271 |
| . Financial expenses (interest paid and monetary variation) | 407.838 | 292.635 | 530.671 | 266.142 |
| . Fair value on debentures | (85.530) | 87.519 | (85.530) | 87.519 |
| . Commercial expenses – (Write-off of stand) | 2.357 | 2.059 | 71.699 | 70.181 |
| . Expenses with stock options adjustments | (49.427) | (25.655) | (49.427) | (25.655) |
| . Amortization of land surplus | 22.574 | 52.920 | 22.574 | 52.920 |
| . Fair value of investment property | - | - | (128.516) | (94.244) |
| . Equity income (loss) | (81.098) | 1.653.321 | (80.484) | (33.032) |
| . Adjustment to present value | 866 | 187 | (760) | 10.631 |
| . Provision for contingencies and guarantees | 142 | 312 | 89.854 | - |
| | (24.588) | 55.111 | 519.242 | (1.358.611) |
| Changes in assets and liabilities | | | | |
| Assignment of credit right operations | (212.709) | - | (76.162) | 110.724 |
| Loan agreement receivable | - | (64.441) | (4.746) | (37.766) |
| Accounts receivable | (963) | 120.161 | (260.221) | 1.045.732 |
| Dividends receivable | 50.212 | 71.864 | - | - |
| Recoverable taxes | 5.768 | (1.133) | 15.335 | (20.637) |
| Real estate inventories for sale | (27.241) | (39.259) | (238.855) | (186.409) |
| Unrecognized expenses | 7.325 | - | 79.333 | (2.071) |
| Current account with venture partners | 19.841 | 53.758 | (93.471) | (111.394) |
| Debenture | (3.014) | 35.587 | (22.966) | 39.529 |
| Related parties | (29.253) | (72.488) | (4.512) | 38.233 |
| Advances from clients | (3.053) | - | (65.087) | 108.351 |
| Payables for acquisition of real estate | 9.283 | (29.344) | (123.174) | (180.000) |
| Tax liabilities and taxes payable | 49.928 | (33.841) | 68.868 | (26.534) |
| Suppliers | 951 | 1.363 | (78.488) | (102.906) |
| Others | 47.250 | (422.725) | 19.608 | (58.869) |
| | (85.675) | (380.498) | (784.538) | 615.983 |
| Interest and tax paid | | | | |
| Income and social contribution taxes | - | - | (154.312) | (134.942) |
| Interest paid | (292.802) | (265.574) | (308.740) | (306.170) |
| | (292.802) | (265.574) | (463.052) | (441.112) |
| Cash flow from operating activities | (403.065) | (590.961) | (728.348) | (1.183.740) |
| Investing activities | | | | |
| Acquisition of interest in associates and subsidiaries | 53.665 | (267.956) | (44.917) | 141.503 |
| Acquisition and write-off of property, plant and equipment | (4.332) | (5.588) | 2.768 | (106.754) |
| Intangible assets | - | (35.553) | (6.107) | (22.412) |
| Advances for future capital increase | (406.628) | (429.707) | - | (112.992) |
| Liability regarding the acquisition of equity interest | 4.472 | (9.983) | - | 58.414 |
| Investment properties | - | - | (98.052) | (16.865) |
| Interest earning bank deposits | (43.891) | - | (43.891) | - |
| | (396.714) | (748.787) | (190.199) | (59.106) |
| Cash flow from investment activities | (396.714) | (748.787) | (190.199) | (59.106) |
| Financing activities | | | | |
| Loans and financing | 822.631 | 273.813 | 465.057 | 744.978 |
| Acquisition of own shares | - | (71.752) | - | (71.751) |
| Capital increase | - | 861.675 | - | 85.804 |
| Dividends paid | - | - | - | (168.152) |
| Capital reserves | - | - | - | 775.868 |
| | 822.631 | 1.063.736 | 465.057 | 1.366.747 |
| Cash flow from financing activities | 822.631 | 1.063.736 | 465.057 | 1.366.747 |
| Increase (decrease) in cash and equivalents | 22.852 | (276.012) | (453.490) | 123.901 |
| balances or cash and cash equivalents: | | | | |
| At the beginning of the year | 489.504 | 765.516 | 1.762.947 | 1.639.046 |
| At the end of the year | 512.356 | 489.504 | 1.309.457 | 1.762.947 |
| Increase (decrease) in cash and equivalents | 22.852 | (276.012) | (453.490) | 123.901 |

See the accompanying notes to the financial statements.

PDG Realty S.A. Empreendimentos e Participações

Statements of comprehensive income

Years ended December 31, 2013 and 2012

(In thousands of Reais - R\$)

| | Parent company | | Consolidated | |
|--|------------------|--------------------|------------------|--------------------|
| | 2013 | 2012 (restated) | 2013 | 2012 (restated) |
| Net income (loss) for the year | (270.987) | (2.155.330) | (153.257) | (2.186.786) |
| Other comprehensive income | | | | |
| Adjustment of investment currency exchange | (4.715) | - | (4.715) | - |
| Total comprehensive income for the years | (275.702) | (2.155.330) | (157.972) | (2.186.786) |
| Loss attributable to controlling shareholders | (275.702) | (2.155.330) | (275.702) | (2.155.330) |
| Profit (loss) attributable to noncontrolling interests | | | 117.730 | (31.456) |

See the accompanying notes to the financial statements

PDG Realty S.A. Empreendimentos e Participações

Statements of added value

Years ended December 31, 2013 and 2012

(In thousands of Reais - R\$)

| | Parent company | | Consolidated | |
|--|------------------|--------------------|--------------------|--------------------|
| | 2013 | 2012 (restated) | 2013 | 2012 (restated) |
| Income | | | | |
| Gross income from the sale of real estate and services | 43.318 | 72.830 | 5.404.860 | 4.412.722 |
| Other income | | | | |
| Other operating income | - | 41.418 | 95.819 | 105.843 |
| | - | 41.418 | 95.819 | 105.843 |
| | 43.318 | 114.248 | 5.500.679 | 4.518.565 |
| Inputs acquired from third parties | | | | |
| Cost of products, goods and services sold | (87.258) | (75.186) | (4.218.496) | (5.242.155) |
| Goods, energy, outsourced services and other | 23.466 | (12.304) | (311.389) | (348.509) |
| Loss and recovery of asset values | (72.076) | (31.448) | (102.909) | (101.271) |
| Others | (10.544) | (14.849) | (129.209) | (53.493) |
| | (146.412) | (133.787) | (4.762.003) | (5.745.428) |
| Gross added value | (103.094) | (19.539) | 738.676 | (1.226.863) |
| Retentions | | | | |
| Depreciation and amortization | (9.681) | (101.258) | (73.852) | (179.330) |
| | (9.681) | (101.258) | (73.852) | (179.330) |
| Net added value produced | (112.775) | (120.797) | 664.824 | (1.406.193) |
| Added value received as transfer | | | | |
| Equity income (loss) | 81.098 | (1.653.321) | 80.484 | 33.032 |
| Interest income | 187.233 | 67.991 | 299.511 | 275.176 |
| | 268.331 | (1.585.330) | 379.995 | 308.208 |
| Total added value payable | 155.556 | (1.706.127) | 1.044.819 | (1.097.985) |
| Added value for distribution | | | | |
| Personnel | | | | |
| Direct remuneration | 61.927 | 4.736 | 229.327 | 175.131 |
| Benefits | 303 | 352 | 35.883 | 34.305 |
| Contribution to the Severance Indemnity Fund – FGTS | 524 | 362 | 17.096 | 12.681 |
| | 62.754 | 5.450 | 282.306 | 222.117 |
| Taxes, rates and contributions | | | | |
| Federal | (60.007) | 30.325 | 320.624 | 433.258 |
| | (60.007) | 30.325 | 320.624 | 433.258 |
| Remuneration of third party capital | | | | |
| Interest | 285.938 | 363.168 | 353.103 | 390.278 |
| Rents | 2.063 | 4.394 | 26.025 | 43.148 |
| Others | 135.795 | 45.866 | 216.018 | - |
| | 423.796 | 413.428 | 595.146 | 433.426 |
| Own capital remuneration | (270.987) | (2.155.330) | (153.257) | (2.186.786) |
| Income (loss) for the period | (270.987) | (2.155.330) | (153.257) | (2.186.786) |
| Distribution of added value | 155.556 | (1.706.127) | 1.044.819 | (1.097.985) |

See the accompanying notes to the financial statements

Notes to the financial statements

(In thousands of Reais)

1 Operations

PDG Realty S.A. Empreendimentos e Participações ("Company"), its subsidiaries and joint ventures are engaged in: (a) holding interest in other companies that operate in the real estate industry, as shareholder, quotaholder, consortium member, or through other types of investment, such as subscription or acquisition of debentures, subscription bonus or other real estate amounts; (b) acquisition of investment property; and (c) acquisition of real estate for real estate development.

Established as a corporation domiciled in Brazil, the Company's shares are traded at BM&FBOVESPA – "PDGR3". The Company's head office is located at Rua da Quitanda, 86, 4º andar (parte) – Rio de Janeiro – RJ.

Some of the Company's real estate development projects are structured through subsidiaries, associates and jointly-controlled subsidiaries. Third parties' interest in investees is held through interest in Special Purpose Entities (SPE's).

2 Presentation of financial statements and main accounting policies

2.1 Basis of presentation

The individual and consolidated financial statements were prepared considering the presupposition that the Company and its subsidiaries and associates ("Group") carry on their businesses as a going concern. The preparation of financial statements requires the adoption of assumptions to account for certain assets, liabilities and other transactions such as: provisions for contingencies and warranties, allowance for doubtful accounts, useful life of the fixed asset items, estimated cost of ventures in constructions, classification into short and long terms, among others.

The results calculated upon the realization of the facts that led to the recognition of these estimates may differ from the amounts recognized in these financial statements. Management periodically and timely monitors and reviews these estimates and the assumptions at least once a year.

The functional currency in which the individual and consolidated financial statements are disclosed is the Real. All amounts presented in the accompanying financial statements are expressed in thousands of Reais, except if otherwise stated.

The accounting policies of the Company were consistently adopted for all the years presented in the accompanying individual and consolidated financial statements.

2.2 Compliance statement

The Company's individual quarterly information has been prepared in accordance with the accounting practices adopted in Brazil, as Technical Pronouncement CPC 26 (R1) - Presentation of Financial Statements, identified as parent company that comprise the rules of the Brazilian Securities Commission (CVM) and pronouncements, interpretations and

guidance of the Accounting Pronouncement Committee (CPC), as determined by the Securities Commission (CVM) and the Federal Accounting Council (CFC), including the OCPC 02 Guideline - Technical Interpretation ICPC 02 to Real Estate Development Entities in Brazil - regarding the recognition of income and respective costs and expenses from real estate development operations during the progress of the work (percentage of completion method - POC), as described in details in Note 2.10.

The consolidated financial statements for the period were prepared in conformity with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), which considers OCPC 04 Guideline on the application of Technical Interpretation ICPC 02 to Real Estate Development Entities in Brazil, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) and the Federal Accounting Council (CFC).

The International Financial Reporting Interpretation Committee (IFRIC) had included in its agenda a discussion topic on the meaning and application of the concept of continuous transfer of risks, benefits and control in connection with the sale of real estate units as per the request of some countries, including Brazil. However, due to the International Accounting Standards Board (IASB) project for the edition of a reviewed standard for the recognition of revenues, which is in the form of draft for discussion, IFRIC decided not to give continuity to this schedule topic, as it understands that the concept for recognizing revenues should be included in the standard currently under discussion. Accordingly, this matter is expected to be concluded only after the issuance of a reviewed standard for revenue recognition.

Individual financial statements present, at the equity method, the evaluation in subsidiaries, in accordance with prevailing Brazilian law. Thus, these individual financial statements are not considered to be in conformity with the IFRS, which require these investments to be valued in the Parent company's individual financial statements at fair value or cost.

As there is no difference between the consolidated equity and profit or loss attributable to the shareholders of the parent company, prepared according to the IFRS and the accounting practices adopted in Brazil, and the equity and profit or loss of the parent company, prepared according to the individual information prepared following the accounting practices adopted in Brazil, the Company opted for presenting these individual and consolidated information in only one set.

The issue of Company's financial statements was authorized by Management on February 12, 2014.

2.3 Presentation of segment information

Information per operating segment is presented consistently with the internal report provided to the main operating decision maker, the executive responsible for the finance and investors relations offices, mostly comprised of residential real estate development.

2.4 Financial instruments

The financial instruments may be classified as financial assets or liabilities at fair value

through profit or loss, loans and receivables, investments held to maturity and available for sale or derivatives classified as effective hedge instruments or financial liabilities at amortized cost, according to the case. The Company determines the classification of its financial instruments upon its initial recognition, when it becomes part of the contractual provisions.

Assets and liabilities are initially recognized at fair value plus, in the case of investments not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

The Company's financial assets and liabilities include cash and cash equivalents, financial investments, trade accounts receivable and other accounts receivable, active debentures, Bank credit notes (CCBs), loans and financing.

The subsequent measurement of financial assets and liabilities depends on their classification, which can be as follows:

Financial assets at fair value through profit or loss

a. Cash and cash equivalents

Cash equivalents are held so as to meet short-term cash commitments, not for investment or any other purposes. The Company considers as cash equivalent the financial investments that are readily convertible into a known amount of cash. The Company's financial investments are represented by DI funds, Bank Deposit Certificates (CDB) and repurchase and resale commitments with redemption period lower than 90 days of respective transactions dates.

b. Interest earnings bank deposits

The financial investments are classified into the heading "Financial investments" recognized in contra-entry to profit or loss. Classification depends on the purpose for which investment was acquired.

When the purpose of investment acquisition is to invest funds to obtain short-term gains, these are classified as "interest earnings bank deposits"; when intention is to invest funds to maintain investments up to maturity, these are classified as securities held to maturity, provided that Management intends and has financial conditions to maintain financial investment up to maturity. When, upon investment, intention is none of the above, these investments are classified as securities available for sale, represented in the balance sheet by the fair value and the shareholders' equity as a counterpart.

The Company's interest earnings bank deposits are trading securities measured at cost plus interest, price-level restatements, adjustment to market value, less impairment losses, when applicable, incurred up to dates of consolidated quarterly information not subject to significant changes in value. The breakdown of these financial investments is shown in Note No. 4.

Receivables and loans

a. *Trade accounts receivable*

Presented at nominal or realization value, subject to adjustment to present value (AVP), indicated in note 5, including price-level restatement and interest, when applicable. The Company forms allowance for doubtful accounts for amounts whose recovery is considered remote in a sum considered sufficient by Management. Estimates used to recognize the allowance for doubtful accounts are based on contracts that are considered as difficult to collect and for which there are no actual guarantees and that, in the Company's case, are directly related to the transfer of real estate unit to buyers.

Monetary variation and earnings on the balance of accounts receivable from units under construction are recorded in income (loss) for the year as "Assets and/or services sales income". After the construction period, interest is accounted for as "Interest income".

b. *Financial liabilities*

Financial liabilities are classified as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost, or as derivatives classified as hedge instruments, as the case may be. The Company classifies its financial liabilities upon initial recognition.

Financial liabilities are initially recognized at fair value, and in the case of financial liabilities at amortized cost, include directly related transaction costs.

The Company's financial liabilities include mainly accounts payable to suppliers, other accounts payable, loans and financing, derivative financial instruments, costs, premiums on securities issuance, and obligations from real estate acquisition.

c. *Derivative financial instruments (liabilities)*

Financial instruments are recognized from the date the Company become a party to their contractual provisions. When recognized, they are initially recorded at its fair value plus any transaction costs directly attributed to its acquisition or issue, when applicable. Its subsequent measurement takes place at the balance sheet date and in accordance with the rules set forth and features for each type of classification of financial assets and liabilities.

Classification as debt or equity

Debt instruments or equity instruments are either way classified, according to the substance of contract terms.

Liabilities at amortized cost

Loans and financing, real estate receivables certificates (CRIs) and debentures

The initial recognition of Loans and financing, real estate receivables certificate and debentures (Except the debentures of the 8th issuance that are stated at fair value through profit or loss – see Note 14.b) that accrue interests are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the income statement upon settlement of liabilities, as well as during the amortization process by the effective interest rate method.

Loans and financing are restated by the monetary variance and charges agreed on in a contract, and allocated up to the balance sheet date. Debentures are adjusted in according to the rates provided in contract up to the balance sheet date.

The Company financially settles real estate receivables assigned for securitization and issuance of CRIs. This assignment has right of recourse against the Company and, accordingly, assigned accounts receivable is recorded in the balance sheet as a counter entry to the amount received in advance and recorded in current and non-current liabilities. The Company reports debts at the funding amount less transactions costs, discounts and incurred premiums.

Payables for acquisition of real estate

Obligations established in contract for land acquisitions are recorded at the original value plus, when applicable, corresponding charges and price-level restatements.

2.5 Real estate for sale

a. Land, property under construction, and developed property

Property under construction or the properties already to be marketed are recorded at construction cost incurred, which does not exceed its net realizable value.

The cost includes: land; material; outsourced labor; and other related construction costs, including financial cost of applied capital (financial charges for accounts receivable from land acquisition, real estate credit transactions incurred during construction and interest on debenture issuance, which are capitalized under caption “Inventory of real estate for sale” and recognized in the Company’s income at the proportion of costs incurred in caption “Cost of sold assets and/or services”).

The realizable net amount is the estimated sale price under normal business conditions, less the construction costs. Land plots are recorded at cost of acquisition, plus possible financial charges arising from their corresponding accounts payable.

b. Physical exchanges recorded at fair value

Physical exchanges upon land purchase with units to be built are recorded at fair value, evaluated at sales value of exchanged units, accounted for in caption “Real estate for sale” as a counter entry to caption “Advances from clients”, and real estate sales revenue is recognized in accordance with revenue recognition criteria described in Note 2.10.

2.6 Intangible assets

Intangible assets acquired separately are measured at acquisition cost and, subsequently, deducted from accumulated amortization and impairment losses, when applicable. The cost of intangible assets acquired in a business combination corresponds to their fair value at acquisition date. The useful life of the intangible asset is classified as defined or undefined.

Intangible assets with defined useful lives are amortized throughout their economic useful lives and evaluated in relation to impairment losses whenever there is any indication that the asset lost economic value.

Intangible assets with undefined useful lives are not amortized but tested for impairment on an annual basis, individually or at cash generating unit level.

2.7 **Present value adjustment**

Assets and liabilities resulting from relevant short-term transactions, or long-term transactions with no expected compensation or subject either to: (a) fixed interest rates; (b) rates known to be lower than prevailing market rates for similar transactions; and (c) adjustments solely for inflation absent accrued interest are adjusted to their present value.

On term sales of unconcluded real estate units, receivables are adjusted at present value, based on long-term interest rate, and their reversals are recognized on Income Statement for the year under the caption "Asset and/or sales income".

2.8 **Provisions**

A provision is recognized when the Company have a present (legal or constructive) obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Expenses related to provisions are recognized in profit or loss, net of any reimbursement.

a. Provision for warranty

The provisions for warranties related to the five-year period, after construction work, are recorded over the construction of ventures and are part of the cost of real estate sold. For projects built by the Company itself, the Company records provisions based on budget and expenditures history.

The segregation of the provision into current liabilities is carried out at the extent ventures are completed and delivered to buyers; thus beginning the warranty period.

For ventures in which the Company hires third parties as constructor, the contractor takes on the responsibility for the warranties over the after construction work period, however, in the cases in which the construction company does not bare the costs, the Company takes on joint responsibility, taking into account that for such cases the Company record a provision.

b. Income and social contribution taxes on net income

Deferred tax assets

Deferred tax credits resulting from tax loss or negative social contribution basis are only recognized to the extent their realization is likely, based on the future profitability outlook. Advances and amounts to be offset are stated in current or noncurrent assets according to their expected realization.

The book value of deferred taxes is reviewed at year end and is recognized to the extent in which it is probable that future taxable income will permit that deferred tax assets are recovered. Additional details on deferred taxes are included in Note 16.

Current and deferred tax liabilities

The income and social contribution tax expense comprises current and deferred taxes on income and are recognized on income (loss).

Current taxes are the expected taxes payable on the taxable income for the year, at tax rates enacted or substantively enacted on the date of presentation of the financial statements, and any adjustments to taxes payable in relation to prior years.

Deferred taxes are recognized in relation to the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the related amounts used for taxation purposes. Deferred taxes are measured at tax rates expected to be applied to temporary differences when they are reversed, based on laws enacted or substantively decreed up to the reporting date of the financial statements.

The recognition of deferred taxes on temporary differences is the origin of the difference between the amounts for accounting purposes and the corresponding amounts used for tax purposes.

Taxable income regime: For the companies that opted for the taxation regime based on taxable income, the income and social contribution taxes, both current and deferred, are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R\$ 240 thousand for income tax and 9% on taxable income for social contribution on net income, and consider the offsetting of tax loss carryforward and negative basis of social contribution limited to 30% of the taxable income in each fiscal year.

Special tax regime of detached assets: Introduced by Law No. 10,931/2004 (RET), applicable to real estate ventures that opted for this regime, on optional and irreversible basis, while the rights and obligations of the real estate developer are in effect with the buyers of real estate comprising the detached venture. Each venture submitted to the RET is subject to taxation at the rate of 3.34% for income tax and social contribution, and at 2.64% for PIS and Cofins, applicable to all revenue earned by the real estate developer in the sale of real estate units, as well as financial income and monetary variations.

On December 28, 2012, the Provisional Measure No. 601 revised the RET rates, and from January 1st, 2013 the effective rates became 1.92% for income tax and social contribution, and 2.08% for COFINS and PIS. For the subsidiaries that opted for RET, the Company considered the effects of Provisional Measure No. 601 in the calculation of deferred tax liabilities, once these liabilities are realized by adopting these new tax rates.

As of December 31, 2013, the Company has 91 constructions (65 as of December 31, 2012) enrolled in the Special taxation regime—RET. The receivable balances related to those enterprises amount to R\$ 4,117,566, which represents 34% of the Company's total accounts receivable.

Presumed profit regime: applicable to companies which annual revenue for the immediately previous year is lower than R\$ 48,000. In this context, the calculation basis of income tax and social contribution is calculated at the rate of 8% and 12%, respectively, on gross income (32% when the revenue arises from service provision and

100% from interest income), to which the regular income tax and social contribution rates are applied.

As a result of the changes in tax legislation, from January 1st, 2014, the revenue limit for companies that opt for the presumed profit regime shall be R\$ 78,000. The Company analyzed the entities of the Group that currently opt for the Taxable Profit regime and planned a change in the taxation regime to Presumed Profit.

For these companies the deferred taxes were reevaluated and remeasured based on the expectation of realization of these taxes. By means of this change, the Group adjusted the balance of deferred tax liabilities by R\$ 23,472.

c. *Profit sharing - Employees and Management*

The Company and its subsidiaries have employees' benefit plan in the form of profit sharing and bonus plans and, when applicable, are recognized in income under caption "General and administrative expenses". Provision for bonus and bonus payments are based on annual income goal duly approved by the Company's Board of Directors.

Additionally, the bylaw of the Company and its subsidiaries establish the profit distribution to the Management.

2.9 Judgments, significant accounting estimates and assumptions

a. *Fair value of financial instruments*

When the fair value of the financial assets and liabilities presented in the balance sheet cannot be obtained from active markets, it is determined by using valuation techniques, including the discounted cash flow method. The data for these methods are based on those adopted by the market, when possible. However, when such data are not available, a certain level of judgment is required to establish the fair value. The judgment includes consideration on the data used, for example, liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value of financial instruments.

b. *Provisions for tax, civil and labor risks*

The Company recognizes provision for tax, civil and labor claims. Determination of the likelihood of loss includes determination of evidences available, hierarchy of laws, jurisprudence available, more recent court decisions and relevance thereof in legal system, as well as evaluation of external attorneys.

Provisions are revised and adjusted to take into account changes in circumstances, such as statute of limitations applicable, tax inspection conclusions or additional exposures identified based on new matters or court decisions.

c. *Share-based payment*

The Company measures the cost of transactions settled with employees' shares based on fair value of equity instruments on grant date.

The estimated fair value of share-based payments requires determining the most appropriate evaluation model for the grant of equity instruments, which depends on the

terms and conditions of the grant.

This also requires determining the most appropriate data for evaluation model, including the expected life of the option, volatility and dividend income yield and related assumptions. The assumptions and models used for estimating the fair value of share-based payments are disclosed in Note 23.

d. *Appraisal of recoverable value of assets*

The Management reviews the net book value annually in order to assess events or changes in economic, operating, or technological circumstances likely to point out a deterioration or loss of their recoverable value. When such evidences are found, the recoverable value of the asset is calculated. If the net carrying value is in excess of the recoverable value, a provision for impairment is set up, adjusting the net carrying value of the asset to its recoverable value.

Assumptions used to determine assets' values are based on the evaluation or indication that the asset's book value exceeds its recoverable value. These indications take into consideration the asset's obsolescence, the significant and unexpected reduction in its market value, changes to macro-economic environment in which the Company operates, and fluctuations in interest rates that may impact future cash flows of cash generating units.

The Company's main assets whose recoverable values are tested at yearend are: real estate inventories for sale, investments held at cost value and intangible assets with undefined useful life.

e. *Contingent assets and liabilities and legal obligations*

The accounting practices used to recognize and disclose contingent assets and liabilities and legal obligations are as follows:

Contingent assets - are only recognized when there are real guarantees, or favorable, final and unappealable decisions. Contingent assets with chance of success classified as probable are disclosed in a Note.

Contingent liabilities - are accrued when the losses are regarded as probable by the Company's legal counsel and the amounts involved can be reliably measured. The contingent liabilities regarded as possible losses are only disclosed in the accompanying notes, whereas those regarded as remote losses are neither accrued nor disclosed.

Legal obligations - are recorded as liabilities, regardless of the evaluation of the loss likelihood.

f. *Operating lease commitments*

The Company contracted commercial leases through its subsidiary Goldfarb Incorporações e Construções S.A. The Company determined, based on the evaluation of contract terms and conditions, that it assumes all significant risks and benefits deriving from the property of said assets, accordingly, it records contracts as financial leases. Additional details on lease are described in Note 9.

g. Works budget

Total budgeted costs comprised by incurred costs and estimated costs for the completion of construction work are regularly reviewed according to construction evolution, and adjustments based on this review are reflected in the Company's results in accordance with the accounting method used.

h. Investment properties

Investment properties are represented by lands and buildings in Shopping Centers kept to earn income from rentals and/or capital appreciation, and are stated at fair value at least annually.

Methodology on the measurement of fair value of investment properties

For measuring the fair value of properties, the appraisal company considered the direct comparative method regarding market data for lands classified into investment properties and that do not have a defined project. For ventures in construction or in operation, the appraiser considered for measuring the fair value the income method: Discounted cash flow. The descriptions of each method are as follows:

- **Direct market data comparative** - Using this method, the applicable market value is set based on comparable market evidences, that is, similar real estate for sale or recently sold. These market evidences are homogenized by weighting factors, in order to support the setting of a value range. In the absence of comparable elements, other methods for setting the value were also adopted.
- **Income method: Discounted cash flow** - In this methodology, the current rent income is estimated, based on the current and past performance, over a 10-year period, considering appropriate growth rates and contract events (price adjustments, revisions and renewals), which shall take place in the shortest term provided for the legislation applicable to lease contracts. For cases in which the current rent is above or lower than the market one, market revisions are considered, on the revision dates of each contract. Besides, in case of collection of percentage rent, the projections considered the highest amount among the earned income.

To reflect the perpetuity of operations, at the end of the tenth year, the income is capitalized, the income flow and perpetuity value are brought to present value at discount rates adequate to perception of market risk, taking into account the probable risk/performance of each scenario. For purposes of analysis, the continuity of the contracts in effect is considered, with their automatic renewal and income losses due to default not being considered.

Under-construction investment properties are valued by the estimated fair value of the completed investment, less the estimated amount of the costs to complete the construction, cost of financing and a reasonable profit margin. The main assumptions adopted to determine the fair value of the investment property are detailed in Note 8.

2.10 Revenue recognition

Sale of assets and real estate (Real estate development)

Income from real estate sales is calculated considering contract revenues plus price-level restatements up to key delivery, less the following costs: expenses on acquisition and

regularization of lands; direct and indirect costs related to the projects and construction; taxes and irrecoverable fees; and financial charges from borrowing for construction works.

Recognition of income from real estate sales is as follows:

- a. In the credit sales of the concluded unit: when the sale is consummated, regardless of the period of receipt of the contractual amount; and
- b. In the sale of units not yet completed, according to the criteria established by the following:
 - (i) OCPC 01 (R1) – Real Estate Development Entities, issued by the Accounting Pronouncements Committee (CPC) and approved by the CVM Resolution No. 561 of December 17, 2008;
 - (ii) OCPC - 04 – Application of Technical Interpretation ICPC 02 to the Brazilian Real Estate Development Entities approved by CVM Resolution No. 653 of December 16, 2010;
 - (iii) ICPC 02 – Construction contract of the real estate sector approved by the CVM Resolution No. 612 of December 22, 2009;

Sales revenues, land and construction costs are recognized in income using the percentage of completion of each project, and this percentage is measured based on construction costs incurred in relation to total budgeted costs of respective projects, including project and land costs.

Determined sales revenues, including price-level restatement net of installments already received, are accounted for as accounts receivable. Amounts received and higher than recorded revenues are recognized as advances to clients, and prefixed interest levied after delivery of keys is recognized in income at the accrual basis, regardless of receipt.

The Company evaluated its contracts for the sale of real estate units and contracts executed by its subsidiaries based on analysis brought by OCPC 04, understanding that executed contracts are in the scope of CPC-17 – Construction contracts, as to the extent construction advances, risks and benefits are continuously transferred to the property committed buyer.

Information on balances of operations with real estate projects in progress and advances from clients are detailed in Note 17.

Income earned from rental of investment property

The income from investment property lease is recognized in income on a straight-line basis, over the lease period. Granted lease incentives are recognized as an integral part of the total rental income, over the lease period. The income earned from rental of other properties is recognized as other income.

Financial income

Financial revenues comprise income from interest on cash investments, recognized in the income, under the effective interest method.

2.11 Unrecorded sales expenses

Commissions on sales were recorded as assets in income using the same recognition criterion as for revenues, described above.

Publicity, marketing and promotion expenses are recognized in income as sales expenses when publicity is broadcast and/or marketing action occurs.

2.12 Investment properties

These are represented by Shopping Centers, land and buildings, kept for earning income from rentals and/or capital appreciation and are stated at fair value, at least annually, as disclosed in Note 8.

Investment properties are initially measured at cost including transaction costs. The carrying value includes the replacement cost of a portion of an investment property existing at the time when the cost is incurred if the criteria for recognition are met; excluding the daily service costs of investment property. After the initial recognition, investment properties are stated at fair value.

Gains or losses from changes in fair value of investment properties are included in the income statement in the period they are generated.

In December 2013, the indirect subsidiary REP Desenvolvimento Imobiliário S.A. and its subsidiaries, which operate in the development, implementation and administration of shopping center, made the reclassification of the properties recorded in fixed assets into investment properties. Consequently, the Company reflected the reclassification and the effects of fair value adjustments on its financial statements as of December 31, 2013 and comparative period, according to Note 2.19.a.

2.13 Property, plant and equipment

Property, plant and equipment is recorded by the acquisition, formation or construction cost, less accumulated depreciation, calculated using the straight-line method based on rates determined by the assets' estimated useful life. Expenses incurred with repairs and maintenance are only accounted for if the economic benefits associated with these items are probable and the amounts are measured in a reliable manner, while the other expenses are recorded directly in income/loss when incurred. The recovery of fixed assets by means of future operations as well as the useful lives and the residual value of this property are monitored periodically and adjusted prospectively, if necessary.

2.14 Investments in subsidiaries

The Company's investments in subsidiaries are recorded based on the equity method of accounting for the purposes of the Company's financial statements.

Based on the equity method of accounting, investment in subsidiary is recorded on the Company's balance sheet at cost, plus the changes following the acquisition of equity interest in the subsidiary. In the Company, the goodwill related to the subsidiary is included in the book value of the investment which is not amortized. As the goodwill based on future profitability integrates the book value of the investment in the parent company (it is not recognized separately), it is not tested separately in relation to its recoverable amount.

The equity interest in the subsidiary is stated in the parent company's income statement as equity pick-up, representing the net profit attributable to shareholders of the subsidiary.

The subsidiary financial statements are prepared for the same reporting period as the Company. When necessary, adjustments are made so that the accounting policies are consistent with those adopted by the Company.

After applying the equity accounting method, the Company determines whether it is necessary to recognize additional impairment on the Company's investment in its subsidiary.

The Company determines, at each balance sheet closing date, if there is objective evidence that investment in the subsidiary suffered impairment loss. If so, the Company calculates the amount of impairment loss as the difference between the recoverable amount of the subsidiary and the book value and recognizes the amount in the statement of income.

When there is loss of significant influence on the subsidiary, the Company evaluates and recognizes investment at fair value. Any difference between the book value of the associated company at the time of the loss of significant influence and the fair value of the remaining investment and proceeds from the sale will be recognized in income statement.

Associates are the entities in which the Company has, directly or indirectly, significant influence but not control or jointly-control on financial and operating policies. The significant influence is characterized by the Company holding, directly or indirectly, from 20% to 50% of the voting rights of the entity.

Investments in associates are accounted for using the equity method and are initially recognized at cost, which includes transaction expenses. Consolidated financial statements include interest of the Company in income or loss for the year and other comprehensive income of investee, after adjustment to align the accounting policies of the investee with those of the Company, beginning as of the date in which a significant influence starts until the date in which that significant influence ends. When the participation of the Company in the losses of an investee exceeds its shareholding in this entity, the book value of the investment measured by the equity method, including any long-term interest as part of the investment is reduced to nil and recognition of additional losses is discontinued, except in cases where the Company has constructive obligations or has made payments on behalf of the investee, when then a provision for loss on investments is formed.

Any difference between the book value of the former joint venture upon loss of joint control and the fair value of the investment, as well as any proceeds from the sale of the joint venture, will be recognized in the statement of income. Investments that maintain significant influence will be accounted for as investment in subsidiary. In the parent company's financial statements and consolidated, and in such cases, will be valued under the equity method.

2.15 Other income and costs

Other revenues and costs include earnings, charges, and price-level restatements and foreign exchange variations, which are calculated based on official indices or rates that are levied on current and non-current assets and liabilities. The adjustments of assets to the market or realizable value are also included.

2.16 Statements of added value

The Company prepared the individual and consolidated Statements of Value Added (DVAs), which are presented as integral part of the individual and consolidated financial statements according to the BR GAAP applicable to the publicly-held companies, whereas those according to the IFRS represent additional financial information.

2.17 Basic and diluted earnings per share

Basic and diluted earnings per share are calculated through income for the period attributable to the Company's shareholders and outstanding common shares' weighted average in the respective period, considering, when applicable, stock split adjustments occurred in the period or in the subsequent event captured in the preparation of financial statements, as presented in Note 19.

