PDG Realty S.A. Empreendimentos e Participações

Quarterly information ï ITR
Quarter ended March 31, 2014

(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)

Message from Management

The first quarter of 2014 was marked by the consolidation of the measures implemented throughout the previous year, with a focus on reducing the execution risk and monetizing legacy projects. We also laid the foundations for a new investment cycle, prioritizing profitability and financial and operational discipline.

With our management team now 100% complete, we continued to redesign the companyœs critical processes, strengthening our budget system and defining the annual targets, with a focus on short-term cash generation. The six indicators that will guide our activities in 2014 are: (1) operating cash flow; (2) the delivery of projects within cost and schedule; (3) sales, especially of completed inventory units; (4) reduced G&A; (5) client satisfaction; and (6) employee climate survey.

We believe we are on the right path in regard to all six. **Operating cash burn has been falling every quarter (excluding the impact from the sale of Domo Corporate in 4Q13) and we expect to record positive cash flows throughout the second half.**

On the operational front, we continued to reduce the number of ongoing construction sites, concluding works on 6,140 units in the quarter, with no additional budget reviews. The total cost of works to be incurred fell from R$3.7 billion in 4Q13 to R$3.1 billion in 1Q14, only R$2.5 billion of which from projects launched up to 2012. **We obtained occupancy permits (habite-se) for 17 projects totaling 3,296 units and individualized 5,111 units. At the end of the process, we transferred 3,803 units.**

Although we only launched two projects in 1Q14, with a joint PSV of R$130 million, we achieved a successful sales performance with a launch PSV of 30% (especially considering that launches were made in the second half of the quarter). We opted to postpone certain projects to the second quarter, either in order to reduce project risk or due to permit delays. In April, we launched two more important projects, tripling PSV to R$404 million in the first four months.

Despite the relatively few launches and the more uncertain economic scenario, **inventory sales remained healthy, with gross contracted sales of R$524 million**, in line with our internal target. Cancellations followed the same tendency as in 4Q13, keeping the resale speed at levels above 50%.

As for expenses, we continued to reduce our G&A throughout the quarter, thanks to stricter cost controls and a leaner workforce due to the reduction in ongoing construction works.

On the financial front, we continued to receive demonstrations of support from our partner banks, reflected, in April, **by the contracting of new financing totaling R$320 million from Banco do Brasil to settle the portion of March and April CRIs that were not renegotiated.** We continue to negotiate the rollover of the remaining outstanding debt and contract new loans for maturities in subsequent months. We are confident that our improved operating performance, together with our active financial management, will allow us to begin a deleveraging cycle in the coming quarters.

Corporate Events

On March 26, the Board of Directors approved the cancellation of all the 16,283,700 Company shares previously held in treasury, which had been acquired through the Share Buyback Program approved in 2011. The cancellation resulted in no change to the Companyøs capital stock, given that these shares had no par value. As a result, the number of Company shares now stands at 1,323,264,223.

The Annual Shareholdersô Meeting of April 25 re-elected the members of the Board of Directors for a further term of office. The Fiscal Council was also reinstalled with only one change, with Renato Moritz replacing Roberto Leuzinger.

PDG Realty S.A. Empreendimentos e Participações

Balance sheets - Parent Company

(In thousand of reais)

Code of account	Account description	Current quarter 03/31/2014	Prior year 12/31/2013
1	Total assets	8.871.470	8.979.262
1.01	Current assets	659.251	844.278
1.01.01	Cash and cash equivalents	335.373	512.356
1.01.01.01	Cash and banks	32.390	10.537
1.01.01.02	Interest earning bank deposits	302.983	501.819
1.01.02	Interest earning bank deposits	43.750	43.891
1.01.02.01	Interest earning bank deposits measured at fair value	43.750	43.891
1.01.02.01.01	Trading securities	43.750	43.891
1.01.03	Accounts receivable	105.566	113.289
1.01.03.01	Trade accounts receivable	105.566	113.289
1.01.04	Inventories	16.947	20.828
1.01.04.01	Real estate inventories for sale	16.947	20.828
1.01.06	Recoverable taxes	51.679	49.625
1.01.06.01	Current taxes recoverable	51.679	49.625
1.01.07	Prepaid expenses	748	781
1.01.07.01	Unrecognized expenses	748	781
1.01.08	Others current assets	105.188	103.508
1.01.08.03	Others	105.188	103.508
1.01.08.03.02	Current accounts with partners in projects	94.435	94.310
1.01.08.03.07	Other assets	10.753	9.198
1.02	Non-current assets	8.212.219	8.134.984
1.02.01	Long term assets	1.973.436	2.037.902
1.02.01.03	Accounts receivable	5.019	5.329
1.02.01.03.01	Trade accounts receivable	5.019	5.329
1.02.01.04	Inventories	38.696	38.713
1.02.01.04.01	Real estate inventories for sale	38.696	38.713
1.02.01.09	Other non-current assets	1.929.721	1.993.860
1.02.01.09.03	Current accounts with partners in projects	116.460	116.365
1.02.01.09.04	Advances for future capital increases	1.010.808	1.085.445
1.02.01.09.06	Loan agreement	121.813	122.053
1.02.01.09.07	Credit receivables purchased	584.828	579.189
1.02.01.09.09	Debentures	27.867	28.562
1.02.01.09.10	Other receivables	67.945	62.246
1.02.02	Investments	6.211.257	6.068.041
1.02.02.01	Equity interest	6.211.257	6.068.041
1.02.02.01.01	Interest in associates	81.726	94.710
1.02.02.01.02	Interest in subsidiaries	5.647.084	5.483.265
1.02.02.01.04	Other equity interest	482.447	490.066
1.02.03	Property, plant and equipment	1.094	1.610
1.02.03.01	Fixed assets in operation	1.094	1.610
1.02.04	Intangible assets	26.432	27.431
1.02.04.01	Intangible assets	26.432	27.431

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

PDG Realty S.A. Empreendimentos e Participações

Balance sheets - Parent Company

(In thousand of reais)

Code of account	Account description	Current quarter 03/31/2014	Prior year 12/31/2013
2	Total liabilities	8.871.470	8.979.262
2.01	Current liabilities	1.298.649	1.390.978
2.01.01	Social and labor obligation	51.199	51.871
2.01.01.02	Labor obligation	51.199	51.871
2.01.02	Suppliers	4.562	4.619
2.01.02.01	Domestic suppliers	4.562	4.619
2.01.03	Tax liabilities	1.533	1.646
2.01.03.01	Federal tax liabilities	1.533	1.646
2.01.03.01.02	Deferred tax liabilities	1.533	1.646
2.01.04	Loans and financing	298.371	237.857
2.01.04.01	Loans and financing	48.047	41.355
2.01.04.01.01	In local currency	48.047	41.355
2.01.04.02	Debentures	250.324	196.502
2.01.05	Other liabilities	942.984	1.094.703
2.01.05.02	Others	942.984	1.094.703
2.01.05.02.04	Payables for acquisition of real estate	10.730	12.210
2.01.05.02.05	Advances from clients	5.712	6.561
2.01.05.02.07	Co-obligation in the assignment of receivables	159.207	161.034
2.01.05.02.08	Liability regarding the acquisition of equity interest	4.467	4.467
2.01.05.02.09	Other liabilities	39.630	34.434
2.01.05.02.10	Liabilities from CCB/CCI issuance	723.238	875.997
2.01.06	Provisions	-	282
2.01.06.02	Other provisions	-	282
2.01.06.02.01	Provisions for guarantees	-	282
2.02	Non-current liabilities	2.869.249	2.884.655
2.02.01	Loans and financing	1.226.641	1.374.987
2.02.01.01	Loans and financing	134.267	139.387
2.02.01.01.01	In local currency	134.267	139.387
2.02.01.02	Debentures	1.092.374	1.235.600
2.02.02	Other liabilities	1.642.608	1.509.668
2.02.02.02	Others	1.642.608	1.509.668
2.02.02.02.07	Co-obligation in the assignment of receivables	67.878	67.878
2.02.02.02.08	Current accounts with partners in projects	108.196	114.291
2.02.02.02.09	Liabilities from CCB/CCI issuance	1.441.638	1.302.983
2.02.02.02.15	Other liabilities	24.584	24.516
2.03	Shareholdersô equity	4.703.572	4.703.629
2.03.01	Realized capital	4.907.843	4.907.843
2.03.02	Capital reserves	735.350	732.556
2.03.02.01	Goodwill in the issue of shares	735.350	838.296
2.03.02.05	Treasury shares	-	(105.740)
2.03.05	Retained Earnings/Losses	(871.195)	(873.948)
2.03.06	Equity evaluation adjustments	(68.426)	(62.822)

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

PDG Realty S.A. Empreendimentos e Participações

Statements of profit/ (loss) for the years - Parent Company

(In thousand of reais)

Code of account	Account description	Accumulated of the current year, 01/01/2014ï 03/31/2014	Accumulated of the prior year, 01/01/2013ï 03/31/2013
3.01	Income from sales of goods and/or services	10.916	3.592
3.02	Cost of goods and/or services sold	(9.370)	(42.982)
3.03	Gross income	1.546	(39.390)
3.04	Operating expenses/income	88.672	75.951
3.04.01	Sales expenses	(634)	(1.341)
3.04.02	General and administrative expenses	(7.515)	(23.062)
3.04.04	Other operating income	8.866	-
3.04.04.01	Gain (loss) in subsidiaries	5.339	-
3.04.04.02	Others	3.527	-
3.04.05	Other operating expenses	(16.584)	(28.778)
3.04.05.01	Tax expenses	(61)	(592)
3.04.05.03	Depreciations/amortizations	(1.505)	(1.053)
3.04.05.04	Losses in subsidiaries	(12.603)	(27.131)
3.04.05.05	Others	(2.415)	(2)
3.04.06	Equity income (loss)	104.539	129.132
3.05	Income (loss) before financial income (loss) and taxes	90.218	36.561
3.06	Financial income (loss)	(87.465)	(115.135)
3.06.01	Financial income	22.816	6.329
3.06.02	Financial expenses	(110.281)	(121.464)
3.07	Income (loss) before income tax	2.753	(78.574)
3.08	Income and social contribution taxes	-	4.762
3.08.02	Deferred assets	-	4.762
3.09	Net income (loss) of continued operations	2.753	(73.812)
3.11	Net Income (loss) for the period	2.753	(73.812)
3.99.01	Basic earnings per share	0,00208	(0,06000)
3.99.01.01	ON	0,00208	(0,06000)
3.99.02	Diluted earning per share	0,00170	(0,05120)
3.99.02.01	ON	0,00170	(0,05120)

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

PDG Realty S.A. Empreendimentos e Participações

Statements of Comprehensive income/(loss) for the years - Parent Company

(In thousand of reais)

Code of account	Account description	Accumulated of the current year, 01/01/2014ï 03/31/2014	Accumulated of the prior year, 01/01/2013ï 03/31/2013
4.01	Net income for the period	2.753	(73.812)
4.02	Other comprehensive income	(5.604)	-
4.03	Comprehensive income for the period	(2.851)	(73.812)

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

PDG Realty S.A. Empreendimentos e Participações

Statements of changes in shareholders' equity - Parent Company

(In thousand of reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Retained earnings (loss)	Other comprehensive income	Shareholdersô equity, 01/01/2014ï 03/31/2014
5.01	Opening balances	4.907.843	732.556	(873.948)	(62.822)	4.703.629
5.03	Adjusted opening balances	4.907.843	732.556	(873.948)	(62.822)	4.703.629
5.04	Capital transactions with partners	-	2.794	-	-	2.794
5.04.03	Recognized options granted	-	2.794	-	-	2.794
5.05	Total comprehensive income	-	-	2.753	(5.604)	(2.851)
5.05.01	Net income for the period	-	-	2.753	-	2.753
5.05.02	Other comprehensive income	-	-	-	(5.604)	(5.604)
5.05.02.04	Adjustments of translation in the period	-	-	-	(5.604)	(5.604)
5.07	Closing balances	4.907.843	735.350	(871.195)	(68.426)	4.703.572

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

PDG Realty S.A. Empreendimentos e Participações

Statements of changes in shareholders' equity - Parent Company

(In thousand of reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Retained earnings (loss)	Other comprehensive income	Shareholdersô equity, 01/01/2013ï 03/31/2013
5.01	Opening balances	4.907.843	792.301	(624.737)	(58.107)	5.017.300
5.03	Adjusted opening balances	4.907.843	792.301	(624.737)	(58.107)	5.017.300
5.05	Total comprehensive income	-	-	(73.812)	-	(73.812)
5.05.02	Other comprehensive income	-	-	(73.812)	-	(73.812)
5.05.02.06	Loss for the year	-	-	(73.812)	-	(73.812)
5.07	Closing balances	4.907.843	792.301	(698.549)	(58.107)	4.943.488

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

PDG Realty S.A. Empreendimentos e Participações

Statements of cash flows - Indirect method - Parent Company

(In thousand of reais)

