PDG Realty S.A. Empreendimentos e Participações

Quarterly information - ITR
Quarter ended June 30, 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)

Contents

Report on the review of quarterly information - ITR

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

Introduction
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 June, 30 2014, which comprise the balance sheet as of June, 30 2014 and the related statements of income, comprehensive income for the three and six-month periods then ended, of changes in shareholders' equity and cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual interim accounting information in accordance with Technical Pronouncement CPC 21(R1)- Interim statements, and of consolidated interim accounting information in accordance with CPC 21(R1) and International Standard IAS 34 - 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
Our review was carried out 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, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. The scope of a review is significantly lower than that of an audit held in accordance with auditing rules, and as a result we were unable to ascertain whether we became aware of all the significant matters likely to be detected in an audit. Therefore, we do not express an opinion on the information disclosed.

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 (SAV) for the six-month period ended on June 30, 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 SAV. These statements were subjected to the review procedures previously described and, based on our review, we are not aware of any other event that make us believe that those were not prepared, in all material respects, in accordance with the individual and consolidated interim accounting information taken as a whole.

São Paulo, July 30, 2014

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

PDG Realty S.A Empreendimentos e Participações

Composition of capital stock

Number of shares (thousand)	Current quarter 06/30/2014
Common shares from paid-in capital	1,323,264
Preferred – Of the Paid-up Capital	-
Total from paid-in capital	1,323,264
Common shares – in treasury	-
Preferred shares – in treasury	-
Total – in treasury	-