2.18 Dividends

The proposal for distribution of dividends made by the Company's Management and that is within the portion equivalent to minimum mandatory dividends is recorded as current liabilities, under caption "Dividends payable", as it is considered as a legal obligation provided for in the Company's bylaws; however, if there is a portion of dividends that is higher than minimum mandatory dividends stated by Management after the accounting period to which financial statements refer, but before the date in which said financial statements are issued, this portion will be recorded in caption "Proposed additional dividends, in shareholders' equity."

2.19 Changes in accounting practices

New accounting pronouncements

The Company and its subsidiaries and associates adopted the following new and revised pronouncements, including any revision made as a consequence of other pronouncements, with the initial application date as of January 1st, 2013.

- (a) CPC 36 (R3) Consolidated Financial Statements
- (b) CPC 19 (R2) – Joint arrangements
- (c) CPC 45 – Disclosure of interest in other entities
- (d) CPC 46 – Measurement of fair value

a. Investment properties

The subsidiary REP - REP Desenvolvimento Imobiliário S.A. And its subsidiaries operate in the segment of rental and income earning by leasing its properties. In 2013, the Management of the subsidiary adopted the fair value method for measuring the properties to reflect its business and based on the understanding that it is the most adequate information for market analysis.

The methodologies for determining the fair value of properties are disclosed in Note 8.

b. *IFRS 10 - CPC 36 (R3) – Consolidated Financial Statements and IFRS 11- CPC 19 (R2) Joint Arrangements*

As a result of the modifications to the CPC 36, the Group changed its accounting policy to determine when it has control over its investees, and, consequently, when it consolidated them. CPC 36(R3) introduced a new control model, which focuses on the existence of power of the Group over an investee, its exposure or right to variable returns from its involvement with the investee, and its ability to use its power to affect such returns.

The Group reevaluated its conclusions on the control over its investees on January 1st, 2013, consequently, the Group changed its conclusion on control regarding certain entities that were previously recorded as associates using the equity method. The Group evaluated the control over investees considering the items related to power, exposure to return variation and relation between power and return.

With this, the accounting policies and practices established in Note 2 were applied in the preparation of the corresponding amounts for the year ended December 31, 2011 (represented by January 1, 2012) and December 31, 2012, and the accompanying financial statements as of December 31, 2013.

The Company did not have change in its individual financial statements for the year ended December 31, 2011, and, accordingly, is not restating the statements as of January 1, 2012.

c. *CPC 45 – Disclosure of interest in other entities*

As a result of the CPC 45, the Company expanded its disclosures on investments in subsidiaries (see Note 7) and investees recorded under equity.

CPC 45 (IFRS 12) requires the Company to disclose the nature of its interest in other entities, these interests' financial risks and effects on financial position, its financial performance and cash flow, as follows:

Nature - Special purpose entities (SPEs) on which the Company has no material investment, as most of them are interests lower than or equal to 50%, have no significant influence on important decisions such as financial, accounting, engineering, and election decisions and management decisions on subsidiaries' strategies described in executed shareholders' agreements and, therefore, has no important influence on generation of results.

Risks - As described in the item above, it has no significant influence on some special purpose entities (SPE's) and, therefore, has some risks inherent to its operation, such as management and financial and accounting controls, cost reviews, and financial contributions to assure the continuity of operations, which may influence future results.

For further details, see Note 7

d. *CPC 46 – Measurement of fair value*

CPC 46 establishes only one framework for measuring and disclosing fair value when such measurements are required or permitted by other CPCs. It unifies the definition of fair value as the price that would be received for the sale of an asset or that would be paid

for the transfer of a liability in a non-forced transaction between market players on the measurement date. It supersedes and expands the disclosure requirements included in other CPCs, including CPC 40 (R1).

According to the transitory provisions of CPC 46, the Group applied the new measures for measuring the fair value prospectively, and did not present any comparative information for new disclosures. Notwithstanding this fact, the changes did not have a significant impact on the measurements of assets and liabilities of the Group.

e. Statement of the main effects of the changes in accounting practices

The significant adjustments and reclassifications that impacted the corresponding amounts related to the consolidated financial statements for the year ended December 31, 2011 (represented by January 1, 2012) and December 31, 2012, originally presented in the financial statements as of that year, are being restated in accordance with CPC 23 – Accounting Policies, Change in Accounting Estimate (IAS 8) and Correction of Error, and CPC 26 (R1) – Presentation of Financial Statements (amended by revision CPC 03), as shown below:

Statement of adjustments to the Financial Statements – Parent Company for the year ended December 31, 2012

Statement of adjustments to Balance Sheet as of December 31, 2012.

| | Balance in 2012 (original) | Adjustments | Balance at 2012 (Restated) |
|-------------------------------------|---------------------------------------|--------------------|---------------------------------------|
| Assets | | | |
| Other assets | 105,243 | (10,316) (a) | 94,927 |
| Investments | 5,917,028 | 21,776 (b) | 5,938,804 |
| Shareholders' equity | | | |
| Capital reserve and treasury shares | 792,301 | (10,316) (a) | 781,985 |
| Accumulated loss | (624,737) | 21,776 (b) | (602,961) |

Statement of adjustments in the Statement of income as of December 31, 2012 – Company

| | Balance in 2012 (original) | Adjustments | Balance at 2012 (Restated) |
|--------------------------------------|---------------------------------------|--------------------|---------------------------------------|
| Operating income and expenses | | | |
| Equity in net income of subsidiaries | (1,679,172) | 25,851 (b) | (1,653,321) |
| Depreciation and amortization | (97,183) | (4,075) (b) | (101,258) |
| Loss for the year | (2,177,106) | 21,776 (b) | (2,155,330) |

Statement of adjustments to Statements of changes in shareholders' equity as of December 31, 2012 – Parent company

| | | |
|--|--|---|
| At December 31, 2012 (Originally submitted) | | Total shareholders' equity - Company |
| | | 5,017,300 |
| Repurchase of shares of the company | | (10,316) (a) |
| Impact in the restatement of investments | | 21,776 (b) |
| | | 5,028,760 |
| 12/31/2012 (Restated) | | 5,028,760 |

- (a) The balance of Repurchase of treasury shares was reclassified from Other accounts receivable in Current Assets to the heading Capital reserves in Shareholders' equity for purposes of adequate presentation.
- (b) The subsidiary REP DI reevaluated the purpose of certain real estate, aimed at earning income and that are recorded in the heading fixed assets (originally presented) to investment properties (restated). The reflexes of the fair value adjustments are reflected in the balances of the parent company.

Statement of adjustments in the Statement of cash flow – indirect method as of December 31, 2012 – Company

| | Balance in 2012 (original) | Adjustments | | Balance at 2012 (Restated) |
|---|-------------------------------|-------------|-----|-------------------------------|
| Profit or loss before Income tax (IR) and Social contribution on net income (CSLL) | (2,177,106) | 36,213 | (c) | 2,140,893 |
| Operational activities | | | | |
| Deferred taxes and contributions | 17,547 | (17,547) | (c) | - |
| Depreciation and amortization | 175,143 | 4,187 | (b) | 179,330 |
| Equity income (loss) | 1,679,172 | (25,851) | (b) | 1,653,321 |
| Changes in assets and liabilities | | | | |
| Tax liabilities and taxes payable | (15,175) | (18,666) | (c) | (33,841) |
| Others | (433,041) | 10,316 | (a) | (422,725) |
| Financing activities | | | | |
| Acquisition of own shares | (61,436) | (10,316) | (a) | (71,752) |

- (a) The balance of Repurchase of treasury shares was reclassified from other accounts receivable in Current Assets to the heading Capital reserves in Shareholders' equity for purposes of adequate presentation.
- (b) The subsidiary REP DI reevaluated the purpose of certain real estate, aimed at earning income and that are recorded in the heading fixed assets (originally presented) to investment properties (restated). The reflexes of the fair value adjustments are reflected in the balances of the parent company.
- (c) In the individual statements of cash flows ("Parent Company") and consolidated ones for the year ended December 31, 2012 (originally presented), the Company considered the "Net profit or loss for the year", however, for purposes of preparation of the respective statements for the year 2013, the Company considered the "Profit or loss before income tax and social contribution".

Statement of the adjustments to the Statement of value added as of December 31, 2012 – parent company

| | Balance in 2012 (original) | Adjustments | Balance at 2012 (Restated) |
|---|-------------------------------|-------------|-------------------------------|
| Inputs acquired from third parties | | | |
| Others | (13,066) | (2,059) (a) | (15,125) |
| Retentions | | | |
| Depreciation and amortization | (99,242) | (2,016) (a) | (101,258) |
| Added value received as transfer | | | |
| Equity income (loss) | (1,679,172) | 25,851 (b) | (1,653,321) |
| Added value for distribution | | | |
| | (1,730,968) | 21,776 | (1,709,192) |

- (a) Reclassification referring to stand depreciation expenses, which were originally classified into the group of “depreciation and amortization” retention, however, it refers to sales expenses, being classified into the group of Inputs acquired from third parties “Others”.
- (b) The subsidiary REP DI reevaluated the purpose of certain real estate, aimed at earning income and that are recorded in the heading fixed assets (originally presented) to investment properties (restated). The reflexes of the fair value adjustments are reflected in the balances of the parent company.

Statement of the adjustments to the Financial Statements – Consolidated for the year ended December 31, 2012

Consolidated balance sheets for the years ended December 31, 2012 and 2011

| (In thousands of reais) | Balance at 2011 (Original) | Adjustments Ref | 01/01/2012 (Restated) | Balance at 2012 (Original) | Adjustments Ref | Balance in 2012 (Restated) |
|--|----------------------------------|-----------------|--------------------------|----------------------------------|------------------|-------------------------------|
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 1,629,877 | 9,169 c) | 1,639,046 | 1,752,161 | 10,786 c) | 1,762,947 |
| Trade accounts receivable | 6,700,571 | 180,751 c) | 6,881,322 | 6,052,113 | 223,561 c) | 6,275,674 |
| Real estate inventories for sale | 3,780,791 | (138,540) c) | 3,642,251 | 2,103,971 | (31,604) c) | 2,072,367 |
| Current taxes recoverable | 101,163 | (582) c) | 100,581 | 120,957 | 84 c) | 121,041 |
| Credit receivables purchased | 52,831 | 200 c) | 53,031 | - | - | - |
| Related parties | 58,421 | 106,450 c) | 164,871 | - | - | - |
| Current accounts and loans with partners in projects | 13,295 | (1,397) c) | 11,898 | 51,193 | (1,529) c) | 49,664 |
| Unrecorded sales expenses | 106,689 | (139) c) | 106,550 | 64,213 | 812 c) | 65,025 |
| Others current assets | 213,380 | 82,697 c) | 296,077 | 236,625 | (42,254) a) / c) | 194,371 |
| Total current assets | 12,657,018 | 238,609 | 12,895,627 | 10,381,233 | 159,856 | 10,541,089 |
| Non-current assets | | | | | | |
| Long-term assets | | | | | | |
| Interest earning bank deposits | 40,738 | (3,271) c) | 37,467 | - | - | - |
| Investment available for sale | 51,648 | - | 51,648 | 57,337 | 274 c) | 57,611 |
| Trade accounts receivable | 2,188,609 | 30,831 c) | 2,219,440 | 1,742,477 | 26,248 c) | 1,768,725 |
| Debtore | 40,593 | - | 40,593 | 1,064 | - | 1,064 |
| Real estate for sale * | 931,124 | (65,955) c) | 865,169 | 2,634,526 | (65,984) c) | 2,568,542 |
| Deferred income and social contribution taxes | 83,480 | (314) c) | 83,166 | 195 | - | 195 |
| Unrecorded sales expenses | 69 | (29) c) | 40 | 43,665 | (29) c) | 43,636 |
| Current accounts and loans with partners in projects | 41,450 | (24,967) c) | 16,483 | 105,444 | 4,469 c) | 109,913 |
| Related parties | 32,648 | 41,156 c) | 73,804 | - | - | - |
| Current taxes recoverable | 6,025 | - | 6,025 | 6,364 | (162) c) | 6,202 |
| Advance for future capital increase | 1,297 | 41,767 c) | 43,064 | - | - | - |
| Credit receivables purchased | 57,512 | 181 c) | 57,693 | - | - | - |
| Other non-current assets | 32,882 | 12,894 c) | 45,776 | 110,164 | 11,491 c) | 121,655 |
| | 3,508,075 | 32,293 | 3,540,368 | 4,701,236 | (23,693) | 4,677,543 |
| Investments | 121,978 | 578,222 c) | 700,200 | 22,917 | 376,130 c) | 399,047 |
| Investment properties | - | 212,827 b) | 212,827 | - | 236,707 b) | 236,707 |
| Property, plant and equipment | 296,466 | (119,432) b) | 177,034 | 282,104 | (67,696) b) | 214,408 |
| Intangible assets | 669,542 | (7,399) c) | 662,143 | 646,682 | (21,741) b) | 624,941 |
| | 1,087,986 | 664,218 | 1,752,204 | 951,703 | 523,400 | 1,475,103 |
| Total non-current assets | 4,596,061 | 696,511 | 5,292,572 | 5,652,939 | 499,707 | 6,152,646 |
| Total assets | 17,253,079 | 935,120 | 18,188,199 | 16,034,172 | 659,563 | 16,693,735 |

Consolidated balance sheets for the years ended December 31, 2012 and 2011

| (In thousands of reais) | Balance at 2011 (Original) | Adjustments | Ref | 01/01/2012 (Restated) | Balance at 2012 (Original) | Adjustments | Ref | Balance in 2012 (Restated) |
|--|----------------------------------|----------------|-----------|--------------------------|----------------------------------|----------------|-----------|-------------------------------|
| Liabilities and shareholders' equity | | | | | | | | |
| Current liabilities | | | | | | | | |
| Loans and financing | 1,872,531 | 100,950 | c) | 1,973,481 | 1,840,885 | 60,854 | c) | 1,901,739 |
| Suppliers | 317,751 | 41,322 | c) | 359,073 | 260,003 | (3,793) | c) | 256,210 |
| Debenture | - | - | - | - | 316,727 | - | - | 316,727 |
| Payables for acquisition of real estate | 813,795 | 25,915 | c) | 839,710 | 682,387 | 14,650 | c) | 697,037 |
| Social charges and labor legislation obligations | 159,800 | - | - | 159,800 | 131,983 | 3,273 | c) | 135,256 |
| Tax installments | - | - | - | - | 3,148 | (3,148) | c) | - |
| Taxes payable | 338,916 | 6,058 | c) | 344,974 | 357,544 | 15,224 | c) | 372,768 |
| Provision for guarantees | 25,596 | 360 | c) | 25,956 | 93,504 | - | - | 93,504 |
| Income and social contribution taxes payable | 37,817 | - | - | 37,817 | 30,969 | (424) | c) | 30,545 |
| Related parties | 3,269 | 165,893 | c) | 169,162 | - | 48,227 | c) | 48,227 |
| Co-obligation in the assignment of receivables | 113,430 | - | - | 113,430 | 32,213 | - | - | 32,213 |
| Advances from clients | 442,438 | (12,374) | c) | 430,064 | 481,310 | (3,669) | c) | 477,641 |
| Dividends payable | 168,152 | - | - | 168,152 | - | - | - | - |
| Current accounts with partners in projects | 44,542 | 5,166 | c) | 49,708 | 48,227 | (48,227) | c) | - |
| Liability regarding the acquisition of equity interest | 105,445 | - | - | 105,445 | 163,859 | - | - | 163,859 |
| Other liabilities | 580,058 | 23,541 | c) | 603,599 | 15,503 | 36,657 | c) | 52,160 |
| Total current liabilities | 5,023,540 | 356,831 | | 5,380,371 | 4,458,262 | 119,624 | | 4,577,886 |
| Non-current liabilities | | | | | | | | |
| Long-term liabilities | | | | | | | | |
| Loans and financing | 1,738,094 | 73,340 | c) | 1,811,434 | 2,431,170 | 79,145 | c) | 2,510,315 |
| Suppliers | 248 | (248) | c) | - | 209 | (209) | c) | - |
| Debenture | 1,580,065 | - | - | 1,580,065 | 1,426,113 | - | - | 1,426,113 |
| Payables for acquisition of real estate | 177,665 | 9,175 | c) | 186,840 | 139,990 | 9,523 | c) | 149,513 |
| Fiscal and labor obligations | 485 | (485) | c) | - | 749 | (645) | c) | 104 |
| Tax installments | 2,654 | 1 | c) | 2,655 | 48 | (48) | c) | - |
| Deferred tax liabilities | 205,826 | 5,541 | c) | 211,367 | 148,157 | 2,741 | b) | 150,898 |
| Provision for guarantees | 27,326 | (1,575) | c) | 25,751 | 320 | (320) | c) | - |
| Provision for contingencies | 27,456 | 47 | c) | 27,503 | 139,262 | 568 | c) | 139,830 |
| Related parties | 13,663 | 17,617 | c) | 31,280 | - | - | - | - |
| Co-obligation in the assignment of receivables | 16,477 | 13,883 | c) | 30,360 | 78,114 | - | - | 78,114 |
| Obligations for the issuance of CCB/CRIs | 1,464,234 | - | - | 1,464,234 | 1,503,234 | (2,982) | c) | 1,500,252 |
| Advances from clients | 319,060 | (29,593) | c) | 289,467 | 376,745 | (26,507) | c) | 350,238 |
| Advances for future capital increase | 103,010 | 53,046 | c) | 156,056 | - | - | - | - |
| Other liabilities | 116,388 | (24,934) | c) | 91,454 | 301,686 | 1 | c) | 301,687 |
| Total non-current liabilities | 5,792,651 | 115,815 | | 5,908,466 | 6,545,797 | 61,267 | | 6,607,064 |
| Shareholders' equity | | | | | | | | |
| Capital | 4,822,039 | - | - | 4,822,039 | 4,907,843 | - | - | 4,907,843 |
| Capital reserve and treasury shares | 103,523 | - | - | 103,523 | 792,301 | (10,316) | a) | 781,985 |
| Retained earning or cumulative losses reserve | 1,552,369 | - | - | 1,552,369 | (624,737) | 21,776 | b) | (602,961) |
| Other comprehensive income | (58,107) | - | - | (58,107) | (58,107) | - | - | (58,107) |
| Shareholders' equity attributable to controlling shareholders | 6,419,824 | - | | 6,419,824 | 5,017,300 | 11,460 | | 5,028,760 |
| Shareholders' equity attributable to non-controlling shareholders | 17,064 | 462,474 | c) | 479,538 | 12,813 | 467,212 | c) | 480,025 |
| Total shareholders' equity | 6,436,888 | 462,474 | | 6,899,362 | 5,030,113 | 478,672 | | 5,508,785 |
| Total liabilities and shareholders' equity | 17,253,079 | 935,120 | | 18,188,199 | 16,034,172 | 659,563 | | 16,693,735 |

Consolidated Income Statement for the year ended December 31, 2012.

(In thousands of reais)

| | 2012 (Original) | Adjustments | Ref.: | 2012 (Restated) |
|--|--------------------|-----------------|---------|--------------------|
| Net operating income | 4,358,499 | 7,787 | c) | 4,366,286 |
| Cost of units sold | (5,165,456) | (76,699) | c) | (5,242,155) |
| Gross Income | (806,957) | (68,912) | | (875,869) |
| Operating income and expenses | | | | |
| Commercial | (273,537) | 1,574 | c) | (271,963) |
| General and administrative | (437,271) | (8,560) | c) | (445,831) |
| Tax | (30,186) | (26) | c) | (30,212) |
| Equity in net income of subsidiaries | (1,864) | 34,896 | c) | 33,032 |
| Capital gains (losses) in subsidiaries | (90,337) | (10,934) | c) | (101,271) |
| Depreciation and amortization | (175,143) | (4,187) | b) | (179,330) |
| Other operating income (expenses), net | (30,795) | 43,667 | b) / c) | 12,872 |
| Operating income | (1,039,133) | 56,430 | | (982,703) |
| Income (loss) before financial income and expenses | (1,846,090) | (12,482) | | (1,858,572) |
| Financial income, net | (116,774) | 1,672 | c) | (115,102) |
| Income (loss) before income and social contribution taxes | (1,962,864) | (10,810) | | (1,973,674) |
| Income and social contribution taxes | (209,991) | (3,121) | | (213,112) |
| Net loss for the year | (2,172,855) | (13,931) | | (2,186,786) |
| Assigned to | | | | |
| Parent company's interest holders | (2,177,106) | 21,776 | | (2,155,330) |
| Non-controlling interest holders | 4,251 | (35,707) | | (31,456) |
| Net income (loss) per share (in reais) - Basic | (1.76890) | | | (1.75121) |
| Net income (loss) per share (in reais) - Diluted | (1.50982) | | | (1.49472) |

* The balance of 2012 under the caption advance of suppliers was reclassified to inventory, for better presentation.

- a) The balance of Repurchase of treasury shares was reclassified from other accounts receivable in Current Assets to the heading Capital reserves in Shareholders' equity for purposes of adequate presentation.
- b) The subsidiary REP DI reevaluated the purpose of certain real estate, and then the balance of real estate aimed at earning income and that are recorded in the heading fixed assets (originally presented) was reclassified in the consolidated financial statements as of January 1, 2012 and December 31, 2012 into investment properties (restated). Additionally, the subsidiary REP DI changed the subsequent measurement method of the investment properties from cost to fair value, the fair value measurement being described in Note 8.
- c) As mentioned in Note 2.19.b, as result of the changes to the CPC 36, the Group changed its accounting policy adopted for determining when it holds control over its investees, and consequently, when it consolidates them. CPC 36(R3) introduced a new control model, which focuses on the existence of power of the Group over an investee, its exposure or right to variable returns from its involvement with the investee, and its ability to use its power to affect such returns. Then the Company consolidated several entities that did not use to be consolidated, increasing the non-controlling interests and the assets and liabilities related to these subsidiaries.

**Consolidated statements of changes in shareholders' equity for the years ended December 31, 2011, December 31, 2012
 and January 1, 2012**

| | Capital | | | Capital, granted options and treasury shares reserves | Profit reserves | | | | | | Consolidated Shareholders' equity | |
|--|------------------|---------------------|-----------------------------|--|-----------------|----------------------|-----------------------------|--|----------------------------------|-------------------------|---|----------------------------------|
| | Paid-up capital | Funding expenses | Capital, net of expenses | | Legal reserve | Statutory reserve | Retained earnings (loss) | Retained earnings or cumulative losses reserves | Other comprehensive income | Shareholders 'equity | | Interest of non - controlling |
| Balances at December 31,2010 | 4.810.099 | (52.240) | 4.757.859 | 153.087 | 70.100 | 942.414 | - | 1.012.514 | (35.464) | 5.887.996 | 76.852 | 5.964.848 |
| Subscription of shares | 64.177 | 3 | 64.180 | 16.110 | - | - | - | - | - | 80.290 | - | 80.290 |
| Apropriation of granted options expenses | - | - | - | (31.685) | - | - | - | - | - | (31.685) | - | (31.685) |
| Repurchase of shares | - | - | - | (33.989) | - | - | - | - | - | (33.989) | - | (33.989) |
| Acquisition of interests from noncontrolling interests | - | - | - | - | - | - | - | - | (22.643) | (22.643) | - | (22.643) |
| Net change in noncontrolling interests | - | - | - | - | - | - | - | - | - | - | (56.220) | (56.220) |
| Net income for the year | - | - | - | - | - | - | 708.007 | 708.007 | - | 708.007 | (3.568) | 704.439 |
| Allocations | - | - | - | - | - | - | - | - | - | - | - | - |
| .Dividends approved | - | - | - | - | - | (168.152) | - | (168.152) | - | (168.152) | - | (168.152) |
| .Transfer to reserves | - | - | - | - | 35.401 | 672.606 | (708.007) | - | - | - | - | - |
| Balances at December 31,2011 | 4.874.276 | (52.237) | 4.822.039 | 103.523 | 105.501 | 1.446.868 | - | 1.552.369 | (58.107) | 6.419.824 | 17.064 | 6.436.888 |
| Adjustment arising from the adoption of IFRS 10 and 11 | - | - | - | - | - | - | - | - | - | - | 462.474 | 462.474 |
| Balances at January 1,2012 (Restated) | 4.874.276 | (52.237) | 4.822.039 | 103.523 | 105.501 | 1.446.868 | - | 1.552.369 | (58.107) | 6.419.824 | 479.538 | 6.899.362 |
| Subscription of shares | 85.804 | - | 85.804 | 775.868 | - | - | - | - | - | 861.672 | - | 861.672 |
| Reversal of granted options expenses | - | - | - | (25.655) | - | - | - | - | - | (25.655) | - | (25.655) |
| Repurchase of shares | - | - | - | (71.751) | - | - | - | - | - | (71.751) | - | (71.751) |
| Net change in noncontrolling interests | - | - | - | - | - | - | - | - | - | - | 487 | 487 |
| Net loss for the year | - | - | - | - | - | - | (2.155.330) | (2.155.330) | - | (2.155.330) | - | (2.155.330) |
| Allocations: | - | - | - | - | - | - | - | - | - | - | - | - |
| Offset against losses | - | - | - | - | (105.501) | (1.446.868) | 1.552.369 | - | - | - | - | - |
| Balances at December 31,2012 (Restated) | 4.960.080 | (52.237) | 4.907.843 | 781.985 | - | - | (602.961) | (602.961) | (58.107) | 5.028.760 | 480.025 | 5.508.785 |

Statements of cash flows for the years ended December 31, 2012.

| | Balance in 2012 Original | Adjustments | Ref | Balance in 2012 (Restated) |
|---|-----------------------------|------------------|-----|-------------------------------|
| Net cash generated (invested in) in operational activities | (1,277,984) | 404,179 | | (873,805) |
| Cash flow from operating activities | (1,586,880) | 228,269 | | (1,358,611) |
| Income (loss) before income tax | (1,962,864) | (10,810) | | (1,973,674) |
| Adjustment for reconciliation of net income for the period and the cash inflow from operational activities | | | | |
| Depreciation and amortization | 175,143 | 4,187 | c) | 179,330 |
| Commercial expenses – Write-off of stand | - | 70,181 | c) | 70,181 |
| Financial Expenses Interest paid and monetary variation | 87,519 | 178,623 | c) | 266,142 |
| Inventory surplus | - | 52,920 | c) | 52,920 |
| Adjustment to present value | (19,703) | 30,334 | c) | 10,631 |
| Provision for contingencies and guarantees | 66,479 | (66,479) | c) | - |
| Equity income (loss) | 1,864 | (34,896) | c) | (33,032) |
| Capital gains/losses in subsidiaries | 90,337 | 10,934 | c) | 101,271 |
| REP Fair Value | - | (94,244) | b) | (94,244) |
| Adjustment to fair value - debentures | - | 87,519 | | 87,519 |
| Expenses with SOP adjustments | (25,655) | - | | (25,655) |
| Changes in assets and liabilities | 308,896 | 175,910 | | 484,806 |
| Loan agreement receivable | - | (37,766) | c) | (37,766) |
| Accounts receivable | 1,114,293 | (68,561) | c) | 1,045,732 |
| Taxes recoverable | (20,133) | (504) | c) | (20,637) |
| Real estate inventories for sale | 8,650 | (195,059) | c) | (186,409) |
| Unrecognized expenses | (1,120) | (951) | c) | (2,071) |
| Current accounts with project partners of the ventures | (101,759) | (9,635) | c) | (111,394) |
| Debenture | 39,529 | - | | 39,529 |
| Related parties | 74,137 | (35,904) | c) | 38,233 |
| Advances from clients | 96,557 | 11,794 | c) | 108,351 |
| Suppliers | (93,019) | (9,887) | c) | (102,906) |
| Others | (438,344) | 389,202 | c) | (49,142) |
| Payables for acquisition of real | (169,083) | (10,917) | c) | (180,000) |
| Fiscal and labor obligations | (76,563) | 50,029 | c) | (26,534) |
| Income and social contribution taxes | (124,249) | (10,693) | c) | (134,942) |
| Assignment of credit right operations | - | 110,724 | c) | 110,724 |
| Investment available for sale | - | (5,962) | c) | (5,962) |
| | - | - | | - |
| Net cash generated (invested in) investing activities | (175,657) | 116,551 | | (59,106) |
| Acquisition and Write-off of Property, plant and equipment | (9,279) | (97,475) | c) | (106,754) |
| Acquisition of investment property | - | (16,865) | b) | (16,865) |
| Liability regarding the acquisition of equity interest | 58,414 | - | | 58,414 |
| Advances for future capital increase | (103,010) | (9,982) | c) | (112,992) |
| Intangible assets | (128,642) | 106,230 | c) | (22,412) |
| Acquisition of Interest in associates and subsidiaries | 6,860 | 134,643 | c) | 141,503 |
| Net cash generated (invested in) financing activities | 1,575,925 | (519,113) | | 1,056,812 |
| Capital increase social | 861,675 | (775,871) | c) | 85,804 |
| Loans and financing | 775,686 | (336,878) | c) | 438,808 |
| Proposed dividends | - | (168,152) | c) | (168,152) |
| Reserves | - | 775,868 | c) | 775,868 |
| Treasury shares | (61,436) | (10,315) | c) | (71,751) |
| Interest of non-controlling shareholders | - | (3,765) | c) | (3,765) |
| Net increase (decrease) in cash and cash equivalents | 122,284 | 1,617 | | 123,901 |
| Balance of cash and cash equivalents at the beginning of the year | 1,629,877 | 9,169 | | 1,639,046 |
| Balance of cash and cash equivalents at the end of the year | 1,752,161 | 10,786 | | 1,762,947 |
| Net increase (decrease) in cash and cash equivalents | 122,284 | 1,617 | | 123,901 |

- a) The balance of Repurchase of treasury shares was reclassified from other accounts receivable in Current Assets to the heading Capital reserves in Shareholders' equity for purposes of adequate presentation.
- b) The subsidiary REP DI revaluated the purpose of certain real estate, and then the balance of real estate aimed at earning income and that are recorded in the heading fixed assets (originally presented) was reclassified in the consolidated financial statements as of January 1, 2012 and December 31, 2012 into investment properties (restated). Additionally, the subsidiary REP DI changed the subsequent measurement method of the investment properties from cost to fair value, the fair value measurement being described in Note 8.

- c) As mentioned in Note 2.19.b, as result of the changes to the CPC 36, the Group changed its accounting policy adopted for determining when it holds control over its investees, and consequently, when it consolidates them. CPC 36(R3) introduced a new control model, which focuses on the existence of power of the Group over an investee, its exposure or right to variable returns from its involvement with the investee, and its ability to use its power to affect such returns. Then the Company consolidated several entities that did not use to be consolidated, increasing the non-controlling interests and the assets and liabilities related to these subsidiaries.

Statements of consolidated added value for the years ended December 31, 2012

| (In thousands of reais) | Balance in 2012 (Original) | Adjustments | Balance in 2012 (Restated) |
|---|---------------------------------------|--------------------|---------------------------------------|
| Income | 4,475,066 | 96,614 | 4,571,680 |
| Gross income from the sale of real estate and services | 4,379,764 | 57,892 | 4,437,656 |
| Other operating and non-operating income | 95,302 | 38,722 | 134,024 |
| Inputs acquired from third parties | (5,616,912) | (151,402) | (5,768,314) |
| Cost of goods, merchandise and services sold | (5,165,456) | (119,654) | (5,285,110) |
| Materials, Energy, Third-party services and other | (361,119) | (20,814) | (381,933) |
| Loss/recovery of asset values | (90,337) | (10,934) | (101,271) |
| Gross added value | (1,141,846) | (54,788) | (1,196,634) |
| Retentions | (244,400) | (5,128) | (249,528) |
| Depreciation and amortization | (92,898) | (86,432) | (179,330) |
| Goodwill amortizations | (151,502) | 81,304 | (70,198) |
| Net added value produced | (1,386,246) | (59,916) | (1,446,162) |
| Added value received as transfer | 262,587 | 85,590 | 348,177 |
| Equity income (loss) | (1,864) | 34,896 | 33,032 |
| Financial income | 264,451 | 10,725 | 275,176 |
| Others | - | 39,969 | 39,969 |
| Added value for distribution | (1,123,659) | 25,674 | (1,097,985) |
| Distribution of added value | (1,123,659) | 25,674 | (1,097,985) |
| Personnel | 219,256 | 2,861 | 222,117 |
| Direct remuneration | 172,486 | 2,645 | 175,131 |
| Benefits | 34,149 | 156 | 34,305 |
| Contribution to the Severance Indemnity Fund – FGTS | 12,621 | 60 | 12,681 |
| Taxes, rates and contributions | 424,282 | 8,976 | 433,258 |
| Federal | 424,103 | 8,976 | 433,079 |
| State | 106 | - | 106 |
| Municipal | 73 | - | 73 |
| Remuneration of third party capital | 405,658 | 27,768 | 433,426 |
| Interest | 381,224 | 9,054 | 390,278 |
| Rents | 24,434 | 18,714 | 43,148 |
| Own capital remuneration | (2,172,855) | (13,931) | (2,186,786) |
| Retained earnings / Loss for the period of controlling shareholders | (2,177,106) | 21,776 | (2,155,330) |
| Retained earnings / Loss for the period of noncontrolling interests | 4,251 | (35,707) | (31,456) |

2.20 Foreign currency transactions

Transactions in foreign currency are translated into the respective functional currency of the Company (Real) at the exchange rates on the dates of the transactions. Monetary assets and liabilities denominated and calculated in foreign currencies on the date of presentation are converted into the functional currency at the exchange rate determined on that date. Exchange gain or loss in monetary items is the difference between the amortized cost of the functional currency at the beginning of the period, adjusted by interest and effective payments during the period, and the amortized cost in foreign currency at the exchange rate at the end of the presentation period.

2.21 Assessment of the impacts of Provisional Measure No. 627

With the publication of the Regulatory Instruction 949/2009, the Company and its subsidiaries opted for the RTT (Transition tax regime) which enables companies to eliminate the accounting effects of Law No. 11,638/07 and of MP No. 449/08, converted into Law No. 11,941/09, by means of recording in the Taxable Income Calculation Book (LALUR) or subsidiary controls, without any modification in the accounting record.

On November 11, 2013 the Provisional Measure (MP) No. 627 was published revoking the Transition Tax Regime (RTT) and setting out other measures, among which are the following: (i) changes in the Decree-Law No. 1,598/77, which deals with the income tax of companies, as well as amends the legislation related to social contribution on net income; (ii) establishes that the modification or adoption of accounting methods and criteria, by means of administrative acts issued based on the competence attributed in the Commercial Law, that are subsequent to the publication of this MP, shall not have implication for the determination of federal taxes until the tax law regulates this matter; (iii) includes specific treatment on potential taxation of profit or dividends; (iv) includes the provisions on calculation of interest on capital; and includes considerations related to investments stated using the equity method.