Code of account	Account description	Accumulated of the current year, 01/01/2014ï 03/31/2014	Accumulated of the prior year, 01/01/2013ï 03/31/2013
6.01	Net cash from operational activities	(127.723)	(172.223)
6.01.01	Cash generated in operations	17.303	(80.593)
6.01.01.01	Income (loss) before income and social contribution taxes	2.753	(78.574)
6.01.01.02	Depreciation and amortization	1.505	1.053
6.01.01.03	Capital gains or losses in subsidiaries	7.264	27.131
6.01.01.05	Financial Expenses Interest paid and monetary variation	106.043	85.270
6.01.01.07	Recognition Stand Expenses	128	525
6.01.01.08	Stock option expenses	2.794	-
6.01.01.09	Amortization of goodwill	1.726	13.373
6.01.01.11	Equity in net income	(104.539)	(129.132)
6.01.01.12	Adjustment to present value	(528)	74
6.01.01.13	Provisions for guarantee and contingencies	157	(313)
6.01.02	Changes in assets and liabilities	(7.286)	13.444
6.01.02.01	Assignment of credit right operations	(5.639)	(11.020)
6.01.02.02	Loan agreement receivable	-	(1.344)
6.01.02.03	Accounts receivable	7.646	(3.542)
6.01.02.05	Taxes recoverable	(2.054)	(1.087)
6.01.02.06	Real estate inventories for sale	2.173	5.245
6.01.02.07	Unrecognized expenses	34	-
6.01.02.08	Current account with partners in projects	(6.315)	5.526
6.01.02.09	Active debentures	695	(902)
6.01.02.11	Advances from clients	(849)	(5.526)
6.01.02.12	Payables for acquisition of real estate	(1.479)	-
6.01.02.14	Tax Liabilities and Taxes Payable	(784)	(542)
6.01.02.15	Suppliers	(57)	3.084
6.01.02.18	Other movements	(657)	23.552
6.01.03	Others	(137.740)	(105.074)
6.01.03.02	Interest paid	(137.740)	(105.074)
6.02	Net cash used in investment activities	22.806	117.248
6.02.01	Increase (Decrease) in Interest in Associates and Subsidiaries	(51.853)	53.241
6.02.02	Acquisition and Write-off of Property, plant and equipment	(119)	(1.303)
6.02.03	Intangible assets	-	993
6.02.04	Advances for future capital increase	74.637	64.317
6.02.07	Interest earning bank deposits measured at fair value	141	-
6.03	Net cash generated (consumed) in financing activities	(72.065)	(54.832)
6.03.01	Loans and financing	(72.065)	(54.832)
6.05	Increase (decrease) in cash and cash equivalents	(176.982)	(109.807)
6.05.01	Opening balance of cash and cash equivalents	512.356	489.504
6.05.02	Closing balance of cash and cash equivalents	335.374	379.697

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

PDG Realty S.A. Empreendimentos e Participações

Statements of added valued - Parent Company

(In thousand of reais)

Code of account	Account description	Accumulated of the current year, 01/01/2014ï 03/31/2014	Accumulated of the prior year, 01/01/2013ï 03/31/2013
7.01	Income	10.560	3.935
7.01.01	Sale of merchandise, products and services	10.560	3.935
7.02	Inputs acquired from third parties	(20.702)	(88.197)
7.02.01	Cost of goods, merchandise and services sold	(9.370)	(42.982)
7.02.02	Materials, Energy, Third-party services and other	(4.068)	(18.084)
7.02.03	Loss/recovery of asset values	(7.264)	(27.131)
7.03	Gross added value	(10.142)	(84.262)
7.04	Retentions	(1.505)	(1.053)
7.04.01	Depreciation, amortization and depletion	(1.505)	(1.053)
7.05	Net added value produced	(11.647)	(85.315)
7.06	Added value received as transfer	127.355	135.461
7.06.01	Equity income (loss)	104.539	129.132
7.06.02	Financial income	22.816	6.329
7.07	Total added value payable	115.708	50.146
7.08	Distribution of added value	115.708	50.146
7.08.01	Personnel	2.044	5.275
7.08.01.01	Direct remuneration	1.855	4.997
7.08.01.02	Benefits	64	187
7.08.01.03	SEVERANCE PAY FUND (FGTS)	125	91
7.08.02	Taxes, duties and contributions	176	(3.631)
7.08.02.01	Federal	176	(3.631)
7.08.03	Third-party capital remuneration	110.735	122.314
7.08.03.01	Interest	106.043	119.588
7.08.03.02	Rents	454	850
7.08.03.03	Others	4.238	1.876
7.08.04	Remuneration of own capital	2.753	(73.812)
7.08.04.03	Retained earnings / Loss for the period	2.753	(73.812)

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

PDG Realty S.A. Empreendimentos e Participações

Balance sheets - Consolidated

(In thousand of reais)

Code of account	Account description	Current quarter 03/31/2014	Prior year 12/31/2013
1	Total assets	16.588.503	16.798.855
1.01	Current assets	9.528.496	9.734.097
1.01.01	Cash and cash equivalents	991.446	1.309.457
1.01.01.01	Cash and banks	216.684	149.029
1.01.01.02	Interest earning bank deposits	774.762	1.160.428
1.01.02	Interest earning bank deposits	43.750	43.891
1.01.02.01	Interest earning bank deposits measured at fair value	43.750	43.891
1.01.02.01.01	Trading securities	43.750	43.891
1.01.03	Accounts receivable	5.613.434	5.460.048
1.01.03.01	Trade accounts receivable	5.613.434	5.460.048
1.01.04	Inventories	2.432.820	2.486.329
1.01.04.01	Real estate inventories for sale	2.432.820	2.486.329
1.01.06	Recoverable taxes	114.985	105.842
1.01.06.01	Current taxes recoverable	114.985	105.842
1.01.07	Prepaid expenses	24.794	29.328
1.01.07.01	Unrecognized expenses	24.794	29.328
1.01.08	Others current assets	307.267	299.202
1.01.08.03	Others	307.267	299.202
1.01.08.03.06	Loan agreement	60.061	54.410
1.01.08.03.07	Other receivables	246.902	226.951
1.01.08.03.10	Deferred taxes	304	17.841
1.02	Non-current assets	7.060.007	7.064.758
1.02.01	Long term assets	5.484.130	5.509.380
1.02.01.03	Accounts receivable	2.867.739	2.840.197
1.02.01.03.01	Trade accounts receivable	2.867.739	2.840.197
1.02.01.04	Inventories	2.314.352	2.370.859
1.02.01.04.01	Real estate inventories for sale	2.314.352	2.370.859
1.02.01.09	Other non-current assets	302.039	298.324
1.02.01.09.03	Current accounts with partners in projects	189.714	184.450
1.02.01.09.07	Credit receivables purchased	80.366	76.162
1.02.01.09.08	Taxes recoverable	-	6.066
1.02.01.09.09	Debentures	23.335	24.030
1.02.01.09.10	Other receivables	8.624	7.616
1.02.02	Investments	928.406	890.227
1.02.02.01	Equity interest	434.915	427.653
1.02.02.01.01	Interest in associates	434.915	427.653
1.02.02.02	Investment properties	493.491	462.574
1.02.03	Property, plant and equipment	54.702	67.877
1.02.03.01	Fixed assets in operation	54.702	67.877
1.02.04	Intangible assets	592.769	597.274
1.02.04.01	Intangible assets	592.769	597.274

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

PDG Realty S.A. Empreendimentos e Participações

Balance sheets - Consolidated

(In thousand of reais)

Code of account	Account description	Current quarter 03/31/2014	Prior year 12/31/2013
2	Total liabilities	16.588.503	16.798.855
2.01	Current liabilities	4.589.130	4.831.428
2.01.01	Social and labor liabilities	170.584	169.197
2.01.01.02	Labor liabilities	170.584	169.197
2.01.02	Suppliers	192.800	177.722
2.01.02.01	Domestic suppliers	192.800	177.722
2.01.03	Tax liabilities	364.728	426.763
2.01.03.01	Federal tax liabilities	364.728	426.763
2.01.03.01.01	Income and social contribution taxes payable	32.355	45.798
2.01.03.01.02	Deferred tax liabilities	332.373	380.965
2.01.04	Loans and financing	1.631.192	1.683.667
2.01.04.01	Loans and financing	1.380.868	1.487.165
2.01.04.01.01	In local currency	1.380.868	1.487.165
2.01.04.02	Debentures	250.324	196.502
2.01.05	Other liabilities	2.144.363	2.233.959
2.01.05.02	Others	2.144.363	2.233.959
2.01.05.02.04	Payables for acquisition of real estate	453.923	506.449
2.01.05.02.05	Advances from clients	489.866	404.857
2.01.05.02.06	Current account with partners in projects	35.215	34.008
2.01.05.02.07	Co-obligation in the assignment of receivables	33.128	36.134
2.01.05.02.09	Other liabilities	33.700	19.465
2.01.05.02.10	Liabilities from CCB/CCI issuance	1.098.531	1.233.046
2.01.06	Provisions	85.463	140.120
2.01.06.02	Other provisions	85.463	140.120
2.01.06.02.01	Provisions for guarantees	85.463	140.120
2.02	Non-current liabilities	6.701.793	6.637.374
2.02.01	Loans and financing	3.503.422	3.681.354
2.02.01.01	Loans and financing	2.394.217	2.417.460
2.02.01.01.01	In local currency	2.394.217	2.417.460
2.02.01.02	Debentures	1.109.205	1.263.894
2.02.02	Other liabilities	3.024.927	2.772.952
2.02.02.02	Others	3.024.927	2.772.952
2.02.02.02.03	Advances from clients	415.986	357.938
2.02.02.02.04	Payables for acquisition of real estate	223.806	216.927
2.02.02.02.05	Deferred tax liabilities	155.564	151.470
2.02.02.02.07	Co-obligation in the assignment of receivables	386.117	396.784
2.02.02.02.09	Liabilities from CCB/CCI issuance	1.471.192	1.335.948
2.02.02.02.14	Provision with guarantee	57.889	88
2.02.02.02.15	Other liabilities	314.373	313.797
2.02.04	Provisions	173.444	183.068
2.02.04.01	Tax, social security, labor and civil provisions	173.444	183.068
2.02.04.01.09	Provision for contingencies	173.444	183.068
2.03	Consolidated shareholders' equity	5.297.580	5.330.053
2.03.01	Realized capital	4.907.843	4.907.843
2.03.02	Capital reserves	735.350	732.556
2.03.02.01	Goodwill in the issue of shares	735.350	838.296
2.03.02.05	Treasury shares	-	(105.740)
2.03.05	Retained Earnings/Losses	(871.195)	(873.948)
2.03.06	Equity evaluation adjustments	(68.426)	(62.822)
2.03.09	Interest of non-controlling shareholders	594.008	626.424

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

PDG Realty S.A. Empreendimentos e Participações

Statements of profit or loss for the years - Consolidated

(In thousand of reais)

Code of account	Account description	Accumulated of the current year, 01/01/2014ï 03/31/2014	Accumulated of the prior year, 01/01/2013ï 03/31/2013
3.01	Income from sales of goods and/or services	1.120.359	1.325.184
3.02	Cost of goods and/or services sold	(883.932)	(1.066.919)
3.03	Gross income	236.427	258.265
3.04	Operating expenses/income	(143.707)	(213.827)
3.04.01	Sales expenses	(42.226)	(44.869)
3.04.02	General and administrative expenses	(91.229)	(127.434)
3.04.04	Other operating income	20.716	-
3.04.04.01	Gain (loss) in Subsidiaries	5.644	-
3.04.04.02	Others	15.072	-
3.04.05	Other operating expenses	(40.208)	(69.233)
3.04.05.01	Tax expenses	(1.787)	(3.342)
3.04.05.03	Depreciations/amortizations	(10.099)	(9.468)
3.04.05.04	Losses in subsidiaries	(24.875)	(55.928)
3.04.05.05	Others	(3.447)	(495)
3.04.06	Equity income (loss)	9.240	27.709
3.05	Income (loss) before financial income (loss) and taxes	92.720	44.438
3.06	Financial income (loss)	(60.337)	(84.476)
3.06.01	Financial income	78.733	40.283
3.06.02	Financial expenses	(139.070)	(124.759)
3.07	Income (loss) before income tax	32.383	(40.038)
3.08	Income and social contribution taxes	(16.536)	(21.226)
3.08.01	Current	(27.332)	(37.941)
3.08.02	Deferred assets	10.796	16.715
3.09	Net income (loss) of continued operations	15.847	(61.264)
3.11	Income/loss for the period	15.847	(61.264)
3.11.01	Attributed to the Parent company's partners	2.753	(73.812)
3.11.02	Attributed to non-controlling partners	13.094	12.548

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

PDG Realty S.A. Empreendimentos e Participações

Statements of Comprehensive income/(loss) for the years - Consolidated

(In thousand of reais)

Code of account	Account description	Accumulated of the current year, 01/01/2014ï 03/31/2014	Accumulated of the prior year, 01/01/2013ï 03/31/2013
4.01	Consolidated net income for the period	15.847	(61.264)
4.02	Other comprehensive income	(5.604)	-
4.03	Consolidated comprehensive income for the period	10.243	(61.264)
4.03.01	Attributed to the Parent company's partners	(2.851)	(73.812)
4.03.02	Attributed to non-controlling partners	13.094	12.548

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

PDG Realty S.A. Empreendimentos e Participações

Statements of changes in shareholders' equity - Consolidated

(In thousand of reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Retained earnings (loss)	Other comprehensive income	Shareholdersô equity	Interest of non-controlling shareholders	Consolidated equity, 01/01/2014ï 03/31/2014
5.01	Opening balances	4.907.843	732.556	(873.948)	(62.822)	4.703.629	626.424	5.330.053
5.03	Adjusted opening balances	4.907.843	732.556	(873.948)	(62.822)	4.703.629	626.424	5.330.053
5.04	Capital transactions with partners	-	2.794	-	-	2.794	(45.510)	(42.716)
5.04.03	Recognized options granted	-	2.794	-	-	2.794	-	2.794
5.04.08	Net changes in non-controlling shareholders	-	-	-	-	-	(45.510)	(45.510)
5.05	Total comprehensive income	-	-	2.753	(5.604)	(2.851)	13.094	10.243
5.05.01	Net income for the period	-	-	2.753	-	2.753	13.094	15.847
5.05.02	Other comprehensive income	-	-	-	(5.604)	(5.604)	-	(5.604)
5.05.02.04	Adjustments of translation in the period	-	-	-	(5.604)	(5.604)	-	(5.604)
5.07	Closing balances	4.907.843	735.350	(871.195)	(68.426)	4.703.572	594.008	5.297.580

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

PDG Realty S.A. Empreendimentos e Participações

Statements of changes in shareholders' equity - Consolidated

(In thousand of reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Retained earnings (loss)	Other comprehensive income	Shareholdersô equity	Interest of non-controlling shareholders	Consolidated equity, 01/01/2013ï 03/31/2013
5.01	Opening balances	4.907.843	792.301	(624.737)	(58.107)	5.017.300	459.580	5.476.880
5.03	Adjusted opening balances	4.907.843	792.301	(624.737)	(58.107)	5.017.300	459.580	5.476.880
5.04	Capital transactions with partners	-	-	-	-	-	18.233	18.233
5.04.08	Net changes in non-controlling shareholders	-	-	-	-	-	18.233	18.233
5.05	Total comprehensive income	-	-	(73.812)	-	(73.812)	12.548	(61.264)
5.05.02	Other comprehensive income	-	-	(73.812)	-	(73.812)	12.548	(61.264)
5.05.02.06	Loss for the year	-	-	(73.812)	-	(73.812)	12.548	(61.264)
5.07	Closing balances	4.907.843	792.301	(698.549)	(58.107)	4.943.488	490.361	5.433.849

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

PDG Realty S.A. Empreendimentos e Participações

Statements of cash flows - Indirect method - Consolidated

(In thousand of reais)

Code of account	Account description	Accumulated of the current year, 01/01/2014ï 03/31/2014	Accumulated of the prior year, 01/01/2013ï 03/31/2013
6.01	Net cash from operational activities	(142.187)	158.413
6.01.01	Cash generated in operations	186.591	157.179
6.01.01.01	Income (loss) before income and social contribution taxes	32.383	(40.038)
6.01.01.02	Depreciation and amortization	10.099	9.468
6.01.01.03	Gains/Lesses em Subsidiaries	19.231	55.928
6.01.01.05	Financial expenses, interest paid and monetary Monetary	129.396	129.024
6.01.01.07	Recognition Stand Expenses	6.057	15.139
6.01.01.08	Stock option expenses	2.794	-
6.01.01.09	Amortization of goodwill	1.726	24.167
6.01.01.11	Equity in net income	(9.240)	(27.709)
6.01.01.12	Adjustment to present value	(21.012)	9.008
6.01.01.13	Provisions for guarantee and contingencies	15.157	(17.808)
6.01.02	Changes in assets and liabilities	(50.057)	199.707
6.01.02.01	Assignment of credit right operations	(4.204)	340.098
6.01.02.02	Loan agreement receivable	(5.651)	(1.542)
6.01.02.03	Accounts receivable	(154.918)	(216.562)
6.01.02.05	Taxes recoverable	2.644	8.253
6.01.02.06	Real estate inventories for sale	108.289	131.192
6.01.02.08	Unrecognized expenses	4.536	56.338
6.01.02.09	Current account with partners in projects	(4.059)	(47.735)
6.01.02.11	Active debentures	695	(902)
6.01.02.13	Advances from clients	143.057	(9.726)
6.01.02.14	Payables for acquisition of real estate	(45.647)	(33.840)
6.01.02.16	Tax liabilities/Taxes payable	(18.067)	3.604
6.01.02.17	Suppliers	15.078	(45.588)
6.01.02.19	Tax and labor liabilities	(13.443)	-
6.01.02.20	Other movements	(78.367)	16.117
6.01.03	Others	(278.721)	(198.473)
6.01.03.01	Income and social contribution taxes	(29.764)	(22.941)
6.01.03.02	Interest paid	(248.957)	(175.532)
6.02	Net cash used in investment activities	(52.033)	(129.376)
6.02.01	Increase (Decrease) in Interest in Associates and Subsidiar	(22.780)	(117.312)
6.02.02	Acquisitions and write-offs of property, plant and equipment	1.523	(14.096)
6.02.03	Intangible assets	-	(2.621)
6.02.05	Obligations for Acquisition of Interest	-	4.653
6.02.06	Interest earning bank deposits measured at fair value	141	-
6.02.07	Investment properties	(30.917)	-
6.03	Net cash generated (consumed) in financing activities	(123.791)	40.615
6.03.01	Loans and financing	(123.791)	40.615
6.05	Increase (decrease) in cash and cash equivalents	(318.011)	69.652
6.05.01	Opening balance of cash and cash equivalents	1.309.457	1.762.947
6.05.02	Closing balance of cash and cash equivalents	991.446	1.832.599

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

PDG Realty S.A. Empreendimentos e Participações

Statements of added valued - Consolidated

(In thousand of reais)

Code of account	Account description	Accumulated of the current year, 01/01/2014ï 03/31/2014	Accumulated of the prior year, 01/01/2013ï 03/31/2013
7.01	Income	1.133.787	1.359.765
7.01.01	Sale of merchandise, products and services	1.115.072	1.335.915
7.01.02	Other income	18.715	23.850
7.02	Inputs acquired from third parties	(962.934)	(1.214.993)
7.02.01	Cost of goods, merchandise and services sold	(883.932)	(1.066.919)
7.02.02	Materials, Energy, Third-party services and other	(59.771)	(92.146)
7.02.03	Loss/recovery of asset values	(19.231)	(55.928)
7.03	Gross added value	170.853	144.772
7.04	Retentions	(10.099)	(9.468)
7.04.01	Depreciation, amortization and depletion	(10.099)	(9.468)
7.05	Net added value produced	160.754	135.304
7.06	Added value received as transfer	87.973	67.992
7.06.01	Equity income (loss)	9.240	27.709
7.06.02	Financial income	78.733	40.283
7.07	Total added value payable	248.727	203.296
7.08	Distribution of added value	248.727	203.296
7.08.01	Personnel	48.339	66.394
7.08.01.01	Direct remuneration	41.801	49.075
7.08.01.02	Benefits	4.014	12.735
7.08.01.03	SEVERANCE PAY FUND (FGTS)	2.524	4.584
7.08.02	Taxes, duties and contributions	39.358	65.462
7.08.02.01	Federal	39.358	65.444
7.08.03	Third-party capital remuneration	145.183	132.704
7.08.03.01	Interest	129.396	114.352
7.08.03.02	Rents	6.113	7.945
7.08.03.03	Others	9.674	10.407
7.08.04	Remuneration of own capital	15.847	(61.264)
7.08.04.03	Retained earnings / Loss for the period	2.753	(73.812)
7.08.04.04	Interest of non-controlling shareholders in retained earnings	13.094	12.548

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

Notes to the financial statements

(In thousands of Reais)

1 Operations

PDG Realty S.A. Empreendimentos e Participações (ñCompanyò), 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 properties; and (c) acquisition of properties for real estate development.

Established as a corporation domiciled in Brazil, the Companyôs shares are traded at BM&FBOVESPA ï ñPDGR3ò. The Companyôs head office is located at Rua da Quitanda, 86, 4° floor (part) ï Rio de Janeiro ï RJ.

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

2 Presentation of quarterly information and main accounting policies

2.1 Basis of presentation

The individual and consolidated quarterly information was prepared considering the presupposition that the Company and its subsidiaries and associates (ñGroupò) carry on their businesses as a going concern. The preparation of Quarterly information 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 this quarterly information. 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 quarterly information is disclosed is the Real. All amounts presented in these quarterly information are expressed in thousands of Reais, except when otherwise stated.

The accounting policies of the Company were consistently adopted for all the periods presented in the accompanying individual and consolidated quarterly information.

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 04 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 quarterly information for the period was 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 income, 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 income 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 quarterly financial information presents the evaluation of investments in subsidiaries under the equity method, in accordance with prevailing brazilian law. Thus, these individual quarterly information are not considered to be in conformity with the IFRS, which requires these investments to be valued in the Parent companyôs individual financial statements at fair value or cost.

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 shareholdersô equity and profit or loss of the parent company, prepared according to the individual information prepared following the accounting practices adopted in Brazil.

The issue of this quarterly information of the Company was authorized by the Management on May 07, 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 inventors 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 Companyôs 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 Companyôs 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 ñFinancial investmentsò 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 earning 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 shareholdersô equity as a counterpart.

The Companyôs interest earning 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 Net present value adjustment (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 warranties 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 ñAssets and/or services sales incomeò. After the construction period, interest is accounted for as ñInterest Incomeò.

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 Companyôs 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 8^{th} issuance that are stated at fair value through profit or loss ï 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 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.

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 ñInventory of real estate for saleò and recognized in the Companyôs income at the proportion of costs incurred in caption ñCost of sold assets and/or servicesò).

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 exchange recorded at fair value
Physical exchange upon land purchase with units to be built are recorded at fair value, evaluated at sales value of exchanged units, accounted for in caption ñReal estate for saleò as a counter entry to caption ñAdvances from clientsò, 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 Net 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 services 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 constructor 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 monthly and are 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 expected taxes payable on the taxable income for the year, at tax rates enacted or substantively enacted on the date of the quarterly information 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 quarterly information.

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 per annum 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 1.92% for income tax and social contribution, and at 2.08% for COFINS and PIS.

  As of March 31, 2014, the Company has 93 constructions (91 as of December 31, 2013) enrolled in the Special taxation regime ї RET. The accounts receivable balances related to those enterprises amount to R$ 4,448,695 on March 31, 2014 (R$ 4,117,566 on December 31, 2013), which represents 38% of the Companyõs total accounts receivable in March 2014 and 34% in December 2013, respectively.

- **Presumed profit regime:** Applicable to companies which annual revenue for the immediately previous year is lower than R$ 78,000. 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 financial revenues), to which the regular income tax and social contribution rates are applied.

c. Profit sharing - Employees and Management

The Company and its subsidiaries have employeesô 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 Companyós 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 employeesô 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. In case these evidences are identified, the assetós receivable value is calculated; if net book value exceeds receivable value, a provision for impairment is recognized by adjusting the assetós net book value to its recoverable value.

Assumptions used to determine assetsô values are based on the evaluation or indication that the assetõs book value exceeds its recoverable value. These indications take into consideration the assetõs 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 Companyõs main assets whose recoverable values are tested at yearend are: inventories of real estate for sale, investments at cost value and intangible assets with undefined useful lives.

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

Lease agreements are assessed and classified according to their terms and conditions. When the Company assumes the significant risks and benefits of ownership, agreements are accounted for in property, plant and equipment, according to the classification of 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 Companyõs 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.

Methodologies for measuring the 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 the cases in which current rate is higher or lower than market rates, revisions to conform with market rates are considered on each contract revision date. In addition, in case of collection of a percentage of rate, projections consider the higher among income accrued.

  In order to reflect perpetuity of transactions, at the end of the 10^{th} year, income is capitalized, and income flow and perpetuity value are then brought to present value at discount rates that reflect market risk perception, taking into consideration probable risk/ performance in each scenario. For the purpose of analysis, continuity of valid contracts have been considered, with automatic renewal, and revenue loss due to default has not been not considered.

  Investment property under construction is evaluated at estimated fair value of complete investments less estimated amount of costs to complete construction, cost of financing and 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 delivery of keys, less the following costs: expenses with acquisition and regularization of land; direct and indirect costs related to projects and construction; non-recoverable taxes and contributions; and financial charges deriving from financing of construction.

Recognition of income from real estate sales is as follows:

a. On credit sales of completed unit: at the time sale is completed, regardless of contract value receipt period; and

b. In the sale of units not yet completed, according to the criteria established by the following:

(i) i) OCPC 01 (R1) ï Real Estate Development Entities, issued by the Accounting Pronouncements Committee (CPC) and approved by the CVM Resolution No. 561 of December 17, 2008;

(ii) ii) OCPC - 04 ï 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 ï 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 contract 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 ï 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 land and buildings in Shopping Centers 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 arising from changes in fair value of investment properties are included in the statement of income for the year in which they were generated.

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 Companyςs quarterly financial statements.

Based on the equity method of accounting, investment in subsidiary is recorded on the Companyςs 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 companyςs income statement as equity pick-up, representing the net profit attributable to shareholders of the subsidiary.

Subsidiary quarterly financial statements are prepared for the same reporting period as the Company. Where 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.

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 quarterly information includes 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 registered.

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 companyôs quarterly information 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 (DVA), which are presented as part of the individual and consolidated quarterly information 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 Companyôs shareholders and outstanding common sharesô 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 quarterly information, as presented in Note 19.

2.18 Dividends

The proposal for distribution of dividends made by the Companyôs Management and that is within the portion equivalent to minimum mandatory dividends is recorded as current liabilities, under caption ñDividends payableò, as it is considered as a legal obligation provided for in the Companyôs 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 quarterly information refers, but before the date in which said quarterly information is issued, this portion will be recorded in caption ñProposed additional dividends, in shareholdersô equity.

2.19 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.

2.20 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 provisions on calculation of interest on capital and on investments evaluated at 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). And 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.

2.21 New standards and interpretations not yet adopted

New standard, amendment of standard and interpretation will be effective for the year beginning after January 1, 2015 and has not been adopted in the preparation of these quarterly information. This that may be relevant to the Group is listed below. The Group does not plan to adopt this standard 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 quarterly information, as none of its entities qualifies as investment entity.

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 quarterly information 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 the shareholdersô equity will be attributed to the parent companyõs 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 Groupõs 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 in the interest of non-controlling shareholders are based on a proportional amount of the subsidiaryõs 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 shareholdersô equity regarding this subsidiary. Any gain or loss resulting from loss of control is recognized in income. If the Group holds any in 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 or 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 quarterly information. Unrealized gains originating from transactions with investees 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 impairment loss.