Provisions of the Provisional Act will become mandatorily effective beginning as of calendar year 2015, with the option of early adopting its provisions beginning as of calendar year 2014.

In a preliminary evaluation, there will be no relevant impacts on the Company. Management will opt to apply them beginning as of calendar year 2014 for group companies that had construction work and receivables from 2008 to 2013 (62% of the companies). In addition, will wait for the enactment of Provisional Act no. 627/13 into Law to conduct a deeper and more conclusive analysis on other companies of the group.

2.22 New standards and interpretations not yet adopted

Several new Standards, amendments to standards and interpretations will become effective for the years started after January 1, 2014, and have not been adopted to the preparation of these financial statements. Those that may be relevant to the Group are listed below. The Group does not plan to adopt these standards in advance.

IFRS 9 Financial instruments

IFRS 9, as issued, reflects the first stage of IASB work to replace IAS 39 and applies to the classification and evaluation of financial assets and liabilities as defined by IAS 39.

This pronouncement would be initially applied beginning as of years started on or after January 1, 2013, but pronouncement *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011, postponed its enforcement to January 1, 2015. In subsequent stages, IASB will address issues such as hedge accounting and provision for losses in financial assets. The Company does not expect these reviews to be relevant for its financial statements, as none of its entities qualifies as investment entity.

Investment Entities (Revisions of IFRS 10, IFRS 12 and IAS 27)

Reviews will be effective for years beginning on or after January 1, 2014 and provide an exception to consolidation requirements applicable to entities that comply with the definition of investment entity in accordance with IFRS 10. This exception requires investment entities to record investments in subsidiaries in the statement of income at fair value. The Company does not expect these reviews to be relevant for its financial statements, as none of its entities qualifies as investment entity.

IAS 32 Offsetting of Financial Assets and Liabilities – IAS 32 Revision

These reviews clarify the meaning of “currently has the legally enforceable right of offsetting recognized amounts” and criteria that would make clearinghouses’ non-simultaneous settlement mechanisms qualifiable for offsetting. These reviews will become effective in years starting on or after January 1, 2014. The Company does not expect these reviews to be relevant to its financial statements.

IFRIC 21 Taxes

IFRIC 21 clarifies when an entity must recognize a tax liability upon occurrence of the payment-generating event. For a tax that requires payment to be originated upon achievement of some metric, interpretation indicates that no liability should be recognized until this metric is achieved. IFRIC 21 will be effective for years ending on or after January 1, 2014. The Company does not expect IFRIC 21 to have material impact on its financial statements.

IAS 39 Rolling Over Derivatives and Continuation of Hedge Accounting – IAS 39 Revision

This review eases discontinuation of accounting hedge when renewal of a hedging derivative reaches certain criteria. These reviews will be effective for years starting on or after January 1, 2014. The Company did not renew its derivatives during current year. However, this review will be carried out in future derivative renewals.

3 Consolidation of subsidiaries

The subsidiaries were fully consolidated since the acquisition date, defined as the date when the Company obtains control over it, and continue being consolidated until that control is no longer in effect. The financial statements of subsidiaries usually are prepared for the same reporting period that the parent company, using consistent accounting policies.

Income for the period and each component of other comprehensive income directly recognized in shareholders' equity will be attributed to the parent company's owners and to minority interest.

i. Interest of non-controlling shareholders

For each business combination, the Group chooses to measure any minority interest in the acquired company using one of the following criteria:

At fair value or proportional interest of identifiable net assets of the acquiree, which are generally at fair value.

Changes to the Group's interest in a subsidiary that do not result in loss of control are accounted for as transactions with shareholders, in the capacity of shareholders. Adjustments to minority interest are based on a proportional amount of the subsidiary's net assets. No adjustment is made to goodwill based on future profitability and no gain or loss is recognized in income for the year.

ii. Loss of control

Upon loss of control, the Group derecognizes assets and liabilities of subsidiary, any non-controlling interest and other components recorded in shareholders' equity regarding this subsidiary. Any gain or loss resulting from loss of control is recognized in income. If the Group holds any interest in former subsidiary, this interest is measured at fair value on the date control is lost. Subsequently, this interest is calculated by using equity in associates, at cost or fair value in an asset available for sale, depending on the level of influence it still has.

iii. Transactions eliminated in the consolidation

Intragroup balances and transactions, and any unrealized income or expenses derived from intragroup transactions, are eliminated in the preparation of the consolidated financial statements. Unrealized gains originating from transactions with investee recorded using the equity method, are eliminated against the investment in the proportion of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the point where there is no evidence of loss due to impairment.

4 Cash and cash equivalents and interest earning bank deposits

a. Cash and cash equivalents

Refer substantially to bank balances and marketable securities maturing in less than 90 days without any penalty on redemption, relating to bank deposit certificates, repurchase agreements and fixed income funds. The Company has investment policies that determine which financial investments are concentrated in low-risk securities and investments in prime financial institutions, and paid on average 99% of Interbank Certificate Deposit (CDI):

| | Parent company | | Consolidated | |
|---|----------------|--------------------|------------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Cash and banks | 10,537 | 13,264 | 149,029 | 20,081 |
| Interest earnings bank deposits | | | | |
| Very short-term interest earnings bank deposits | - | 20,539 | 190,551 | 1,056,890 |
| Fixed-income investment funds | 16,719 | 66,602 | 201,064 | 100,322 |
| Bank deposit certificates (CDB) | 485,100 | 345,660 | 735,097 | 508,757 |
| Purchase and sale commitments | - | 43,439 | 33,716 | 76,897 |
| Subtotal | 501,819 | 476,240 | 1,160,428 | 1,742,866 |
| Total | 512,356 | 489,504 | 1,309,457 | 1,762,947 |

b. Interest earnings bank deposits

The Company maintains an investment fund classified as “Financial investments”. Fund shares are measured at market value and their earnings are recognized in income under caption “Financial income”. Balance as of December 31, 2013 totaled R\$43,891.

5 Trade accounts receivable

| | Parent company | | Consolidated | |
|-------------------------------------|----------------|--------------------|------------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Development and property sale | 121,033 | 129,275 | 8,461,239 | 8,192,898 |
| (-) Allowance for doubtful accounts | (263) | - | (20,329) | (18,692) |
| (-) Adjustment to present value | (2,152) | (1,103) | (140,665) | (129,807) |
| Total | 118,618 | 128,172 | 8,300,245 | 8,044,399 |
| Portion in current asset | 113,289 | 102,766 | 5,460,048 | 6,275,674 |
| Portion in non-current asset | 5,329 | 25,406 | 2,840,197 | 1,768,725 |
| Total | 118,618 | 128,172 | 8,300,245 | 8,044,399 |

Accounts receivable from real estate sales are substantially adjusted at INCC (national construction index) variation up to key delivery and then at IGP-M (general price index - market) variation plus interest of 12% p.a.

As of December 31, 2013 and 2012, the Company had balances in its consolidated accounts receivable, in the current portion, distributed as follows:

| | 2013 | | | 2012 (Restated) | | |
|--------------------|------------------------|---------------|------------------|------------------------|---------------|------------------|
| | In transfer process | Past due | Total | In transfer process | Past due | Total |
| Falling due | <u>4,465,637</u> | - | <u>4,465,637</u> | <u>4,536,665</u> | - | <u>4,536,665</u> |
| Overdue | <u>929,210</u> | <u>65,201</u> | <u>994,411</u> | <u>1,683,917</u> | <u>55,092</u> | <u>1,739,009</u> |
| 0–30 days | 476,339 | 7,273 | 483,612 | 396,530 | 6,929 | 403,459 |
| 31–60 days | 104,883 | 11,594 | 116,477 | 186,299 | 3,107 | 189,406 |
| 61–90 days | 137,893 | 7,708 | 145,601 | 334,997 | 2,534 | 337,531 |
| 91–120 days | 59,534 | 8,723 | 68,257 | 227,708 | 1,929 | 229,637 |
| 121–360 days | 51,399 | 6,424 | 57,823 | 429,444 | 23,749 | 453,193 |
| > 360 days | 99,162 | 23,479 | 122,641 | 108,939 | 16,844 | 125,783 |
| Total | <u>5,394,847</u> | <u>65,201</u> | <u>5,460,048</u> | <u>6,220,582</u> | <u>55,092</u> | <u>6,275,674</u> |

Maturities of amounts in the process of being transferred refer to the original date included in the purchase and sale agreement, and the Company only changes maturity date upon effective renegotiation with customers.

In transfer process

When the Company delivers its projects, almost the totality of clients undergoes a bank financing process (also known as transfer) that is required for the delivery of keys and entering into possession. Clients that are not approved for bank financing will be analyzed on an individual basis and may be terminated; therefore, they will not receive the keys and will not enter into possession of the real estate.

Clients that do not address financing conditions will not receive the units and the Company will return, according to contract, a portion of received balance and will place units for sale again.

Balances of accounts receivable from units completed or under construction

The consolidated balances of accounts receivable for completed units, as of December 31, 2013, amounted to R\$ 2,699,137 (R\$ 2,183,988 as of December 31, 2012) and for units under construction, as of December 31, 2013 amounted to R\$ 5,601,108 (R\$ 5,860,411 as of December 31, 2012).

Aging list, per maturity year, of long-term notes receivable balances are as follows:

| Year of maturity | Parent company | | Consolidated | |
|------------------|----------------|--------------------|------------------|------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| 2014 | - | 13,487 | - | 938,936 |
| 2015 | 2,592 | 5,199 | 1,378,416 | 361,819 |
| 2016 | 624 | 1,503 | 331,989 | 104,680 |
| 2017 | 780 | 1,376 | 414,998 | 95,671 |
| 2018 | 366 | 1,127 | 194,549 | 78,334 |
| 2019 | 310 | 1,845 | 164,812 | 60,634 |
| 2020 onwards | 657 | 869 | 355,433 | 128,651 |
| Total | 5,329 | 25,406 | 2,840,197 | 1,768,725 |

Present value adjustment

Present value adjustment of accounts receivable from units not completed and recognized on a proportional basis at criterion described in Note 2.10 is calculated by using an average discount rate of 5.75% in the financial statements as of December 31, 2013 (4.65% in the year ended December 31, 2012), calculated at the average rate of the Company's and its subsidiaries' loan raising less inflation (IPC-A). This rate is compared to NTN-B and the highest is used. Current used rate is NTN-B. Discount rate is periodically reviewed by the Company's management.

Allowance for doubtful accounts

The Company recognized as allowance for doubtful accounts, the amount of R\$ 20,329 (R\$ 18,692 in the period ended December 31, 2012), approximately 31% on the overdue balances of December 31, 2013. Overdue balances refer to "pro-soluto" cases (cases without appeal); i.e. units that were passed on to customers and have payables to the Company.

Untreated units

The Company and its subsidiaries recognize termination of units as a reversal of accumulated revenues and costs previously recorded to the extent of construction work progress at the time of contract rescission.

The Company, during the year ended December 31, 2013, recorded a volume of 10.410 units for which the contracts were rescinded, 60.42% of them due to income insufficiency, 33.45% due to project termination, and 6.13% for several other reasons. Out of the amount of rescissions, except for reported projects, 56.77% of the balance was resold in the same year at a price that was 14.95% higher than the rescinded amounts.

6 Real estate inventories for sale

| | Parent company | | Consolidated | |
|------------------------------------|----------------|--------------------|------------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Properties under construction | 5,153 | 10,947 | 1,424,700 | 1,782,795 |
| Concluded properties | 1,848 | - | 461,966 | 464,112 |
| Lands for future developments | 50,561 | 41,544 | 2,680,520 | 1,962,089 |
| Advances to suppliers of inventory | 45 | - | 28,045 | 112,677 |
| Capitalized interest | 1,934 | 2,381 | 197,322 | 232,026 |
| Goodwill on land | - | - | 64,635 | 87,210 |
| Total | 59,541 | 54,872 | 4,857,188 | 4,640,909 |
| Portion in current assets | 20,828 | 38,847 | 2,486,329 | 2,072,367 |
| Portion in non-current assets | 38,713 | 16,025 | 2,370,859 | 2,568,542 |
| Total | 59,541 | 54,872 | 4,857,188 | 4,640,909 |

Book value of a project's land is transferred to caption "Real Estate under Construction", within the heading "Property Inventory to negotiate", when units are placed for sale, that is, when the project is launched.

The goodwill balance corresponds to the valuation of land properties, and the capitalized interests in the parent company are recorded as "Investments" and in "Real estate for sale" in the consolidated, in accordance with OCPC 01.

Lands for future developments

The Company reclassifies part of its inventory to the non-current portion in accordance with entry schedule for subsequent years to caption "Land for future projects". Under the Company's new strategic plan, plots of land that would be used in the launches initially scheduled for 2013 were transferred and reclassified into non-current assets, until new launch dates are established.

The Company conducted cost and market analysis, the lower, and observed that realization values of these pieces of land remain higher than presented book values.

As of December 31, 2013, the Company accumulates the amount of R\$184,908 referring to property expenses in the city of Salvador. This amount, classified as "Land for future projects", will be assigned to enterprises considered in the project denominated "Mintaka" by the Company.

Allocation of financial expenses

Loan, financing and debenture financial expenses, whose funds were used in the process of building real estate projects, are capitalized in caption "Real estate inventories for sale" and recognized in income under caption "Cost of Properties Sold" in the consolidated, in accordance with each project's sales percentage.

The balances of financial charges applicable to the parent company are shown under “Investments”, as Note 7. Changes on December 31, 2013 are as follows:

| | Parent company | | Consolidated | |
|---|----------------|-----------------|----------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Opening balance | 2,381 | 1,883 | 232,026 | 218,169 |
| Capitalized finance costs related to: | | | | |
| Loans and financing | 5,746 | 3,060 | 292,803 | 330,503 |
| Debenture | - | - | 45,869 | 171,198 |
| Total financial charges capitalized in the year | 5,746 | 3,060 | 338,672 | 501,701 |
| Charges appropriated to the statement of income in the cost of properties | (6,193) | (2,562) | (373,376) | (487,844) |
| Total | 1,934 | 2,381 | 197,322 | 232,026 |

7 Investments

a. Information on subsidiaries as of December 31, 2013 and 2012

Interest in subsidiaries, valued using the equity method, are determined according to the balance sheets of the respective investees on the base date of December 31, 2013 and 2012.

Subsidiaries are engaged in performing real estate developments related to trading of home and commercial real estate.

The Company has shareholder agreements related to subsidiaries with shareholding interest lower than 100%. As regards decisions of subsidiaries’ management, the Company has a seat in their Board of Directors and/or Executive Office and takes part in all business strategic decisions.

Subsidiaries’ financial statements used to calculate equity in investees and to consolidate adopt the same accounting practices adopted by the Company, which are described in Note 2, when applicable. The summary of main financial statements of subsidiaries is described in Note 7c.

b. Information on jointly-owned subsidiaries and associates as of December 31, 2013 and 2012

| 2013 | | | | | | | | | |
|--|--------|-------------------|---------------------------|------------------------|--------------------------------|-------------------------|---------------|--|--|
| | %PDG | Current assets | Non- current assets | Current liabilities | Non- current liabilities | Shareholders' equity | Net income | Income (loss) for the year 100% | Equity in net income of subsidiaries |
| Costa São Caetano Empreendimentos S.A. | 25.00% | 205,031 | - | 136,271 | 11,144 | 57,616 | 54,771 | 17,818 | 4,455 |
| Londres Empreendimentos S.A. | 25.00% | 216,103 | - | 112,810 | 18,727 | 84,566 | 90,084 | 36,129 | 9,032 |
| Chl Lxxviii Incorporações Ltda | 50.00% | 88,207 | 38,170 | 25,390 | 70,517 | 30,470 | 50,762 | 17,193 | 8,597 |
| Spe Reserva Do Alto Aricanduva Construcões Ltda | 25.00% | 1,473 | 2,006 | 305 | - | 3,174 | (457) | (281) | (70) |
| Spe Gil Pinheiro Desenvolvimento Imobiliario Ltda | 50.00% | (2,004) | 2,954 | 612 | 1,115 | (777) | (228) | (492) | (246) |
| Vila Maria Empreend. Imobil. Spe Ltda. | 50.00% | 2,151 | - | 202 | - | 1,949 | (77) | (452) | (226) |
| Padre Adelino Empreend. Imob. Ltda. | 50.00% | 943 | - | 99 | 63 | 781 | 222 | 351 | 176 |
| Petronio Portela Empr. Imob. Spe Ltda | 50.00% | 198 | - | 91 | - | 107 | 5 | (34) | (17) |
| Estela Borges Empr. Imob. Spe Ltda. | 50.00% | 1,832 | 30 | (268) | 736 | 1,394 | 999 | 632 | 316 |
| Habiarte Barc PDG Porto Búzios Incorporação S.A. | 50.00% | 2,850 | - | 889 | 20 | 1,941 | 221 | (707) | (354) |
| Habiarte Barc PDG Cidade Madri Incorporação S.A. | 50.00% | 5,538 | - | 734 | 1,445 | 3,359 | 8,640 | 557 | 279 |
| HB3 SPE Empreendimentos Imobiliários S.A. | 50.00% | 44,680 | - | (846) | 37,058 | 8,468 | 18,745 | 3,606 | 1,803 |
| HB9 SPE Empreendimentos Imobiliários S.A. | 50.00% | 23,076 | 549 | 14,191 | 3,627 | 5,807 | 18,665 | 3,308 | 1,654 |
| Agra Cyrela SPE Ltda | 50.00% | 953 | 1,044 | (112) | 25 | 2,084 | 66 | 224 | 112 |
| Dolce vita incorporação Ltda | 30.00% | 49 | 51,682 | 51,816 | 1 | (86) | (164) | (93) | (28) |
| Ipiranga SPE S.A. | 35.00% | 1,152 | - | 619 | 433 | 100 | (244) | 222 | 78 |
| Morumbi Spe S.A. | 40.00% | 4,300 | 3,235 | 264 | 2,393 | 4,878 | 1,080 | 490 | 196 |
| Paiol Velho Ltda | 39.00% | 25,472 | 1,240 | 3 | 6 | 26,703 | - | 2 | 1 |
| Sjc Investimentos Imobiliarios Ltda | 20.00% | 404 | 23,173 | 1 | - | 23,576 | 1 | (31) | (6) |
| Vila Mascote SPE S.A. | 35.00% | 1,468 | 704 | 269 | 473 | 1,430 | 207 | (210) | (74) |
| Grand Life Botafogo Empreendimento Imobiliario Spe Ltda | 50.00% | 4,399 | 4,564 | 291 | 3,258 | 5,414 | 53 | (236) | (118) |
| Klabin Segall Fit 1 Empreendimento Imobiliario Spe Ltda. | 50.00% | (2) | 7,211 | 17 | 980 | 6,212 | - | (92) | (46) |
| Construtora Sao Jose Spe Salvador - Rua Dos Bandeirantes Ltda. | 50.00% | 26 | 29 | 31 | - | 24 | - | (1) | (1) |
| Quadra B-20 Incorporadora Ltda | 50.00% | 52 | - | 62 | - | (10) | - | (5) | (3) |
| Quadra 71 Incorporadora Ltda | 33.34% | 630 | - | 622 | - | 8 | - | - | - |
| Iepe - Investimentos Imob.S Ltda | 30.00% | 39,224 | - | 5,344 | 927 | 32,953 | (24) | 13,199 | 3,960 |
| Gliese Incorporadora Ltda | 42.46% | 113,762 | 33,897 | 79,235 | 22,550 | 45,874 | 2,955 | 4,430 | 1,881 |
| Paineira Incorporadora Ltda. | 30.00% | 9,838 | 10,599 | 19,149 | - | 1,288 | 19 | 746 | 224 |
| Cyrela Tecnisa Klabin Segall Empr | 35.00% | 6,627 | 75 | (1,265) | 5 | 7,962 | 553 | 960 | 336 |
| Api Spe 08 - Planej. e desenv. de empreend. imob. Ltda | 50.00% | 108,140 | 220 | 35,611 | 10,853 | 61,896 | - | - | - |
| Schahin Astúrias Incorporadora Ltda | 30.00% | 3,778 | 13,700 | 610 | 573 | 16,295 | 3,877 | 542 | 163 |
| Murcia Empreendimentos Imobiliários Ltda | 30.00% | 27,000 | - | 8,345 | - | 18,655 | - | - | - |
| Bni Pacifico Desenvolvimento Imobil. Ltda | 50.00% | 1,914 | - | 18 | - | 1,896 | - | - | - |
| Bni Estuário Desenvolvimento Imobiliário Ltda | 33.34% | 5 | - | 8 | 988 | (991) | - | (6) | (2) |
| Malmequer Empreendimentos S.A. | 42.50% | 118,396 | - | 72,110 | 531 | 45,755 | 1,765 | 2,039 | 867 |
| Cyrela Oceania Empreendimentos Imobiliarios Spe Ltda | 20.00% | 1,731 | 2,188 | (2,535) | 147 | 6,307 | 423 | 976 | 195 |
| Coreopisis Empreendimento S.A. | 42.50% | 110,647 | 25 | 118,837 | 474 | (8,639) | 1,587 | 1,324 | 563 |
| Bni Indico Desenvolvimento Imobiliário Ltda | 50.00% | 3,911 | 2,913 | 9,802 | 179 | (3,157) | 3,565 | (348) | (174) |
| Jardim Sul Incorporadora Ltda | 20.00% | 534 | 4,175 | 2,357 | 311 | 2,041 | 2,092 | 1,031 | 206 |
| Jetirana Empreendimentos S.A. | 50.00% | 39,335 | 673 | 3,739 | 1,625 | 34,644 | 25,560 | 7,060 | 3,530 |
| Klabin Segall Cyrela Spe Ltda. | 41.50% | 1,497 | 3,145 | 358 | 260 | 4,024 | (19) | 45 | 19 |
| Bela Manhã Spe - Planejamento Imobiliário Ltda | 50.00% | 7,562 | - | 1,633 | - | 5,929 | - | (1,666) | (833) |
| Bela Cidade Spe - Planejamento Imobiliário Ltda | 50.00% | 13,886 | - | 1,435 | 6,750 | 5,701 | - | - | - |
| Bela Visão Spe - Planejamento Imobiliário Ltda | 50.00% | - | - | - | - | - | - | - | - |
| Schahin Borges De Figueiredo Incorporadora Ltda | 30.00% | 26,753 | - | 63 | - | 26,690 | - | - | - |
| Windsor Investimentos Imobiliários Ltda | 25.00% | 496,828 | 228,040 | 64,647 | 387,130 | 273,091 | 414,268 | 166,522 | 41,631 |
| Quatorze De Maio Empreendimentos Imobiliários Ltda | 18.00% | 6,585 | - | 6,705 | - | (120) | - | (3) | (1) |
| Inpar - Abyara - Projeto Residencial America Spe Ltda | 30.00% | 10,257 | 7,808 | 7,753 | 7,191 | 3,121 | 9,967 | 1,346 | 404 |
| Inpar - Abyara - Projeto Residencial Santo Amaro Spe Ltda | 30.00% | 9,249 | 18,077 | 5,090 | 1,206 | 21,030 | (197) | (1,283) | (385) |
| Scp - Eusebio Steuvax | 50.00% | - | 2,880 | - | - | 2,880 | - | - | - |
| General Rondon Incorporadora Ltda | 50.00% | 7,174 | 7 | 2,696 | 80 | 4,405 | 239 | (58) | (29) |
| 31 De Janeiro Empreendimentos Imobiliarios Ltda | 50.00% | 76,224 | 22,839 | 13,321 | 28,172 | 57,570 | - | - | - |
| Cyrela Tennessee emp. imob. S.A. | 25.00% | 4,938 | 7,506 | 188 | 300 | 11,956 | 282 | 1,459 | 365 |
| Cyrela Milão Empreendimentos Imobiliários S.A. | 50.00% | 7,459 | 5,770 | 2,241 | 583 | 10,405 | 522 | 1,385 | 693 |
| Queiroz Galvão Cyrela Empreendimentos Imobiliários S.A. | 20.00% | 437 | - | 34 | - | 403 | 12 | 172 | 34 |
| Queiroz Galvão Cyrela Mac Veneza Empreendimento Imob. S.A. | 20.00% | 95,487 | 19,545 | 11,106 | 64,329 | 39,597 | 1,873 | (27,181) | (5,436) |
| América Piqueri Incorporadora S.A. | 40.00% | 4,471 | - | 3,782 | 156 | 533 | 47 | 39 | 16 |
| Clube Tuiuti Empreendimento S.A. | 40.00% | 4,138 | - | 3,101 | 42 | 995 | 74 | 70 | 28 |
| Gardênia Participações S.A. | 50.00% | 4,449 | (4) | 1,127 | 133 | 3,185 | 153 | (121) | (61) |
| Giardino Desenvolvimento Imobiliário S.A. | 50.00% | 530 | - | 54 | - | 476 | - | - | - |
| Giardino Empreendimentos Imobiliários S.A. | 50.00% | 691 | - | 127 | - | 564 | - | (3) | (2) |
| Prunus Empreendimentos S.A. | 42.50% | 13,588 | 170 | 9,908 | 763 | 3,087 | 883 | 717 | 305 |
| Tibouchina Empreendimento S.A. | 50.00% | 20,112 | - | 9,850 | 6 | 10,256 | 5 | 1,090 | 545 |
| Jardim Morumbi Empreendimento Imobiliário S.A. | 50.00% | 19,662 | 3,887 | 196 | 23,541 | (188) | 3,026 | (197) | (99) |
| Saint Hilaire Incorporação SPE S.A. | 50.00% | 2 | - | - | - | 2 | - | (1) | (1) |
| Camburiu Empreendimento Imobiliario S/A | 45.00% | 12,593 | 14 | 11,251 | - | 1,356 | 2,352 | (3,462) | (1,558) |
| Moinho Empreendimentos Imobiliários Ltda. | 45.00% | 9,088 | 730 | 9,837 | - | (19) | 127 | (153) | (69) |
| Aztronic Engenharia de Softwares Ltda. | 40.00% | 6,982 | 1,146 | 1,203 | - | 6,925 | 9,692 | 6,924 | 2,770 |
| TGLT S.A. | 27.18% | 722,965 | 74,567 | 572,704 | 115,786 | 109,042 | 41,498 | (14,767) | (4,014) |
| Tutóia Empreendimento Imobiliário S.A. | 25.00% | 1,325 | - | 966 | - | 359 | - | 28 | 7 |
| Girassol - Vila Madalena Empreendimentos Imobiliários S.A. | 50.00% | 562 | - | 77 | - | 485 | (1) | (14) | (7) |
| Ecolife Cidade Universitária Empreend Imob. S.A. | 40.00% | 933 | - | 367 | (141) | 707 | 84 | 102 | 42 |
| Consórcio de Urbanização Agrigento | 25.00% | 11,343 | 37,438 | 7,661 | 38,443 | 2,677 | 3,329 | 2,677 | 669 |
| Fator Ícone Empreendimentos Imobiliários S.A. | 50.00% | 28,940 | - | 3,079 | 24,156 | 1,705 | 916 | (5,307) | (2,654) |
| Parque Milênio II Empreend. Imob. S.A. | 50.00% | 14,935 | 1,437 | 1,922 | 8,310 | 6,140 | 2,248 | (129) | (65) |
| SPE Reserva I Empreendimento Imobiliário S/A | 50.00% | 60,453 | - | 26,434 | 13,900 | 20,119 | 68,610 | 19,708 | 9,854 |
| Santa Adelvina Empr. SPE Ltda | 50.00% | - | - | - | 133 | (133) | - | (5) | (3) |
| Shopping Burity Mogi Empreend. Imob. SPE Ltda | 50.00% | 1,572 | 80,647 | 4,265 | 43,576 | 34,378 | 5,989 | 2,160 | 1,080 |
| Centro de Conveniência e Serv Panamby | 1.00% | 990 | 22,158 | 186 | 4,735 | 18,227 | 2,775 | (1,983) | (20) |

80,484

2012

| | %PDG | Current assets | Non-current assets | Current liabilities | Non-current liabilities | Shareholders' equity | Net income | Income (loss) for the year 100% | Equity in net income |
|--|-------|----------------|--------------------|---------------------|-------------------------|----------------------|------------|---------------------------------|----------------------|
| Costa São Caetano Empreendimentos S.A. | 50.0% | 76,225 | 22,839 | 13,321 | 28,172 | 57,570 | 19,350 | 14,610 | 7,305 |
| Londres Empreendimentos S.A. | 50.0% | 11,733 | - | 7,270 | - | 4,463 | 332 | (99) | (50) |
| Chl Lxxviii Incorporações Ltda | 30.0% | 5,769 | 582 | 3,503 | 211 | 2,637 | (347) | (509) | (153) |
| Spe Reserva Do Alto Aricanduva Construcoes Ltda | 30.0% | 35,165 | 1,550 | 28,743 | 2,223 | 5,750 | 31,098 | 1,050 | 315 |
| Spe Gil Pinheiro Desenvolvimento Imobiliario Ltda | 18.0% | 6,365 | - | - | 6,482 | (117) | - | (7) | (1) |
| Vila Maria Empreend. Imobil. Spe Ltda. | 25.0% | 317,902 | 19,705 | 2,347 | 166,375 | 168,885 | - | (4,723) | (1,181) |
| Padre Adelino Empreend. Imob. Ltda. | 30.0% | 26,753 | - | 63 | - | 26,690 | - | - | - |
| Petronio Portela Empr. Imob. Spe Ltda | 50.0% | 2,561 | - | 4 | 100 | 2,457 | - | (246) | (123) |
| Estela Borges Empr. Imob. Spe Ltda. | 50.0% | 8,055 | - | 53 | 1,438 | 6,564 | - | (100) | (50) |
| Habiarte Barc PDG Porto Búzios Incorporação S.A. | 50.0% | 30,187 | 686 | 1,998 | 687 | 28,189 | 13,107 | 2,547 | 1,273 |
| Habiarte Barc PDG Cidade Madri Incorporação S.A. | 43.0% | 106,220 | - | 115,922 | 145 | (9,847) | 27,688 | 3,370 | 1,449 |
| HB3 SPE Empreendimentos Imobiliários S.A. | 43.0% | 109,011 | - | 41,961 | 666 | 66,384 | 19,374 | 16,433 | 7,066 |
| HB9 SPE Empreendimentos Imobiliários S.A. | 30.0% | 10,508 | 10,000 | 1,246 | 7,975 | 11,287 | 1,540 | (2,452) | (735) |
| Agra Cyrela SPE Ltda | 30.0% | 9,168 | 10,528 | 19,154 | - | 542 | 63 | 24 | 7 |
| Dolce vita incorporação Ltda | 42.0% | 102,538 | 35,977 | 77,483 | 19,134 | 41,898 | 1,477 | 2,724 | 1,144 |
| Ipiranga SPE S.A. | 30.0% | 25,920 | - | 5,627 | 539 | 19,754 | 692 | 15 | 5 |
| Morumbi Spe S.A. | 50.0% | 52 | - | 57 | - | (5) | - | (9) | (5) |
| Paiol Velho Ltda | 50.0% | 27 | 29 | 31 | - | 25 | - | (2) | (1) |
| Sjc Investimentos Imobiliarios Ltda | 50.0% | 6,522 | 87 | 1 | 303 | 6,304 | - | (3) | (1) |
| Vila Mascote SPE S.A. | 50.0% | 4,286 | 1,437 | 56 | 18 | 5,650 | 253 | 39 | 19 |
| Grand Life Botafogo Empreend. Imobiliario Spe Ltda | 35.0% | 2,441 | 60 | 386 | 476 | 1,640 | 435 | 280 | 98 |
| Klabin Segall Fit 1 Empreendimento Imobiliario Spe Ltda. | 20.0% | 4,172 | 22,752 | 68 | - | 26,856 | 13,984 | 3,835 | 767 |
| Construtora Sao Jose Spe Salvador - Rua Dos Band Ltda. | 39.0% | 25,469 | 1,240 | 3 | 5 | 26,701 | - | (1) | - |
| Quadra B-20 Incorporadora Ltda | 40.0% | 4,881 | 2,139 | 163 | 2,470 | 4,388 | 301 | 520 | 208 |
| Quadra 71 Incorporadora Ltda | 35.0% | 670 | - | 791 | - | (122) | 54 | (326) | (114) |
| Iepe - Investimentos Imob.S Ltda | 30.0% | 8 | - | - | 1 | 7 | - | 2 | 1 |
| Gliese Incorporadora Ltda | 50.0% | 717 | 1,120 | (50) | 28 | 1,860 | 75 | (1) | (1) |
| Paineira Incorporadora Ltda. | 35.0% | 9,160 | 74 | 2,169 | 62 | 7,002 | (146) | (321) | (112) |
| Cyrela Tecnisa Klabin Segall Empr. Spe | 33.0% | 6 | - | 3 | - | 3 | - | (2) | (1) |
| Api Spe 08 - Planej. e desenv. de empreend. imob. Ltda | 20.0% | 6,435 | 3,450 | 2,063 | 350 | 7,471 | 836 | 1,051 | 210 |
| Schahin Astúrias Incorporadora Ltda | 50.0% | 12,218 | - | 10,497 | 1,516 | 206 | 16,901 | 1,222 | 611 |
| Murcia Empreendimentos Imobiliários Ltda | 20.0% | 3,025 | 2,164 | 3,117 | 261 | 1,810 | - | (167) | (33) |
| Bni Pacifico Desenvolvimento Imobil. Ltda | 42.0% | 1,563 | 3,787 | 432 | 113 | 4,806 | 35 | 107 | 45 |
| Bni Estuário Desenvolvimento Imobiliário Ltda | 50.0% | 35,012 | 13,548 | 17,594 | 17,689 | 13,277 | 41,216 | 9,850 | 4,925 |
| Malmequer Empreendimentos S.A. | 25.0% | 86,697 | 338 | 25,566 | 21,085 | 40,385 | 45,906 | 16,445 | 4,111 |
| Cyrela Oceania Empreendimentos Imobiliarios Spe Ltda | 25.0% | 97,740 | - | 32,742 | 31,080 | 33,918 | 53,223 | 31,488 | 7,870 |
| Coreopsis Empreendimento S.A. | 50.0% | 5,901 | - | 584 | - | 5,317 | 1,179 | 881 | 440 |
| Bni Indico Desenvolvimento Imobiliário Ltda | 25.0% | 2,204 | 1,861 | 604 | 7 | 3,455 | (2,191) | (10,747) | (2,687) |
| Jardim Sul Incorporadora Ltda | 50.0% | (2,200) | 3,400 | 589 | 896 | (285) | (125) | (209) | (104) |
| Jetirana Empreendimentos S.A. | 50.0% | 4,357 | 26 | 387 | 734 | 3,262 | 1,358 | 526 | 263 |
| Klabin Segall Cyrela Spe Ltda. | 50.0% | 781 | 600 | 139 | - | 1,242 | 58 | 53 | 26 |
| Bela Manhã Spe - Planejamento Imobiliário Ltda | 50.0% | 3,090 | 339 | 801 | - | 2,628 | 722 | 449 | 224 |
| | | | | | | | | | <u>33,032</u> |

c. Changes in investments and investment balances

Changes in the parent company:

| | 2013 | | | 2012 | | |
|---------------------------------------|------------------|----------------|-------------------|------------------|----------------|-------------------|
| | Equity interest | Transfers from | Total investments | Equity interest | Transfers from | Total investments |
| Opening balance | 5,375,495 | 412,025 | 5,787,520 | 6,807,066 | 590,426 | 7,397,492 |
| Capital increase (a) | 1,256,030 | - | 1,256,030 | 424,045 | - | 424,045 |
| Capital reduction (a) | (1,082,938) | - | (1,082,938) | (123,030) | - | (123,030) |
| Dividends | (22,821) | - | (22,821) | (47,817) | - | (47,817) |
| Shareholding interest gains or losses | (53,407) | - | (53,407) | (31,448) | - | (31,448) |
| Income from inflation accounting | 81,098 | - | 81,098 | (1,653,321) | - | (1,653,321) |
| Write-offs | - | (3,682) | (3,682) | - | (100,965) | (100,965) |
| Transfers (b) | - | - | - | - | (87,211) | (87,211) |
| Other | 24,518 | (12,877) | 11,641 | - | 9,775 | 9,775 |
| Subtotal | 5,577,975 | 395,466 | 5,973,441 | 5,375,495 | 412,025 | 5,787,520 |
| Capitalized interest | 29,965 | - | 29,965 | 64,074 | - | 64,074 |
| Appreciation of assets | 64,635 | - | 64,635 | 87,210 | - | 87,210 |
| Total | 5,672,575 | 395,466 | 6,068,041 | 5,526,779 | 412,025 | 5,938,804 |

(a) During the first semester of 2013, the Company's management, in order to optimize and simplify the corporate structure of its subsidiaries (mainly where there was substantial cross-holdings between group companies), carried out a series of corporate restructurings (recorded at book values), resulting in substantial capital additions and reductions described above in the context of changes in investments which did not result in changes in the statement of cash flows.