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	
	03/31/2014	12/31/2013	03/31/2014	12/31/2013
Cash and banks	32,390	10,537	216,684	149,029
Interest earnings bank deposits				
Very short-term interest earnings bank deposits	41,254	-	303,143	190,551
Fixed-income investment funds	7,717	16,719	174,730	201,064
Bank deposit certificates (CDB)	236,145	485,100	276,732	735,097
Purchase and sale commitments	17,867	-	20,157	33,716
Subtotal	**302,983**	**501,819**	**774,762**	**1,160,428**
Total	**335,373**	**512,356**	**991,446**	**1,309,457**

b. Interest earnings bank deposits

The Company maintains an investment fund classified as ñFinancial investmentsò. Fund shares are measured at market value and their earnings are recognized in income under caption ñFinancial incomeò. The balance at March 31, 2014 totaled R$ 43,750 (as of December 31, 2013, R$ 43,891).

5 Trade accounts receivable

	Parent company		Consolidated	
	03/31/2014	12/31/2013	03/31/2014	12/31/2013
Development and property sale	112,472	121,033	8,619,431	8,461,239
(-) Allowance for doubtful accounts	(263)	(263)	(20,366)	(20,329)
(-) Net present value adjustment	(1,624)	(2,152)	(117,892)	(140,665)
Total	**110,585**	**118,618**	**8,481,173**	**8,300,245**
Portion in current	105,566	113,289	5,613,434	5,460,048
Portion in non-current	5,019	5,329	2,867,739	2,840,197
Total	**110,585**	**118,618**	**8,481,173**	**8,300,245**

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

As of March 31, 2014 and December 31, 2013, the Company had balances in its consolidated accounts receivable, in the current portion, distributed as follows:

	03/31/2014			12/31/2013		
	In transfer process	**Past due**	**Total**	**In transfer process**	**Past due**	**Total**
Falling due	4,878,629	-	4,878,629	4,465,637	-	4,465,637
overdue	**675,506**	**59,299**	**734,805**	**929,210**	**65,201**	**994,411**
0ï 30 days	342,589	30,074	372,663	451,902	31,710	483,612
31ï 60 days	79,844	7,009	86,853	108,840	7,637	116,477
61ï 90 days	99,423	8,728	108,151	136,054	9,547	145,601
91ï 120 days	42,381	3,720	46,101	63,782	4,475	68,257
121ï 360 days	36,334	3,190	39,524	54,032	3,791	57,823
Over 360 days	74,935	6,578	81,513	114,600	8,041	122,641
Total	**5,554,135**	**59,299**	**5,613,434**	**5,394,847**	**65,201**	**5,460,048**

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 clients.

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 in construction

The consolidated balances of accounts receivable for completed units, as of March 31, 2014, amounted to R$ 2,324,427 (R$ 2,669,137 as of December 31, 2013) and for enterprises under construction, as of March 31, 2014 amounted to R$ 6,156,746 (R$ 5,601,108 as of December 31, 2013).

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

Year of maturity	Parent company		Consolidated	
	03/31/2014	12/31/2013	03/31/2014	12/31/2013
2015	2,545	2,592	1,454,397	1,378,416
2016	593	624	338,965	331,989
2017	739	780	422,082	414,998
2018	315	366	179,922	194,549
2019	270	310	154,251	164,812
2020 onwards	557	657	318,122	355,433
Total	**5,019**	**5,329**	**2,867,739**	**2,840,197**

Net present value adjustment

Net 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 6.36% in the quarterly information as of March 31, 2014 (5.75% in the year ended December 31, 2013), calculated at the average rate of the Companyõs and its subsidiariesô 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 Companyõs management.

Allowance for doubtful accounts

The Company formed an allowance for doubtful accounts totaling R$20,366, approximately 34% of overdue balance on March 31, 2014. Overdue balances refer to ñpro-solutoò cases (cases without appeal); I.e. units that were passed on to clients 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.

During the period ended March 31, 2014, the Company recorded net volume of 671 terminated units; of this total, 84% occurred due to insufficient income and 16% for sundry reasons.

6 Real estate inventories for sale

	Parent company		Consolidated	
	03/31/2014	12/31/2013	03/31/2014	12/31/2013
Property under construction	13,335	5,153	1,326,052	1,424,700
Property concluded	1,481	1,848	457,935	461,966
Lands for future developments	38,696	50,561	2,690,879	2,680,520
Advances to suppliers	2	45	16,085	28,045
Compound interest	2,129	1,934	193,312	197,322
Goodwill on land	-	-	62,909	64,635
Total	**55,643**	**59,541**	**4,747,172**	**4,857,188**
Portion in current	16,947	20,828	2,432,820	2,486,329
Portion in non-current	38,696	38,713	2,314,352	2,370,859
Total	**55,643**	**59,541**	**4,747,172**	**4,857,188**

Book value of a projectôs land is transferred to caption ñReal Estate under Constructionò, within the heading "Property Inventory to negotiateò, 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 charges in the parent company are recorded as ñInvestmentsò and in ñReal estate for saleò 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 ñLand for future projectsò.

The Company accumulates expenses with properties in the city of Salvador, classified as ñLand for future projectsò, which will be mainly assigned to enterprises considered in the project denominated ñMintakaò by the Company.

Physical exchaange referring to future ñMintakaò projects will be recorded in inventories and advances from clients upon definition of corresponding projects.

Allocation of financial charges
Loan, financing and debenture financial expenses, whose funds were used in the process of building real estate projects, are capitalized in caption ñReal estate inventories for saleò and recognized in income under caption ñCost of Properties Soldò in the consolidated, in accordance with each projectôs sales percentage.

The balances of financial charges applicable to the parent company are shown under ñInvestmentsò, as Note 7. Changes on March 31, 2014 are as follows:

	Parent company		Consolidated	
	03/31/2014	12/31/2013	03/31/2014	12/31/2013
Opening balance	**1,934**	**2,381**	**197,322**	**232,026**
(+) Capitalized finance costs related to:				
Loans and financing	1,255	5,746	68,975	292,803
Debenture	-	-	11,474	45,869
Total financial charges capitalized in the year	**1,255**	**5,746**	**80,449**	**338,672**
(-) Charges appropriated to the income statement in Cost	(1,060)	(6,193)	(84,459)	(373,376)
Total	**2,129**	**1,934**	**193,312**	**197,322**

7 Investments

a. Information on subsidiaries as of March 31, 2014 and December 31, 2013

Interests in subsidiaries evaluated at the equity method are determined in accordance with the balance sheets of the respective investees.

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 subsidiariesô management, the Company has a seat in their Board of Directors and/or Executive Office and takes part in all business strategic decisions.

Subsidiariesô quarterly information 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 quarterly information is described in Note 7c.

Changes in the Companyôs investments are as follow:

Parent company									
Companyôs name	**% of direct interest**	**% of indirect interest**	**Balance at December 31, 2003**	**Increases / Payments**	**Reductions / Write-offs**	**Capital gains/losses**	**Other ***	**Equity**	**Balance at March 31, 2004**
Investments in subsidiaries									
Agre Empreendimentos Imobiliarios S.A	99.99%	0.01%	1,713,116	-	-	-	-	28,214	1,741,330
Agre Urbanismo S.A.	99.99%	0.01%	4,157	9,700	-	-	-	19,440	33,297
Amazon Empreendimentos Imobiliários Ltda	99.99%	0.01%	13,043	-	(1)	-	-	-	13,042
Fator Aquarius Empreendimentos Imobiliários Ltda	99.99%	0.01%	20,254	-	-	-	-	-	20,254
Atp Adelaide Participacoes Ltda	99.99%	0.01%	66,350	-	-	-	-	1,358	67,708
Bento Lisboa Participações S. A.	40.00%	60.00%	11,914	-	-	-	-	1,168	13,082
Chl Desenvolvimento Imobiliário S/A	72.79%	27.21%	650,770	-	-	-	-	26,158	676,928
Club Felicitá Empreendimento Imobiliários S.A.	99.99%	0.01%	15,401	-	-	-	-	-	15,401
Club Florença Empreendimento Imobiliários S.A.	99.99%	0.01%	11,666	-	(1)	-	-	-	11,665
Colore Empreendimento Imobiliário Spe S/A	87.35%	0.00%	18,964	-	-	-	-	1,068	20,032
Ecolife Campestre Empreendimentos Imobiliários S.A.	81.71%	0.00%	8,423	-	(757)	-	-	778	8,444
Ecolife Recreio Empreendimento Imobiliários S.A.	79.12%	0.00%	7,115	28	-	-	-	359	7,502
Gold Investimentos S.A.	49.32%	50.68%	211,225	58,792	-	(4,123)	-	1,294	267,188
Goldfarb Incorporações E Construções S.A	99.99%	0.01%	1,451,437	-	-	-	-	(8,337)	1,443,100
Ln 29 Incorporação e Empreendimento Ltda.	64.00%	0.00%	11,626	-	-	-	-	(1,014)	10,612
Ln 8 Incorp e Empreend Ltda	99.99%	0.01%	17,634	-	-	-	-	4,712	22,346
Pdg São Paulo Incorporações S.A	99.99%	0.01%	261,052	-	(1)	-	-	11,241	272,292
Pdg Araxa Income S.A.	99.99%	0.01%	31,436	-	-	-	-	302	31,738
Pdg Companhia Securitizadora	99.99%	0.01%	19,458	-	-	-	-	(14)	19,444
Pdg Desenvolvimento Imobiliário Ltda	99.99%	0.01%	370,976	-	-	(4,648)	-	9,220	375,548
Pdg Ln 28 Incorporação e Empreendimento Ltda.	99.99%	0.01%	15,132	-	-	-	-	-	15,132
Pdg Ln 31 Incorporação e Empreendimentos Ltda.	99.99%	0.01%	13,983	-	-	-	-	(688)	13,295
Pdg Ln 34 Incorp e Empreend Ltda	99.99%	0.01%	20,707	237	-	-	-	3,142	24,086
Pdg Ln Incorporacoes e Construcoes S.A.	99.99%	0.01%	71,454	1	-	-	-	(4)	71,451
Pdg Nova Lima Incorporação S.A.	80.00%	0.00%	22,114	-	(5,556)	-	-	(625)	15,933
Pdg Spe 47 Empreendimentos Imobiliarios Ltda	50.00%	50.00%	32,330	-	-	-	-	(1)	32,329
Pdg-Ln7 Incorporação e Empreendimentos S.A.	99.99%	0.01%	49,209	2,665	-	-	-	(555)	51,319
Performance Br Empreendimentos Imobiliários S.A.	68.00%	0.00%	82,462	-	(1,806)	-	-	4,251	84,907
Premier Da Serra Incorporações Imobiliárias S.A.	80.00%	0.00%	10,173	-	(480)	-	-	694	10,387
REP Desenvolvimento Imobiliário S.A	55.84%	0.00%	174,045	3,703	-	-	-	(702)	177,046
Sardenha Empreendimentos Imobiliários S.A.	80.00%	0.00%	6,734	-	(1)	-	-	(4)	6,729
Fator Sky Empreendimento Imobiliário Ltda	99.99%	0.01%	14,183	-	-	-	-	-	14,183
Zmf 5 Incorporações S.A	99.99%	0.01%	21,627	-	(925)	-	-	741	21,443
Other**			33,095	3,673	(24,204)	-	23,484	1,843	37,891
			5,483,265	**78,799**	**(33,732)**	**(8,771)**	**23,484**	**104,039**	**5,647,084**
Investments in associates									
Queiroz Galvão Mac Cyrela Veneza	20.00%	0.00%	7,920	1,600	-	(75)	-	(86)	9,359
TGLT S.A.	27.18%	0.00%	29,637	-	-	(3,724)	(5,604)	-	20,309
Tibouchina Empreendimento S.A	50.00%	0.00%	5,128	1	-	42	-	90	5,261
Other**			52,025	603	(17,920)	5,264	6,329	496	46,797
			94,710	**2,204**	**(17,920)**	**1,507**	**725**	**500**	**81,726**
Subtotal ï equity interest			**5,577,975**	**81,003**	**(51,652)**	**(7,264)**	**24,209**	**104,539**	**5,728,810**
Other									
Intangible assets			395,466	-	-	-	-	-	395,466
Compound			29,965	11,474	(17,367)	-	-	-	24,072
Appreciation of land			64,635	-	(1,726)	-	-	-	62,909
Subtotal ï other investment			**490,066**	**11,474**	**(19,093)**	**-**	**-**	**-**	**482,447**
Total investments			**6,068,041**	**92,477**	**(70,745)**	**(7,264)**	**24,209**	**104,539**	**6,211,257**

* Provision for losses in investments reclassified to non-current liabilities under caption "Other liabilities" and foreign exchange variation of R$5,604 on investment in TGLT S.A.
** Individual investments with balances of up to 5 million on March 31, 2014

b. Information on Groupôs jointly-controlled subsidiaries and associates March 31, 2014

	Consolidated on						Consolidated balance		
Companyôs name	**% of direct interest**	**Assets**	**Liabilities**	**Shareholder sôequity**	**Income (loss)**	**Equity**	**Investments 12/31/2013**	**Income from inflation on 03/31/2013**	**Investments 03/31/2014**
31 De Janeiro Empreendimentos Imobiliários Ltda	50.00%	99,064	41,494	57,570	-	-	28,785	-	28,785
Api Spe 08 - Planejamento e Desenvolv. de Empreendimento imob. Ltda.	50.00%	108,360	46,464	61,896	-	-	30,948	-	30,948
Chl Lxxviii Incorporações Ltda Imobiliários S.A	50.00%	134,347	101,070	33,277	2,808	1,404	15,235	3,187	16,639
Costa São Caetano Empreendimentos S.A.	25.00%	147,476	106,159	41,317	927	232	14,404	778	10,329
Gliese Incorporadora Ltda	42.46%	149,015	101,914	47,101	1,227	521	19,478	603	19,999
Iepe - Investimentos Imobiliarios Ltda	30.00%	25,842	6,259	19,583	(13,371)	(4,011)	9,886	368	5,875
Inpar - Abyara - Projeto Residencial Santo Amaro Spe Ltda	30.00%	27,672	6,308	21,364	(92)	(28)	6,309	-	6,409
Jetirana Empreendimentos S.A.	50.00%	46,459	8,462	37,997	2,073	1,037	17,321	77	18,999
Londres Empreendimentos S.A.	25.00%	211,094	139,626	71,468	4,709	1,175	21,142	1,508	17,867
Malmequer Empreendimentos S.A.	42.50%	121,990	75,876	46,114	223	95	19,446	31	19,598
Murcia Emprendimentos Imobiliários	30.00%	27,000	8,345	18,655	-	-	5,597	-	5,597
Paiol Velho Ltda.	39.00%	26,712	9	26,703	-	-	10,414	1	10,414
Queiroz Galvão Mac Cyrela Veneza	20.00%	108,708	61,915	46,793	(430)	(86)	7,919	-	9,359
Schahin Borges De Figueiredo Incorporadora Ltda	30.00%	26,753	63	26,690	-	-	8,007	-	8,007
Shopping Buriti Mogi Empr. Imob. SPE Ltda.	50.00%	82,219	36,029	46,190	484	242	17,189	-	23,095
Spe Chl Cv Incorporações Ltda	50.00%	53,211	37,976	15,235	2,529	1,265	6,353	-	7,618
Spe Reserva I Empreendimento Imobiliario S/A	50.00%	60,454	40,335	20,119	-	-	10,060	-	10,060
TGLT [2]	27.18%	856,886	761,547	95,339	-	-	29,637	-	25,322
Tibouchina Empreendimento S.A	50.00%	20,506	9,984	10,522	180	90	5,127	111	5,261
Windsor Investimentos Imobiliários Ltda	25.00%	767,472	467,748	299,724	26,633	6,658	68,273	17,746	74,931
Other investees [1] [2]		602,392	422,838	179,554	2,216	646	76,123	3,299	79,803
Total		**3,703,632**	**2,480,421**	**1,223,211**	**30,116**	**9,240**	**427,653**	**27,709**	**434,915**

[1] Investments with balances of up to 5 million on March 31, 2014
[2] Position of investments summed up from reassignment of intangible assets

c. Selected information on the Groupôs subsidiaries

	Consolidated on								Consolidated balance	
Companyôs name	**% on Company total**	**Minority interests %**	**Assets**	**Liabilities**	**Shareholdersô equity**	**Income (loss)**	**Minority interest earnings**	**Non-controlling interest**	**Shareholders' equity 12/31/2013**	**Income (loss) 03/31/2013**
Araxá Participações E Empreendimentos Imobiliários S.A	42.00%	58.00%	174,804	101,379	73,425	11,415	6,621	42,587	35,965	9,056
Chl Lxviii Incorporações Ltda Imobiliários S.A	70.00%	30.00%	53,681	23,353	30,328	345	104	9,098	8,995	(265)
Spe Chl Xcii Incorporações Ltd Imobiliários S.A.	70.00%	30.00%	189,932	161,157	28,775	(2,320)	(696)	8,633	11,882	(114)
Geraldo Martins Empreendimentos Imobiliários S.A.	50.00%	50.00%	74,242	39,968	34,274	4,725	2,363	17,137	14,775	1,207
Pdg Masb Empreendimento Imobiliário Spe Ltda	50.00%	50.00%	73,959	56,952	17,007	474	237	8,504	8,267	473
Pdg SP 5 Incorporações Spe Ltda	50.00%	50.00%	60,321	35,567	24,754	2,627	1,314	12,377	11,064	244
Lbc Empreedimento Imobiliario Spe Ltda	50.00%	50.00%	34,619	20,353	14,266	(178)	(89)	7,133	7,222	563
Peonia Empreendimentos Imobiliários	66.30%	33.70%	72,706	24,649	48,057	366	123	16,195	16,093	(3)
Colina De Piata Incorporadora Ltda	87.50%	12.50%	180,670	100,720	79,950	(279)	(35)	9,994	8,173	1,058
Esperanca Incorporadora Ltda	70.00%	30.00%	48,648	26,497	22,151	-	-	6,645	8,687	176
Torre De Ferrara Incorporadora Ltda	70.00%	30.00%	31,147	4,578	26,569	-	-	7,971	5,389	251
Torre De Rhodes Incorporadora Ltda	70.00%	30.00%	25,723	2,213	23,510	-	-	7,053	6,541	(928)
Aquarelle Incorporadora Ltda	60.00%	40.00%	27,179	10,162	17,017	(156)	(62)	6,807	2,782	105
Agra Bergen	80.00%	20.00%	169,161	136,931	32,230	2,393	479	6,446	5,967	1,562
Agra Singolare Incorporadora Ltda	80.00%	20.00%	106,820	71,388	35,432	(5,995)	(1,199)	7,086	8,285	(987)
Gonder Incorporadora Ltda.	86.00%	14.00%	335,409	256,357	79,052	1,700	238	11,067	10,829	2,537
Bni Artico Desenvolvimento Imobiliario L	50.38%	49.62%	24,278	8,304	15,974	84	42	7,927	7,885	417
Agin Anapolis Empreendimento Imobiliario	50.00%	50.00%	75,055	6,590	68,465	(27)	(14)	34,233	34,246	(1,281)
Api Spe10-Plan AND Des De Emp Imob Ltda	80.00%	20.00%	63,609	37,939	25,670	1,066	213	5,134	4,921	578
Shimpako Incorporadora Ltda.	66.67%	33.33%	45,759	2,324	43,435	(1)	-	14,477	14,477	(1)
Astroemeria Incorporadora Ltda.	80.00%	20.00%	40,014	12,020	27,994	77	15	5,599	5,583	37
Gerbera Incorporadora Ltda.	71.67%	28.33%	66,284	32,804	33,480	11	3	9,485	9,482	439
Acanto Incorporadora Ltda.	66.67%	33.33%	29,987	1,077	28,910	-	-	9,636	9,636	(2)
Garibaldi Incorporadora Ltda	70.00%	30.00%	19,571	1,270	18,301	-	-	5,490	4,591	(30)
Dubhe Incorporadora S/A	55.00%	45.00%	39,645	5,223	34,422	-	-	15,490	12,451	833
Gundel Incorporadora Ltda	70.00%	30.00%	175,568	139,020	36,548	-	-	10,964	15,919	(156)
Orion Incorporadora Ltda	70.00%	30.00%	113,360	69,438	43,922	-	-	13,177	11,868	608
Performance Br Empreendimentos Imobiliários S.A.	68.00%	32.00%	133,854	8,992	124,862	6,251	2,000	39,956	16,244	(6,288)
Ln 29 Incorporação e Empreendimento Ltda.	64.00%	36.00%	39,393	22,813	16,580	(1,585)	(571)	5,969	3,460	(8,665)
REP Desenvolvimento Imobiliário S.A	55.84%	44.16%	661,490	344,431	317,059	(1,257)	(251)	166,954	112,417	(1,366)
Other investments*			1,447,889	1,132,504	315,385	13,712	2,259	64,784	192,328	12,490
Total			**4,634,777**	**2,896,973**	**1,737,804**	**33,448**	**13,094**	**594,008**	**626,424**	**12,548**

* investments with balances of up to 5 million on March 31, 2014

d. Investment in shares

FIP PDG
On March 31, 2014, the Company, through its subsidiary Agra Empreendimentos Imobiliários S.A., maintains an exclusive investment fund whose main assets are equity interests in its subsidiaries. Fund shares are valued according to equity quotations and its earnings are recognized in subsidiaryôs income, and are eliminated upon preparation of the Companyôs financial statements.

8 Investment properties

	Projects in operation	Buildings under construction	Total
Balances at December 31, 2012	**236,222**	**485**	**236,707**
Acquisitions and improvements (i)	52,684	67,114	119,798
Reclassifications	(485)	(216)	(701)
Disposal (ii)	(21,746)	-	(21,746)
Adjustment to fair value (iii)	118,469	10,047	128,516
Balances at December 31, 2013	**385,144**	**77,430**	**462,574**
Acquisitions and improvements (i)	-	30,917	30,917
Balances at March 31, 2014	**385,144**	**108,347**	**493,491**

(i) Acquisitions refer basically to the increase in shareholding interest in Shopping Botucatu and REP KRCin 2013 and expenditures on construction of Shopping Botucatu in 2014;

(ii) Disposal refer to the sale of shareholding interest in CCS Panamby;

(iii) Recognized in income for the year under caption ñOther operating incomeò.

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 propertiesô 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			
		03/31/2014			12/31/2013
	Annual depreciation rate	Cost	Accumulated depreciation	Property, plant and equipment, net	Property, plant and equipment, net
Fixed assets for use					
Furniture and fixtures	10%	379	(246)	133	143
Computers	20%	3,831	(2,870)	961	1,467
Subtotal		**4,210**	**(3,116)**	**1,094**	**1,610**

		Consolidated			
		03/31/2014			12/31/2013
	Annual depreciation rate	**Cost**	**Accumulated depreciation**	**Property, plant and equipment, net**	**Property, plant and equipment, net**
Machinery and equipment	10%	35,141	(12,743)	22,398	25,046
Furniture and fixtures	10%	16,678	(9,583)	7,095	7,468
Computers	20%	25,834	(19,543)	6,291	7,530
Leasehold improvements	10%	17,494	(9,169)	8,325	8,114
Aircraft and other	up to 10%	12,510	(5,635)	6,875	15,585
		107,657	**(56,673)**	**50,984**	**63,743**
Sales stands	(*)	7,056	(3,338)	3,718	4,134
Total		**114,713**	**(60,011)**	**54,702**	**67,877**

(*) 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 ñSelling Expensesò.

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) up to February 2014, from Safra Leasing S.A. Financial lease contracted on January 15, 2010 over a period of 42 months.

Leases	**03/31/2014**	**12/31/2013**	**Acquisition**
Cost - 6 Cranes Model ZHONGWEN QYZ63	2,340	2,340	Jun-08
Cost value ï Aircraft Cessna Model 550 (Citation Bravo) ï Year 2006	7,806	7,806	Jan-10
Accumulated depreciation	(5,070)	(4,117)	
Total net	**5,076**	**6,029**	

The transaction asset is recorded in quarterly information under caption ñProperty, plant and equipmentò and is being depreciated according to the assetôs 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 ñLoans and financingò (Note 12):

In February 2014, installment of R$599 presented in current liabilities was settled.

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 the quarter ended March 31, 2014, 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 March 31, 2014:

Breakdown of goodwill per company	Parent company 03/31/2014	Parent company 12/31/2013	Consolidated 03/31/2014	Consolidated 12/31/2013
Agre Empreendimentos Imobiliarios S.A.	275,900	275,900	352,382	354,264
Agre Urbanismo S.A.	3,403	3,403	3,403	3,403
PDG São Paulo Incorporações S.A.	-	-	4,420	4,723
Aztronic Engenharia de Softwares Ltda. (i)	4,362	4,362	4,362	4,362
CHL Desenvolvimento Imobiliários S.A.	59,443	59,443	60,337	60,443
Goldfarb Incorporações e Construções S.A.	38,377	38,377	41,447	41,761
LN 8 Incorporacao e Empreendimentos Ltda.	2,944	2,944	2,944	2,944
PDG Desenvolvimento Imobiliário S.A.	-	-	35,766	35,766
PDG LN Incorporações e Construções S.A.	3,438	3,438	3,437	3,437
REP DI Desenvolvimento Imobiliário S.A.	-	-	17,615	17,615
TGLT S.A.(i)	5,013	5,013	5,013	5,013
Fator Ícone Empreendimento Imobiliários (i)	2,586	2,586	2,586	2,586
Total	**395,466**	**395,466**	**533,712**	**536,317**
Software and other intangible assets	26,432	27,431	71,018	72,918
Subtotal	**421,898**	**422,897**	**604,730**	**609,235**
Reallocation for investments (Note 7) (i)	(395,466)	(395,466)	(11,961)	(11,961)
Closing balance	**26,432**	**27,431**	**592,769**	**597,274**

(i) In ñParent companyò and ñConsolidatedò quarterly information, these intangible assets are being presented within captions for Investments, as they are intangible assets of associates (Note 7).

a. Changes in intangible assets

Changes in intangible assets for the periods ended March 31, 2014 and December 31, 2013 are as follows:

	Parent company 03/31/2014	Parent company 12/31/2013	Consolidated 03/31/2014	Consolidated 12/31/2013
Opening balance	**27,431**	**31,478**	**597,274**	**624,941**
Acquisitions	-	-	2,369	877
Write-off due to impairment	(999)	(4,047)	(6,874)	(28,544)
Total	**26,432**	**27,431**	**592,769**	**597,274**

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.

Impairment test was prepared based on assumptions used to project and follow-up the Companyôs cash flow and on a perpetuity model, and was divided into three large items: (i) income from property sales; (ii) property development and construction costs and selling expenses; and (iii) net indebtedness (total debt less cash and cash equivalents).

The projected income was split into two major 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 Companyôs budget and take into account the size of the operations.

Software intangible assets

Assets classified as ñSoftware and other intangible assetsò correspond to the Companyôs operating software acquisition and implementation costs whose amortization started in January 2011. During the period ended March 31, 2014, the amount of R$ 4,269 was amortized and accounted for in the Companyôs income (R$ 7,700 at the year ended December 31, 2013). Software amortization period was estimated as eight years.