(b) Refer to the transfer to caption "Properties for trading"

| | Parent company | | Consolidated | |
|-----------------------------------|------------------|------------------|----------------|-----------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Investments in subsidiaries | 5,483,265 | 5,225,868 | - | - |
| Investments in associates | 94,710 | 149,627 | 415,692 | 387,086 |
| a. Equity interest | 5,577,975 | 5,375,495 | 415,692 | 387,086 |
| Capitalized interest | 29,965 | 64,074 | - | - |
| Goodwill on land | 64,635 | 87,210 | - | - |
| Intangible assets (Note 10) | 395,466 | 412,025 | 11,961 | 11,961 |
| b. Other | 490,066 | 563,309 | 11,961 | 11,961 |
| c. Total investments (a+b) | 6,068,041 | 5,938,804 | 427,653 | 399,047 |

d. Parent company's indirect investments

| | 2013 | | | | |
|--|--------------|--------------|-------------------|----------------------|------------------------------------|
| | Interest – % | Total assets | Total liabilities | Shareholders' equity | Income (loss) for the year 100% |
| Associated companies | | | | | |
| 31 De Janeiro Empreendimentos Imobiliarios Ltda | 50% | 99,064 | 41,494 | 57,570 | - |
| Agra Cyrela SPE Ltda | 50% | 1,997 | (87) | 2,084 | 224 |
| Api Spe 08 - Planej. e desenv. de empreend. imob. Ltda | 50% | 108,360 | 46,464 | 61,896 | - |
| Bela Cidade Spe - Planejamento Imobiliário Ltda | 50% | 13,886 | 8,185 | 5,701 | - |
| Bela Manhã Spe - Planejamento Imobiliário Ltda | 50% | 7,561 | 1,633 | 5,928 | (1,666) |
| Bni Estuário Desenvolvimento Imobiliário Ltda | 33% | 6 | 997 | (991) | (6) |
| Bni Indico Desenvolvimento Imobiliário Ltda | 50% | 6,824 | 9,981 | (3,157) | (348) |
| Bni Pacifico Desenvolvimento Imobil. Ltda | 50% | 1,914 | 18 | 1,896 | - |
| Chl Lxxviii Incorporações Ltda | 50% | 126,376 | 95,907 | 30,469 | 17,192 |
| Construtora Sao Jose Spe Salvador - Rua Dos Bandeirantes Ltda. | 50% | 56 | 31 | 25 | (1) |
| Coreopsis Empreendimento S.A. | 43% | 110,672 | 119,311 | (8,639) | 1,324 |
| Costa São Caetano Empreendimentos S.A. | 25% | 205,031 | 147,415 | 57,616 | 17,818 |
| Cyrela Oceania Empreendimentos Imobiliarios Spe Ltda | 20% | 3,919 | (2,388) | 6,307 | 976 |
| Cyrela Tecnisa Klabin Segall Empee | 35% | 6,702 | (1,259) | 7,961 | 960 |
| Dolce vita incorporação Ltda | 30% | 51,730 | 51,816 | (86) | (93) |
| Estela Borges Empee. Imob. Spe Ltda. | 50% | 1,862 | 468 | 1,394 | 632 |
| General Rondon Incorporadora Ltda | 50% | 7,182 | 2,777 | 4,405 | (58) |
| Gliese Incorporadora Ltda | 42% | 147,660 | 101,786 | 45,874 | 4,430 |
| Grand Life Botafogo Empreendimento Imobiliario Spe Ltda | 50% | 8,963 | 3,549 | 5,414 | (236) |
| Iepe - Investimentos Imob.S Ltda | 30% | 39,225 | 6,272 | 32,953 | 13,199 |
| Inpar - Abyara - Projeto Residencial America Spe Ltda | 30% | 18,065 | 14,944 | 3,121 | 1,346 |
| Inpar - Abyara - Projeto Residencial Santo Amaro Spe Ltda | 30% | 27,327 | 6,296 | 21,031 | (1,283) |
| Ipiranga SPE S.A | 35% | 1,153 | 1,052 | 101 | 222 |
| Jardim Sul Incorporadora Ltda | 20% | 4,710 | 2,668 | 2,042 | 1,031 |
| Jetirana Empreendimentos S.A. | 50% | 40,008 | 5,364 | 34,644 | 7,060 |
| Klabin Segall Cyrela Spe Ltda. | 42% | 4,642 | 618 | 4,024 | 45 |
| Klabin Segall Fit 1 Empreendimento Imobiliario Spe Ltda. | 50% | 7,209 | 997 | 6,212 | (92) |
| Londres Empreendimentos S.A | 25% | 216,104 | 131,537 | 84,567 | 36,130 |
| Malmequer Empreendimentos S.A. | 43% | 118,397 | 72,641 | 45,756 | 2,039 |
| Morumbi Spe S.A. | 40% | 7,534 | 2,657 | 4,877 | 490 |
| Murcia Empreendimentos Imobiliários Ltda | 30% | 27,000 | 8,345 | 18,655 | - |
| Padre Adelino Empreend. Imob. Ltda. | 50% | 942 | 162 | 780 | 350 |
| Paineira Incorporadora Ltda. | 30% | 20,437 | 19,149 | 1,288 | 746 |
| Paio Velho Ltda | 39% | 26,712 | 9 | 26,703 | 2 |
| Petronio Portela Empr.Imob. Spe Ltda | 50% | 198 | 91 | 107 | (34) |
| Quadra 71 Incorporadora Ltda | 33% | 629 | 622 | 7 | - |
| Quadra B-20 Incorporadora Ltda | 50% | 52 | 62 | (10) | (5) |
| Quatorze De Maio Empreendimentos Imobiliários Ltda | 18% | 6,585 | 6,705 | (120) | (3) |
| Schahin Astúrias Incorporadora Ltda | 30% | 17,478 | 1,183 | 16,295 | 542 |
| Schahin Borges De Figueiredo Incorporadora Ltda | 30% | 26,753 | 63 | 26,690 | - |
| Scp - Eusebio Steuvax | 50% | 2,880 | - | 2,880 | - |
| Sjc Investimentos Imobiliarios Ltda | 20% | 23,577 | 1 | 23,576 | (31) |
| Spe Gil Pinheiro Desenvolvimento Imobiliario Ltda | 50% | 950 | 1,727 | (777) | (492) |
| Spe Reserva Do Alto Aricanduva Construcoes Ltda | 25% | 3,478 | 305 | 3,173 | (281) |
| SPE Reserva I Empreendimento Imobiliário S/A | 50% | 452,839 | 439,653 | 13,186 | 13,029 |
| Vila Maria Empreend. Imobil. Spe Ltda. | 50% | 2,151 | 202 | 1,949 | (451) |
| Vila Mascote SPE S.A. | 35% | 2,173 | 743 | 1,430 | (210) |
| Windsor Investimentos Imobiliários Ltda | 25% | 724,867 | 451,776 | 273,091 | 166,522 |
| Consolidated companies | | | | | |
| Abyara Planejamento Imobiliario S.A. | 100% | 250,055 | 126,100 | 123,955 | 4,406 |
| Abyara-Assess.Cons. E Interm.Imob Ltda | 100% | 5,606 | 794 | 4,812 | (899) |
| Acacia Incorporadora Ltda. | 50% | 7,264 | 458 | 6,806 | (908) |
| Acanto Incorporadora Ltda. | 67% | 29,987 | 1,077 | 28,910 | (166) |
| Aec Clientes - Ass.Cons.Interm.Imob.Ltda | 100% | 1,386 | 1,826 | (440) | (369) |
| Agest Incorporadora Ltda | 70% | 9,242 | 8,245 | 997 | (1) |
| Agin Anapolis Empreendimento Imobiliarios Ltda | 50% | 75,042 | 6,550 | 68,492 | (732) |
| Agin Empreendimentos E Participações Spe Ltda | 100% | 141,313 | 84,852 | 56,461 | 8,876 |
| Agr Praia Grande Empreend Imob Spe Ltda | 100% | 17,104 | 481 | 16,623 | 28 |
| Agra bergen incorporadora Ltda | 80% | 153,570 | 123,733 | 29,837 | 5,136 |
| Agra Jundiai Incorporadora Ltda | 100% | 10,838 | 7,775 | 3,063 | (438) |
| Agra Kauai Incorporadora Ltda | 100% | 57,567 | 38,165 | 19,402 | 9,875 |
| Agra Moab Incorporadora Ltda | 100% | 45,058 | 31,732 | 13,326 | 3,325 |
| Agra Mykonos Incorporadora Ltda. | 100% | 141 | 36 | 105 | (56) |
| Agra Oahu Incorporadora Ltda. | 100% | 15,126 | 962 | 14,164 | 692 |
| Agra Pradesh Incorporadora Ltda | 100% | 165,066 | 135,568 | 29,498 | 4,610 |
| Agra Singolare Incorporadora Ltda | 80% | 105,365 | 63,938 | 41,427 | 3,536 |
| Agra Verbier Incorporadora Ltda | 90% | 677 | 594 | 83 | (38) |
| Agre Empreendimentos Imobiliarios S.A | 100% | 2,892,727 | 1,161,536 | 1,731,191 | (154,403) |
| Agre Rio 1 Empreendimentos Imobiliarios Ltda | 100% | 8,113 | 7,952 | 161 | - |
| Aldebaran Incorporadora Ltda | 100% | 57,323 | 16,593 | 40,730 | 1,760 |
| Alencar Araripe Empreendimentos Imobiliarios Ltda | 100% | 1,871 | 480 | 1,391 | (2,637) |
| Allegrí Praca Louveira Incorp Spe Ltda | 70% | 18,069 | 4,269 | 13,800 | (5,431) |
| Altair Incorporadora Ltda | 100% | 15,069 | 3,007 | 12,062 | (4,516) |
| Alves Pedroso Empreendimentos Imobiliarios Ltda | 100% | 5,765 | 833 | 4,932 | (410) |
| Amoreiras Campinas Incorporadora Ltda | 100% | 36,576 | 25,737 | 10,839 | 315 |
| Amsterdã Incorporadora Ltda | 100% | 12,172 | 17,598 | (5,426) | (24,628) |
| Amsterdam emp. imob. SPE Ltda. | 100% | 16,610 | 5,538 | 11,072 | 218 |
| Anhanguera Cop-1 Incorporadora Ltda | 80% | 22,021 | 21,572 | 449 | (13) |
| Api Participacoes Ltda | 100% | 1,696 | 119 | 1,577 | (118) |
| Api Spe 03 - Planej. e desenv. de empreend. imob. Ltda | 100% | 91,826 | 81,765 | 10,061 | (18,701) |
| Api Spe 04 - Planej. e desenv. de empreend. imob. Ltda | 100% | 94,156 | 66,988 | 27,168 | 7,901 |
| Api Spe 07 - Planej. e desenv. de empreend. imob. Ltda | 100% | 59,530 | 1,040 | 58,490 | (118) |
| Api Spe 09 - Planej. e desenv. de empreend. imob. Ltda | 100% | 66,752 | 54,519 | 12,233 | 4,567 |
| Api Spe 10 - Planej. e desenv. de empreend. imob. Ltda | 80% | 59,175 | 34,571 | 24,604 | 8,717 |
| Api Spe 12 - Planej. e desenv. de empreend. imob. Ltda | 100% | 31,304 | 30,239 | 1,065 | (1) |
| Api Spe 13 - Planej. e desenv. de empreend. imob. Ltda | 100% | 1,900 | - | 1,900 | - |
| Api Spe 14 - Planej. e desenv. de empreend. imob. Ltda | 100% | 3,503 | - | 3,503 | - |
| Api Spe 15 - Planej. e desenv. de empreend. imob. Ltda | 100% | 52,145 | 39,515 | 12,630 | (12,205) |
| Api Spe 16 - Planej. e desenv. de empreend. imob. Ltda | 100% | 6 | (15) | 21 | (1) |
| Api Spe 17 - Planej. e desenv. de empreend. imob. Ltda | 100% | 21,317 | 9,295 | 12,022 | (1,102) |

2013

| | Interest – % | Total assets | Total liabilities | Shareholders' equity | Income (loss) for the year 100% |
|---|--------------|--------------|-------------------|----------------------|------------------------------------|
| Api Spe 18 - Planej. e desenv. de empreend. imob. Ltda | 100% | 15,706 | 9,041 | 6,665 | (935) |
| Api Spe 19 - Planej. e desenv. de empreend. imob. Ltda | 100% | 20,001 | 451 | 19,550 | (2) |
| Api Spe 21 - Planej. e desenv. de empreend. imob. Ltda | 100% | 8,727 | 3,863 | 4,864 | 2,860 |
| Api Spe 25 - Planej. e desenv. de empreend. imob. Ltda | 100% | 2,356 | 2,353 | 3 | - |
| Api Spe 34 - Planej. e desenv. de empreend. imob. Ltda | 100% | 7,044 | 1 | 7,043 | - |
| Api Spe 35 - Planej. e desenv. de empreend. imob. Ltda | 100% | 3,753 | 39 | 3,714 | 3 |
| Api Spe 36 - Planej. e desenv. de empreend. imob. Ltda | 100% | 12,849 | 1 | 12,848 | - |
| Api Spe 37 - Planej. e desenv. de empreend. imob. Ltda | 100% | 9,088 | 25 | 9,063 | (3) |
| Api Spe 40 - Planej. e desenv. de empreend. imob. Ltda | 100% | 3,019 | 11 | 3,008 | - |
| Api Spe 42 - Planej. e desenv. de empreend. imob. Ltda | 100% | 61,201 | 63,855 | (2,654) | (6,335) |
| Api Spe 51 - Planej. e desenv. de empreend. imob. Ltda | 100% | - | 1 | (1) | - |
| Api Spe 56 - Planej. e desenv. de empreend. imob. Ltda | 100% | 17,793 | 11,473 | 6,320 | 2,419 |
| Api Spe 57 - Planej. e desenv. de empreend. imob. Ltda | 100% | 300 | - | 300 | - |
| Api Spe 60 - Planej. e desenv. de empreend. imob. Ltda | 100% | 55,630 | 39,398 | 16,232 | 9,600 |
| Api Spe 64 - Planej. e desenv. de empreend. imob. Ltda | 100% | 14,501 | 14,573 | (72) | (35) |
| Api Spe 67 - Planej. e desenv. de empreend. imob. Ltda | 100% | 56,680 | 42,002 | 14,678 | (2,963) |
| Api Spe 70 - Planej. e desenv. de empreend. imob. Ltda | 100% | 1,569 | 1,605 | (36) | - |
| Api Spe 71 - Planej. e desenv. de empreend. imob. Ltda | 100% | 5,289 | 5,303 | (14) | - |
| Api Spe 72 - Planej. e desenv. de empreend. imob. Ltda | 100% | 5,470 | 1,620 | 3,850 | (987) |
| Api Spe 74 - Planej. e desenv. de empreend. imob. Ltda | 100% | 3 | 7 | (4) | (1) |
| Api Spe 75 - Planej. e desenv. de empreend. imob. Ltda | 100% | 103,060 | 84,776 | 18,284 | 7,035 |
| Api Spe 88 - Planej. e desenv. de empreend. imob. Ltda | 100% | 15,641 | 15,644 | (3) | (1) |
| Api Spe 89 - Planej. e desenv. de empreend. imob. Ltda | 100% | 28,216 | 28,131 | 85 | 1,401 |
| Api Spe 90 - Planej. e desenv. de empreend. imob. Ltda | 100% | 36,154 | 18,656 | 17,498 | - |
| Api Spe 93 - Planej. e desenv. de empreend. imob. Ltda | 100% | 13,828 | 14,494 | (666) | (836) |
| Api Spe 94 - Planej. e desenv. de empreend. imob. Ltda | 100% | 4 | - | 4 | - |
| Api Spe 95 - Planej. e desenv. de empreend. imob. Ltda | 100% | 3 | 2 | 1 | - |
| Api Spe02 - Planej. e desenv. de empreend. imob. Ltda | 100% | 179,279 | 147,589 | 31,690 | (14,616) |
| Api Spe11 - Planej. e desenv. de empreend. imob. Ltda | 100% | 65,925 | 51,891 | 14,034 | 583 |
| Api Spe20 - Planej. e desenv. de empreend. imob. Ltda | 100% | 138,508 | 173,994 | (35,486) | (52,018) |
| Api Spe22 - Planej. e desenv. de empreend. imob. Ltda | 100% | 51,139 | 51,423 | (284) | (16,393) |
| Api Spe39 - Planej. e desenv. de empreend. imob. Ltda | 100% | 140,400 | 75,086 | 65,314 | (2,014) |
| Apiac Spe-Plan E Desen De Emp Imob Ltda | 100% | 12,501 | 119 | 12,382 | 112 |
| Aquiléia Incorporadora Ltda | 100% | 1,598 | 54 | 1,544 | - |
| Ararajuba - Empreend Imobiliarios Ltda | 100% | 122,245 | 60,854 | 61,391 | 23,087 |
| Araucaria Incorporadora Ltda. | 88% | 3,961 | 72 | 3,889 | - |
| Araxá Participações E Empreendimentos Imobiliários S.A. | 100% | 149,408 | 87,399 | 62,009 | 33,862 |
| Arboris Empreend Imobiliario Spe Ltda | 80% | 11,557 | 993 | 10,564 | (3,448) |
| Arena Park Empreendimento Imobiliario SPE Ltda | 100% | 220,881 | 64,352 | 156,529 | 1,233 |
| Aroaba Empreend Imobiliarios Ltda | 100% | 120,886 | 6,154 | 114,732 | 1,707 |
| Aroeira Incorporadora Ltda. | 60% | 2,020 | 4,208 | (2,188) | 86 |
| Assis Bueno 30 Incorporações Ltda | 100% | 9,509 | 3,239 | 6,270 | (574) |
| Astroemia Incorporadora Ltda. | 80% | 40,026 | 12,109 | 27,917 | 449 |
| Atmos Incorporadora Ltda | 100% | 123,553 | 108,712 | 14,841 | 9,670 |
| Aurora Incorporadora Ltda | 100% | 35,043 | 29,844 | 5,199 | (2,955) |
| Áustria Empreendimentos Ltda | 100% | 31,117 | (3,048) | 34,165 | (3,130) |
| Baguary Empreendimentos Imobiliários SPE Ltda. | 100% | 68,893 | 18,971 | 49,922 | 77 |
| Barão De Itapoan Incorporadora Ltda | 70% | 13,925 | 41 | 13,884 | 7 |
| Barao Do Triunfo Incorporadora Ltda. | 100% | 182,369 | 155,066 | 27,303 | 11,044 |
| Baronesa De Poconé 222 Incorporações Ltda | 100% | 42,057 | 32,777 | 9,280 | 345 |
| Barra Ville Incorporadora Ltda | 70% | 5,717 | 10,465 | (4,748) | 283 |
| Bellatrix Incorporadora Ltda. | 100% | 42,318 | 13,950 | 28,368 | 2,227 |
| Bento Lisboa 106-A Empreendimentos Imobiliários Ltda | 100% | 18,747 | 5,707 | 13,040 | 2,981 |
| Bento Lisboa 106-B Empreendimentos Imobiliários Ltda | 100% | 24,446 | 4,222 | 20,224 | 6,426 |
| Bento Lisboa Participações Ltda. | 100% | 48,022 | 18,238 | 29,784 | 10,462 |
| Betelgeuse Incorporadora Ltda. | 100% | 3,638 | 8 | 3,630 | (3) |
| Big Field Incorporação S.A | 100% | 102,617 | 89,894 | 12,723 | (1,439) |
| Bmi 600 Incorporações Ltda | 100% | 7,545 | 3,031 | 4,514 | 548 |
| Bni Artico Desenvolvimento Imobiliario Ltda | 50% | 24,282 | 8,392 | 15,890 | 1,179 |
| Bni Baltico Desenvol. Imobiliario Ltda | 67% | 52,710 | 73,907 | (21,197) | (10,249) |
| Bolonha Incorporadora Ltda | 100% | 43,938 | 30,387 | 13,551 | 5,110 |
| Borges De Figueiredo Emp Imob Spe Ltda | 60% | 4,174 | 291 | 3,883 | 10 |
| Bras Empreend Imobiliarios Spe Ltda | 100% | 131,874 | 96,793 | 35,081 | 12,529 |
| Brindisi Empreendimentos Imobiliários Ltda | 75% | 8,818 | - | 8,818 | (15) |
| Brotas Incorporadora Ltda | 100% | 182,148 | 192,449 | (10,301) | (4,238) |
| Bruxelas Empreendimentos Imobiliarios Spe Ltda | 100% | 13,732 | 9,058 | 4,674 | 42 |
| Buganvilia Incorporadora Ltda. | 100% | 677 | 13 | 664 | (1) |
| Bulgária Empreendimentos Imobiliários Ltda | 100% | 4,888 | 824 | 4,064 | (57) |
| Butanta - Admin De Patrimonio Ltda | 100% | 6 | 6 | - | - |
| Buzios Paradise Empreend Imob S.A. | 100% | 1,561 | 287 | 1,274 | - |
| Calicanto Incorporadora Ltda | 100% | 793 | 61 | 732 | (149) |
| Caph Incorporadora Ltda | 97% | 34,553 | 23,497 | 11,056 | (2,772) |
| Carcara-Investimentos Imobiliarios Ltda | 100% | 77,318 | 21,326 | 55,992 | 1,704 |
| Carlos Vicari Spe Empreendimentos Ltda. | 100% | 1,785 | 651 | 1,134 | 273 |
| Ccb - 1 Incorporação E Construção Spe Ltda | 65% | 2,955 | 343 | 2,612 | (7) |
| César Cople Empreendimentos Imobiliários Ltda | 100% | 46,353 | 29,146 | 17,207 | (2,272) |
| Chi Desenvolvimento Imobiliários Ltda | 100% | 3,286 | 7,329 | (4,043) | (1,847) |
| Chl 133 Desenvolvimento Imobiliário S/A. | 100% | 35,677 | 21,651 | 14,026 | 4,597 |
| Chl 156 Desenvolvimento Imobiliário S/A. | 100% | 40,430 | 29,062 | 11,368 | 6,894 |
| CHL CXLIX Incorporações Ltda | 100% | 20,908 | 20,867 | 41 | (1) |
| CHL CXLVIII Incorporações Ltda | 100% | 8,126 | 7,956 | 170 | 128 |
| Chl Cxx Incorporações Ltda | 55% | 19,141 | 13,854 | 5,287 | 527 |
| Chl Cxxi Incorporações Ltda | 100% | 2,702 | 1,208 | 1,494 | (49) |
| Chl Cxxii Incorporações Ltda | 100% | 53,144 | 37,138 | 16,006 | 4,638 |
| Chl Cxxiv Incorporações Ltda | 100% | 307 | 3 | 304 | (377) |
| Chl Cxxvi Incorporações Ltda | 90% | 13,126 | 12,374 | 752 | 721 |
| CHL Desenvolvimento Imobiliários S.A. | 100% | 3,758,860 | 2,868,162 | 890,698 | 137,244 |
| Chl L Incorporações Ltda. | 100% | 2,769 | 2,798 | (29) | (28) |
| Chl Li Incorporações Ltda | 100% | 79,729 | 62,031 | 17,698 | (364) |
| Chl Lii Incorporações Ltda | 100% | 16,067 | 13,491 | 2,576 | (1,365) |
| Chl Liii Incorporações Ltda | 100% | 620 | 8,014 | (7,394) | (1,841) |
| Chl Liv Incorporações Ltda | 100% | 23,840 | 16,968 | 6,872 | (833) |
| Chl Lix Incorporações Ltda | 100% | 10,953 | 5,461 | 5,492 | (1,538) |
| Chl Lvi Incorporações Ltda | 100% | 6 | 13 | (7) | (259) |
| Chl Lvii Incorporações Ltda | 100% | 8,783 | 6,041 | 2,742 | (879) |

2013

| | Interest – % | Total assets | Total liabilities | Shareholders' equity | Income (loss) for the year 100% |
|---|--------------|--------------|-------------------|----------------------|------------------------------------|
| Chl Lviii Incorporações Ltda | 85% | 19,724 | 14,284 | 5,440 | 353 |
| Chl Lx Incorporações Ltda | 100% | 36,070 | 32,065 | 4,005 | (3,214) |
| Chl Lxi Incorporações Ltda | 60% | 25,877 | 28,138 | (2,261) | 164 |
| Chl Lxii Incorporações Ltda | 100% | 27,985 | 19,589 | 8,396 | 527 |
| Chl Lxiii Incorporações Ltda | 65% | 17,708 | 10,154 | 7,554 | (802) |
| Chl Lxv Incorporações Ltda | 100% | 33,104 | 32,297 | 807 | (1) |
| Chl Lxvi Incorporações Ltda | 100% | 111 | 17 | 94 | 93 |
| Chl Lxviii Incorporações Ltda | 70% | 54,278 | 24,295 | 29,983 | (269) |
| Chl Lxxi Incorporações Ltda | 100% | 61 | 9 | 52 | (399) |
| Chl Lxxii Incorporações Ltda | 100% | 14,176 | 5,678 | 8,498 | (3,406) |
| Chl Lxxiii Incorporações Ltda | 100% | 35,512 | 22,430 | 13,082 | (164) |
| Chl Lxxiv Incorporações Ltda | 100% | 29,185 | 8,637 | 20,548 | (603) |
| Chl Lxxv Incorporações Ltda | 100% | 2,107 | 2,061 | 46 | (1) |
| Chl Lxxvi Incorporações Ltda | 100% | 95,104 | 73,365 | 21,739 | 4,313 |
| Chl Lxxvii Incorporações Ltda | 100% | 1,299 | 1,161 | 138 | (63) |
| Chl Lxxx Incorporações Ltda | 100% | 51,143 | 29,379 | 21,764 | 8,418 |
| Chl Lxxxi Incorporações Ltda | 100% | 27,168 | 7,723 | 19,445 | 5,769 |
| Chl Lxxxii Incorporações Ltda | 100% | 63,098 | 48,008 | 15,090 | 1,376 |
| Chl Lxxxiii Incorporações Ltda | 100% | 112 | 6 | 106 | (1) |
| Chl Lxxxiv Incorporações Ltda | 100% | 3,287 | 629 | 2,658 | (3,540) |
| Chl Lxxxv Incorporações Ltda | 100% | 60 | 17 | 43 | (1) |
| Chl Lxxxvi Incorporações Ltda | 100% | 18,271 | 18,223 | 48 | 10 |
| Chl Lxxxvii Incorporações Ltda | 100% | 60 | 9 | 51 | (1) |
| Chl Lxxxviii Incorporações Ltda | 100% | 1,703 | - | 1,703 | (1) |
| Chl Serviços Financeiros Imobiliários Ltda | 100% | 7,483 | 108,857 | (101,374) | (62,662) |
| Chl Viii Incorporações Ltda | 100% | 15,670 | 15,683 | (13) | (3) |
| Chl Xci Incorporações Ltda | 100% | 773 | 90 | 683 | (28) |
| Chl Xcii Incorporações Ltda | 70% | 196,003 | 156,395 | 39,608 | 37,117 |
| Chl Xciii Incorporações Ltda | 100% | 13,675 | 7,981 | 5,694 | 14 |
| Chl Xcix Incorporações Ltda | 100% | 6,139 | 6,175 | (36) | (33) |
| Chl Xcv Incorporações Ltda | 100% | 1,416 | 259 | 1,157 | (1) |
| Chl Xii Incorporações Ltda | 100% | 69,031 | 16,357 | 52,674 | 4,214 |
| Chl Xi Incorporações Ltda | 100% | 25,969 | 8,774 | 17,195 | (828) |
| Chl Xliii Incorporações Ltda | 100% | 100,621 | 80,452 | 20,169 | (1,794) |
| Chl Xliv Incorporações Ltda | 100% | 2,985 | 1,460 | 1,525 | 1 |
| Chl Xlix Incorporações Ltda | 100% | 38,233 | 27,944 | 10,289 | 810 |
| Chl Xlvi Incorporações Ltda | 100% | 216,219 | 155,756 | 60,463 | 40,092 |
| Chl Xlviii Incorporações Ltda | 100% | 670 | 8,112 | (7,442) | (3,719) |
| Chl Xviii Incorporações Ltda | 100% | 1,809 | 1,810 | (1) | (7) |
| Chl Xxvi Incorporações Ltda | 100% | 65,974 | 17,390 | 48,584 | 14,003 |
| Chl Xxxix Incorporações Ltda | 100% | 6,990 | 6,262 | 728 | (36) |
| Chl Xxxviii Incorporações Ltda | 100% | 24,442 | 16,821 | 7,621 | (811) |
| Ciclame Incorporadora Ltda. | 80% | 30,068 | 49,420 | (19,352) | (964) |
| Cielo Empreend Imobiliario Spe Ltda | 100% | 10,168 | 10,570 | (402) | (430) |
| Condessa Empreendimentos Imobiliários Ltda. | 100% | 102,573 | 69,641 | 32,932 | 4,355 |
| Conquista Emp. Imob. Spe Ltda | 100% | 38,149 | 48,078 | (9,929) | 10,305 |
| Construtora DPG Ltda | 100% | 3 | 455 | (452) | (443) |
| Cores Da Lapa Empreend Imobiliario S.A | 100% | 10,247 | 1,590 | 8,657 | 916 |
| Costa Do Caparica Adm De Bens Ltda. | 100% | 74,618 | (986) | 75,604 | 22,181 |
| Crisantemo Incorporadora Ltda. | 100% | 1,478 | 3,641 | (2,163) | (2) |
| Cult Empreend Imobiliarios Spe Ltda | 100% | 1,412 | 445 | 967 | 264 |
| De Pinedo Incorporadora Spe Ltda. | 80% | 4,360 | 1,162 | 3,198 | 121 |
| Delaporte Empreend Imobiliario S.A. | 100% | 68,439 | 59,923 | 8,516 | (6,273) |
| Dinamarca Empreendimentos Imobiliários Ltda. | 100% | 27,622 | 22,999 | 4,623 | (17) |
| Draco Incorporadora Ltda | 100% | 52,929 | 45,107 | 7,822 | 2,351 |
| Dubhe Incorporadora S/A | 55% | 31,622 | 3,953 | 27,669 | 1,851 |
| Eltanin Incorporadora Ltda | 100% | 75,171 | (66,621) | 141,792 | 30,505 |
| Ep770 Empreiteira Ltda | 100% | 25,953 | 18,772 | 7,181 | 221 |
| Estrada Do Magarça 1870 incorporações Ltda | 100% | 48,679 | 37,432 | 11,247 | 4,262 |
| Estrada Do Monteiro 323 incorporações Ltda | 100% | 145,365 | 102,126 | 43,239 | 3,527 |
| Etage Botafogo Empreend Imob Spe Ltda | 100% | 8,916 | 5,468 | 3,448 | 1,109 |
| Eucalipto Incorporadora Ltda. | 100% | 6,821 | 895 | 5,926 | 296 |
| Exuberance Empreend Imob Spe Ltda | 100% | 5,888 | 1,199 | 4,689 | 2,204 |
| Finlândia Empreendimentos Imobiliários SPE Ltda. | 100% | 2,065 | 644 | 1,421 | (1,055) |
| Fortunato Ferraz Empreendimentos Imobili | 90% | 2,580 | 2,309 | 271 | (88) |
| Gan Empreendimentos Imobiliarios Ltda | 100% | 15,755 | 13,608 | 2,147 | 476 |
| Gan Salvador Incorporadora Ltda | 100% | 12,904 | 8,248 | 4,656 | 349 |
| Garibaldi Incorporadora Ltda | 100% | 353 | 592 | (239) | (15) |
| Garibaldi Incorporadora Ltda | 100% | 353 | 592 | (239) | (15) |
| Gc Desenvolvimento Imobiliário S.A. | 100% | 72,010 | 2,095 | 69,915 | (1,312) |
| Gdp 1 Incorporações Spe Ltda | 100% | 21,896 | 24,207 | (2,311) | (1,716) |
| Gdp 11 Incorporações Spe Ltda | 100% | 1,362 | 1,364 | (2) | (10) |
| Gdp 3 Incorporações Spe Ltda | 100% | 68,768 | 67,995 | 773 | 115 |
| Gdp 4 Incorporações Spe Ltda | 100% | 58,363 | 46,146 | 12,217 | 4,730 |
| Gdp 4 Incorporações Spe Ltda | 100% | 58,363 | 46,146 | 12,217 | 4,730 |
| Gdp 5 Incorporações Spe Ltda | 100% | 9,867 | 5,427 | 4,440 | (1) |
| Gdp 6 Incorporações Spe Ltda | 100% | 84 | 84 | - | - |
| Gdp 9 Incorporações Spe Ltda | 100% | 38 | 64 | (26) | - |
| Gemini Incorporadora Ltda | 100% | 20,167 | 14,128 | 6,039 | (5,419) |
| Geraldo martins empreend. imobiliários Ltda | 50% | 64,613 | 35,064 | 29,549 | 16,716 |
| Gerbera Incorporadora Ltda. | 72% | 66,864 | 33,395 | 33,469 | 2,369 |
| Gold Acapulco empreend. Imobiliários SPE Ltda | 100% | 14,360 | (2,533) | 16,893 | (32) |
| Gold Acre Empreendimentos Imobiliários SPE Ltda. | 100% | 456,614 | 196,251 | 260,363 | 2,909 |
| Gold Alabama Empreend. Imobil SPE Ltda | 100% | 8 | 16 | (8) | - |
| Gold Alaska Empreendimentos Imobiliários SPE Ltda. | 100% | 109,750 | 34,300 | 75,450 | (362) |
| Gold Amapá Empreendimentos Imobiliarios Ltda | 100% | 9,860 | 5,294 | 4,566 | (365) |
| Gold Amorgos Empreendimentos Imobiliarios Ltda | 100% | 250,416 | 193,701 | 56,715 | 15,819 |
| Gold Anafi Empreend. Imob. Ltda | 100% | 3 | 30 | (27) | - |
| Gold Andros Empreend. Imob. Spe Ltda. | 100% | 47,537 | 45,598 | 1,939 | (51) |
| Gold Angola Empreend. Imob. SPE Ltda. | 100% | 188,723 | 177,926 | 10,797 | (5,082) |
| Gold Antiparos Empreendimentos Imobiliários Ltda. | 100% | 7,084 | 3,097 | 3,987 | (605) |
| Gold Argélia Empreend. Imob. Spe Ltda. | 100% | 137,561 | 147,666 | (10,105) | (3,270) |
| Gold Argentina Empreend. Imob. Spe Ltda. | 100% | 114,956 | 82,494 | 32,462 | (1,713) |
| Gold Bahamas Empreendimentos Imobiliários SPE Ltda. | 100% | 14,979 | (394) | 15,373 | 228 |
| Gold Beige Empreend. Imob. Ltda | 100% | 15,514 | 668 | 14,846 | (27) |