11 Related party transactions and balances

The Companyôs 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 projectsô 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 non-current 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 overall limit for managementôs compensation in the Company for 2014 was established at R$ 28,000 by the extraordinary general meeting held on April 25, 2014 (R$ R$ 39,292 for 2013), with a limit of R$ 18,000 for compensation amounts paid in cash (fixed, variable and benefits) and the limit of R$ 10,000 for amounts to be recorded as share-based compensation.

Amounts recorded as remuneration, profit sharing, dividends and/or benefits in general during the quarter ended March 31, 2014 was R$ 6,884 (R$ 5,027 in the quarter ended March 31, 2013), less share-based remuneration.

As of March 31, 2014 and 2013, management compensation was composed as follows:

	Parent company		Consolidated	
	03/31/2014	03/31/2013	03/31/2014	03/31/2013
Board of Directors				
Base remuneration	180	160	180	480
Fiscal Council				
Base remuneration	72	24	72	72
Executive board				
Base remuneration	983	422	1,761	1,168
Subtotal	**1,235**	**606**	**2,013**	**1,720**
Profit sharing	-	-	4,871	3,307
Total	**1,235**	**606**	**6,884**	**5,027**

Managementôs variable remuneration is based on interest in income and a provision is recorded during 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;

(v) Share-based remuneration (Share purchase option plan - Disclosed in Note 23).

d. Sureties and guarantees

As of March 31, 2014, collateral signatures provided by the Company to its subsidiaries totaled R$ 9,651,740 (R$ 7,243,330 as of December 31, 2013) to warranty 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	
	03/31/2014	12/31/2013	03/31/2014	12/31/2013
Assets				
Debentures ï Non-current assets (Note 7)	27,867	28,562	23,335	24,030
Related-party Loansï Current and Non-Current Assets	121,813	122,053	60,061	54,410
FACA ï Non-current assets	1,010,808	1,085,445	-	-
Liabilities				
Convertible debentures ï 8th issuance (note 14b)	1,989	3,079	1,989	3,979

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 Companyôs loans as of March 31, 2014 and December 31, 2013, per debt type, is as follows:

	Parent company		**Average rate**	**Guarantee**
Type of debt	**03/31/2014**	**12/31/2013**		
SFH	47,315	41,692	TR + 9.0%ï 12.0%	Mortgage / receivables / collateral signatures
FINEP	134,999	139,050	5.25ï 8.25%	PDG surety
Total	**182,314**	**180,742**		
Portion in current	48,047	41,355		
Portion in non-current	134,267	139,387		
Total	**182,314**	**180,742**		

	Consolidated		**Average rate**	**Guarantee**
Type of debt	**03/31/2014**	**12/31/2013**		
SFH	3,494,026	3,759,454	TR + 8.3%ï 12.3%	Receivables / proportional warranties / mortgage / surety
			TJLP + 1%	Mortgages and sureties
Working capital	146,060	5,521	CDI + 3.35%	Shares in guarantee, Collateral Signature,
			4.50-8.70%	Promissory Note, Mortgage, Credit Rights
FINEP	134,999	139,051	5.25ï 8.25%	PDG surety
Other debts	-	599	CDI + 3.35%	Promissory Note
Total	**3,775,085**	**3,904,625**		
Portion in current	1,380,868	1,487,165		
Portion in non-current	2,394,217	2,417,460		
Total	**3,775,085**	**3,904,625**		

The long-term balance of consolidated loans and financing matures as follows:

	Consolidated	
Year	**03/31/2014**	**12/31/2013**
2015	1,747,779	1,764,746
2016	311,248	314,270
2017	191,538	193,397
2018	119,711	120,873
2019 onwards	23,941	24,174
Total	**2,394,217**	**2,417,460**

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 on an annual basis (ñCumulative Fixed Dividendsò) on the following dates: June 15, 2011 (amount paid: R$ 29,830); June 15, 2012 (amount paid: R$ 35,654); June 15, 2013 (amount paid: R$ 25,422); June 15, 2014 and 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 Investimentos S.A. Bylaws;

d. Other rights related to the condition of investor in preferred shares.

Redeemable Preferred Shares issued by Gold Investimentos S.A., due to its characteristics, were classified as financial instruments and dividends were classified in income under account ñOther Operating Expensesò.

This value comprises part of caption ñOther obligationsò and outstanding balances are as follows:

	Consolidated	
	03/31/2014	**12/31/2013**
Current	24,336	15,978
Non-current	300,000	300,000
	324,336	**315,978**

14 Bank Credit Notes (CCBs) and Debentures

a. Bank credit notes (CCBs)

	Parent company		Consolidated	
	03/31/2014	12/31/2013	03/31/2014	12/31/2013
Liabilities from CCB issuance				
2nd Series of 1st Issuance	26,739	27,308	26,739	27,308
3rd Series of 1st Issuance	91,794	93,891	91,794	93,891
4th Series of 1st Issuance	7,735	7,920	7,735	7,920
15th Series of 1st Issuance	257,231	250,611	257,231	250,611
22nd Series of 1st Issuance	50,663	49,269	50,663	49,269
2nd Series of 2nd Issuance	-	-	111,894	115,174
3rd Series of 2nd Issuance	-	-	90,489	93,059
3rd Series of 3rd Issuance	-	-	128,398	124,632
5th Series of 3rd Issuance	91,416	206,506	91,416	206,506
7th Series of 3rd Issuance	256,495	249,578	256,495	249,578
Other issues by CCB	1,382,803	1,293,897	1,456,869	1,351,046
Total	**2,164,876**	**2,178,980**	**2,569,723**	**2,568,994**
Portion in current	723,238	875,997	1,098,531	1,233,046
Portion in non-current	1,441,638	1,302,983	1,471,192	1,335,948
Total	**2,164,876**	**2,178,980**	**2,569,723**	**2,568,994**

On June 28, 2013, the Companyõs Board of Directors, in conformity with the Companyõs restructuring process, approved the issuance of a Bank Credit Note (CCB) 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.

In this first quarter of 2014, we obtained three new Bank Credit Notes (CCB) totaling the amount of R$ 126,000.

b. Debentures

The main features of the debentures issued by the Company and its subsidiaries are as follows:

Parent company

Debentures	Type	Nature	Issuance	Maturity	Type	Remuneration condition	Nominal value	Securities issued	Outstanding securities	Amortization	Installments	Form of Amortization	Guarantees
1st Issuance	Non-convertible	Public	07/01/2007	07/01/2018	Unsecured	100% of DI + 1.8% p.a.	10	25,000	25,000	Annual	4	Annual	Without guarantee
3rd Issuance	Non-convertible	Public	09/29/2009	03/15/2016	Real	TR + 9.8058%	1,000	300	300	Semiannual	4	Semiannual	Assignment and Chattel Mortgage of Shares and Quotas
4th Issuance	Non-convertible	Public	08/10/2010	08/10/2016	Unsecured	100% of DI + 2.40% p.a.	1,000	280	280	Quarterly	16	Quarterly	Without guarantee
5th Issuance	Non-convertible	Public	09/23/2010	08/01/2016	Real	TR + 9.04%	1,000	600	600	Semiannual	5	Semiannual	Assignment and Chattel Mortgage of Shares and Quotas
6th Issuance	Non-convertible	Public	03/31/2011	09/30/2016	Real	11.31%	1,000	97,000	97,000	Single	1	Single	Without guarantee
7th Issuance	Non-convertible	Public	03/15/2012	12/15/2018	Unsecured	IPCA + 6.56%	1,000	140	140	Annual	2	Annual	Without guarantee
8th Issuance*	Convertible	Private	09/17/2012	09/17/2016	Unsecured	-	0.01	199,000	199,000	Single	1	Single	Without guarantee

Subsidiaries

Debentures	Type	Nature	Issuance	Maturity	Type	Remuneration condition	Nominal value	Securities issued	Outstanding securities	Amortization	Installments	Form of Amortization	Guarantees
ZMF 23	Convertible	Private	09/23/2011	10/31/2014	Unsecured	100% of DI + 1.6% p.a.	1.00	8,850	8,850	Single	1	Single	Without guarantee
ZMF 23	Non-convertible	Private	09/23/2011	10/31/2014	Unsecured	100% of DI + 1.6% p.a.	1.00	4,425	4,425	Single	1	Single	Chattel mortgage
STX 10	Convertible	Private	07/30/2011	07/31/2014	Unsecured	100% of DI + 1.6% p.a.	1.00	8,580	8,580	Single	1	Single	Without guarantee
STX 10	Non-convertible	Private	07/30/2011	07/31/2014	Unsecured	100% of DI + 1.6% p.a.	1.00	4,290	4,290	Single	1	Single	Chattel mortgage

* Evaluated at market value (Note 20)

The Companyôs debentures had the following balances as of March 31, 2014:

	Parent company								Consolidated		
	1st Issuance	3rd Issuance	4th Issuance	5th Issuance	6th Issuance	7th Issuance	8th Issuance	SUBTOTAL	ZMF 23	STX 10	TOTAL
a) *Debentures payable*											
Balance at 12/31/2012 (i)	**261,339**	**246,592**	**265,667**	**621,727**	**117,331**	**153,923**	**89,508**	**1,756,087**	**14,223**	**14,072**	**1,784,382**
(+) Monetary correction	2,158	-	-	-	18,702	8,500	(85,529)	**(56,169)**	-	-	**(56,169)**
(-) Payments	-	(81,854)	(52,232)	(123,967)	-	-	-	**(258,053)**	-	-	**(258,053)**
Balance at 12/31/2013 (ii)	**263,497**	**164,738**	**213,435**	**497,760**	**136,033**	**162,423**	**3,979**	**1,441,865**	**14,223**	14,072	1,470,160
(+) Monetary correction	7,107	3,979	6,528	10,659	3,492	6,143	(1,990)	**35,918**	-	-	**35,918**
(-) Payments (Principal + Interest)	(13,613)	(33,162)	(6,412)	(62,401)	-	(10,361)	-	**(125,949)**	(3,213)	(8,251)	**(137,413)**
Balance at 03/31/2014	**256,991**	**135,556**	**213,551**	**446,018**	**139,525**	**158,205**	**1,989**	**1,351,835**	**11,010**	**5,821**	**1,332,747**
Composition per year of maturity:											
2014	6,991	30,556	3,551	46,022	-	18,205	-	**105,325**	11,010	5,821	**122,156**
2015	62,500	85,002	105,000	219,996	-	-	-	**472,498**	-	-	**472,498**
2016	62,500	19,998	105,000	180,000	139,525	-	1,989	**509,012**	-	-	**509,012**
2017	62,500	-	-	-	-	-	-	**62,500**	-	-	**62,500**
2018	62,500	-	-	-	-	140,000	-	**202,500**	-	-	**202,500**
Balance at 03/31/2014	**256,991**	**135,556**	**213,551**	**446,018**	**139,525**	**158,205**	**1,989**	**1,351,835**	**11,010**	**5,821**	**1,368,666**

	Parent company								Consolidated		
	1st Issuance	3rd Issuance	4th Issuance	5th Issuance	6th Issuance	7th Issuance	8th Issuance	SUBTOTAL	ZMF 23	STX 10	TOTAL
b) *Issuance expenses*											
Balance at 12/31/2012 (i)	**(3,115)**	**(915)**	**(1,960)**	**(3,899)**	**(252)**	**(3,106)**	**-**	**(13,247)**	**-**	**-**	**(13,247)**
(-) Expense Amortization	520	559	257	1,559	67	522	-	**3,484**	-	-	**3,484**
Balance at 12/31/2013 (ii)	**(2,595)**	**(356)**	**(1,703)**	**(2,340)**	**(185)**	**(2,584)**	**-**	**(9,763)**	**-**	**-**	**(9,763)**
(-) Expense Amortization	130	29	125	194	18	131	-	**627**	-	-	**627**
Balance at 03/31/2014	**(2,465)**	**(327)**	**(1,579)**	**(2,146)**	**(167)**	**(2,453)**	**-**	**(9,137)**	**-**	**-**	**(9,137)**
Net balance at 03/31/2014	**254,526**	**135,229**	**211,972**	**443,872**	**139,358**	**155,752**	**1,989**	**1,342,698**	**11,010**	**5,821**	**1,359,529**
Current	6,991	65,556	3,551	156,020	-	18,206	-	250,324	-	-	250,324
Non-current	247,535	69,673	208,421	287,852	139,358	137,546	1,989	1,092,374	11,010	5,821	1,109,205
Total	**254,526**	**135,229**	**211,972**	**443,872**	**139,358**	**155,752**	**1,989**	**1,342,698**	**11,010**	**5,821**	**1,359,529**

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 indices, covenants, calculated based on the Companyôs consolidated quarterly information. For the period ended March 31, 2014, the Company is not exposed to accelerated maturity of debts, since it has fulfilled all its covenants and obtained a waiver suspending the observation of the clause establishing the maturity (first debenture issuance).

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	
	03/31/2014	**12/31/2013**	**03/31/2014**	**12/31/2013**
Cash	-	250	214,990	233,182
Subject to VGV	10,983	12,212	464,605	492,060
(-) Net present value adjustment	(253)	(252)	(1,866)	(1,866)
Total	**10,730**	**12,210**	**677,729**	**723,376**
Current	10,730	12,210	453,923	506,449
Non-current	-	-	223,806	216,927
Total	**10,730**	**12,210**	**677,729**	**723,376**

The balances of obligations arising from purchase of real estate properties amount to a total of R$ 464,605, as of March 31, 2014, (R$ 492,060 as of December 31, 2013). These transactions are based on commitments assumed in the purchase of land for real estate project development, in which the settlement of the land payment to the bartering owner will be concomitant with the financial settlement by the purchasers of the construction units sold, and transfer of their funds, as established in the agreement.

Liabilities are substantially updated according to the National Civil Construction Index ï INCC or the General Market Price Index ï 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:

	Consolidated	
	03/31/2014	**12/31/2013**
2015	31,398	30,433
2016	29,582	28,720
2017	48,366	46,810
2018 onwards	114,460	110,964
Total	**223,806**	**216,927**

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 quarterly information and current tax (ñpayableò), at the cash regime.

a. Expenses com Income tax and social contribution

Most SPEôs opted for Deemed Income 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:

	03/31/2014		03/31/2013	
Tax calculation basis:	**IRPJ**	**CSLL**	**IRPJ**	**CSLL**
Income from real estate sales	1,097,419	1,097,419	1,308,436	1,336,651
Income from real estate sales ï Taxable income	83,267	83,267	210,380	210,380
(-) Income from real estate sales at RET	518,679	518,679	335,285	335,285
(-) Income from real estate sales at deemed profit	**495,473**	**495,473**	**762,771**	**790,985**
Other income - Real estate development	41,951	41,951	24,479	24,479
(-) Other income ï taxable income from real estate development	1,519	1,519	4,268	4,268
(-) Other income - Real estate development	19,915	19,915	6,434	6,434
Other income ï deemed profit from real estate development	20,517	20,517	16,777	16,777
Presumed profit - Real estate development - IRPJ 8% - CSLL 12%	**41,279**	**61,919**	**62,364**	**96,931**
Rental/service income ï taxable income	2,449	2,449	18,806	18,806
Rental/service income ï deemed profits	16,266	16,266	5,394	5,394
Presumed profit ï Services/Rentals - IRPJ ï CSLL 32%	**5,205**	**5,205**	**1,726**	**1,726**
Deemed profit (Development + Services)	**46,484**	**67,124**	**64,090**	**98,657**
(+) Financial income	8,913	8,913	12,031	12,031
(-) Financial income - Taxable income	15,486	15,486	(8,433)	(8,433)
(+) Other income	9,945	9,945	112	112
(-) Other income - Taxable income	9,235	9,235	(1,242)	(1,242)
Presumed profit tax basis	**65,342**	**85,982**	**76,233**	**110,800**
Consolidated expense - Presumed profit - IRPJ/CSLL	(16,335)	(7,738)	(17,514)	(9,213)
Deferred IRJP on temporary differences - Taxable income	4,315	1,090	(736)	(151)
Consolidated expense - RET	(6,786)	(3,555)	(4,306)	(2,255)
Companies Taxed under the Presumed + Taxable Profit Methods	**(18,806)**	**(10,203)**	**(22,556)**	**(11,619)**
(+) Others	8,042	4,431	5,840	7,109
Expense no Income (loss)	**(10,764)**	**(5,772)**	**(16,716)**	**(4,510)**

	03/31/2014		03/31/2013	
Breakdown of expense	**IRPJ**	**CSLL**	**IRPJ**	**CSLL**
Current	(17,270)	(10,062)	(27,462)	(10,479)
Deferred	6,506	4,290	10,746	5,969
Expense no Income (loss)	**(10,764)**	**(5,772)**	**(16,716)**	**(4,510)**

Taxes (Income and Social Contribution Taxes)	**03/31/2014**	**03/31/2013**
Current	(27,332)	(37,941)
Deferred	10,796	16,715

Some of the Groupôs investees calculate their income and social contribution taxes with basis on taxable income. In the periods ended March 31, 2014 and March 31, 2013, tax computation based on taxable income did not generate income and social contribution tax expenses for the Company.

b. Deferred tax assets and liabilities

Deferred assets

Deferred income tax, social contribution, PIS and Cofins 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 2.8.b.

Deferred amounts in current assets referring to income and social contribution taxes, and taxes on income PIS and COFINS, are stated as follows:

Tax	Consolidated 03/31/2014	Consolidated 12/31/2013
IRPJ and CSLL (Income tax)	94	12,320
PIS and COFINS	210	5,521
Total	**304**	**17,841**

Deferred liabilities

Deferred income tax, social contribution, PIS and Cofins 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:

	Consolidated 03/31/2014	Consolidated 12/31/2013
Deferred income tax liabilities	184,059	186,771
Deferred soc. Contr. tax liability	87,759	90,999
Total	**271,818**	**277,770**

Considering the current context of the Parent Companyĝs 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 March 31, 2014, the balance of accumulated tax losses of the Company was R$ 1,191,932 (R$ 1,085,933 on December 31, 2013).

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

	Parent company		Consolidated	
Tax	**03/31/2014**	**12/31/2013**	**03/31/2014**	**12/31/2013**
IRPJ and CSLL (Income tax)	-	-	271,818	277,770
PIS and COFINS	1,533	1,646	216,119	254,665
Total	**1,533**	**1,646**	**487,937**	**532,435**
Portion in current	1,533	1,646	332,373	380,965
Portion in non-current	-	-	155,564	151,470
Total	**1,533**	**1,646**	**487,937**	**532,435**

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 quarterly information. Amounts are as follows:

	Parent company		Consolidated	
	03/31/2014	**12/31/2013**	**03/31/2014**	**12/31/2013**
Unrecognized contracted sales	49,475	50,201	3,307,903	3,838,957
Construction commitment	(36,748)	(38,379)	(2,333,988)	(2,733,932)
Total	**12,727**	**11,822**	**973,915**	**1,105,025**

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

	Parent company		Consolidated	
Year	**03/31/2014**	**12/31/2013**	**03/31/2014**	**12/31/2013**
2014	1,603	1,362	623,305	802,684
2015	11,124	10,460	257,114	257,304
2016	-	-	75,965	36,570
2017	-	-	17,531	8,467
Total	**12,727**	**11,822**	**973,915**	**1,105,025**

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 in the March 31, 2014 quarterly information, as the respective book entries reflect recognized revenues net of the installments received.

The amount classified in the heading ñAdvances from clientsò is broken down as follows:

	Parent company		Consolidated	
	03/31/2014	**12/31/2013**	**03/31/2014**	**12/31/2013**
Physical barter	2,750	2,750	694,829	556,321
Trade accounts receivable	2,962	3,811	211,023	206,474
Total	**5,712**	**6,561**	**905,852**	**762,795**
Current	5,712	6,561	489,866	404,857
Non-current	-	-	415,986	357,938
Total	**5,712**	**6,561**	**905,852**	**762,795**

18 Provisions

The Company, its subsidiaries, are parties in court and administrative proceedings 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 these subsidiaries.

The respective contingency provisions were created considering the assessment of a loss likelihood by legal counsel, and are recorded under ñOther operating expenses.ò
Based on the opinion of its legal counsel, Management believes that the contingency provisions created are sufficient to cover any likely losses in the court proceedings and differences found in tax calculations, as described below:

	Consolidated	
Nature ï Probable loss	**03/31/2014**	**12/31/2013**
Labor	73,572	71,794
Tax	11	138
Civil	99,861	111,136
Total	**173,444**	**183,068**
Portion in non-current liabilities	173,444	183,068
Total	**173,444**	**183,068**

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

	Consolidated			
	Labor	**Tax**	**Civil**	**Total**
Balance at 12/31/2012	**21,857**	**17,840**	**100,133**	**139,830**
Additions	49,937	-	11,003	60,940
Reversals	-	(17,702)	-	(17,702)
Balance at 12/31/2013	**71,794**	**138**	**111,136**	**183,068**
Additions	1,778	-	-	1,778
Reversals	-	(127)	(11,275)	(11,402)
Balance at 03/31/2014	**73,572**	**11**	**99,861**	**173,444**

The proceeding s with a loss likelihood and deemed ñpossibleò by the Companyôs legal counsel are composed of:

	Consolidated	
Nature ï Possible loss	**03/31/2014**	**12/31/2013**
Labor	99,776	98,226
Civil	162,672	154,067
Tax	13,733	13,733
Total	**276,181**	**266,026**

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 indices.

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:

	Parent company		Consolidated	
Provision for warranty[1]	**03/31/2014**	**12/31/2013**	**03/31/2014**	**12/31/2013**
Current	-	282	85,463	140,120
Non-current	312	-	57,889	88
Total provision	**312**	**282**	**143,352**	**140,208**

(1) They are recorded in the heading of ñother provisionsò in the liabilities of the Company and its subsidiaries

19 Shareholdersô equity

a. Capital

The Companyôs capital, as of March 31, 2014, is represented by one billion, three hundred twenty-three million, two hundred sixty-four thousand, two hundred twenty-three (1,323,264,223) registered common shares without par value, all subscribed and paid up, in the total amount of R$ 4,960,080.

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 shareholdersô meeting. This limit considers all the capital increases made within the Companyôs authorized capital, since the Companyôs incorporation, including all capital increases approved by the Board of Directors. The Board of Directorsô 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 March 31, 2014, total shares issued by the Board of Directors were 671,081,089 common shares.

The Board of Directors, at a meeting held on March 26, 2014, approved, with the consent of the Fiscal Council, the cancellation of the entire volume of sixteen million, two hundred eighty-three thousand, and seven hundred (16,283,700) registered common shares without par value issued by the Company, until then held in treasury, after being repurchased under the Share Repurchase Program approved at a meeting of the Companyôs Board of Directors held on November 24, 2011, without reducing the Companyôs capital and included in the Companyôs reserve account.

The changes in the Companyôs capital is presented as follows, as of March 31, 2014:

	Quantity of common	**Amount**
Common shares	1,339,547,923	4,960,080
(-) Cost for placement of shares (2009 and 2010)	-	(52,237)
Balance at 12/31/2013 and 2012	**1,339,547,923**	**4,907,843**
(-) Cancellation of treasury shares	(16,283,700)	-
Balance at 03/31/2014	**1,323,264,223**	**4,907,843**

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:

	03/31/2014	03/31/2013
Basic earnings per share		
Net income (loss) for the period available for common shares	2,753	(73,812)
Outstanding average weighted common shares	1,323,264	1,230,768
Income (loss) per share - (in R$) – Basic	**0.00208**	**(0.0600)**
Diluted earnings per share		
Net income (loss) for the period available for common shares	2,753	(73,812)
Outstanding average weighted common shares	1,323,264	1,230,768
Potential increase in common shares on account of the stock option plan	94,107	12,291
Potential increase in common shares on account of the capital increase - Subscription and debenture bonus	198,906	198,906
Income (loss) per share - (in R$) – diluted	**0.00170**	**(0.0512)**

c. Program of repurchase of shares and treasury shares

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

	Quantity	Average price	Repurchase price
Common shares			
1st Repurchase program			
Strike of the options	5,900,000	33,989	5.76
2nd Repurchase program			
Strike of the options	10,383,700	71,751	6.91
Balance at 12/31/2012	**16,283,700**	**105,740**	**6.49**
Balance at 12/31/2013	**16,283,700**	**105,740**	**6.49**
Cancellation of treasury shares	(16,283,700)	(105,740)	(6.49)
Balance at 03/31/2014	-	-	-

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 balance as of March 31, 2014 is represented by the amount of R$ 68,426 (R$ 62,822 as of December 31, 2013) referring to financial statement translation adjustments for investee TGLT R$ 18,410 (R$ 12,806 as of December 31, 2013); and as of March 31, 2014 and December 31, 2013, R$ 27,374 and R$ 22,642 referring to goodwill amortizations 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 ñCash, banks and marketable securitiesò, ñFunding of loansò 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 2.4.

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.

On March 31, 2014, there was no significant concentration of credit risk associated with clients.
On March 31, 2014, the Company had the following fair value for Vinci Capitalization:

Fair value of financial instruments ï Vinci Partners Capitalization

	03/31/2014	12/31/2013
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)	0.01	0.02
Fair value of the 8th Issuance	**1,989**	**3,979**

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

Transaction with a derivative financial instrument ï Cash flow swap

The Group did not have any derivative financial instruments in the quarter ended March 31, 2014 and 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 Reais; and interest on loans receivable entered into at IGP-M plus 12% to 18% per annum and CDI plus 2% to 3% per annum. The Copy 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 verity the sensitivity of the index in the debts to which the Company is exposed on the base date March 31, 2014, 03 different scenarios were defined.

Based on TR and CDI values prevailing as of March 31, 2014, possible scenario for the following 12 months was defined; based on it, 25% and 50% variations were calculated.

		Scenario		
Operation	**Risk**	**Probable I**	**Scenario 25%**	**Scenario 50%**
Financings				
Rate subject to variation	CDI	210,699	225,773	300,908
Rate subject to variation	TR	288,211	290,998	293,785
Balance of loans		**498,910**	**516,771**	**594,693**
Debentures				
Rate/index subject to	CDI	95,942	116,855	137,768
Balance of debentures	TR	59,025	59,610	60,195
Balance of debentures		**154,967**	**176,465**	**197,963**

Capital management

Management of capital is intended to preserve funds in hand to meet the needs for covering liabilities, pursuant to the Companyôs 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, less cash and cash equivalents and interest earning bank deposits.

	03/31/2014	**12/31/2013**
Gross debt		
. SFH debt	3,494,026	3,759,454
. Other corporate debts	281,059	145,171
Total loans and financing	**3,775,085**	**3,904,625**
Debentures	1,359,529	1,460,396
Bank Credit Notes (CCBs) and co-obligations	2,988,968	3,001,912
Total gross debt	**8,123,582**	**8,366,933**
(-) Cash and cash equivalents and interest earning bank deposits	(1,035,196)	(1,353,348)
Net debt	**7,088,386**	**7,013,585**
(-) SFH debt	(3,494,026)	(3,759,454)
Net debt less Housing Financial System (SFH)	**3,594,360**	**3,254,131**
Total shareholders' equity - Consolidated	**5,297,580**	**5,330,053**
Debt (w/o SFH) / Shareholdersô Equity	67.8%	61.1%

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 in the form of debentures and CCBôs, 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 operationsô 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 Companyôs 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.