2013

| | Interest – % | Total assets | Total liabilities | Shareholders' equity | Income (loss) for the year 100% |
|--|--------------|--------------|-------------------|----------------------|------------------------------------|
| Gold Black Empreendimentos Imobiliários SPE Ltda. | 100% | 13,823 | 28,736 | (14,913) | (1,833) |
| Gold Blue Empreend. Imob. SPE Ltda. | 100% | 130,036 | 106,683 | 23,353 | (14,379) |
| Gold Bósnia Empreend. Imob. SPE Ltda. | 100% | 11,004 | 8,130 | 2,874 | - |
| Gold Califórnia Empreend. Imobil SPE Ltda | 100% | 3,158 | 77 | 3,081 | (832) |
| Gold Canadá Empreendimentos Imobiliários SPE Ltda. | 100% | 42,897 | 29,232 | 13,665 | (254) |
| Gold Cancun Empreend. Imobil. SPE Ltda | 100% | 31,855 | 28,637 | 3,218 | - |
| Gold Celestino Bourruol Empreendimentos Imob. SPE Ltda. | 100% | 9,028 | 3,299 | 5,729 | (45) |
| Gold Chile Empreendimentos Imobiliários SPE Ltda. | 100% | 158,860 | 135,016 | 23,844 | 10,655 |
| Gold China Empreendimentos Imobiliários SPE Ltda. | 100% | 44,893 | 39,183 | 5,710 | (312) |
| Gold Colômbia Empreendimentos Imobiliários SPE Ltda. | 100% | 11,089 | 1,202 | 9,887 | (208) |
| Gold Congo Empreend. Imob. SPE Ltda. | 100% | 275 | 79 | 196 | (7) |
| Gold Córdoba Empreendimentos imobiliários Ltda | 100% | 436 | 443 | (7) | (277) |
| Gold Cuba Empreend. Imobil SPE Ltda | 100% | 30,884 | 13,487 | 17,397 | 557 |
| Gold Cuiaba Empreendimentos imobiliários Ltda | 100% | 12,670 | 6,814 | 5,856 | 338 |
| Gold Delos Empreendimentos Imobiliários SPE Ltda. | 100% | 109,688 | 120,741 | (11,053) | (19,672) |
| Gold Donoussa Empreendimentos Imobiliários Ltda. | 100% | 1 | 14 | (13) | - |
| Gold Egito Empreendimentos Imobiliários Ltda | 100% | 14,160 | 303 | 13,857 | 63 |
| Gold Escócia Empreendimentos Imobiliários Ltda | 100% | 22,048 | (4,608) | 26,656 | 345 |
| Gold Espírito Santo Empreend. Imob. Spe | 100% | 52,170 | 44,705 | 7,465 | (23,559) |
| Gold Fiji Empreend. Imob. SPE Ltda. | 100% | 21,527 | 10,970 | 10,557 | (7) |
| Gold Flórida Empreendimentos Imobiliários SPE Ltda. | 100% | 31,202 | 19,235 | 11,967 | 279 |
| Gold Folegandros Empreend. Imob. Spe Ltd | 100% | 144,926 | 93,177 | 51,749 | 5,226 |
| Gold França Empreend. Imob. Ltda | 100% | 48,822 | 1,785 | 47,037 | (434) |
| Gold Gana Empreend. Imobil SPE Ltda. | 100% | 30,787 | 21,518 | 9,269 | (177) |
| Gold Geneva Empreendimentos Imobiliários SPE Ltda. | 100% | 6,080 | 4,139 | 1,941 | (2) |
| Gold Gray Empreend. Imobil SPE Ltda | 100% | 757 | 611 | 146 | (4) |
| Gold Groelândia Empreend. Imob. Spe Ltda | 100% | 33,476 | 29,178 | 4,298 | (46) |
| Gold Guine empreendimentos imobiliários Ltda | 100% | 3 | 62 | (59) | (258) |
| Gold Haiti Empreendimentos imobiliários Ltda | 100% | 1,537 | 1,048 | 489 | (115) |
| Gold Havaí Empreendimentos imobiliários Ltda | 100% | 33,615 | (3,637) | 37,252 | (756) |
| Gold Havana Empreendimentos Imobiliários SPE Ltda. | 100% | 7,432 | 542 | 6,890 | (142) |
| Gold Heraklia Empreendimentos imobiliários Ltda | 100% | 141,585 | 126,641 | 14,944 | 3,304 |
| Gold Holanda Empreendimentos Imobiliários SPE Ltda. | 100% | 4,998 | 1,447 | 3,551 | 68 |
| Gold Ikralia Empreend. Imob. SPE Ltda. | 100% | 27,633 | 22,715 | 4,918 | 531 |
| Gold Ilhéus Empreendimentos imobiliários Ltda | 100% | 2,191 | 947 | 1,244 | 447 |
| Gold Índia Empreend. Imobil. SPE Ltda. | 100% | 53,928 | 49,516 | 4,412 | 936 |
| Gold Ios Empreendimentos Imobiliários Ltda | 100% | 3 | 56 | (53) | (8) |
| Gold Irlanda Empreend. Imobil. SPE Ltda | 100% | 19,392 | 9,085 | 10,307 | 20 |
| Gold Jamaica Empreendimentos imobiliários Ltda | 100% | 1,986 | 671 | 1,315 | (1,929) |
| Gold Japão Empreendimentos Imobiliários SPE Ltda. | 100% | 4,926 | 1,459 | 3,467 | - |
| Gold Kea Empreendimentos imobiliários Ltda | 100% | 9 | 16 | (7) | 3 |
| Gold Kimolos Empreendimentos Imobiliários Ltda. | 100% | 341 | 674 | (333) | (774) |
| Gold Leros Empreendimentos imobiliários Ltda | 100% | 25,026 | 9,115 | 15,911 | 5,387 |
| Gold Leucada Empreendimentos Imobiliários Ltda. | 100% | 6,398 | 8,632 | (2,234) | (1,913) |
| Gold Líbia Empreend. Imob. SPE Ltda. | 100% | 4,638 | 4,629 | 9 | - |
| Gold Limoges Empreendimentos Imobiliários SPE Ltda. | 100% | 12,401 | 10,878 | 1,523 | - |
| Gold Linhares Empreendimentos imobiliários Ltda | 100% | 37,846 | 30,562 | 7,284 | (2,101) |
| Gold Lisboa Empreendimentos Imobiliários SPE Ltda. | 100% | 7,042 | (244) | 7,286 | 6 |
| Gold Lituania Empreendimentos imobiliários Ltda | 100% | 1,047 | 1,402 | (355) | (3) |
| Gold Los Angeles Empreendimentos Imobiliários Ltda. | 100% | 71,474 | 69,278 | 2,196 | (732) |
| Gold Lyon Empreend. Imobil SPE Ltda. | 100% | 32,101 | 25,533 | 6,568 | 119 |
| Gold Madri Empreendimentos Imobiliários SPE Ltda. | 100% | 2,418 | (482) | 2,900 | (825) |
| Gold Mali Empreendimentos Imobiliários SPE Ltda. | 100% | 36,209 | 483 | 35,726 | (114) |
| Gold Marília Empreendimentos Imobiliários SPE Ltda. | 100% | 172,738 | 28,481 | 144,257 | 11,260 |
| Gold Marrocos Empreendimentos Imobiliários SPE Ltda. | 100% | 7,000 | 2,577 | 4,423 | 49 |
| Gold Milano Empreendimentos Imobiliários SPE Ltda. | 100% | 16,766 | 6,682 | 10,084 | 704 |
| Gold Minas Gerais Empreendimentos Imobiliários SPE Ltda. | 100% | 8,462 | (4,850) | 13,312 | (24) |
| Gold Mônaco Empreendimentos Imobiliários SPE Ltda. | 100% | 16,441 | 5,901 | 10,540 | 369 |
| Gold Montana Empreendimentos imobiliários SPE Ltda | 100% | 55,515 | 51,504 | 4,011 | 843 |
| Gold Mykonos Empreendimentos Imobiliários Ltda. | 100% | 966 | 251 | 715 | (250) |
| Gold Naxos Empreend. Imob. Spe Ltda. | 100% | 7,265 | 4,536 | 2,729 | (20) |
| Gold Nevada Empreendimentos imobiliários SPE Ltda | 100% | 143,974 | 105,065 | 38,909 | 1,029 |
| Gold New York Empreendimentos Imobiliários SPE Ltda. | 100% | 3,711 | 563 | 3,148 | (18) |
| Gold Nigéria Empreendimentos imobiliários SPE Ltda | 100% | 157,235 | 119,717 | 37,518 | 13,701 |
| Gold Noruega Empreend. Imob. SPE Ltda. | 100% | 177,437 | 58,970 | 118,467 | (2,593) |
| Gold Oceania Empreendimentos imobiliários SPE Ltda | 100% | 12,379 | 14,465 | (2,086) | (369) |
| Gold Orange Empreendimentos imobiliários SPE Ltda | 100% | 5,300 | 969 | 4,331 | (252) |
| Gold Oregon Empreendimentos Imobiliários SPE Ltda. | 100% | 6,609 | (141) | 6,750 | 151 |
| Gold Palmares Empreendimentos imobiliários SPE Ltda | 100% | 442 | 79 | 363 | (1,306) |
| Gold Panamá Empreendimentos Imobiliários SPE Ltda. | 100% | 8,177 | 1,598 | 6,579 | 168 |
| Gold Paraíba Empreendimentos Imobiliários SPE Ltda. | 100% | 4,721 | 477 | 4,244 | 78 |
| Gold Patnos Empreendimentos imobiliários SPE Ltda | 100% | 11,933 | 10,949 | 984 | (6) |
| Gold Pelotas Empreendimentos Imobiliários Ltda. | 100% | 1,721 | 4,881 | (3,160) | (6,853) |
| Gold Pink Empreend. Imob. Spe Ltda. | 100% | 12,870 | 4,452 | 8,418 | (48) |
| Gold Polónia Empreendimentos imobiliários SPE Ltda | 100% | 45,952 | 38,661 | 7,291 | 56 |
| Gold Porto Alegre Empreendimentos Imobiliários SPE Ltda. | 100% | 19,469 | 3,148 | 16,321 | (145) |
| Gold Porto Velho Empreendimentos imobiliários SPE Ltda | 100% | 9,692 | 386 | 9,306 | (112) |
| Gold Portugal Empreendimentos imobiliários SPE Ltda | 100% | 8,444 | 2,707 | 5,737 | 1,012 |
| Gold Properties Vila Guilherme S/A | 100% | 2,341 | 285 | 2,056 | (1,218) |
| Gold Purple Empreend. Imob. Spe Ltda. | 100% | 45,313 | 59,106 | (13,793) | (14,245) |
| Gold Recife Empreendimentos imobiliários SPE Ltda | 100% | 9,958 | 1,838 | 8,120 | (364) |
| Gold Red Empreendimentos imobiliários SPE Ltda | 100% | 22,539 | 20,975 | 1,564 | (979) |
| Gold Roraima mpreend. Imobil. SPE Ltda. | 100% | 12,635 | (3,176) | 15,811 | 4 |
| Gold Salvador Empreendimentos Imobiliários SPE Ltda. | 100% | 56,238 | 1,431 | 54,807 | 110 |
| Gold Santa Catarina Empreend. Imobil. Ltda | 100% | 30,342 | 22,034 | 8,308 | (85) |
| Gold Santiago Empreendimentos Imobiliários SPE Ltda. | 100% | 18,681 | 14,364 | 4,317 | (94) |
| Gold Santorini Empreendimentos Imobiliários Ltda. | 100% | 188,939 | 181,020 | 7,919 | (4,471) |
| Gold São Paulo Empreendimentos Imobiliários SPE Ltda. | 100% | 12,264 | 427 | 11,837 | (3,798) |
| Gold Senegal Empreend. Imob. SPE Ltda. | 100% | 7,200 | 5,673 | 1,527 | (2) |
| Gold Sevilla Empreend. Imob. SPE Ltda. | 100% | 8,019 | 1,043 | 6,976 | 169 |
| Gold Sidney Empreendimentos Imobiliários SPE Ltda. | 100% | 12,888 | 2,851 | 10,037 | 88 |
| Gold Sikinos Empreendimentos Imobiliários Ltda. | 100% | 226,554 | 212,059 | 14,495 | 1,383 |
| Gold Singapura Empreendimentos Imobiliários SPE Ltda. | 100% | 23,620 | 7,150 | 16,470 | 155 |
| Gold Sudão Empreendimentos imobiliários SPE Ltda | 100% | 1,361 | 1,705 | (344) | 32 |
| Gold Suécia Empreendimentos Imobiliários SPE Ltda. | 100% | 18,001 | 2,815 | 15,186 | (1) |

2013

| | Interest – % | Total assets | Total liabilities | Shareholders' equity | Income (loss) for the year 100% |
|--|--------------|--------------|-------------------|----------------------|------------------------------------|
| Gold Suíça Empreendimentos imobiliários SPE Ltda | 100% | 4,573 | 95 | 4,478 | 625 |
| Gold Texas Empreendimentos imobiliários SPE Ltda | 100% | 30,330 | 4,149 | 26,181 | 1,100 |
| Gold Tunísia Empreendimentos imobiliários SPE Ltda | 100% | 721 | 635 | 86 | 76 |
| Gold Turquia Empreend. Imob. Spe Ltda. | 100% | 11,219 | 2,581 | 8,638 | (87) |
| Gold Turquoise Empreendimentos imobiliários SPE Ltda | 100% | 8,714 | 7,730 | 984 | (6) |
| Gold Uberaba Empreendimentos imobiliários SPE Ltda | 100% | 28,615 | 16,877 | 11,738 | (742) |
| Gold Valence Empreendimentos imobiliários SPE Ltda | 100% | 10,228 | 2,776 | 7,452 | (1,348) |
| Gold Vênice Empreendimentos Imobiliários SPE Ltda. | 100% | 6,922 | 1,898 | 5,024 | 27 |
| Gold Viena Empreendimentos imobiliários SPE Ltda | 100% | 3,108 | 4,281 | (1,173) | (12) |
| Gold Vietnã Empreend. Imobil SPE Ltda | 100% | 6 | 171 | (165) | (1) |
| Gold Virginia Empreendimentos imobiliários SPE Ltda | 100% | 7,805 | 13,922 | (6,117) | (5,122) |
| Gold Withe Empreendimentos imobiliários SPE Ltda | 100% | 11,139 | 22,691 | (11,552) | (58) |
| Gold Yellow Empreendimentos Imobiliários SPE Ltda. | 100% | 44,345 | 57,496 | (13,151) | 2,130 |
| Goldfarb 1 Empreendimentos Imobiliários Ltda. | 100% | 35,568 | 37,092 | (1,524) | (1,239) |
| Goldfarb 10 Empreendimento Imobiliário Ltda. | 100% | 16,487 | 12,892 | 3,595 | - |
| Goldfarb 11 Empreendimento Imobiliário Ltda. | 100% | 32 | 37 | (5) | - |
| Goldfarb 12 Empreendimento Imobiliário Ltda. | 100% | 60,423 | 46,574 | 13,849 | (279) |
| Goldfarb 13 Empreendimento Imobiliário Ltda. | 100% | 57,406 | 39,217 | 18,189 | 578 |
| Goldfarb 14 Empreendimento Imobiliário Ltda. | 100% | 14,298 | 9,581 | 4,717 | (499) |
| Goldfarb 15 Empreendimento Imobiliário Ltda. | 100% | 2,838 | 335 | 2,503 | - |
| Goldfarb 16 Empreendimento Imobiliário Ltda. | 100% | 93,183 | 80,511 | 12,672 | 3,255 |
| Goldfarb 18 Empreendimento Imobiliário Ltda. | 100% | 1 | 2 | (1) | - |
| Goldfarb 19 Empreendimento Imobiliário Ltda. | 100% | 55,313 | 32,346 | 22,967 | (171) |
| Goldfarb 2 Empreendimento Imobiliário Ltda. | 100% | 50,494 | 45,762 | 4,732 | (1,886) |
| Goldfarb 20 Empreendimento Imobiliário Ltda. | 100% | 153,250 | 139,776 | 13,474 | 1,900 |
| Goldfarb 21 Empreendimento Imobiliário Ltda. | 100% | 86,255 | 55,251 | 31,004 | 11,362 |
| Goldfarb 22 Empreendimento Imobiliário Ltda. | 100% | 21,665 | 26,582 | (4,917) | (13,766) |
| Goldfarb 23 Empreendimento Imobiliário Ltda. | 100% | 1 | 14 | (13) | (767) |
| Goldfarb 24 Empreendimento Imobiliário Ltda. | 100% | 3 | 554 | (551) | (941) |
| Goldfarb 25 Empreendimentos imobiliários Ltda | 100% | 126,321 | 93,017 | 33,304 | 11,180 |
| Goldfarb 27 Empreendimento Imobiliário Ltda. | 100% | 11,239 | 5,076 | 6,163 | (17) |
| Goldfarb 28 Empreendimento Imobiliário Ltda. | 100% | 2 | 8 | (6) | - |
| Goldfarb 29 Empreendimento Imobiliário Ltda. | 100% | 4,268 | 1,737 | 2,531 | (1) |
| Goldfarb 3 Empreendimento Imobiliário Ltda. | 100% | 4 | 7 | (3) | (8) |
| Goldfarb 30 Empreendimento Imobiliário Ltda. | 100% | 8,919 | 6,341 | 2,578 | (509) |
| Goldfarb 31 Empreendimento Imobiliário Ltda. | 100% | 5,743 | 4,413 | 1,330 | (4) |
| Goldfarb 33 Empreendimento Imobiliário Ltda. | 100% | 65,477 | 50,846 | 14,631 | 2,503 |
| Goldfarb 34 Empreendimento Imobiliário Ltda. | 100% | 43 | 44 | (1) | - |
| Goldfarb 35 Empreendimento Imobiliário Ltda. | 100% | 36,953 | 23,736 | 13,217 | (568) |
| Goldfarb 36 Empreendimento Imobiliário Ltda. | 100% | 28,869 | 19,354 | 9,515 | 50 |
| Goldfarb 37 Empreendimento Imobiliário Ltda. | 100% | 7 | 11 | (4) | - |
| Goldfarb 38 Empreendimento Imobiliário Ltda. | 100% | 57,326 | 39,451 | 17,875 | 4,495 |
| Goldfarb 39 Empreendimento Imobiliário Ltda. | 100% | 2,242 | 380 | 1,862 | (457) |
| Goldfarb 4 Empreendimento Imobiliário Ltda. | 100% | 1,997 | 835 | 1,162 | - |
| Goldfarb 40 Empreendimento Imobiliário Ltda. | 100% | 14,953 | 365 | 14,588 | (1) |
| Goldfarb 41 Empreendimento Imobiliário Ltda. | 100% | 20,696 | 16,846 | 3,850 | - |
| Goldfarb 42 Empreendimento Imobiliário Ltda. | 100% | 2 | 7 | (5) | - |
| Goldfarb 44 Empreendimento Imobiliário L | 100% | 2 | 3 | (1) | (1) |
| Goldfarb 49 Empreendimento Imobiliário Ltda. | 100% | 210,828 | 174,944 | 35,884 | 11,279 |
| Goldfarb 5 Empreendimento Imobiliário Ltda. | 100% | 48,867 | 44,199 | 4,668 | 616 |
| Goldfarb 6 Empreendimento Imobiliário Ltda. | 100% | 93,861 | 29,191 | 64,670 | (905) |
| Goldfarb 7 Empreendimento Imobiliário Ltda. | 100% | 55,890 | 54,507 | 1,383 | (2,570) |
| Goldfarb 8 Empreendimento Imobiliário Ltda. | 100% | 49,567 | 48,340 | 1,227 | (1,066) |
| Goldfarb 9 Empreendimento Imobiliário Ltda. | 100% | 8,619 | 1,422 | 7,197 | (10) |
| Goldfarb Butantã Construções Ltda | 100% | 1,167 | (143) | 1,310 | (19) |
| Goldfarb Incorporações e Construções S.A. | 100% | 7,016,990 | 5,561,816 | 1,455,174 | (93,043) |
| Goldfarb Pdg 2 Incorporações Ltda. | 100% | 141,847 | 126,972 | 14,875 | (5,052) |
| Goldfarb PDG 3 Incorporações Ltda. | 100% | 50,401 | 64,847 | (14,446) | (6,660) |
| Goldfarb PDG 4 Incorporações Ltda. | 100% | 22,649 | 17,281 | 5,368 | - |
| Goldfarb PDG 5 Incorp. e Constr. Ltda. | 100% | 71,679 | 35,476 | 36,203 | (2,484) |
| Goldfarb Serviços Financeiros Imobiliários Ltda | 100% | 23,214 | 55,268 | (32,054) | (10,299) |
| Goldfarb Tatuapé Construções Ltda | 100% | 1,765 | 62 | 1,703 | (159) |
| Goldfarb Vila Guilherme Construções | 100% | 708 | 928 | (220) | (87) |
| Gomes Freire Empreendimentos Imobiliários Ltda. | 100% | 7,703 | 4,578 | 3,125 | 475 |
| Gonder Incorporadora Ltda. | 86% | 321,041 | 243,689 | 77,352 | 22,054 |
| Graju Empreendimentos Imobiliarios Ltda | 100% | 10,594 | 2,472 | 8,122 | 1,432 |
| Grand Park Empreend Imob Spe Ltda | 100% | 630 | 672 | (42) | (2,158) |
| Greenville E Incorporadora Ltda | 100% | 147,259 | 111,597 | 35,662 | 34,459 |
| Greenville I Incorporadora Ltda | 100% | 277,798 | 232,136 | 45,662 | 11,349 |
| Gundel Incorporadora Ltda | 70% | 164,996 | 111,933 | 53,063 | 4,330 |
| Heliconia Incorporadora Ltda. | 100% | 17,742 | 24,828 | (7,086) | (425) |
| Horizonte Incorporadora Spe Ltda. | 100% | 18,668 | 652 | 18,016 | (8) |
| Hungria Empreendimentos Imobiliarios Ltda | 100% | 17,498 | 4,216 | 13,282 | (1,601) |
| Icarai Village Empreendimentos Imobiliarios Ltda | 100% | 20,520 | 9,584 | 10,936 | 1,751 |
| Ilhas Gregas Incorporadora Ltda | 100% | 33,914 | 29,520 | 4,394 | 1,301 |
| Imperatriz Leopoldina Emp Imob Ltda | 100% | 62,256 | 13,987 | 48,269 | 1,877 |
| Ita Spe Empreendimentos Imobiliarios Ltda | 80% | 25 | - | 25 | (5) |
| Jarash Incorporadora Ltda. | 100% | 1,353 | 241 | 1,112 | 100 |
| Jardim Das Vertentes Incorp Spe Ltda | 88% | 215,975 | 182,847 | 33,128 | 17,222 |
| João De Barros 161 Incorporações Ltda | 100% | 0 | 19 | (19) | (1,313) |
| Juriti - Invest Imobiliarios Ltda. | 100% | 14,400 | 24,611 | (10,211) | (13,281) |
| K Segall Vergueiro Emp Imob Spe Ltda | 61% | 8,151 | 820 | 7,331 | 711 |
| Kaiapo Empreend Imobiliarios Ltda. | 100% | 36,018 | 8,765 | 27,253 | (1,148) |
| Kalapalo Empreend Imobiliarios Ltda. | 100% | 152,309 | 140,134 | 12,175 | 3,721 |
| Kamayura Empreend Imobiliarios Ltda. | 100% | 57,180 | 60,099 | (2,919) | (3,860) |
| Kantarure Empreend Imobiliarios Ltda. | 100% | 84,445 | 95,721 | (11,276) | (1,479) |
| Kaxiwana Empreend Imobiliarios Ltda. | 100% | 26,046 | 24,191 | 1,855 | (9) |
| Kfa Empreendimentos Imobiliarios Ltda | 100% | 151,897 | 57,546 | 94,351 | (1,357) |
| Kirmayr Negócios Imobiliários SPE Ltda | 100% | 5,999 | 278 | 5,721 | (20) |
| Klabin Segall Invest E Partic Spe S.A | 70% | 22,121 | 5,968 | 16,153 | 4,217 |
| Klabin Segall Sp 11 Emp Imob Spe Ltda. | 100% | 60 | 64 | (4) | - |
| Klabin Segall Sp 31 Empreend Imob S.A | 100% | 16,543 | 108 | 16,435 | - |
| Klabin Segall Sp 37 Empreend Imob Ltda | 100% | - | 2 | (2) | - |
| Kochab Incorporadora Ltda. | 100% | 249,631 | 338,880 | (89,249) | (4,652) |
| Ksc 2 Empreendimento Imobiliario Spe Ltd | 50% | 3,480 | 83 | 3,397 | (1,887) |

2013

| | Interest – % | Total assets | Total liabilities | Shareholders' equity | Income (loss) for the year 100% |
|---|--------------|--------------|-------------------|----------------------|------------------------------------|
| Kss - Negocios Imobiliarios S/S Ltda. | 100% | 663 | 107 | 556 | 100 |
| Lacerda Franco Incorporadora Spe Ltda. | 50% | 3,479 | 7,388 | (3,909) | 120 |
| Lagoa Alpha Empreendimentos Imobiliarios Ltda | 100% | 13,207 | 15,154 | (1,947) | (115) |
| Laguna Incorporadora Spe Ltda | 55% | 2,398 | 159 | 2,239 | 1 |
| Lalibela Incorporadora Ltda. | 100% | 216 | 1 | 215 | (6) |
| Laranjeiras 1 Empreendimentos Imobiliários Ltda. | 100% | 44,770 | 29,368 | 15,402 | 3,652 |
| Lbc Empreendimentos Imobiliários Ltda. | 50% | 47,220 | 32,776 | 14,444 | 4,042 |
| Leituga Incorporadora Ltda | 100% | 340 | 42 | 298 | - |
| Lordello Empreend Imobiliarios Ltda. | 100% | 99,492 | 67,761 | 31,731 | (5,851) |
| Luau Do Recreio Empreend Imob Spe Ltda | 100% | 81,708 | 54,176 | 27,532 | (2,483) |
| Luxemburgo Empreendimentos Imobiliários SPE Ltda. | 100% | 8,956 | 6,886 | 2,070 | 108 |
| Maioruna Empreend Imobiliarios Ltda. | 100% | 56,509 | 87,143 | (30,634) | (3,818) |
| Marcial - Invest Imobiliarios Ltda | 52% | 5,173 | 2,836 | 2,337 | 1,281 |
| Mareas Empreend Imobiliario Spe Ltda | 100% | 15,835 | 9,647 | 6,188 | 8,143 |
| Maria Maximo Empreend Imobiliarios Ltda | 100% | 29,634 | (10,177) | 39,811 | 5,479 |
| Mariz E Barros 821 Incorporações Ltda | 100% | 29,018 | 19,845 | 9,173 | 3,642 |
| Maroma Incorporadora Ltda. | 100% | 1,286 | 438 | 848 | 66 |
| Marpal Empreendimentos Imobiliários Ltda | 100% | 80 | 87 | (7) | - |
| Marubo Empreend Imobiliarios Ltda. | 100% | 144,889 | 180,591 | (35,702) | (5,211) |
| Matheus Leao Empreend Imob Ltda. | 100% | 24,929 | 4,601 | 20,328 | 468 |
| Matipu Empreendimentos Imobiliarios Ltda | 100% | 50,946 | 72,999 | (22,053) | (783) |
| Miguel De Frias 156 Empreendimentos Imobiliários Ltda | 80% | 19,778 | 6,076 | 13,702 | 3,715 |
| Moema Empreend Imobiliarios Spe Ltda | 100% | 10,418 | 5,149 | 5,269 | 1,071 |
| Mogno Incorporadora Ltda. | 80% | 4,177 | 4,412 | (235) | 68 |
| Moinho Dos Ventos Incorporadora Ltda | 100% | 2,336 | 2 | 2,334 | - |
| Monsenhor Empreendimentos Imobiliários Ltda | 100% | 15,490 | (12,212) | 27,702 | 1,591 |
| More Alphaville Empreendimentos Imobiliários Ltda | 80% | 35,628 | 34,785 | 843 | - |
| More Melhor Empreendimentos Imobiliários Ltda | 100% | 15 | 26 | (11) | - |
| Munduruku Empreendimentos Imobiliários Ltda | 55% | 86 | 2 | 84 | (173) |
| Mutinga Empreend Imobiliarios Ltda. | 72% | 35,413 | 45,797 | (10,384) | 2,461 |
| Nova Água Rasa Empreendimentos Imobiliários Ltda | 100% | 8,057 | (52) | 8,109 | (662) |
| Nova Mooca Empreendimentos Imobiliários Ltda | 100% | 41,013 | 329 | 40,684 | (359) |
| Nova Tatuapé Negócios imobiliários SPE Ltda | 100% | 5,794 | 1,325 | 4,469 | (180) |
| Novita Empreend Imobiliarios Spe Ltda | 100% | 16,140 | 15,464 | 676 | - |
| Oceania Incorporadora Ltda | 100% | 322 | 112 | 210 | (292) |
| Ondina Incorporadora Ltda | 100% | 1,128 | 1,123 | 5 | (4) |
| Orion Incorporadora Ltda | 70% | 85,083 | 45,522 | 39,561 | 8,855 |
| Orozimbo Incorporadora Ltda | 100% | 45,551 | 36,461 | 9,090 | 3,028 |
| Parque Do Sol Empreend Imob Spe Ltda | 100% | 58,785 | 66,505 | (7,720) | 13,451 |
| Pateo Santa Maria Incorporadora Ltda | 100% | 17,687 | 1,673 | 16,014 | (69) |
| Pdg Barão Geraldo | 100% | 79,352 | 73,393 | 5,959 | 815 |
| Pdg Masb Empreendimento Imobiliário Spe | 50% | 74,391 | 57,858 | 16,533 | 5,089 |
| Pdg Rio Construtora Ltda | 100% | 52 | 6 | 46 | - |
| PDG São Paulo Incorporações S.A. | 100% | 393,864 | 132,813 | 261,051 | 72,182 |
| Pdg Sp 1 Incorporações Spe Ltda | 100% | 326 | 2,358 | (2,032) | (392) |
| Pdg Sp 10 Incorporações Spe Ltda | 100% | 46,244 | 36,949 | 9,295 | 5,327 |
| Pdg Sp 15 Incorporações Spe Ltda | 100% | 34,984 | 13,047 | 21,937 | 4,854 |
| Pdg Sp 16 Incorporações Spe Ltda | 100% | 39,791 | 23,387 | 16,404 | 2,882 |
| Pdg Sp 2 Incorporações Spe Ltda | 100% | 67,283 | 54,009 | 13,274 | 4,559 |
| Pdg Sp 4 Incorporações Spe Ltda | 75% | 23,082 | 7,972 | 15,110 | 7,242 |
| Pdg Sp 5 Incorporações Spe Ltda | 50% | 59,669 | 37,541 | 22,128 | 6,657 |
| Pdg Sp 6 Incorporações Spe Ltda | 100% | 35,862 | 13,373 | 22,489 | 4,647 |
| Pdg Sp 7 Incorporações Spe Ltda | 100% | 151,482 | 92,604 | 58,878 | 17,688 |
| Pdg Sp 8 Incorporações Spe Ltda | 100% | 142 | 320 | (178) | (75) |
| Pdg Sp 9 Incorporações Spe Ltda | 100% | 46,268 | 21,411 | 24,857 | 2,134 |
| PDG SPE 1 Empreendimentos Imobiliarios Ltda. | 100% | 5 | 5 | - | - |
| PDG SPE 37 Empreendimentos Imobiliarios Ltda. | 100% | 3 | 4 | (1) | - |
| PDG SPE 39 Empreendimentos Imobiliarios Ltda. | 100% | 2 | 64 | (62) | (61) |
| PDG SPE 5 Empreendimentos Imobiliários Ltda. | 100% | 3 | 3 | - | - |
| PDG SPE 17 Empreend. Imob. Ltda. | 100% | 61,886 | 49,338 | 12,548 | 3,041 |
| PDG SPE 18 Empreend. Imob. Ltda. | 100% | 10,716 | 9,863 | 853 | (150) |
| PDG SPE 19 Empreend. Imob. Ltda. | 100% | 49,694 | 38,378 | 11,316 | 1,210 |
| PDG SPE 2 Empreendimentos Imobiliários Ltda. | 100% | 493 | 21 | 472 | (717) |
| PDG SPE 24 Empreend. Imob. Ltda. | 100% | 1 | 1 | - | - |
| PDG SPE 3 Empreend. Imob. Ltda. | 100% | 88 | 14 | 74 | (152) |
| PDG SPE 31 Empreend. Imob. Ltda. | 100% | 722 | 1,306 | (584) | (427) |
| PDG SPE 34 Empreend. Imob. Ltda. | 100% | 51,219 | 45,237 | 5,982 | (5) |
| PDG SPE 4 EMPREENDIMENTOS | 100% | 2 | 702 | (700) | (700) |
| Pdg Vendas Corretora Imobiliaria Ltda | 100% | 39,928 | 17,170 | 22,758 | 5,951 |
| Penidre Administracao De Bens Ltda. | 100% | 91,538 | 106,360 | (14,822) | (11,456) |
| Pereira Barreto Empreend Imob Spe S.A | 100% | 909,687 | 630,418 | 279,269 | 117,302 |
| Persepolis Incorporadora Ltda. | 100% | 1,577 | 419 | 1,158 | 80 |
| Pinheiro Incorporadora Ltda. | 90% | 3,883 | 5,579 | (1,696) | (1,381) |
| Piracantos Incorporadora Ltda. | 100% | 49,753 | 44,169 | 5,584 | (2,138) |
| Plato Flamboyant Empreend Imob Spe Ltda | 100% | 14,491 | 720 | 13,771 | (125) |
| Poli Investimentos Imobiliarios Ltda. | 100% | 56,132 | 84,089 | (27,957) | (851) |
| Polimnia Incorporadora Ltda | 100% | 24 | 32 | (8) | (6) |
| Praia Nova Empreendimentos Imobiliarios | 100% | 10,367 | 26,109 | (15,742) | (6,173) |
| Ragusa Empreend Imobiliarios Ltda | 100% | 62,830 | 23,940 | 38,890 | 4,727 |
| Reserva 3 Incorporadora Ltda | 100% | 108,245 | 100,841 | 7,404 | 3,728 |
| Reserva De Alphaville Salvador Empreendi | 100% | 20,204 | 2,675 | 17,529 | 397 |
| Rigel Incorporadora Ltda. | 100% | 3,721 | 3 | 3,718 | (9) |
| Saiph Incorporadora Ltda | 100% | 75,753 | 101,389 | (25,636) | (2,205) |
| Salvador 2 Incorporadora Ltda | 100% | 8,370 | 1,952 | 6,418 | 206 |
| Santa Cruz Empreend Imobiliarios Ltda | 100% | 10,019 | 920 | 9,099 | (920) |
| Santa Genebra Empreend. Imob. S/A | 100% | 212,286 | 196,168 | 16,118 | (3,898) |
| Sao Bernardo 1-Empreend.Imob. Spe Ltda. | 100% | 3,589 | 6,410 | (2,821) | (649) |
| Sao Bernardo 2 Spe Ltda. | 100% | 7,321 | 830 | 6,491 | 351 |
| São João Climaco Empreendimentos Imobiliários. Ltda. | 100% | 4,582 | 1,066 | 3,516 | (1,056) |
| Savelli Empreendimentos e Participações Ltda | 100% | 12,987 | 11,219 | 1,768 | 954 |
| Scorpio Inc. Ltda | 100% | 4,330 | 1,670 | 2,660 | (1) |
| Scorpius Incorporadora Ltda | 100% | 29,865 | 19,339 | 10,526 | 645 |
| Serra Bella Empreendimento Imobiliário S.A. | 100% | 53,093 | (8,827) | 61,920 | (762) |
| Setin Construtora Ltda | 100% | 24,398 | 52,922 | (28,524) | (53,116) |
| Shimpako Incorporadora Ltda. | 67% | 45,575 | 2,139 | 43,436 | (3) |

2013

| | Interest – % | Total assets | Total liabilities | Shareholders' equity | Income (loss) for the year 100% |
|--|--------------|--------------|-------------------|----------------------|------------------------------------|
| Sirius Incorporadora Ltda. | 100% | 6,408 | 538 | 5,870 | (9) |
| Spasso Mooca Empreend Imob Spe Ltda. | 100% | 6,312 | 6,694 | (382) | 1,018 |
| Spe Abelardo Bueno 3600 Incorporações Ltda | 90% | 44,075 | 21,520 | 22,555 | 1,153 |
| Spe Almirante Baltazar 131 Incorporações Ltda | 100% | 10,155 | 5,617 | 4,538 | 797 |
| Spe Cesario De Melo 3.600 Incorporações Ltda | 85% | 65,012 | 52,622 | 12,390 | (372) |
| Spe Chl C Incorporações Ltda | 100% | 51 | - | 51 | (2) |
| Spe Chl Cii Incorporações Ltda | 100% | 18,187 | 5,704 | 12,483 | 4,443 |
| Spe Chl Ciii Incorporações Ltda | 100% | 87 | 50 | 37 | - |
| Spe Chl Cv Incorporações Ltda | 50% | 49,729 | 37,023 | 12,706 | 10,210 |
| Spe Chl Cvi Incorporações Ltda | 100% | 46,413 | 723 | 45,690 | (75) |
| Spe Chl Cvii Incorporações Ltda | 100% | 53 | 2 | 51 | - |
| Spe Chl Xcvi Incorporações Ltda | 100% | 190,169 | 151,293 | 38,876 | 19,661 |
| Spe Chl Xcviii Incorporações Ltda | 100% | 36,795 | 32,452 | 4,343 | (5,272) |
| Spe Dalcídio Jurandir 255 Incorporações Ltda | 100% | 35,076 | 14,120 | 20,956 | 3,899 |
| Spe Dom Helder Câmara 3.152 Incorporações Ltda | 100% | 29,318 | 18,268 | 11,050 | 122 |
| Spe Dona Mariana 187 Incorporações Ltda | 100% | 16,163 | 4,712 | 11,451 | 124 |
| Spe Ernani Cardoso 364 Incorporações Ltda | 100% | 25,778 | 547 | 25,231 | (2) |
| Spe Estrada Cabuçu De Baixo Incorporações Ltda | 100% | 85,536 | 70,832 | 14,704 | (5,945) |
| Spe Gama Desenvolvimento imobiliário Ltda | 100% | 4,218 | 2,089 | 2,129 | (3,064) |
| Spe Gc Estrada Do Rio Grande 1320 Incorporações Ltda | 100% | 22,844 | 13,933 | 8,911 | 444 |
| Spe General Mitre 137 Incorporações Ltda | 100% | 25,149 | 12,869 | 12,280 | 1,261 |
| Spe Jaime Poggi Incorporações Ltda | 100% | 191,682 | 81,563 | 110,119 | (1,104) |
| Spe Largo Do Machado 21 Incorporações Ltda | 86% | 23,658 | 5,570 | 18,088 | 2,375 |
| Spe Lucio Costa 1700 Incorporações Ltda | 100% | 5,813 | 103 | 5,710 | 282 |
| Spe Marquês De São Vicente 187 | 100% | 8,220 | 1,115 | 7,105 | 481 |
| Spe Marquês De São Vicente 2 | 100% | 20,910 | 5,307 | 15,603 | 770 |
| Spe Mol 38 Incorporações Ltda | 100% | 33,625 | 6,832 | 26,793 | (3,615) |
| Spe Rangel Pestana 256 Incorporacoes Ltda. | 100% | 38,658 | 12,689 | 25,969 | 1,963 |
| Spe Res. Ecoville/Office-Emp Imob S.A | 100% | 175,529 | 154,405 | 21,124 | (1,881) |
| Spe Voluntários Da Pátria 244 Incorporações Ltda | 100% | 9,073 | 1,519 | 7,554 | 810 |
| Spe Vpa 144 Incorporações Ltda | 100% | 16,694 | 10,553 | 6,141 | (822) |
| Springs Empreend Imobiliario Spe Ltda | 100% | 43,868 | 19,433 | 24,435 | (3,433) |
| Stxrock 10 Desenvolvimento imobiliário Ltda | 100% | 55,351 | 42,828 | 12,523 | 1,682 |
| Talia Incorporadora Ltda | 100% | 47,189 | 43,907 | 3,282 | 1,434 |
| Tangará - Investimentos Imobiliários Ltd | 100% | 93,364 | 41,569 | 51,795 | 10,929 |
| Teixeira De Barros Incorporadora Ltda | 100% | 32,176 | 37,028 | (4,852) | (1,435) |
| Terras De Bonito Emp Imob Spe03 Ltda | 100% | 63,523 | 12,168 | 51,355 | 3,479 |
| Tobias Barreto Empreend Imob Spe Ltda | 100% | 331,014 | 175,319 | 155,695 | 37,621 |
| Topkapi Incorporadora Ltda. | 100% | 3 | 9 | (6) | - |
| Toquio Incorporadora Ltda | 100% | 13,586 | 14,292 | (706) | (129) |
| Vassoural Empreendimentos Imobiliários Ltda. | 100% | 24,652 | 17,884 | 6,768 | 646 |
| Vega Incorporadora Ltda | 100% | 18,809 | (1,003) | 19,812 | 1,373 |
| Vila Leopoldina Spe S.A. | 80% | 3,674 | 1,395 | 2,279 | 603 |
| Village Recreio Empreend Imob S.A | 100% | 124,947 | 70,936 | 54,011 | 3,312 |
| Villagio Splendore Empreendimento Imobiliario S.A. | 100% | 2,018 | 688 | 1,330 | 39 |
| Vital Palácio Miraflores Incorporadora L | 100% | 26,546 | 12,919 | 13,627 | 1,884 |
| Vitality Empreend Imobiliario Spe Ltda | 100% | 43,076 | 2,767 | 40,309 | 4,163 |
| Waurá Empreendimentos Imobiliários Ltda. | 100% | 81,039 | 59,262 | 21,777 | 258 |
| ZMF 10 Incorporações S.A. | 100% | 198,658 | 191,429 | 7,229 | 2,242 |
| ZMF 11 Incorporações S.A. | 100% | 3 | 9 | (6) | (1) |
| ZMF 16 Incorporações S.A. | 100% | 17 | 27 | (10) | - |
| ZMF 17 Incorporações S/A | 100% | 23 | 23 | - | (1) |
| ZMF 18 Incorporações S/A | 100% | 2,854 | 2,854 | - | - |
| ZMF 19 Incorporações S.A. | 100% | 45,550 | 41,857 | 3,693 | 3,825 |
| ZMF 22 Incorporações S.A. | 100% | 1,136,441 | 689,962 | 446,479 | 48,032 |
| Zmf 23 Incorporações S.A | 100% | 13,251 | 14,715 | (1,464) | (1,428) |
| ZMF 8 Incorporações S.A. | 100% | 2 | 5 | (3) | - |

e. Investment in shares

FIP PDG

On December 31, 2013, the Company, through its subsidiary Agra Empreendimentos Imobiliários S.A., maintains an exclusive investment fund whose main assets are equity interests in subsidiaries. Fund shares are valued according to equity quotations and its earnings are recognized in subsidiary's income, and are eliminated upon preparation of the Company's financial statements.

8 Investment properties

| | Projects in operation | Buildings under construction | Total |
|---|----------------------------------|---|----------------|
| Balances at January 1, 2012 (Restated) | 98,164 | 114,663 | 212,827 |
| Acquisitions | 6,697 | 10,168 | 16,865 |
| Transfers (i) | 67,215 | (67,215) | - |
| Reclassifications (ii) | - | (79,449) | (79,449) |
| Adjustment to fair value (iii) | 86,878 | 7,366 | 94,244 |
| Spin-off | (7,780) | - | (7,780) |
| | <hr/> | <hr/> | <hr/> |
| Balances at December 31, 2012 (Restated) | 251,174 | (14,467) | 236,707 |
| | - | - | - |
| Acquisitions (iv) | 52,684 | 67,114 | 119,798 |
| Reclassifications | (485) | (216) | (701) |
| Disposal (v) | (21,746) | - | (21,746) |
| Adjustment to fair value (iii) | 118,469 | 10,047 | 128,516 |
| | <hr/> | <hr/> | <hr/> |
| Balances at December 31, 2013 | 400,096 | 62,478 | 462,574 |

- (i) Transfers due to the end of Shopping Hortolandia construction work.
- (ii) Subsidiary REP DI reviewed its business plan and changed the use of some pieces of land; accordingly, respective balances were reclassified to caption "Property for trading inventory".
- (iii) Recognized in income for the year under caption "Other operating income"
- (iv) Acquisitions refer basically to the increase in shareholding interest in Shopping Botucatu and REP KRC.
- (v) Disposal refer to the sale of shareholding interest in CCS Panamby

a. Fair value measurements of investment properties

Change in property for trading measurement method

As mentioned in Note 2.19.a, subsidiary REP - Real Estate Desenvolvimento Imobiliário S.A. and its subsidiaries changed property for investment measurement method from historic cost to fair value. The subsidiary and its subsidiaries adopted the fair value method in order to better reflect its business and because they understand that this is the best information for market analysis.

Fair value hierarchy

Fair values of properties for investment were determined by external independent real estate appraisers with proper and acknowledged professional skill and recent experience

in location and category of property under evaluation. Independent appraisers provide, on an annual basis, fair value of the Group's portfolio of properties for investment.

As properties measured at market value do not present adjustments to fair value, the subsidiary did not make adjustments in balance sheets and shareholders' equity for the prior period (January 1, 2012). Adjustments to fair value for 2012 and 2013 were fully recorded in income for the year of respective years.

Fair value measurement of properties for investment was classified as fair value Level 2 (market data direct comparison method) and Level 3, based on inputs for evaluation technique.

Evaluation techniques and observable and non-observable data – Fair value level 2 and 3

Evaluation method used to measure fair value of properties for investment, as well as significant observable or non-observable inputs used are as follows:

| Fair value hierarchy - Level | Evaluation technique | Significant inputs | Relationship between significant observable and non-observable inputs | Value of properties as of December 31, 2013 |
|------------------------------|--|---|---|---|
| Level 2 | Assets appraisal report: Market value applicable to a property is defined based on comparable market evidences, that is, similar properties being offered or recently traded. | <ul style="list-style-type: none"> No significant input was considered in the evaluation; | Estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> increase or decrease in volume of transactions in the region where the property is located; increase or decrease in construction area limit; if extraordinary events occurred increasing or decreasing the square meter value in the region; | R\$ 104,844 |
| Level 3 | Discounted cash flows: Evaluation model considers net present value of cash flow to be generated by the property for investment, taking into consideration lease price growth rate, construction costs to be incurred (projects in progress), project maintenance costs, and occupancy rate. Expected net cash flows are discounted at discount rates that are adjusted to risk. Among other factors, estimated discount rate for projects under construction considers construction risk. Discounted cash flow model "Effective Rate". | <ul style="list-style-type: none"> Expected growth of lease price in the market (3% to 15%); Project maintenance period (average 10 years) Project maintenance cost – average 3% of net operating income (NOI); Discount rates adjusted to risk (range from 8.9% to 14%). | Estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> if expected lease price growth in the market is higher (lower); occupancy rate is higher (lower); if periods without receiving lease are shorter (less), or if discount rate adjusted to risk is lower (higher). | R\$ 357,730 |

b. Non-cancelable operating leases

Properties for investment include several commercial properties (shopping centers, street malls, etc.) that are rented to third parties. Leases are indexed on an annual basis at IGPM rate, and subsequent renewals are negotiated with the lessee to permit review of rent values according to market conditions. No contingent rent is charged.

9 Property, plant and equipment

Property, plant and equipment are segregated into well-defined classes. Main assets are pieces of land and commercial buildings evaluated at construction cost and their depreciation is directly linked to the properties' useful lives; others are assets related to operating activities. There are effective controls on property, plant and equipment items that allow the identification of losses and changes in estimated useful lives of assets. The annual depreciation is calculated by the linear method throughout the useful life of the assets, at rates, which consider the estimated useful lives of the assets, as follows:

| Parent company | | | | | |
|---------------------------------|-------------|---------------------------------|--|--|--|
| 2013 | | | | | |
| 2012 | | | | | |
| (Restated) | | | | | |
| Annual depreciation rate | Cost | Accumulated depreciation | Property, plant and equipment , net | Property, plant and equipment , net | Property, plant and equipment , net |
| Fixed assets for use | | | | | |
| Furniture and fixtures | 10% | 379 | (236) | 143 | 181 |
| Computers | 20% | 3,848 | (2,381) | 1,467 | 3,428 |
| Subtotal | | 4,227 | (2,617) | 1,610 | 3,609 |
| Sales stands | (*) | 11,757 | (11,757) | - | 1,662 |
| Total | | 15,984 | (14,374) | 1,610 | 5,271 |

| Consolidated | | | | | |
|---------------------------------|-------------|---------------------------------|--|--|--|
| 2013 | | | | | |
| 2012 | | | | | |
| (Restated) | | | | | |
| Annual depreciation rate | Cost | Accumulated depreciation | Property, plant and equipment , net | Property, plant and equipment , net | Property, plant and equipment , net |
| Machinery and equipment | 10% | 37,736 | (12,690) | 25,046 | 29,082 |
| Furniture and fixtures | 10% | 16,677 | (9,209) | 7,468 | 9,092 |
| Computers | 20% | 25,845 | (18,315) | 7,530 | 13,185 |
| Leasehold improvements | 10% | 16,917 | (8,803) | 8,114 | 9,355 |
| Aircraft and other | up to 10% | 22,563 | (6,978) | 15,585 | 97,589 |
| | | 119,738 | (55,995) | 63,743 | 158,303 |
| Sales stands | (*) | 393,530 | (389,396) | 4,134 | 56,105 |
| Total | | 513,268 | (445,391) | 67,877 | 214,408 |

- (*) The depreciation is made according to the useful life of the assets, with average term of 18 months used during the period of sale of the developments and recorded in the result under the caption "Selling Expenses".

Financial leases

Financial leases that basically transfer to the Company all risks and benefits related to the property of leased item are capitalized at the beginning of lease at fair value of leased asset or, if lower, at current value of minimum lease payments. When applicable, direct initial costs incurred in the transaction are added to cost.

Financial lease payments are allocated to financial charges and to reduction of financial lease liabilities so as to obtain a constant interest rate on remaining liabilities balance. Financial charges are recognized in the statement of income.

The Company, through its subsidiary Goldfarb Incorporações e Construções S.A. has a financial lease contract referring to an aircraft Cessna Model 550 (Citation Bravo), from Safra Leasing S.A. Financial lease contracted on January 15, 2010 over a period of 42 months.

| Leases | 2013 | 2012 (Restated) | Acquisition |
|---|---------------------|---------------------|-------------|
| Cost - 6 Cranes Model ZHONGWEN QYZ63 | 2,340 | 2,340 | Jun-08 |
| Cost value – Aircraft Cessna Model 550 (Citation Bravo) – Year 2006 | 7,806 | 7,806 | Jan-10 |
| Accumulated depreciation | <u>(4,117)</u> | <u>(3,161)</u> | |
| Total net | <u>6,029</u> | <u>6,985</u> | |

The transaction asset is recorded in financial statements under caption “Property, plant and equipment” and is being depreciated according to the asset’s estimated useful life. Current value of lease minimum future payments of lease transactions were calculated in the subsidiary Goldfarb and is recorded in other debts under “Loans and financing” (Note 12):

| Future payments current value | 2013 | 2012 (Restated) |
|------------------------------------|-------------------|---------------------|
| Portion in current liabilities | 599 | 3,028 |
| Portion in non-current liabilities | <u>-</u> | <u>192</u> |
| Total | <u>599</u> | <u>3,220</u> |

Property, plant and equipment impairment test

Periodically, the Group reviews the existence of property, plant and equipment impairment indications. When non-recoverable property, plant and equipment items are identified, the Group analyzes and records provisions for impairment. For 2012 and 2013, the Group did not identify indications or the need to recognize a provision for impairment of property, plant and equipment items.

10 Intangible assets

Breakdown of intangible assets as of December 31, 2013 and 2012 is as follows:

| Breakdown of goodwill per company | Parent company | | Consolidated | |
|--|----------------|--------------------|----------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Agre Empreendimentos Imobiliários S.A. | 275,900 | 275,900 | 354,264 | 405,691 |
| Agre Urbanismo Ltda. | 3,403 | 3,403 | 3,403 | 3,439 |
| Aztronic Engenharia de Softwares Ltda. (i) | 4,362 | 4,362 | 4,362 | 4,362 |
| CHL Desenvolvimento Imobiliário S.A. | 59,443 | 59,443 | 60,443 | 60,648 |
| Fator ícone Empreendimento Imobiliário Ltda. (i) | 2,586 | 2,586 | 2,586 | 2,586 |
| Goldfarb Incorporações e Construções S.A | 38,377 | 38,377 | 41,761 | 54,423 |
| PDG Jet Casa S.A. | - | - | - | 16 |
| LN8 Incorporação e Empreendimentos S.A. | 2,944 | 2,944 | 2,944 | 2,944 |
| PDG Desenvolvimento Imobiliário | - | - | 35,766 | 37,951 |
| PDG São Paulo Incorporações S.A | - | - | 4,723 | 4,514 |
| PDG LN Incorporações e Construções S.A | 3,438 | 3,438 | 3,437 | 3,438 |
| REP Desenvolvimento Imobiliário S.A | - | 11,927 | 17,615 | 16,212 |
| TGLT S.A. (i) | 5,013 | 5,013 | 5,013 | 5,013 |
| Others | - | 4,632 | - | 4,632 |
| Total | 395,466 | 412,025 | 536,317 | 605,869 |
| Software and other intangible assets | 27,431 | 31,478 | 72,918 | 31,033 |
| Subtotal | 422,897 | 443,503 | 609,235 | 636,902 |
| Reallocation for investments (note 7) | (395,466) | (412,025) | (11,961) | (11,961) |
| Closing balance | 27,431 | 31,478 | 597,274 | 624,941 |

- (i) In “Parent company” and “Consolidated” financial statements, these intangible assets are being presented within captions for Investments, as they are intangible assets of associated companies (note 7).

a. Changes in intangible assets

Changes in intangible assets for the years ended December 31, 2013 and 2012 are as follows:

| Description | Parent company | | Consolidated | |
|------------------------|----------------|--------------------|-----------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Opening balance | 31,478 | 29,749 | 624,941 | 662,143 |
| Acquisitions | - | 5,478 | 877 | 20,307 |
| Impairment | (4,047) | (3,749) | (28,544) | (57,509) |
| Subtotal | (4,047) | 1,729 | (27,667) | (37,202) |
| Total | 27,431 | 31,478 | 597,274 | 624,941 |

b. Impairment test

Main assumptions used to estimate recoverable value are as follows. Values attributed to main assumptions represent the evaluation of future Management trends in relevant sectors and were based on historic data from internal and external sources.

Measurement of fair value was classified as fair value Level 3 based on data from used evaluation technique.

The impairment test was prepared considering the assumptions used for the projection and the monitoring of the company's projected cash flows, using a perpetuity model and was divided into three big items: (i) revenue from sale of property; (ii) property development and construction costs and selling and administrative expenses; and (iii) net indebtedness (total debt less cash and cash equivalents).

The flows referring only to the transactions (income, costs and expenditures) were reduced to present value as of December 31, 2013 at a capital weighted-average cost rate of 9.35% per year (2012 - 8.9% p.a. the debt average cost was calculated considering the debt weight, and cost of capital in relation to the current shareholders' equity over the company's value were calculated).

The flow was perpetuated after 10 years with a 2% (2012 - 2%) growth rate that is estimated for the Brazilian economy. The projected amounts do not reflect the projection of inflation nor debts and discount rates.

The projected revenue was divided into two big items: (i) contracted income from properties sold and (ii) income from unsold property inventories. Income from unsold inventories is based on historical sales curves (statistical basis) and the updated price list for each enterprise. Direct sale incomes are based on contractual maturity of installments, with reserves for statistical percentages of defaults and related recoveries.

Receipts from flows destined to transfer of SFH borrowers are calculated based on expected delivery of construction work and contracting of financing to support production. The net indebtedness was projected with basis on the liability lines related to debts to third parties not foreseen in projected cash flows less the available funds in assets.

Land development and property construction costs are based on estimates for projects in progress and new launch schedules. Selling and administrative expenses are based on the Company's budget and take into account the size of the operations.

The Group calculated the provision for impairment in certain entities (CGU's) in the amount of R\$28,544.

Software intangible assets

Assets classified as "Software and other intangible assets" correspond to the Company's operating software acquisition and implementation costs whose amortization started in January 2011. During the period ended December 31, 2013, the amount of R\$ 7,700 was amortized and accounted for in the Company's income statement (R\$ 8,716 at the year ended December 31, 2012). Software amortization period was estimated as eight years.

11 Related party transactions and balances

The Company's related-party transactions are performed at terms that are equivalent to those contracted with independent related parties.

a. Advances for future capital increase

Amounts classified as non-current assets under advances for future capital increase (AFAC) refer to contribution intended to make projects' initial stage possible. These contributions are not subject to any index or interest rate and will be the object of a decision by part of shareholders as regards their capitalization.

b. Debenture transactions

The balances of debentures, classified in noncurrent assets of the Parent Company, are related to nonconvertible debentures issued by investees and are remunerated at rates that may range from IGPM plus interest of 12% p.a, IGPM plus interest of 14% p.a, CDI plus interest of 3% p.a.

c. Management remuneration

The Company's Executive Board and Management remuneration limit for 2013 was determined as R\$ 39,292 according to Special Shareholders' Meeting held on April 29, 2013 (R\$ 25,000 for 2012). Amounts recorded as remuneration, profit sharing, dividends and/or benefits in general during the period ended December 31, 2013 was R\$20,544 (R\$ 20,925 in the year ended December 31, 2012), less share-based remuneration.

As of December 31, 2013 and 2012, the Executive Board and Management is comprised as follows:

| | Parent company | | Consolidated | |
|---------------------------|-----------------------|--------------|---------------------|------------------------|
| | 2013 | 2102 | 2013 | 2012 (Restated) |
| Board of Directors | | | | |
| Base remuneration | 1,263 | 1,568 | 1,263 | 1,568 |
| Fiscal Council | | | | |
| Base remuneration | 241 | 230 | 241 | 230 |
| Executive board | | | | |
| Base remuneration | 3,339 | 1,243 | 6,750 | 3,837 |
| | 4,843 | 3,041 | 8,254 | 5,635 |
| Profit sharing | 12,290 | - | 12,290 | 15,290 |
| Total | 17,133 | 3,041 | 20,544 | 20,925 |

Management's variable remuneration is based on interest in income and a provision is recorded normally at the end of the year, based on estimated payment.

Based on item 8 of CVM/SNC/SEP Circular Letter no. 01/2013, issued on February 8, 2013, the Company presents the following reference on disclosure of related party transactions:

- (i) Does not own short-term benefits to employees and management;
- (ii) Does not have post-employment benefits;
- (iii) Does not have other long-term benefits;
- (iv) Does not own benefits on termination of employment contract; and
- (v) Share-based remuneration (Stock option purchase plan - Disclosed in Note 23).

d. Sureties and guarantees

As of December 31, 2013, collateral signatures provided by the Company to its subsidiaries totaled R\$ 7,243,330 (R\$6,109,622 as of December 31, 2012) to guarantee contracted real estate credit transactions with prime banks. Subsidiaries are compliant with all contract conditions of said real estate credit transactions.

Related party balances:

Balances and transactions with related parties are shown below:

| | Parent company | | Consolidated | |
|---|----------------|--------------------|--------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Assets | | | | |
| Debentures – Non-current assets | 28,562 | 25,548 | 24,030 | 1,064 |
| Loan contract – Current and Non-current assets | 122,053 | 118,616 | 54,410 | 49,664 |
| Related parties – Current and non-current assets | - | 18,547 | - | - |
| AFAC – Non-current assets | 1,085,445 | 826,777 | - | - |
| Liabilities | | | | |
| Convertible debentures – 8 th issuance | 3,079 | 89,508 | 3,979 | 89,508 |
| Related parties – Current and non-current liabilities | - | 40,024 | - | - |

Liabilities to related companies have no established maturities and no financial charges. The main purpose of loan transactions and balances receivable from subsidiaries and associated entities was to fund the initial stage of the enterprises, based on commercial relationships with the related parties for the development and construction activities.

12 Loans and financing

The Company reduces cash exposure of each project using third-party funds to finance construction through SFH (housing finance system) and working capital facilities offered by prime financial institutions.

Consolidated breakdown of the Company’s loans as of December 31, 2013 and 2012, per debt type, is as follows:

| Type of debt | Parent company | | Average rate | Guarantee |
|------------------------------------|----------------|--------------------|--------------------------|---|
| | 2013 | 2012 (Restated) | | |
| SFH | 41,692 | 86,082 | TR+9.0% to TR+12.0% | Mortgage / receivables / collateral signatures |
| Working Capital | - | 290,597 | CDI up to CDI + 2.20% | Collateral signature PDG / pledge and credit rights / property to be built in 90 days |
| FINEP | 139,050 | 115,779 | 5.25–8.25% | PDG surety |
| Total | 180,742 | 492,458 | | |
| Portion in current liabilities | 41,355 | 72,583 | | |
| Portion in non-current liabilities | 139,387 | 419,875 | | |
| Total | 180,742 | 492,458 | | |

| Type of debt | Consolidated | | Average rate | Guarantee |
|------------------------------------|------------------|------------------|---------------------|---|
| | 2013 | 2012 (Restated) | | |
| SFH | 3,759,454 | 3,217,296 | TR+8.3% to TR+12.3% | Receivables/ proportional surety/ mortgage/ guarantee/ pledge/ real estate mortgage/ guarantors |
| Working Capital | 5,521 | 1,062,359 | TJLP + 1% | Mortgages and sureties |
| FINEP | 139,051 | 115,779 | CDI + 3.35% | Shares in guarantee, Collateral Signature, Promissory Note, Mortgage, Credit Rights |
| Other debts | 599 | 16,620 | 4.50-8.70% | PDG surety |
| Total | 3,904,625 | 4,412,054 | 5.25-8.25% | Promissory Note |
| Portion in current liabilities | 1,487,165 | 1,901,739 | CDI + 3.35% | |
| Portion in non-current liabilities | 2,417,460 | 2,510,315 | | |
| Total | 3,904,625 | 4,412,054 | | |

Long-term loans and financing mature as follows:

| Year | Consolidated | |
|--------------|------------------|------------------|
| | 2013 | 2012 (Restated) |
| 2014 | - | 1,305,364 |
| 2015 | 1,764,746 | 527,166 |
| 2016 | 314,270 | 326,341 |
| 2017 | 193,397 | 200,825 |
| 2018 | 120,873 | 125,516 |
| 2019 onwards | 24,174 | 25,103 |
| Total | 2,417,460 | 2,510,315 |

13 Redeemable preferred shares

On June 14, 2010, issuance of 52,434,457 preferred shares redeemable by Gold Investimentos S.A. (previously denominated ZMF 22) was carried out at issuance price of R\$2.67 per each Redeemable Preferred Share. The total issue amount of the redeemable preferred shares was R\$140,000.

In September 2010, new issuance of 59,925,094 preferred shares redeemable by Gold Investimentos S.A. was carried out at issuance price of R\$2.67 per each Redeemable Preferred Share. The total issue amount of the redeemable preferred shares was R\$160,000.

Redeemable preferred shares are entitled to restricted vote and to the following equity advantages:

- a. Fixed, priority and cumulative dividends to be paid annually ("Cumulative Fixed Dividends") on the following dates: June 15, 2011; June 15, 2012; June 15, 2013; June 15, 2014 and June 15, 2015, regardless of General Meeting decision and of special trial balance survey;
- b. Cumulative Fixed Dividend to be paid in each fixed dividend payment date, linked to investment value contributed by the investor that holds preferred shares;

- c. They will be redeemable, pursuant to the terms provided for in Gold Inestimentos S.A. Bylaws;
- d. Other rights related to the condition of investor in preferred shares.

Redeemable Preferred Shares issued by Gold Inestimentos S.A., due to its characteristics, were classified as financial instruments and dividends were classified in income under account "Other Operating Expenses".

This amount is included in caption "Other liabilities" and outstanding balances are as follows:

| | <u>Consolidated</u> | |
|-------------|---------------------|------------------------|
| | <u>2013</u> | <u>2012 (Restated)</u> |
| Current | 15,978 | 13,778 |
| Non-current | 300,000 | 300,000 |
| | <u>315,978</u> | <u>313,778</u> |

Payments referring to preferred shares dividends were made on the following dates:

| Date | Amount |
|------------|--------|
| 06/15/2011 | 29,830 |
| 06/15/2012 | 35,654 |
| 06/15/2013 | 25,422 |

14 Bank Credit Certificates (CCBs) and Debentures

a. Bank credit certificates (CCBs)

| | <u>Parent company</u> | | <u>Consolidated</u> | |
|--------------------------------------|-----------------------|------------------------|---------------------|------------------------|
| | <u>2013</u> | <u>2012 (Restated)</u> | <u>2013</u> | <u>2012 (Restated)</u> |
| Liabilities from CCB issuance | | | | |
| 2nd Series of 1st Issuance | 27,308 | 27,082 | 27,308 | 27,082 |
| 3rd Series of 1st Issuance | 93,891 | 93,774 | 93,891 | 93,774 |
| 4th Series of 1st Issuance | 7,920 | 7,944 | 7,920 | 7,944 |
| 15th Series of 1st Issuance | 250,611 | 250,436 | 250,611 | 250,436 |
| 22nd Series of 1st Issuance | 49,269 | 47,927 | 49,269 | 47,927 |
| 2nd Series of 2nd Issuance | - | - | 115,174 | 93,027 |
| 3rd Series of 2nd Issuance | - | - | 93,059 | 114,523 |
| 3rd Series of 3rd Issuance | - | - | 124,632 | 413,404 |
| 5th Series of 3rd Issuance | 206,506 | 204,845 | 206,506 | 201,863 |
| 7th Series of 3rd Issuance | 249,578 | 250,272 | 249,578 | 250,272 |
| Other issues by CCB | 1,293,897 | - | 1,351,046 | - |
| Total CCB | <u>2,178,980</u> | <u>882,280</u> | <u>2,568,994</u> | <u>1,500,252</u> |
| Portion in current liabilities | 875,997 | - | 1,233,046 | - |
| Portion in non-current liabilities | 1,302,983 | 882,280 | 1,335,948 | 1,500,252 |
| Total | <u>2,178,980</u> | <u>882,280</u> | <u>2,568,994</u> | <u>1,500,252</u> |

On June 28, 2013, the Company's Board of Directors, in conformity with the Company's restructuring process, approved the issuance of a CCB – Bank Credit Certificates in the

amount of R\$ 600,000 in favor of Caixa Econômica Federal.

Funds raised by the Company will bear financial charges corresponding to 120% of CDI Over (Interbank Deposit Certificates) daily average rate.