Foreign exchange rate risk
On March 31, 2014, the Company had no debts or amounts receivable denominated in foreign currency. In addition, none of the Companyôs relevant costs is denominated in foreign currency, except for investee TGLT, which has a functional currency ï 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 Group adopts a conservative management by investing short-term funds with day-to-day liquidity and post ï 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 warranties consisting in the respective properties.

Market value of financial instruments
The financial instrumentsô book values, consisting substantially in short-term investments and loans, are shown in the March 31, 2014 and December 31, 2013 quarterly information as sums that are close to market values, considering similar transactions.

b. *Sensitivity analysis*

As provided in CVM Instruction 475 dated 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 indexer of financial investments to which the Company was exposed to at March 31, 2014, we defined three scenarios. Based on the values of CDI in effect on March 31, 2014, defined as a likely scenario, as of 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 March 31, 2014, with a one-year projection and checking the sensitivity of the CDI in each scenario.

		Probable scenario		
Operation	**CDI Risk**	**I**	**II**	**III**
Investment funds ï fixed income	174,730	11.40%	8.55%	5.70%
Future revenue		19,919	14,939	9,960
Bank Deposit Certificate	276,732	11.40%	8.55%	5.70%
Future revenue		31,547	23,661	15,774
Resale commitments and immediate liquidity operations	323,300	11.40%	8.55%	5.70%
Future revenue		36,856	27,642	18,428

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 Companyõs 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 Companyĝs total risk consists in the sum of each project's individual risks. After being launched, the development projectĝs 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 Companyĝs portfolio, based on each development projectĝs 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 locationĝs 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. Operating risks

Operating risk management is intended to monitor: (i) the construction contract in connection with the maximum guaranteed construction cost; (ii) construction, with the Company retaining specialized companies to inspect the provision of services by the contracted builders (quality and the physical-financial schedule); (iii) financial and bookkeeping audits held by key independent auditor firms; (iv) documentation and legal risks; and (v) credit risk of the unitsô purchasers by means of an active management of the developmentôs receivables.

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 dully 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 March 31, 2014 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; indirect damages caused by possible project errors; and extraordinary expenses such as clearing away of debris, disturbances, strikes etc.	7,008,402
Warranty of delivery of real estate property insurance	Ensures the delivery of properties to conditional buyers	536,376
Equipment	Covers property damage to machinery and equipment of any nature	1,725
Corporate	Material damage caused by electrical damages, fire, windstorm, riots, assuring the loss of rental income	38,293
Aircraft	Vehicle, hijacking and civil liability	8,889
D&O	Administratorsô responsibility	50,000
		7,643,685

23 Share-based payment

a. Share purchase option 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 (ñCompensation Committeeò), composed of 3 board members, which holds powers to establish stock option programs (ñProgramsò) that define each yearsô 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 (ñProgramsò). 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.

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.

Summarized below are the changes in the Companyôs share purchase options:

	3rd plan
Balance at December 31, 2012	**12,290,838**
Canceled	(11,915,838)
Balance at December 31, 2013	**375,000**
Balance at March 31, 2014	**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 2.83% (as of December 31, 2013: 2.80%), in accordance with the following calculation:

	03/31/2014	12/31/2013	
Number of outstanding stock options	375,000	375,000	(a)
Total Company's shares	1,323,264,223	1,339,547,923	(b)
Total	**1,323,639,223**	**1,339,922,923**	**(c)=(a)+(b)**
Dilution percentage	**2.83%**	**2.80%**	**(c)/(b)-1**

By the planôs conclusion in 2014, the total sum of expenses with stock option plans would rise to R$ 293, 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 optionsô premium was calculated on grant date and is being recognized as expenses, as a counter entry to shareholders' equity and over the grace period, as services are provided.

As of March 31, 2014, the expense of R$ 97 was charged to income (R$ 4,823 of expense as of March 31, 2013).

b. Long-term incentive plan

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

(i) stimulate expansion, success and completion of the Companyǿs activities;

(ii) align the Companyǿs 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 Companyǿs management and employees, or of other organizations under its control, provided that approved by the Companyǿs Board of Directors.

The Companyǿs 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 2^{nd} grant date anniversary;

(ii) 20% of options may be exercised after the 3^{rd} grant date anniversary;

(ii) 30% of options may be exercised after the 4^{th} grant date anniversary;

(iv) 30% of options may be exercised after the 5^{th} 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 Companyôs 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 Companyôs stock option plan totals 93,731,953 shares as of March 31, 2014, 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.

The dilution of current beneficiaries, in the position as of March 31, 2014, in case of a full exercise of granted options, would be 7.08% (as of December 31, 2013: 7.00%), according to the following calculation:

	03/31/2014	**12/31/2013**	
Number of outstanding stock options	93,731,953	93,731,953	(a)
Total Company's shares	1,323,264,223	1,339,547,923	(b)
Total	**1,416,996,176**	**1,433,279,876**	**(c)=(a)+(b)**
Dilution percentage	**7.08%**	**7.00%**	**(c)/(b)-1**

By the planôs conclusion in 2018, the total sum of expenses with stock option plans would rise to R$ 35,594, 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 ï 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 shareholdersô equity, during the grace period and as the services are provided.

As of March 31, 2014, an expense of R$ 2,697 was charged to income.

The balance to be recognized into the Companyös income is as follows:

Year	Expenses with the Stock options plan (A)	Expenses with the Stock options plan (B)
2014	293	8,378
2015	-	11,066
2016	-	8,042
2017	-	5,568
2018	-	2,540

24 Segment information

The Company reviews the form of evaluating its businesses and understands that its business units are not separate segments but are rather subdivisions of the real estate development segment. Therefore it presents no information segregated by segment.

25 Net operating income

Provided below is the opening balance of the Companyös net operating income as of March 31, 2014 and 2013.

	Parent company		Consolidated	
	03/31/2014	**03/31/2013**	**03/31/2014**	**03/31/2013**
Real estate sales	11,240	3,935	1,139,370	1,335,915
Other operating income	-	-	18,715	23,850
(-) Deductions from income	(324)	(343)	(37,726)	(34,581)
Net operating income	**10,916**	**3,592**	**1,120,359**	**1,325,184**

26 Costs of units sold

Below follows a breakdown of the Companyös properties sold on March 31, 2014 and 2013:

	Parent company		Consolidated	
	03/31/2014	**03/31/2013**	**03/31/2014**	**03/31/2013**
Costs of units sold	(8,310)	(42,575)	(797,747)	(965,256)
Capitalized charges	(1,060)	(407)	(84,459)	(88,289)
Goodwill on land	-	-	(1,726)	(13,374)
Cost of properties sold	**(9,370)**	**(42,982)**	**(883,932)**	**(1,066,919)**

27 Financial income (loss)

	Parent company		Consolidated	
	03/31/2014	03/31/2013	03/31/2014	03/31/2013
Financial income				
Yield from financial investments	10,040	6,067	19,637	11,820
Fair value of debentures	1,989	-	1,989	-
Monetary variation, interest and fines	2,967	213	40,088	21,295
Other financial income	7,820	49	17,019	7,168
	22,816	**6,329**	**78,733**	**40,283**
Financial expenses				
Interest on loans	(107,298)	(101,072)	(209,845)	(163,209)
Fair value of debentures	-	(35,803)	-	(35,803)
Bank expenses	(27)	(822)	(1,126)	(3,057)
Other financial expenses	(4,211)	(1,054)	(8,548)	(7,350)
Total financial expenses	**(111,536)**	**(138,751)**	**(219,519)**	**(209,419)**
Capitalized interest (note 6)	1,255	17,287	80,449	84,660
	(110,281)	**(121,464)**	**(139,070)**	**(124,759)**
Total financial income	**(87,465)**	**(115,135)**	**(60,337)**	**(84,476)**

28 Administrative expenses

	Parent company		Consolidated	
	03/31/2014	03/31/2013	03/31/2014	03/31/2013
Salaries and payroll charges	(1,280)	(867)	(41,444)	(67,600)
Management fees	(1,235)	(606)	(2,013)	(1,720)
Stock options	(2,794)	(4,823)	(2,794)	(4,823)
Profit sharing	-	(3,005)	(12,489)	(5,198)
Salaries and payroll charges	**(5,309)**	**(9,301)**	**(58,740)**	**(79,341)**
Lawyersô fees and court costs	(470)	(646)	(2,552)	(2,524)
IT maintenance	(15)	(660)	(2,858)	(5,493)
Consulting	(338)	(10,224)	(6,327)	(16,515)
Other services	236	(430)	(3,622)	(1,745)
Rendering of services	**(587)**	**(11,960)**	**(15,359)**	**(26,277)**
Traveling	-	(299)	(1,719)	(1,844)
Telecommunications and Internet	(147)	(224)	(2,635)	(2,708)
Rental and renewal of real estates	(454)	(850)	(6,113)	(7,945)
Other expenses	(1,018)	(428)	(6,663)	(9,319)
Other administrative expenses	**(1,619)**	**(1,801)**	**(17,130)**	**(21,816)**
Total	**(7,515)**	**(23,062)**	**(91,229)**	**(127,434)**

29 Sales expenses

	Parent company		Consolidated	
	03/31/2014	03/31/2013	03/31/2014	03/31/2013
Advertising and publicity	(371)	(569)	(18,996)	(14,928)
Commissions and bonuses on sales	(135)	(247)	(17,173)	(14,802)
Sales Stand	(128)	(525)	(6,057)	(15,139)
Total	**(634)**	**(1,341)**	**(42,226)**	**(44,869)**

30 Auditores Independentes

In accordance with CVM Instruction 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 quarterly information as of March 31, 2014.

31 Other information

The Companyộs 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 Directorsô 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.

32 Subsequent events

On April 29, 2014 the Company obtained a real estate credit facility from Banco do Brasil S.A. in the amount of up to R$ 320,000 for a 3-year term of payment and 18-month grace period, for releases in installments and with the first repayment maturity scheduled for October 5, 2015 and final maturity on April 5, 2017.

Report on the financial statements

(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 ï IFRS)

To
The Board members and Shareholders of
PDG Realty S.A. Empreendimentos e Participações
Rio de Janeiro - RJ

We have reviewed the interim, individual and consolidated financial information of PDG Realty S.A. Empreendimentos e Participações ("Company") contained in the Quarterly Information - ITR Form for the quarter ended March, 31 2014, which comprise the balance sheet as of March, 31 2014 and the related statements of income, comprehensive income for the three-month period then ended, changes in shareholders' equity and cash flows for the three-month period then ended, including the explanatory notes.

Companyôs Management is responsible for the preparation of the individual interim accounting information in accordance with Technical Pronouncement CPC 21(R1)ï Interim statements, and of consolidated interim accounting information in accordance with CPC 21(R1) and International Standard IAS 34 ï Interim Financial Reporting, which considers OCPC 04 Guidance 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 Commission (CVM) and the Federal Accounting Council (CFC), as well as for the presentation of this information in a manner consistent with the standards issued by the Securities Commission, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of review

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

Conclusion on individual and consolidated interim information prepared in accordance with CPC 21(R1)

Based on our review, we are not aware of any facts that would lead us to believe that the individual and consolidated interim accounting information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of Quarterly Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Conclusion on consolidated interim information prepared in accordance with IAS 34, 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)

Based on our review, we are not aware of any facts that would lead us to believe that the consolidated interim accounting information included in the quarterly information included in the aforementioned quarterly information prepared, in all material respects, in accordance with IAS 34, which considers OCPC 04 Guidance on the application of Technical Interpretation ICPC 02 to the Brazilian Real Estate Development Entities issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities Exchange Commission (CVM) and Federal Accounting Council (CFC), applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Brazilian Securities Commission.

Emphasis of matter

OCPC 04 Guideline issued by the Accounting Pronouncements Committee

As described in note 2.2, individual and consolidated interim accounting information have been prepared in accordance with accounting practices adopted in Brazil (CPC 21(R1)). Consolidated interim 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.

Other matters

Statements of added value
We also reviewed the individual and consolidated value-added statements for the three-month period ended on March, 31 2014, prepared by the Company's management, whose presentation in the interim information is required according to the standards issued by the CVM - Securities and Exchange Commission, applicable to the preparation of Quarterly Information - ITR 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, we are not aware of any other event that might lead us to believe that those were not prepared, in all material respects, in accordance with the individual and consolidated interim information taken as a whole.

Rio de Janeiro, May 07, 2014

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ
Original report in Portuguese signed by
Ederson Rodrigues de Carvalho
Contador CRC 1SP199028/O-1

Fiscal Council Opinion

The Supervisory Board members approved, unanimously and without any reservations or restrictions, the following opinion: "The Fiscal Council of PDG Realty S.A. Empreendimentos e Participações, pursuant to its legal duties, the meeting held as of May 06, 2014, reviewed (i) the Management Report and the Financial Statements for the year ended March 31 2014, comprising the balance sheet, statement of income, statements of changes in shareholdersô equity, statement of cash flows, statement of added value and notes. 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 consistent with the legal standards applicable.

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, nº 86, 4º andar, parte, CEP 20091-005, enrolled with CNPJ/MF under no. 02.950.811/0001-89 (the ñCompanyò), 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 Companyôs financial statements for the period ended March 31, 2014.

Rio de Janeiro, May 07, 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 ñCompanyò), 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 Companyôs independent auditorsô report (KPMG Auditores Independentes) referring to the Companyôs financial statements for the period ended March 31, 2014.

Rio de Janeiro, May 07, 2014

CARLOS AUGUSTO LEONE PIANI
Chief Executive Officer

MARCO RACY KHEIRALLAH
Financial CEO