Fund raising was agreed on for a period of 48 months, with quarterly payments of financial charges and 8 amortization installments paid on a quarterly basis beginning as of the 24th month.

b. Debentures

| | Parent company | | Consolidated | |
|---------------------------------------|------------------|--------------------|------------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Debenture | | | | |
| PDG Realty S.A. - 1st Issuance | 263,497 | 261,339 | 263,497 | 261,339 |
| (-) Cost of the 1st Issuance | (2,595) | (3,115) | (2,595) | (3,115) |
| PDG Realty S.A. - 3rd Issuance | 164,738 | 246,592 | 164,738 | 246,592 |
| (-) Cost of 3rd Issuance | (356) | (915) | (356) | (915) |
| PDG Realty S.A. - 4th Issuance | 213,435 | 265,667 | 213,435 | 265,667 |
| (-) Cost of 4th Issuance | (1,703) | (1,960) | (1,703) | (1,960) |
| PDG Realty S.A. - 5th Issuance | 497,760 | 621,727 | 497,760 | 621,727 |
| (-) Cost of 5th Issuance | (2,340) | (3,899) | (2,340) | (3,899) |
| PDG Realty S.A. - 6th Issuance | 136,033 | 117,331 | 136,033 | 117,331 |
| (-) Cost of 6th Issuance | (185) | (252) | (185) | (252) |
| PDG Realty S.A. - 7th Issuance | 162,423 | 153,923 | 162,423 | 153,923 |
| (-) Cost of the 7th issuance | (2,584) | (3,106) | (2,584) | (3,106) |
| PDG Realty S.A. - 8th Issuance (*) | 3,979 | 89,508 | 3,979 | 89,508 |
| Subtotal | 1,432,102 | 1,742,840 | 1,432,102 | 1,742,840 |
| ZMF23 - 1st Issuance | - | - | 14,222 | - |
| STX 10 Desenvolvimento - 1st Issuance | - | - | 14,072 | - |
| Subtotal | - | - | 28,294 | - |
| Total | 1,432,101 | 1,742,840 | 1,460,396 | 1,742,840 |
| Portion in current liabilities | 196,502 | 316,727 | 196,502 | 316,727 |
| Portion in non-current liabilities | 1,235,600 | 1,426,113 | 1,263,894 | 1,426,113 |
| Total | 1,432,102 | 1,742,840 | 1,460,396 | 1,742,840 |

(*) Fair value of said issuance is in Note 19.

The Company and its subsidiaries have debenture contracts with covenants that are normally applicable to this type of operation, related to compliance with financial-economic indices, cash generation and other. These covenants are properly monitored and are not restricted to the capacity of conducting operations as an ongoing concern.

Debentures have clauses determining maximum indebtedness levels and EBITDA index, covenants, calculated based on the Company's consolidated financial statements. For the year ended December 31, 2013, the Company calculated and complied with all covenants,

thus avoiding accelerated debt maturity.

c. 1st issuance of non-convertible debentures

On July 24, 2007, the Company completed the 1st Issuance of the Primary Public Distribution of debentures that issued 25,000 simple, non-convertible, registered, nominative, unsecured debentures in a single series, with par value of R\$10. Debentures were fully subscribed and mature in seven years, being remunerated at CDI variation plus 0.9% per year. Amortization is in four annual installments beginning as of July 1, 2011.

The debentures of 1st Issue contain advanced maturity clauses in case of certain events, such as: (i) legitimate protest of securities against the Company in individual value of R\$ 7,000 or aggregate higher than equivalent to 2% of the Company's shareholders' equity; (ii) noncompliance with any judicial decision or final and unappealable sentence determining the execution of securities in unit value or aggregate higher than 2% of the Company's shareholders' equity; (iii) default payment or advanced maturity of any financial obligation in individual or aggregate value above R\$ 5,000; and (iv) approval of merger, spin-off, amalgamation, or any other type of corporate reorganization involving the Company and/or its subsidiaries, except if the merger, spin-off or amalgamation: (a) is in compliance with the requirements of article 231 of the Corporate Law; or (b) if the risk ratings of the Company and 1st Issuance of Debentures are reviewed by an international renowned agency, they are not downgraded to a grade lower than the rating attributed for purposes of the Issuance; or (c) the purpose is a company holding interest in CHL Desenvolvimento Imobiliário S.A. or in Goldfarb Incorporações e Construções S.A., among other.

On June 29, 2011, the Company executed an addendum that changed debentures main characteristics as follows:

Debentures will mature in 11 years counted as of Issuance Date, with final maturity on July 01, 2018 ("Maturity Date"). Upon Maturity Date, the Company is obliged to pay the balance of Unit Nominal Value of Debentures that are still outstanding, plus remuneration, in currency, as follows.

As of the Third Amendment's Effective Date, the Debentures will earn interest in accordance with the rate to be defined by the Bookbuilding procedure, equal to 100% (one hundred percent) of the accrued daily average rates for one-day "over extra group" Interbank Deposits, found and disclosed on a daily basis by CETIP in the daily bulletin located in its Internet page at <http://www.cetip.com.br> ("DI Rate"), plus a 1.80% (one and eight-tenths percent) per annum spread based on 252 (two hundred and fifty-two) business days, to levy on the yet unpaid Unit Face Value pursuant to the Deed, as of the Issue Date and the last compensation payment date that coincides with the Expiry Date, and paid at the end of each Capitalization Period (as defined below) ("Compensation").

3.3. In view of the new grace period and the new provision on repayment periods, the Deed's Clause 4.3. shall become effective with the following wording:

4.3. Amortization: The Debentures shall be repaid annually in 4 (four) annual, equal and consecutive installments, payable following the three-year grace period as of the date of the change in nature, i.e.: July 1, 2011 ("New Principal Payment Grace Period"), starting on July 1, 2015 (each one a "Payment Date"), subject to the following proportions:

| Payment date | Percentage of debentures outstanding subject to repayment |
|---------------------|--|
| July 01, 2015 | 25% |
| July 01, 2016 | 25% |
| July 01, 2017 | 25% |
| July 01, 2018 | 25% |

d. 3rd Issuance of debentures - non-convertible debentures

On August 31, 2009, the Shareholders' Meeting approved the Company's 3rd non-convertible Debenture Issue, of the secured kind in one sole series. 300 registered bookkeeping debentures were issued at R\$ 1,000 face value, totaling R\$ 300,000. The 3rd Debenture Issue public deed was undersigned on September 11, 2009 with the Severance Payment Fund (FGTS) and provides for expiry in five years as of the issue date. Principal payments will have a 36-month grace period and will occur every six months thereafter. The papers will earn interest according to the TR plus 8.75% per annum, and interest will be paid every six months.

The proceeds from this debenture issue will be intended to fund the construction of housing projects covered by the SFH - the Housing Financial System's legal framework. The Company's liabilities arising from the 3rd Debenture Issue will be secured chiefly by the assignment of the credit rights owned by the Special Purpose Entities (SPEs) that developed the projects subject to funding, as well as a lien on the quotas issued by these SPEs.

The securities of the 3rd Issuance of Debentures contain advanced maturity clauses in certain events, such as: (i) legitimate and reiterated protest of securities in individual value higher than 1% of the Company's shareholders' equity, or aggregate, higher than 2% of the Company's shareholders' equity; (ii) the occurrence of any disposal, assignment or transfer of the Company's assets whose value is equal to or higher than 10% of the Issuer's shareholders' equity; and (iii) spin-off, merger, amalgamation or any other type of corporate reorganization of the Company and/or its Significant Subsidiaries, except if the merger, spin-off or amalgamation: (a) is in compliance with the requirements of article 231 of the Corporate Law; or (b) if the risk ratings of the Company and 3rd Issuance of Debentures are reviewed by an international renowned agency, they are not downgraded to a grade lower than the rating attributed for purposes of the 3rd Issuance of Debentures; or (c) the purpose is a company in which the Company holds interest or a company holding as main asset interest in a company in which the Company also holds interest; or (d) if the merger, spin-off or amalgamation does not involve the SPEs whose shares or quotas had been pledged as collateral for the compliance with the Company's obligations in the context of the 3rd Issuance of Debentures; or else, (e) if the Company is the merger and Goldfarb or CHL are the merged companies.

On November 14, 2013, the Company renegotiated the amortization schedule for debentures, extending and diluting installments amortization flow. Accordingly, debentures will mature on March 15, 2016.

e. 4th Issuance of debentures - non-convertible debentures

On August 10, 2010 the Company approved the 4th simple non-convertible debenture issue, of an unsecured nature, for public distribution and totaling R\$ 280,000, maturing in August 2016. A total of 280 debentures with nominal value of R\$ 1,000 were issued. The debentures were paid in cash in Brazilian currency when they are subscribed.

These debentures earn compensation equal to the accrued average one-day DI Rates – Interbank Deposits, plus a 2.40% per annum spread, expressed as a per annum percentage based on 252 business days, compounded *pro rata temporis* per business days elapsed and to levy on the Debentures’ unpaid Unit Face Value, as of the date of issue or the immediately preceding Compensation date, as applicable, and paid at the end of each Capitalization Period until actual repayment.

On November 6, 2013, the Company renegotiated the amortization schedule for debentures, postponing amortizations of the period from November 10, 2013 to February 10, 2015 to the period from May 10, 2015 to August 10, 2016. Note that this change does not alter remuneration payment schedule or final maturity of debentures.

f. 5th Issuance of debentures - non-convertible debentures

On September 17, 2010, the Company approved the 5th simple non-convertible debenture issue, of an unsecured nature, for public distribution and totaling R\$ 600,000, maturing in August 2015. A total of 600 debentures with nominal value of R\$ 1,000 were issued. The debentures were paid in cash in Brazilian currency when they are subscribed.

The Company may at any time acquire the debentures outstanding at a price not greater than their Unit Face Value plus *pro rata temporis* compensation as of the date of issue or the date of payment of the immediately preceding compensation.

The 5th Issue may be repaid entirely in advance, limited to 90% of the balance of the debentures outstanding, or partially and in this case provided that at least 25% is repaid of the unit balance of the debentures outstanding. In case of an advance repayment, the Company shall publish a Notice to Debenture Holders besides giving notice to the trustee at least 5 days in advance of the Notice to Debenture Holders’ publication date. The repayment portion shall include a premium, as provided for in the Issue Deed.

The debentures earn interest equal to the accrued TR – Reference Rate disclosed by Banco Central do Brasil *pro rata temporis* during business days, plus an initial 8.16% p.a. coupon based on 252 business days, reviewed at each Capitalization Period, with compounded capitalization as of the date of issue on the Unit Face Value or the debentures’ balance of Unit Face Value, payable at the end of each capitalization period.

The securities of the 5th Issuance of Debentures contain advanced maturity clauses in certain events, such as: (i) legitimate and reiterated protest of securities in individual value higher than 1% of the Company’s shareholders’ equity, or aggregate, higher than 2% of the Company’s shareholders’ equity; (ii) the occurrence of any disposal, assignment or transfer of the Company’s assets whose value is equal to or higher than 10% of the Issuer’s shareholders’ equity; and (iii) spin-off, merger, amalgamation or any other type of corporate reorganization of the Company and/or its Significant Subsidiaries, except if the merger, spin-off or amalgamation: (a) is in compliance with the requirements of article 231 of the Corporate Law; or (b) if the risk ratings of the

Company and 5th Issuance of Debentures are reviewed by an international renowned agency, they are not downgraded to a grade lower than the rating attributed for purposes of the 5th Issuance of Debentures; or (c) the purpose is a company in which the Company holds interest or a company holding as main asset interest in a company in which the Company also holds interest; or (d) if the merger, spin-off or amalgamation does not involve the SPEs whose shares or quotas had been pledged as collateral for the compliance with the Company's obligations in the context of the 5th Issuance of Debentures; or else, (e) if the Company is the merger and Goldfarb or CHL are the merged companies.

On November 14, 2013, the Company renegotiated the amortization schedule for debentures, extending and diluting installments amortization flow. Accordingly, debentures will mature on August 1, 2016.

g. 6th Issuance of debentures - non-convertible debentures

On March 24, 2011 the Company approved the 6th simple non-convertible debenture issue, secured by shares from the subsidiary PDG Desenvolvimento S.A., for public distribution and totaling R\$ 97,000. A total of 97 debentures with nominal value of R\$ 1,000 were issued. The debentures were paid in cash in Brazilian currency when they are subscribed.

The debentures mature in 66 months, on September 30, 2016, and bear interest of 14.60% per annum, calculated on a straight-line basis based on a 365-day year, equivalent to a prefixed rate, calculated exponentially, of 11.31% per annum, calculated on the nominal value of each debenture from the date of issue until the payment date of each remuneration.

h. 7th Issuance of debentures - non-convertible debentures

On March 15, 2012, the Company approved the 7th issuance of unsecured, sole series debentures non-convertible into shares, for public distribution in the amount of R\$ 140,000. A total of 140 debentures with nominal value of R\$ 1,000 were issued. The debentures were paid in cash in Brazilian currency when they are subscribed.

Debentures have a maturity period of 81 months, maturing on December 15, 2018, and yield interest of 6.56% per annum, calculated per business days elapsed up to the payment date of each remuneration.

i. 8th Issuance of Debentures – convertible into common shares

On July 12, 2012, the Company approved the 8th private issuance of debentures, convertible into common shares, without preference, in the amount of R\$ 1,990,000.00 and maturity on September 18, 2016. A total of 199,000,000 debentures with nominal value of R\$ 0.01 were issued. The debentures will be paid at sight, in local currency, on the maturity date.

On September 19, 2012, in the Minute of the Board of Directors' Meeting it was approved the cancellation of 94,103 (ninety-four thousand one hundred and three) debentures, then amounting to 198,905,897 (one hundred ninety-eight million, nine hundred and five thousand, eight hundred ninety-seven) debentures.

Debentures will not be entitled to any remuneration. It will be considered postponed the terms related to the payment of any obligation related to the Debentures, up to the 1st (first) subsequent business day, if the maturity coincides with the day with no commercial or banking activity in the place of payment of the Debentures, in the cities of São Paulo and Rio de Janeiro, States of São Paulo and Rio de Janeiro. In case of delay in the payment of any amount due to the holders of Debentures, the overdue debits will be subject to moratorium fine of 2% (two percent) on the amount due and arrears interest calculated from the date of default to the effective payment date, at the rate of 1% (one percent) per month, on the amount due, irrespective of notice, notification or judicial or extrajudicial interpretation, in addition to expenses incurred for collection (“Moratorium Charges”).

Each Debenture may be converted into 1 (one) common share of the Issuer on the Maturity Date (“Conversion”). The price of conversion of the Debentures will be the highest between the following values, per Debenture to be converted: (i) R\$ 4.00 (four reais), adjusted based on the variation of the Selic rate, disclosed by the Committee of Monetary Policy (COPOM) of the Central Bank of Brazil, in the period from the Issuance Date to the Conversion Date; or (ii) R\$6.00 per debenture (“Translation Price”). Each Debenture may be converted, individually, at the sole discretion of the Debentureholder, on the Maturity Date. The Debentureholder should inform his conversion intent up to 5 (five) business days prior to the Maturity Date, through Request of Conversion by the Debentureholder to be made in writing to the Issuer, addressed to the branches of Itaú Corretora de Títulos e Valores Imobiliários S.A., custodian of the Debentures (“Request of Conversion by the Debentureholder”).

j. 2nd issuance of non-convertible debentures - Investees

On September 23, 2011, the Company approved the 2nd private issuance of simple debentures, not convertible into shares, in a single series and with real guarantee of shares of investee ZMF 23 Incorporações S.A., in the amount of R\$4,425,000. 4,425,000 debentures were issued at par value of R\$1.00 each, in domestic currency.

Debentures are valid for 36 months, mature on October 31, 2014, and earn interest of 1.6% per annum, calculated on an exponential and cumulative basis, pro rata temporis, per elapsed business day - basis of 252 days - levied on debentures’ unit par value from issuance date to effective payment date.

k. 2nd issuance of non-convertible debentures - Investees

On July 30, 2011, the Company approved the 2nd private issuance of simple debentures, not convertible into shares, in a single series and with real guarantee of shares of investee STXROCK 10 Desenvolvimento Imobiliário S.A., in the amount of R\$4,290,000. A total of 4,290,000 debentures with nominal value of R\$ 1.00 were issued. Debentures will be paid up in tranches by the debentureholder up to December 30, 2012, in domestic currency.

Debentures are valid for 36 months, mature on July 31, 2014, and earn interest of 1.6% per annum, calculated on an exponential and cumulative basis, pro rata temporis, per elapsed business day - basis of 252 days - levied on debentures’ unit par value from issuance date to effective payment date.

l. 1st issuance of debentures – convertible into common shares – Investees

On September 23, 2011, the Company approved the 1st private issuance of debentures convertible into common shares, in a single series, of investee ZMF 23 Incorporações S.A., in the amount of R\$8,850,000. A total of 8,580,000 debentures with nominal value of R\$ 1.00 were issued. Debentures will be paid-up in tranches by the debentureholder up to June 30, 2013, in domestic currency.

Debentures are valid for 36 months and mature on October 31, 2014. Each debenture will be entitled to remuneration as interest in income of the Issuer.

Whenever the issuer pays dividends or any other pecuniary advantage that it may assign to shareholders, debenture remuneration will be paid together with shareholders' dividends. "Issuer profit" refers to issuer's profits associated to SPE results and obtained based on issuer's revenues deriving from distribution of SPE results less value equivalent to 1% on general sales value (VGV) of enterprise provided for in the business plan, as well as all costs, losses, expenses and taxes incurred by the issuer less issuer's reserves of any nature.

Debentures' remuneration will be equivalent to 50% of issuer's profit ("Initial Proportion"), provided that, after payment of the first tranche of debentures subscribed by the debentureholder, all new contributions to the issuer by the debentureholder and shareholders - in case of shareholders, only contributions related to the issuer's capital needs will be considered - have been (financially) made at the proportion of 66.66% from the debentureholder and 33.33% from shareholders.

m. 1st issuance of non-convertible debentures – investees

On June 30, 2011, the Company approved the 1st private issuance of debentures convertible into common shares, in a single series, of investee STXROCK 10 Desenvolvimento Imobiliário S.A., in the amount of R\$8,580,000. A total of 8,580,000 debentures with nominal value of R\$ 1.00 were issued. Debentures will be paid up in tranches by the debentureholder up to December 30, 2012, in domestic currency.

Debentures are valid for 36 months and mature on July 31, 2014. Each debenture will be entitled to remuneration as interest in income of the Issuer.

Whenever the issuer pays dividends or any other pecuniary advantage that it may assign to shareholders, debenture remuneration will be paid together with shareholders' dividends. "Issuer profit" refers to issuer's profits associated to SPE results and obtained based on issuer's revenues deriving from distribution of SPE results less value equivalent to 1% on general sales value (VGV) of enterprise provided for in the business plan, as well as all costs, losses, expenses and taxes incurred by the issuer less issuer's reserves of any nature.

Debentures' remuneration will be equivalent to 50% of issuer's profit ("Initial Proportion"), provided that, after payment of the first tranche of debentures subscribed by the debentureholder, all new contributions to the issuer by the debentureholder and shareholders - in case of shareholders, only contributions related to the issuer's capital needs will be considered - have been (financially) made at the proportion of 66.66% from the debentureholder and 33.33% from shareholders.

n. Estimates for debenture repayment

In accordance with the estimated amortization flow on December 31, 2013, the consolidated balance is allocated as follows:

| Year of amortization | Percentage of amortization | 2013 |
|--------------------------------|-----------------------------------|------------------|
| 1st Issuance | | |
| 2014 | 5.00% | 13,497 |
| 2015 | 24.00% | 61,851 |
| 2016 | 24.00% | 61,851 |
| 2017 | 24.00% | 61,851 |
| 2018 | 24.00% | 61,851 |
| Total 1st Issuance | 100.00% | 260,901 |
| 3rd Issuance | | |
| 2014 | 36.00% | 59,382 |
| 2015 | 32.00% | 52,500 |
| 2016 | 32.00% | 52,500 |
| Total 3rd Issuance | 100.00% | 164,382 |
| 4th Issuance | | |
| 2014 | 2.00% | 3,435 |
| 2015 | 48.00% | 102,431 |
| 2016 | 50.00% | 105,866 |
| Total 4th Issuance | 100.00% | 211,732 |
| 5th Issuance | | |
| 2014 | 20.00% | 97,764 |
| 2015 | 43.00% | 211,874 |
| 2016 | 37.00% | 185,783 |
| Total 5th Issuance | 100.00% | 495,421 |
| 6th Issuance | | |
| 2016 | 100.00% | 135,848 |
| Total 6th Issuance | 100.00% | 135,848 |
| 7th Issuance | | |
| 2014 | 14.00% | 22,423 |
| 2018 | 86.00% | 137,416 |
| Total 7th Issuance | 100.00% | 159,839 |
| 8th Issuance | | |
| 2016 | 100.00% | 3,979 |
| Total 8th Issuance | 100.00% | 3,979 |
| Overall total | | 1,432,102 |
| Debentures in investees | | 28,294 |
| Overall total | | 1,460,396 |
| Current | | 196,502 |
| Non-current | | 1,263,894 |
| Total debentures | | 1,460,396 |

o. Transaction costs of debentures

| | Parent company | | | | | |
|---|---|----------------|----------------|----------------|---------------|----------------|
| | 1st Issuance | 3rd Issuance | 4th Issuance | 5th Issuance | 6th Issuance | 7th Issuance |
| On the date of Issue | 250,000 | 300,000 | 280,000 | 600,000 | 97,000 | 140,000 |
| Transaction costs | (3,895) | (2,677) | (3,217) | (7,624) | (367) | (3,530) |
| Net inflow of funds at the Company o the date of operation | 246,105 | 297,323 | 276,783 | 592,376 | 96,633 | 136,470 |
| Nominal rate of the transaction | CDI+1.80% | TR+10.45% | CDI+2.40% | TR+8.16% | 14.60% | IPCA+6.56% |
| Effective rate of the transaction | CDI + 2.22% | TR+10.70% | CDI + 2.78% | TR + 8.40% | 14.67% | IPCA + 6.96% |
| Appropriated amounts | Appropriation of transaction costs in income (loss): | | | | | |
| 2009 | - | (65) | - | - | - | - |
| 2010 | - | (567) | (1) | (642) | - | - |
| 2011 | (263) | (566) | (516) | (1,524) | (50) | - |
| 2012 | (517) | (564) | (740) | (1,559) | (65) | (424) |
| 2013 | (520) | (559) | (257) | (1,559) | (67) | (522) |
| Subtotal | (1,300) | (2,321) | (1,514) | (5,284) | (182) | (946) |
| Unrecognized amounts | Appropriation of transaction costs in income (loss): | | | | | |
| 2014 | (519) | (118) | (498) | (778) | (67) | (522) |
| 2015 | (519) | (119) | (498) | (781) | (67) | (522) |
| 2016 | (519) | (119) | (708) | (781) | (51) | (523) |
| 2017 | (519) | - | - | - | - | (522) |
| 2018 | (519) | - | - | - | - | (496) |
| Subtotal | (2,595) | (356) | (1,703) | (2,340) | (185) | (2,584) |
| Total | (3,895) | (2,677) | (3,217) | (7,624) | (367) | (3,530) |

p. Allocation of financial charges

The debentures' financial expenses are capitalized to the cost of each development and plot of land, as the funds are employed, and appropriated to the income figures according to practice adopted for recognizing revenues.

15 Payables for acquisition of real estate

These refer to liabilities taken on with the purchase of land for real estate developments, as seen below:

| | Parent company | | Consolidated | |
|------------------------------|----------------|--------------------|----------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Cash | 250 | 2,927 | 233,182 | 229,406 |
| Subject to VGV | 12,212 | - | 492,060 | 620,358 |
| (-) Present value adjustment | (252) | - | (1,866) | (3,214) |
| Total | 12,210 | 2,927 | 723,376 | 846,550 |
| Current | 12,210 | - | 506,449 | 697,037 |
| Non-current | - | 2,927 | 216,927 | 149,513 |

| | | | | |
|--------------|----------------------|---------------------|-----------------------|-----------------------|
| Total | <u><u>12,210</u></u> | <u><u>2,927</u></u> | <u><u>723,376</u></u> | <u><u>846,550</u></u> |
|--------------|----------------------|---------------------|-----------------------|-----------------------|

The balances of liabilities for the acquisition of real estate total R\$ 492,060 as of December 31, 2013 (R\$ 620,358 as of December 31, 2012), refer to commitments for the purchase of plots of land for the development of real estate properties, and the settlement with the bartering party is made at the same time as the customer's financial settlement, by means of fund transfers, as foreseen in the agreement.

Liabilities are substantially updated according to the National Civil Construction Index – INCC or the General Market Price Index – IGP-M, with interest ranging from 6% to 12% per annum.

Breakdown per maturity of the non-current portion of liability values due to property acquisition is as follows:

| | Parent company | | Consolidated | |
|--------------|----------------|--------------------|----------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| 2013 | - | - | - | - |
| 2014 | - | 2,927 | - | 82,199 |
| 2015 | - | - | 30,433 | 36,065 |
| 2016 onwards | - | - | 186,494 | 31,249 |
| Total | - | 2,927 | 216,927 | 149,513 |

16 Taxes payable

SRF Normative Instruction no. 84/79 (Building and Sale of Real Estate) provides that for fiscal purposes the Company may defer tax payments in order to match them in proportion to revenues from sales made. As a result, deferred tax payable asset or liability is recorded based on the difference between income recognized in financial statements and current tax (“payable”), at the cash regime.

a. Income and social contribution tax expenses

Most SPE's opted for Presumed Profit taxation, according to which tax basis is revenue from project sales, therefore, regardless of income, there is taxation at the average rate of 3.08% on sales revenue. The consolidated income and social contribution tax expenses are summarized as follow:

| | 2013 | | 2012 (Restated) | |
|---|------------------|------------------|--------------------|------------------|
| | IRPJ | CSLL | IRPJ | CSLL |
| Income from real estate sales | 5,279,153 | 5,279,153 | 4,214,348 | 4,214,348 |
| Income from real estate sales – Taxable income | 1,009,432 | 1,009,432 | 311,806 | 311,806 |
| (-) Income from real estate sales at RET | 1,319,809 | 1,319,809 | 1,512,866 | 1,512,866 |
| Income from real estate sales at presumed profit | 2,949,912 | 2,949,912 | 2,389,676 | 2,389,676 |
| Other income - Real estate development | 125,707 | 125,707 | 173,203 | 173,203 |
| Other income - Real estate development (taxable income) | 33,058 | 33,058 | 31,325 | 31,325 |
| (-) Other income - Real estate development (RET) | 20,768 | 20,768 | 49,410 | 49,410 |
| Other income - Real estate development (presumed profit) | 71,881 | 71,881 | 92,468 | 92,468 |
| Presumed profit - Real estate development - IRPJ 8% - CSLL 12% | 241,743 | 362,615 | 198,572 | 297,857 |
| Rental/service income – taxable income | 13,358 | 13,358 | 32,361 | 32,361 |
| Rental/service income – presumed profits | 82,461 | 82,461 | 93,737 | 93,737 |

Deferred liabilities

Deferred income, social contribution, PIS and Cofins taxes are recorded in order to reflect the tax effects arising from temporary differences between the tax base, which defines cash method taxation (SRF Normative Instruction no. 84/79) and the actual appropriation of real property tax, Note 2.10.

The amount of the deferred income and social contribution tax are shown as follow:

| | Parent company | | Consolidated | |
|--|-----------------------|----------------------------|---------------------|----------------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Deferred income tax liabilities | - | 29,600 | 186,771 | 249,133 |
| Deferred social contribution tax liability | - | 23,486 | 90,999 | 89,688 |
| Total | - | 53,086 | 277,770 | 338,821 |

Considering the current context of the Parent Company's operations, substantially related to the holding of interest in other companies, tax credits were not recognized on the totality of the accumulated balance of tax losses and social contribution tax loss carryforwards, as well as on the balance of temporarily nondeductible expenses upon calculation of the taxable income.

On December 31, 2013, the balance of accumulated tax losses of the Company was R\$ 1,085,933 (R\$ 673,713 on December 31, 2012).

The balances of consolidated deferred tax liabilities are recorded as follows:

| Tax | Parent company | | Consolidated | |
|------------------------------------|-----------------------|----------------------------|---------------------|----------------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| IRPJ and CSLL (Income tax) | - | 53,086 | 277,770 | 338,821 |
| PIS and COFINS | 1,646 | 15,508 | 254,665 | 184,845 |
| Total | 1,646 | 68,594 | 532,435 | 523,666 |
| Portion in current liabilities | 1,646 | 25,779 | 380,965 | 372,768 |
| Portion in non-current liabilities | - | 42,815 | 151,470 | 150,898 |
| Total | 1,646 | 68,594 | 532,435 | 523,666 |

17 Operations with real estate projects under development and advances from clients

Refer to unrecognized revenue derived from contracted sales for projects under construction that are not yet reflected in financial statements. Amounts are as follows:

| | Parent company | | Consolidated | |
|-------------------------------|----------------|--------------------|------------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Unrecognized contracted sales | 50,201 | 71,316 | 3,838,957 | 6,250,600 |
| Construction commitment | (38,379) | (51,293) | (2,733,932) | (4,558,252) |
| Total | 11,822 | 20,023 | 1,105,025 | 1,692,348 |

The unrecorded income amounts of the contract value of units sold are as follows:

| Year | Parent company | | Consolidated | |
|--------------|----------------|--------------------|------------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| 2013 | - | 1,601 | - | 887,779 |
| 2014 | 1,362 | 8,374 | 802,684 | 676,881 |
| 2015 | 10,460 | 10,048 | 257,304 | 127,688 |
| 2016 | - | - | 45,037 | - |
| Total | 11,822 | 20,023 | 1,105,025 | 1,692,348 |

Income from performed real estate transactions is recognized based on accounting practices presented in note 2.10. Therefore, the balance of accounts receivable from the units sold and not yet concluded are reflected in part at December 31, 2013 financial statements, as the respective book entries reflect recognized revenues net of the installments received.

The R\$ 762,795 sum received in consolidated sales (R\$ 827,879 on December 31, 2012), in excess of the stated sales revenues is stated in advances from clients, in current and non-current liabilities.

18 Provisions

The Company and its subsidiaries are parties in court and administrative proceedings claims of a labor and civil nature, which arose from its normal course of business. The provision for contingencies of the Company is mainly formed by subsidiaries.

The respective contingency provisions were created considering the probability of loss assessed by legal counsel, and are recorded under "Other operating expenses."

Based on the opinion of its legal counsel, Management believes that the contingency provisions created are sufficient to cover any probable losses in the court proceedings and differences found in tax calculations, as described below:

| Nature – Probable loss | Consolidated | |
|------------------------------------|----------------|--------------------|
| | 2013 | 2012 (Restated) |
| Labors | 71,794 | 21,857 |
| Tax | 138 | 17,840 |
| Civil | 111,136 | 100,133 |
| Total | 183,068 | 139,830 |
| Portion in non-current liabilities | 183,068 | 139,830 |
| Total | 183,068 | 139,830 |

Below follows a breakdown of the contingency provisions of the Company and its subsidiaries:

| | Consolidated | | | |
|---------------------------------------|---------------|---------------|----------------|----------------|
| | Labors | Tax | Civil | Total |
| Balance at 2012 (Restated) | 21,857 | 17,840 | 100,133 | 139,830 |
| Additions | 49,937 | | 11,003 | 60,940 |
| Reversals | - | (17,702) | - | (17,702) |
| Balance at 2013 | 71,794 | 138 | 111,136 | 183,068 |

The proceeding loss likelihood and deemed “possible” by the Company’s legal counsel are composed of:

| Nature – Possible loss | Consolidated | |
|------------------------|----------------|--------------------|
| | 2013 | 2012 (Restated) |
| Labors | 98,226 | 32,481 |
| Civil | 154,067 | 95,762 |
| Tax | 13,733 | 24,419 |
| Total | 266,026 | 152,662 |

Civil suits refer largely to discussions on fines related to delays in the delivery of property developments, repairs of construction defects or damages to properties close to property developments, and the questioning of contractual inflation updating indexes.

The labor lawsuits include labor claims by former employees for unpaid sums (overtime, unhealthy and hazardous work conditions, etc.) and payment of social charges.

In addition, we present below the amount of provision for warranty, which was recorded in accordance with accounting practice presented in note no. 2.8.a:

| Provision for warranty | Parent company | | Consolidated | |
|------------------------|----------------|--------------------|----------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Current | 282 | 36 | 140,120 | 93,504 |
| Non-current | - | 277 | 88 | - |
| Total Provision | 282 | 313 | 140,208 | 93,504 |

19 Shareholders' equity

a. Capital

On December 31, 2013 and 2012, the Company's equity capital was composed of 1,339,547,923 nominative common shares and with no par value, totally subscribed and paid of R\$ 4,960,080.

On December 31, 2013 and 2012, after costs of R\$ 52,237 incurred in placing shares during the 2009 and 2010 fiscal years, the Company's equity capital is R\$ 4,907,843.

The Company is authorized to increase its capital stock irrespective of amendments to the by-laws, by means of decision(s) by the Board of Directors, in issuance(s) amounting to up to the limit of 1,080,000,000 (one billion and eighty million) common shares, excluding increases approved at annual shareholders' meeting. This limit considers all the capital increases made within the Company's authorized capital, since the Company's incorporation, including all capital increases approved by the Board of Directors. The Board of Directors' decision(s) approving such issuances of shares will define the conditions of the issuance, establishing if the increase will be made by public or private subscription, the price, type and payment conditions. Up to December 31, 2013, total shares issued by the Board of Directors were 671,081,089 common shares.

During the period ended December 31, 2013, there were no changes in the number of shares of the Company in relation to the year ended December 31, 2012.

| | <u>Quantity of shares</u> | <u>Amount</u> |
|----------------------------------|-------------------------------|-------------------------|
| Common shares | 1,339,547,923 | 4,960,080 |
| (-) Cost for placement of shares | - | (52,237) |
| Balance | <u>1,339,547,923</u> | <u>4,907,843</u> |

b. Income (loss) per share

Below, we present the reconciliation of losses and weighted average outstanding shares with amounts used to calculate parent company's and consolidated basic and diluted losses per share:

| | <u>2013</u> | <u>2012 (Restated)</u> |
|--|-------------------------|----------------------------|
| Basic loss per share | | |
| Net income for the year available for common shares | (270,987) | (2,155,330) |
| Outstanding average weighted common shares | <u>1,323,263</u> | <u>1,230,768</u> |
| Income (loss) per share - (in R\$) – Basic | <u>(0.20479)</u> | <u>(1.75121)</u> |
| Diluted loss per share | | |
| Net income for the year available for common shares | (270,987) | (2,155,330) |
| Outstanding average weighted common shares | 1,323,263 | 1,230,768 |
| Potential increase in common shares on account of the stock option plan | 94,107 | 12,291 |
| Potential increase in common shares on account of the capital increase - Subscription and debenture bonus | 198,906 | 198,906 |
| Income (loss) per share - (in R\$) – diluted | <u>(0.16766)</u> | <u>(1.49472)</u> |

c. Program of repurchase of shares and treasury shares

In a meeting held on November 24, 2011 the Board of Directors approved for one-year period the share repurchase program. The main purpose of this program was the maximization of the value of shares through an efficient management of the capital structure.

The changes and the balances of treasury shares, at the end of each period are shown below:

| | <u>Quantity</u> | <u>Repurchase price</u> | <u>Average price</u> |
|-----------------------------------|-------------------|-------------------------|----------------------|
| Common shares | | | |
| 1st Repurchase program | | | |
| Strike of the options | 5,900,000 | 33,989 | 5.76 |
| Balance at 2011 | 5,900,000 | 33,989 | 5.76 |
| 2nd Repurchase program | | | |
| Strike of the options | 10,383,700 | 71,751 | 6.91 |
| Balance in 2012 (Restated) | 16,283,700 | 105,740 | 6.49 |
| Balance at 2013 | 16,283,700 | 105,740 | 6.49 |

Repurchased shares are presented in column “Capital reserve, granted options and treasury shares” in the statement of changes in shareholders' equity. There were on other transactions involving common shares or potential shares between the balance sheet date and the date of conclusion of these quarterly information.

d. Valuation adjustments to equity – Other comprehensive income

The Company had the amount of R\$58,107 recorded under caption “valuation adjustments to equity” referring to transaction adjustments made to Financial Statements, in accordance with standards issued by the Accounting Pronouncements Committee (CPC), in 2010, which would have no impact on income for said year. The balance is comprised as follows: R\$12,806, represented by foreign exchange variation of subsidiary TGTL; and R\$27,374 and R\$22,642 referring to goodwill amortization of subsidiaries Goldfarb and REP – Real Estate Desenvolvimento Imobiliário S.A., respectively.

20 Financial instruments

The Company and its subsidiaries are party to transactions involving financial instruments for the purpose of financing its activities or investing its available funds.

These risks are managed through conservative strategies aiming at liquidity, profitability and security. The control policy consists of ongoing monitoring of contracted rates against market rates.

The key financial instruments commonly employed by the Company and its subsidiaries are those found under “Cash, banks and marketable securities”, “Funding of loans” and to fund projects under construction, funding with debenture issues and working capital loans, all under normal market conditions. All of these instruments are recognized under the criteria described in Note 2.

The Company limits its exposure to credit risk associated with banks and investments by

making its investments in prime financial institutions and with high remuneration in short-term securities. As to accounts receivable, the Company restricts its exposure to credit risks by means of sales to a broad range of clients and the ongoing performance of credit analyses. As at December 31, 2013, there was no significant concentration of credit risk associated with customers.

Fair value of financial instruments – Vinci Partners

On December 31, 2013, the Company had the following fair value for Vinci:

| | 2013 | 2012 (Restated) |
|--|--------------------|----------------------------|
| Quantity of debentures | 199,000,000 | 199,000,000 |
| Quantity of debentures canceled | (94,103) | (94,103) |
| Number of net debentures | 198,905,897 | 198,905,897 |
| Nominal value in the issuance (in reais) | 0.01 | 0.01 |
| Total amount of the issue | 1,989 | 1,989 |
| Ticker PDGR-D81 (in Brazilian Reais) | 0.02 | 0.45 |
| Fair value of the 8th Issuance | 3,979 | 89,508 |

These debentures may be converted into shares and are traded in an active market; accordingly, the Company calculated fair value through quotation value on financial statements' date.

Transaction with a derivative financial instrument – Cash flow swap

The subsidiary Agre Empreendimentos Imobiliários S.A. entered into a traditional swap transaction of the same reference sum as the related funding, stated at its fair value with effects on the income figures. The Level 2 Fair value was obtained with the use of interest curves available in the market and disclosed by BM&F BOVESPA.

| Description | Notional value | Long position (Agre) | Short position (HSBC) | Fair Value Position (AGRE) | Fair Value Position (HSBC) |
|---------------------------------------|----------------|----------------------|-----------------------|----------------------------|----------------------------|
| | | | | 2013 | 2013 |
| Cash flow swap linked to fund raising | 26,667 | 117% CDI + TJLP | 100% CDI + 2.03% p.a. | 27,103 | 27,100 |

The operation began on June 25, 2010, and was settled in advance on October 22, 2013. The Company obtained a positive result of R\$ 3 on this operation. The Group does not have any outstanding derivative financial instrument as of December 31, 2013.

a. Considerations on financial instruments' risks

Interest rate risk

The Company is exposed to floating interest rates, substantially to: changes in CDI rates earned by short-term investments in Bank Certificates of Deposit and Repurchase Agreements based on Debentures and contracted in BRL; and the interest on loans receivable contracted at IGPM + 12 to 18% p.a and CDI + 2% to 3% p.a. The Company is also exposed to interest on bank loans at CDI plus 1.35% per annum and 5.83% per

annum, and TR plus 11.02% per annum, loans entered into under the National Housing System at TR plus 8.3% per annum and 12% per annum, and interest on debentures issued at CDI plus 0.9% per annum and TR plus 8.75% per annum.

In order to verify the sensitivity of the index in the debts to which the Company is exposed on the base date December 31, 2013, 03 different scenarios were defined.

Based on TR and CDI values prevailing as of December 31, 2013, possible scenario for the following 12 months was defined; based on it, 25% and 50% variations were calculated.

| Operation | Risk | Probable scenario | | |
|----------------------------------|------|-------------------|----------------|----------------|
| | | Scenario I | Scenario II | Scenario III |
| Financings | | | | |
| Rate subject to variation | CDI | 194,782 | 236,869 | 279,029 |
| Rate subject to variation | TR | 300,091 | 301,571 | 303,052 |
| Balance of loans | | 494,873 | 538,440 | 582,081 |
| Debenture | | | | |
| Rate/index subject to variations | CDI | 89,757 | 109,124 | 128,491 |
| Balance of debentures | TR | 56,495 | 56,781 | 57,066 |
| Balance of debentures | | 146,252 | 165,905 | 185,557 |

Capital management

Capital management is intended to preserve funds in hand to meet the needs for covering liabilities, pursuant to the Company's business plan.

The Company manages capital by means of leverage quotients, equal to net indebtedness divided by total capital, plus net indebtedness. The Company includes in net indebtedness loans and financing, excluding SFH and Debentures, less cash and cash equivalents.

| | 2013 | 2012 (Restated) |
|--|------------------|--------------------|
| Loans and financing - Ex SFH (Note 12) | 145,171 | 1,194,758 |
| Debentures (note 14) | 1,460,396 | 1,742,840 |
| (-) Cash and cash equivalents and securities | (1,353,348) | (1,762,947) |
| (=) Net debt – Former SFH | 252,219 | 1,174,651 |
| Total shareholders' equity | 5,330,053 | 5,508,785 |
| Leverage ration | 4.73% | 21.32% |

Liquidity risk

The Company manages liquidity risk by planning cash flow and monthly reviewing its projects in accordance with realized cash flows, always seeking to increase accuracy and revalidation of flows. We prioritized the use of funds from SBPE and SFH financing to production, which allows better match between asset and liability periods, and funds originated by the transfer from portfolio to banks are used by banks to amortize this debt. Historically and in recent past, we have obtained full success in matching asset and liability maturities.

In addition, we have corporate debts issued in the form of debentures and CCB's,

primarily held by the largest banks of Brazil, with irrelevant participation of distribution channels in capital markets. Currently, we do not need additional financing of our operations' cash necessities for at least the next 12 months; therefore, we have focused on new fund raising with more attractive terms and costs and on anticipated roll-over of transactions coming due so as to adequate cash flow from the Company's financial activities in the short term. Long-term relationship, its size and interest in real estate development industry in Brazil has resulted in great success. Finally, projections of operating cash generation from 2014 onwards have strengthened these efforts.

Exchange rate risk

On December 31, 2013, the Company had no debts or amounts receivable denominated in foreign currency. In addition, none of the Company's relevant costs is denominated in foreign currency, except for investee TGLT, which has a functional currency – Argentinian Pesos.

Credit risk

Credit risk is the risk of a business counterpart not complying with obligations provided in a financial instrument or contract with the client, resulting in financial loss.

Financial instruments which may potentially subject the Company to credit risk concentration are mainly comprised by bank balances, financial investments (substantially in government bonds) and accounts receivable from clients.

The Company is exposed to credit risk in its operating activities and bank and/or financial institution deposits, foreign exchange transactions and other financial instruments. In order to mitigate such risks, the Company adopts a conservative management by investing short-term funds with day-to-day liquidity and post –fixed rates in first-class banks, bearing in mind ratings by the key risk agencies and respecting prudential concentration limits.

The balance of accounts receivable is spread out over a number of clients, with tangible guarantees consisting in the respective properties.

Market value of financial instruments

The financial instruments' book values, consisting substantially in short-term investments and loans, are shown in the December 31, 2013 and 2012 financial statements as sums that are close to market values, considering similar transactions.

b. Sensitivity analysis

As provided in CVM Instruction 475 dated of December 17, 2008, the Company and its subsidiaries should submit a sensitivity analysis for each type of market risk arising from financial instruments and considered relevant by Management, to which the entity is exposed on the closing date of each fiscal period.

Most of our costs and our entire portfolio of receivables for unfinished projects are restated by the INCC index.

In order to check the sensitivity of the index of financial investments to which the Company was exposed to at December 31, 2013, we defined three scenarios. Based on the CDI values in force on December 31, 2013 and this defined as probable scenario;

based on it, scenarios with deterioration of 25% (Scenario II) and 50% (Scenario III) were calculated.

The "gross financial income" was calculated for each scenario, not taking into account the incidence of taxes on investment yields. The base date used in the portfolio was December 31, 2013, with a one-year projection and checking the sensitivity of the CDI in each scenario.

| Operation | CDI Risk | Probable scenario | | |
|---|----------|-------------------|--------|--------|
| | | I | II | III |
| Investment funds – fixed income | 201,064 | 9.77% | 7.33% | 4.89% |
| Future revenue | | 19,438 | 14,580 | 9,721 |
| Bank deposit certificates | 735,096 | 8.71% | 6.53% | 4.36% |
| Future revenue | | 71,067 | 53,307 | 35,542 |
| Resale commitments and immediate liquidity operations | 268,161 | 8.71% | 6.53% | 4.36% |
| Future revenue | | 25,925 | 19,446 | 12,965 |

Liquidity risk

The Company manages liquidity risk by planning cash flow and monthly reviewing its projects in accordance with realized flows, always seeking to increase accuracy and revalidation of flows. We prioritized the use of funds from SBPE and SFH financing to production, which permits better match between asset and liability periods, and funds originated by the transfer from portfolio to banks are used by banks to amortize this debt. Historically and in recent past, we have obtained full success in matching asset and liability maturities.

In addition, we have corporate debts issued as debentures, CCBs and CRIs, primarily held by the largest Brazilian banks, with irrelevant participation of distribution channels in capital markets. We have focused on new fund raising with more attractive terms and costs and on anticipated roll-over of transactions coming due so as to adequate cash flow from the Company's financial activities in the short term. Long-term relationship, its size and interest in real estate development industry in Brazil has resulted in great success. Finally, projections of operating cash generation from 2014 onwards have strengthened these efforts.

21 Business Risk Management

a. Implementation of the risk control system

In order to manage the risk control system effectively, the Company has operational control of all projects in its portfolio, which allows, for example, accelerate unit sales to reduce their risk exposure in relation to certain projects. Such acceleration usually occurs by reducing the selling price, changing the media vehicles used, etc.

b. Risk control system

Risk control includes an individual risk analysis for each development project and an investment portfolio risk analysis. Potential losses are calculated in stress scenario for each individual enterprise and for the portfolio as a whole, as well as the maximum cash

exposure required by the portfolio.

c. Loss risk control

The risk of a new project of the Company is calculated considering the amount that may be lost in case the Company decides to wind up the project. To this end a winding up price is defined, which may be estimated only in markets in which price formation is consistent, this consistency being defined as demand sensitivity to changes in price. The maximum loss expected in each project is calculated and a portion of company capital is allocated to support this risk.

The Company's total risk consists in the sum of each project's individual risks. After being launched, the development project's risk is reduced in proportion to the sale of units. The Company seeks maximum efficiency for its capital and believes that this efficiency is obtained when the sum of the risks in individual projects is close to the total of its available capital.

d. Control over maximum cash exposure

The risk control system monitors future cash needs in order to undertake the programmed projects in the Company's portfolio, based on each development project's economic feasibility study as well as on the need for individual cash flows regarding the projected cash flow for the portfolio as a whole. The cash flow projection assists in defining funding strategies and decision making with regard to which projects to include in the portfolio.

e. Operation in a liquid market

Through its market knowledge and with the assistance of partners, the Company is able to define the need for new development projects in different regions, as well as the income bracket of targeted potential purchasers. It concentrates projects in accordance with each geographical location's liquidity, i.e.: the potential displayed by each region in absorbing a certain number of properties and in responding to price changes.

The Company does not intend to act in markets in which there are no data available and in which there are no partners with specific expertise on such markets. Hence it believes that investment risks will be reduced, by acting in liquid regions with known market data and in association with local partners.

f. Operational risks

The operational risk management aims at monitoring: (i) of the construction agreement, in relation to the maximum guaranteed cost of the work; (ii) construction, with the Company retaining specialized companies to inspect the provision of services by the contracted builders (quality and the physical-financial schedule of the construction); (iii) of the financial and accounting audits conducted by the major independent audit companies; (iv) of documentation and legal risks; and (v) of the credit risk of the purchasers of units upon active management of the receivables of the developments.

22 Insurance coverage

The Company adopts the policy of contracting insurance coverage for assets subject to risks for amounts that the Management considers to be sufficient to cover eventual casualties, considering the nature of its activity. The policies in force and the premiums

were fully paid. The company considers that it has a management program aiming to delimit risks, seeking coverage compatible with its size and operation in the market and its operations.

Insurance coverage in amounts for December 31, 2013 is as follows:

| Items | Type of coverage | Amount insured |
|---|---|-------------------------|
| Construction insurance (engineering risk and civil liability) | Covers property and bodily damages involuntarily caused to third parties resulting from the execution of work, facilities and setting up at the site purpose of insurance; coverage of indirect damages caused by possible project errors; and extraordinary expenses such as removal of scrap, public disorder, strikes etc. | 8,950,467 |
| Guarantee of delivery of real estate property insurance | Ensures the delivery of properties to conditional buyers | 513,382 |
| Equipment | Covers property damage to machinery and equipment of any nature. | 14,153 |
| Corporate | Material damage caused by electrical damages, fire, windstorm, riots, assuring the loss of rental income. | 34,243 |
| Aircraft | Covers hull, seizure, LUC/AV53. | 9,165 |
| D&O | Administrators' responsibility | 50,000 |
| | | <u>9,571,410</u> |

23 Share-based payment

a. Stock option purchase plan

On January 9, 2007, the Board of Directors of the Company established a stock option plan through the Option Agreement, appointing the board members and employees in positions of command, with the goal of aligning the interests and objectives of such individuals with the strategies and results expected by the Company.

The Plan is managed by a Stock Option Plan Compensation and Administration Committee ("Compensation Committee"), composed of 3 board members, which holds powers to establish stock option programs ("Programs") that define each year's grants and applicable rules. The Committee is empowered to define the appropriate standards in connection with granting options every year, by means of stock option programs ("Programs"). The granting of options, through the establishment of the Programs, must respect the maximum limit of 8% of the Company's shares at the granting date of each program. Shares issued under the Plan will enjoy the same rights as existing shares on their respective issue dates, including the right to receive in full dividends and interest on capital.

The Compensation Committee approved the First Program, totaling 24,760,000 common shares (after the 1:2 share splits dated September 9, 2009 and November 7, 2010), that was granted in full to Program beneficiaries at a subscription price of R\$ 3.15 per share (share price after the 1:2 share splits dated September 9, 2009 and November 7, 2010). The subscription price was adjusted for inflation to reflect changes in IGP-M during the period between grant and effective exercise. Options may be exercised in four equal

batches, the term for exercising the first batch starting on May 2, 2008 and the last batch by late 2010. This program was fully exercised by December 31, 2010.

Moreover, the Compensation Committee approved the Second Program, totaling 2,400,000 common shares (after the 1:2 share splits dated September 9, 2009 and November 7, 2010), that was granted in full to Program beneficiaries at a subscription price of R\$ 5.58 per share (share price after the 1:2 share splits dated September 9, 2009 and November 7, 2010). The subscription price is adjusted for inflation to reflect changes in IGP-M during the period between grant and effective exercise. Options may be exercised in four equal batches, the term for exercising the first batch starting in February 2009 and the last batch in February 2012.

At January 3, 2010, the Compensation Committee approved the Third Program, totaling 35,200,000 common shares (after the 1:2 share splits dated September 9, 2009 and November 7, 2010), that was granted in full to Program beneficiaries at a subscription price of R\$ 6.00 per share (share price after the 1:2 share splits dated September 9, 2009 and November 7, 2010). The subscription price is adjusted for inflation to reflect changes in IGP-M during the period between grant and effective exercise. Options may be exercised in four equal batches, the term for exercising the first batch starting in January 2011 and the last batch in January 2014.

A summary of changes in the Company's stock options after stock split on September 9, 2009 and November 7, 2010 (rate of 1:2, as mentioned in note 1) is as follows:

| Description | Number of options | | |
|---|----------------------|----------------------|----------------------|
| | 1 st plan | 2 nd plan | 3 rd plan |
| Balance of common share options, not exercised at year-end – December 31, 2011 | - | 601,594 | 32,625,286 |
| Exercised | - | (588,261) | (8,908,891) |
| Canceled | - | (13,333) | (11,425,557) |
| Balance of common share options, not exercised at period-end – December 31, 2012 | - | - | 12,290,838 |
| Acquisition | - | - | - |
| Exercised | - | - | - |
| Canceled | - | - | (11,915,838) |
| Balance of common share options, not exercised at period-end – December 31, 2013 | - | - | 375,000 |

The weighted average fair price for the stock option plan is presented by using the Black & Scholes option pricing model, assuming a 1.31% dividend payment, expected volatility of roughly 36.73% per annum for the 1st program, 53.19% for the 2nd program, and 41.5% for the 3rd program, 11.17% weighted average risk-free rate and 4.8-year final maturity.

Current shareholders dilution in case of a full exercise of the options granted would be of 2.80%, pursuant to the following calculation:

| | <u>2013</u> | <u>2012</u> <u>(Restated)</u> | |
|-------------------------------------|-----------------------------|----------------------------------|-------------|
| Number of outstanding stock options | 375,000 | 12,290,838 | (a) |
| Total Company's shares | <u>1,339,547,923</u> | <u>1,339,547,923</u> | (b) |
| Total | <u>1,339,922,923</u> | <u>1,351,838,761</u> | (c)=(a)+(b) |
| Dilution percentage | 2.80% | 0.92% | (c)/(b)-1 |

By the plan's conclusion in 2014, the total sum of expenses with stock option plans would rise to R\$ 390, calculated using the Black & Scholes method, bearing in mind the exercise period, volatility based on the background of Company shares, the risk-free rate and dividend payout proposal.

These options' premium was calculated on grant date and is being recognized as expenses, as a contra entry to shareholders' equity and over the grace period, as services are provided.

Due to revocation of options resulting from loss of right to equity instrument due to non-compliance with concession conditions, the amount of R\$ 49,427 was recognized in income, as reversal of expenses, for the year ended December 31, 2013 (R\$ 25,655 of expenses for the period ended December 31, 2012).

b. Long-term incentive plan

The Extraordinary Shareholders' Meeting held on December 19, 2013 approved the Company's Long-term Incentive Plan of the type Stock Option Plan, whose objective is:

- (i) stimulate expansion, success and completion of the Company's activities;
- (ii) align the Company's shareholders interest to that of eligible people; and
- (iii) permit to the Company or other organizations under its control to attract eligible people and maintain the link with them.

Eligible beneficiaries of the stock option plan are the Company's management and employees, or of other organizations under its control, provided that approved by the Company's Board of Directors.

The Company's Board of Directors will approve, whenever it considers convenient, the granting of options, electing beneficiaries in favor of which options will be granted pursuant to the terms of the plan, defining stock exercise price and payment conditions, establishing exercise periods and conditions, and imposing any other conditions related to such options.

These options may be exercised when respective beneficiaries are linked to the Company, or to other organizations under its control, as management members or employees over the period from grant date to dates specified below:

- (i) 20% of options may be exercised after the 2nd grant date anniversary;
- (ii) 20% of options may be exercised after the 3rd grant date anniversary;
- (iii) 30% of options may be exercised after the 4th grant date anniversary;
- (iv) 30% of options may be exercised after the 5th grant date anniversary;

Those options that are not exercised within stipulated periods and conditions will be automatically considered extinct, with no right to indemnity, complying with the maximum period of options validity, which will be 6 years beginning as of grant date.

In the hypothesis that the beneficiary is terminated, rights granted to him/her as per the plan may be extinct or modified, as follows:

If, at any time, the beneficiary:

- (a) voluntarily disconnects him/herself from the Company, resigning, stepping out of a managerial position, retires, either regular retirement or due to permanent disability, or else, if he/she is terminated from the Company through dismissal without cause or removed from his/her position without violation of managerial duties and assignments, options that are still not exercisable in accordance with respective option contract on termination date will be automatically extinct, in full right, regardless of prior notice or notification and without any right to indemnity. And options that are already exercisable in accordance with respective option contract on termination date may be exercised within 30 days counted as of termination date; after that, they will be automatically extinct, in full right, regardless of prior notice or notification and without any right to indemnity.
- (b) is terminated from the Company through dismissal for cause or removed from his/her position due to violation of managerial duties and assignments, all options that are already exercisable or that are still not exercisable in accordance with respective option contract on termination date will be automatically extinct, in full right, regardless of prior notice or notification and without any right to indemnity.
- (c) disconnects him/herself from the Company due to death, options that are still not exercisable in accordance with respective option contract on termination date will be automatically extinct, in full right, regardless of prior notice or notification and without any right to indemnity. And options that are already exercisable in accordance with respective option contract on death date may be exercised by legal heirs and successors of the beneficiary within 12 months counted as of termination date; after that, they will be

automatically extinct, in full right, regardless of prior notice or notification and without any right to indemnity.

Total shares that may be acquired in the ambit of the plan will not exceed 8% of shares that represent total Company's capital (including shares issued due to the exercise of options based on this plan), provided that total number of issued shares or shares that may be issued pursuant to the terms of the plan is always within the capital limit authorized by the Company.

The Company's stock option plan totals 93,731,953 shares as of December 31, 2013, and exercise price to be paid by shareholders is R\$1.82 per Option, deducted as dividends and interest on capital per Share paid by the Company from Grant Date to Option exercise date.

Fair value of stock options is presented at the Black & Scholes model for pricing of options, assuming payment of dividends of 7.4%, expected volatility of approximately 29.9% per year, weighted average risk free rate of 11.6%, and final maturity in five years.

Current beneficiaries in case of a full exercise of the options granted would be of 6.9973%, pursuant to the following calculation:

| | <u>2013</u> | |
|-------------------------------------|-----------------------------|--------------------|
| Number of outstanding stock options | 93,731,953 | (a) |
| Total Company's shares | 1,339,547,923 | (b) |
| Total | <u>1,433,279,876</u> | (c)=(a)+(b) |
| Dilution percentage | 6.9973% | (c)/(b)-1 |

By the plan's conclusion in 2018, the total sum of expenses with stock option plans would rise to R\$ 38,772, calculated using the Black & Scholes method, bearing in mind the exercise period, volatility based on the background of Company shares, the risk-free rate and dividend payout proposal.

As provided in CPC 10 – Share-Based Payments, approved under CVM Resolution 564/08, the premium for these shares was found on the date of their granting and was acknowledged as an expense against shareholders' equity, during the grace period and as the services are provided.

The balance to be acknowledged in the Company's financial statements for the coming years is described as follows:

| <u>Year</u> | <u>Expenses with the Stock options plan (A)</u> | <u>Expenses with the Long- term incentive plan (B)</u> |
|-------------|---|--|
| 2014 | 390 | 11,171 |
| 2015 | - | 11,066 |
| 2016 | - | 8,042 |
| 2017 | - | 5,568 |
| 2018 | - | 2,540 |

24 Segment information

During the year ended on December 31, 2013 the Company reviewed its manner of assessing the business and defined that the previously segregated business units did not refer to different segments but rather to subdivisions in the property development segment.

25 Net operating income

Breakdown of the Company's net operating income as of December 31, 2013 and December 31, 2012 is as follows.

| | Parent company | | Consolidated | |
|-----------------------------|----------------|--------------------|------------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Real estate sales | 43,318 | 72,830 | 5,404,860 | 4,412,722 |
| Other operating income | - | - | 95,819 | 105,843 |
| (-) Deductions from income | 12,713 | (9,143) | (183,750) | (152,279) |
| Net operating income | 56,031 | 63,687 | 5,316,929 | 4,366,286 |

26 Costs of units sold

Below follows a breakdown of the Company's properties sold on December 31, 2013 and 2012.

| | Parent company | | Consolidated | |
|--|-----------------|--------------------|--------------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Costs of units sold | (81,065) | (19,704) | (3,822,546) | (4,701,391) |
| Capitalized charges | (6,193) | (2,562) | (373,376) | (487,844) |
| Amortization of inventory appreciation | - | (52,920) | (22,574) | (52,920) |
| Costs of units sold | (87,258) | (75,186) | (4,218,496) | (5,242,155) |

27 Financial income (loss)

| | Parent company | | Consolidated | |
|--|------------------|--------------------|------------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Financial income | | | | |
| Yield from financial investments | 44,562 | 44,456 | 74,106 | 82,934 |
| Fair value of debentures | 85,530 | - | 85,530 | - |
| Monetary variation, interest and fines | 12,372 | 5,643 | 123,794 | 141,510 |
| Other financial income | 44,770 | 17,892 | 16,081 | 50,732 |
| | 187,233 | 67,991 | 299,511 | 275,176 |
| Financial expenses | | | | |
| Interest on loans | (413,584) | (295,695) | (869,346) | (767,843) |
| Fair value of debentures | - | (89,508) | - | (89,508) |
| Bank expenses | (1,032) | (2,917) | (10,350) | (11,490) |
| Other financial expenses | (12,861) | (23,974) | (28,098) | (23,138) |
| Total financial expenses | (427,477) | (412,904) | (907,794) | (891,979) |
| Capitalized interest (note 6) | 5,746 | 3,060 | 338,673 | 501,701 |
| | (421,731) | (409,034) | (569,121) | (390,278) |
| Total financial income | (234,498) | (341,043) | (269,610) | (115,102) |

28 Administrative expenses

| | Parent company | | Consolidated | |
|--------------------------------------|-----------------|--------------------|------------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Salaries and payroll charges | (6,126) | (3,364) | (254,052) | (206,214) |
| Management compensation | (4,843) | (3,041) | (8,254) | (20,925) |
| Stock options | 49,427 | 25,655 | 49,427 | 25,655 |
| Profit sharing | (54,144) | - | (60,259) | - |
| Salaries and payroll charges | (15,686) | 19,250 | (273,138) | (201,484) |
| Lawyers' fees and court costs | (1,722) | (3,871) | (11,172) | (17,459) |
| IT maintenance | (2,845) | (1,029) | (17,351) | (16,986) |
| Consulting | (13,022) | (17,177) | (41,259) | (64,874) |
| Other services | (223) | (3,452) | (16,340) | (25,697) |
| Rendering of services | (17,812) | (25,529) | (86,122) | (125,016) |
| Traveling | (368) | (3,349) | (10,346) | (16,289) |
| Telecommunications and Internet | (788) | (472) | (12,276) | (14,530) |
| Rental and renewal of real estates | (2,063) | (4,394) | (26,025) | (43,148) |
| Other expenses | (1,275) | (3,964) | (23,607) | (45,364) |
| Other administrative expenses | (4,494) | (12,179) | (72,254) | (119,331) |
| Total | (37,992) | (18,458) | (431,514) | (445,831) |

29 Sales expenses

| | Parent company | | Consolidated | |
|----------------------------------|----------------|--------------------|------------------|--------------------|
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Advertising and publicity | (2,645) | (3,137) | (95,299) | (127,702) |
| Commissions and bonuses on sales | (717) | (82) | (59,740) | (50,113) |
| Sales Stand | (2,357) | (2,059) | (71,700) | (71,001) |
| Other commercial expenses | - | (1,423) | - | (23,147) |
| Total | (5,719) | (6,701) | (226,739) | (271,963) |

30 Auditores Independentes

In accordance with CVM Instruction no. 381, of January 14, 2003, the Company informs that it contracted other services from the independent auditor in charge (KPMG Auditores Independentes) for review on financial statements as of December 31, 2013. Contracted services refer to tax and fiscal audit review, with fees totaling R\$112.

31 Other information

The Company's bylaws establish in its chapter VIII and Article 39, as regards commercial conflicts, the following:

Discussions solved through arbitration: the Company, its shareholders, managers and Board of Directors' members are obliged to resolve through arbitration of the Market Arbitration Panel any dispute or controversy that may arise among them, related to or deriving from the application, validity, effectiveness, interpretation, violation and its effects of provisions of Law 6404/76, of these Bylaws, standards issued by the National Monetary Council, by the Brazilian Central Bank and CVM, as well as other standards applicable to capital market general operation, in addition to those included in New Market Regulations, Market Arbitration Panel Arbitration Regulations, New Market Penalty Regulations and Participation Agreement.

Report on the Financial Statements

To
The Management and Shareholders of
PDG Realty S.A. Empreendimentos e Participações
Rio de Janeiro – RJ

We have audited the accompanying individual and consolidated financial statements of PDG Realty S.A. Empreendimentos e Participações (“Company”), which comprise the balances sheets as at December 31, 2013, statements of income, comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, comprising a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), applicable to the real estate entities and in accordance with the accounting practices adopted in Brazil, as approved by the Accounting Pronouncements Committee (CPC), by the Brazilian Securities Commission (CVM) and the Federal Accounting Council (CFC), as well as for the internal controls that it deemed necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ responsibility

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

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

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

Opinion on the financial statements prepared in according to accounting practices adopted in Brazil

In our opinion, the individual and consolidated financial statements aforementioned present fairly, in all material respects, the financial position of PDG Realty S.A. Empreendimentos e

Participações at December 31, 2013, and its financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements prepared in accordance to the International Financial Reporting Standards (IFRS) applicable to the real estate entities in Brazil and approved by the Accounting Pronouncements Committee (CPC), by the Brazilian Securities Commission (CVM) and the Federal Accounting Council (CFC)

In our opinion, the consolidated financial statements aforementioned present fairly, in all material respects, the financial position of PDG Realty S.A. Empreendimentos e Participações at December 31, 2013, and its financial performance and cash flows for the year then ended in accordance to the International Financial Reporting Standards (IFRS) applicable to the real estate entities in Brazil and approved by the Accounting Pronouncements Committee (CPC), by the Brazilian Securities Commission (CVM) and the Federal Accounting Council (CFC),

Emphases

OCPC 04 Guideline issued by the Accounting Pronouncements Committee

As described in note 2.2, individual and consolidated financial statement information have been prepared in accordance with accounting practices adopted in Brazil. Consolidated financial information prepared in accordance with IFRS applicable to real estate development entities also consider OCPC 04 Guideline issued by the Accounting Pronouncements Committee. This guideline addresses revenue recognition of this industry and involves matters related to the meaning and application of the risk and benefit continuous transfer concept and of the control on sale of real estate units concept, as further described in note 2.10. Our conclusion is not qualified in relation to this matter.

Restatement of the corresponding amounts

As mentioned in Note 2.19, in view of the changes in the accounting policies adopted by the Company in 2013, the correspondent for the year ended December 31, 2012 presented for comparative purposes, were adjusted and are being republished, pursuant to CPC 23 - Accounting Practices, Estimate Changes and Error Correction. Our conclusion is not qualified in relation to this matter.

Other issues

Statements of added value

We also reviewed the individual and consolidated value-added statements for period ended on December 31, 2013, prepared by the Company's management, whose presentation is required according to the standards issued by the CVM – Brazilian Securities and Exchange Commission and considered supplementary information by the IFRS, which do not require the presentation of the statement of added value. These statements were subjected to the review procedures previously described and, based on our review, it's fairly presented, in all material aspects in accordance with the Financial Statements prepared according to the accounting practices adopted in Brazil taken as a whole.

Re-submission of the respective sums

The respective sums with regard to the opening balance sheet on January 1, 2012 submitted for comparison purposes, are hereby re-submitted owing to the topics described in explanatory note 2.19, and were audited by other independent auditors who issued a report dated February 11, 2014, without any changes.

Rio de Janeiro, February 12, 2014

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ
Original report in Portuguese signed by
Marcelo Luiz Ferreira
Accountant CRC RJ-087095/O-7

Fiscal Council Opinion

The Supervisory Board members approved, unanimously and without any reservations or restrictions, the following opinion to be submitted to the Company's Annual Shareholders Meeting: "The Fiscal Council of PDG Realty S.A. Empreendimentos e Participações, pursuant to its legal duties, the meeting held as of February 11, 2014, reviewed (i) the Management Report and the Financial Statements for the year ended December 31 2013, comprising the balance sheet, income statement, statements of changes in shareholders' equity, statement of cash flows, statement of added value and the notes and (ii) the proposed allocation of the Company's income. Based on the examinations performed, the clarifications provided by the Management, the Fiscal Council concluded that the management report and the financial statements mentioned in all material respects, is fairly presented and the proposed allocation of the results presented is consistent with the legal standards applicable and, therefore, recommend the forwarding documents abovementioned to the General Shareholders' Meeting."

Statement of the Executive Officers on the Financial Statements

DECLARATION FOR THE PURPOSE OF ARTICLE 25, PARAGRAPH 1, ITEM VI, CVM INSTRUCTION 480/09

We declare, in the capacity of officers of PDG Realty S.A. Empreendimentos e Participações, a corporation headquartered in the city of Rio de Janeiro, Rio de Janeiro State, Rua da Quitanda, 86, 4th floor, partial, CEP 20091-005, enrolled with CNPJ/MF under no. 02.950.811/0001-89 (the “Company”), pursuant to the terms of item V of paragraph 1 of Article 25 of CVM Instruction 480, of December 7, 2009, that we have reviewed, discussed and agreed with the Company’s financial statements for the year ended December 31, 2013.

Rio de Janeiro, February 12, 2014.

CARLOS AUGUSTO LEONE PIANI
Chief Executive Officer

MARCO RACY KHEIRALLAH
Financial CEO

Statement of the Executive Officers on the Independent auditors' report

DECLARATION FOR THE PURPOSE OF ARTICLE 25, PARAGRAPH 1, ITEM V, OF CVM INSTRUCTION 480/09

We declare, in the capacity of officers of PDG Realty S.A. Empreendimentos e Participações, a corporation headquartered in the city of Rio de Janeiro, Rio de Janeiro State, Rua da Quitanda, 86, 4th floor, partial, CEP 20091-005, enrolled with CNPJ/MF under no. 02.950.811/0001-89 (the "Company"), pursuant to the terms of item V of paragraph 1 of Article 25 of CVM Instruction 480, of December 7, 2009, that we have reviewed, discussed and agreed with the opinions expressed in the Company's independent auditors' report (KPMG Auditores Independentes) referring to the Company's financial statements for the year ended December 31, 2013.

Rio de Janeiro, February 12, 2014.

CARLOS AUGUSTO LEONE PIANI
Chief Executive Officer

MARCO RACY KHEIRALLAH
Financial CEO