The accompanying notes are in 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 06/30/2014	Prior year 12/31/2013
1	Total assets	9,020,526	8,979,262
1.01	Current assets	441,688	844,278
1.01.01	Cash and cash equivalents	140,873	512,356
1.01.01.01	Cash and banks	2,986	10,537
1.01.01.02	Interest earning bank deposits	137,887	501,819
1.01.02	Interest earning bank deposits	42,072	43,891
1.01.02.01	Interest earning bank deposits measured at fair value	42,072	43,891
1.01.02.01.01	Trading securities	42,072	43,891
1.01.03	Accounts receivable	77,973	113,289
1.01.03.01	Trade accounts receivable	77,973	113,289
1.01.04	Inventories	20,001	20,828
1.01.04.01	Real estate inventories for sale	20,001	20,828
1.01.06	Recoverable taxes	50,952	49,625
1.01.06.01	Current taxes recoverable	50,952	49,625
1.01.07	Prepaid expenses	635	781
1.01.07.01	Unrecognized expenses	635	781
1.01.08	Other current assets	109,182	103,508
1.01.08.03	Other	109,182	103,508
1.01.08.03.02	Current accounts with partners in projects	95,559	94,310
1.01.08.03.07	Others assets	13,623	9,198
1.02	Non-current assets	8,578,838	8,134,984
1.02.01	Long term assets	2,411,438	2,037,902
1.02.01.03	Accounts receivable	20,741	5,329
1.02.01.03.01	Trade accounts receivable	20,741	5,329
1.02.01.04	Inventories	38,923	38,713
1.02.01.04.01	Real estate inventories for sale	38,923	38,713
1.02.01.09	Other non-current assets	2,351,774	1,993,860
1.02.01.09.03	Current accounts with partners in projects	124,890	116,365
1.02.01.09.04	Advances for future capital increases	1,374,474	1,085,445
1.02.01.09.06	Loan agreement	121,813	122,053
1.02.01.09.07	Credit receivables purchased	592,479	579,189
1.02.01.09.09	Debenture	28,837	28,562
1.02.01.09.10	Other receivables	109,281	62,246
1.02.02	Investments	6,141,369	6,068,041
1.02.02.01	Equity interest	6,141,369	6,068,041
1.02.02.01.01	Interest in associates	74,907	94,710
1.02.02.01.02	Interest in subsidiaries	5,587,281	5,483,265
1.02.02.01.04	Other equity interest	479,181	490,066
1.02.03	Property, plant and equipment	595	1,610
1.02.03.01	Fixed assets in operation	595	1,610
1.02.04	Intangible assets	25,436	27,431
1.02.04.01	Intangible assets	25,436	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 06/30/2014**	**Prior year 12/31/2013**
2	Total liabilities	9,020,526	8,979,262
2.01	Current liabilities	1,402,843	1,390,978
2.01.01	Social and labor obligations	10,471	51,871
2.01.01.02	Labor obligations	10,471	51,871
2.01.02	Suppliers	4,710	4,619
2.01.02.01	Domestic suppliers	4,710	4,619
2.01.03	Tax liabilities	1,386	1,646
2.01.03.01	Federal tax liabilities	1,386	1,646
2.01.03.01.02	Deferred tax liabilities	1,386	1,646
2.01.04	Loans and financing	604,400	237,857
2.01.04.01	Loans and financing	292,170	41,355
2.01.04.01.01	In local currency	292,170	41,355
2.01.04.02	Debenture	312,230	196,502
2.01.05	Other liabilities	781,876	1,094,703
2.01.05.02	Other	781,876	1,094,703
2.01.05.02.04	Payables for acquisition of real estate	9,432	12,210
2.01.05.02.05	Advances from Clients	7,062	6,561
2.01.05.02.07	Co-obligation in the assignment of receivables	161,213	161,034
2.01.05.02.08	Liabilities for acquisition of equity interest	4,467	4,467
2.01.05.02.09	Other liabilities	36,940	34,434
2.01.05.02.10	Liabilities from CCB/CCI issuance	562,762	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	3,047,788	2,884,655
2.02.01	Loans and financing	1,490,547	1,374,987
2.02.01.01	Loans and financing	427,027	139,387
2.02.01.01.01	In local currency	427,027	139,387
2.02.01.02	Debenture	1,063,520	1,235,600
2.02.02	Other liabilities	1,557,241	1,509,668
2.02.02.02	Other	1,557,241	1,509,668
2.02.02.02.06	Provision with guarantee	343	-
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	108,152	114,291
2.02.02.02.09	Liabilities from CCB/CCI issuance	1,348,947	1,302,983
2.02.02.02.15	Other liabilities	31,921	24,516
2.03	Equity	4,569,895	4,703,629
2.03.01	Realized capital	4,907,843	4,907,843
2.03.02	Capital reserves	738,142	732,556
2.03.02.01	Goodwill in the issuance of shares	716,993	822,733
2.03.02.04	Options granted	21,149	15,563
2.03.02.05	Treasury shares	-	(105,740)
2.03.05	Retained Earnings/Losses	(1,006,518)	(873,948)
2.03.06	Valuation adjustments to equity	(69,572)	(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 accour	Account description	Current quarter 04/01/2014 to 06/30/2014	Accumulated of the current year, 01/01/2014 to 06/30/2014	Same Quarter of the Prior Year - 04/01/2013–06/30/2013	Accumulated of the prior year, 01/01/2013 to 06/30/2013
3.01	Income from sales of goods and/or services	8,956	19,872	24,655	28,247
3.02	Cost of goods and/or services sold	(4,731)	(15,827)	(9,632)	(52,614)
3.03	Gross income	4,225	4,045	15,023	(24,367)
3.04	Operating expenses/income	(29,996)	60,402	(85,959)	(10,008)
3.04.01	Sales expenses	(674)	(1,308)	(1,654)	(2,995)
3.04.02	General and administrative expenses	(7,667)	(15,182)	(9,595)	(32,657)
3.04.04	Other operating income	33,860	42,726	13,733	15,072
3.04.04.01	Gain (loss) in subsidiaries	-	5,339	7,202	8,539
3.04.04.02	Others	33,860	37,387	6,531	6,533
3.04.05	Other operating expenses	(6,283)	(21,141)	(19,937)	(50,054)
3.04.05.01	Tax expenses	(106)	(167)	(557)	(1,149)
3.04.05.02	Depreciation/Amortization	(1,496)	(3,001)	(1,960)	(3,013)
3.04.05.04	Loss in subsidiaries	(4,310)	(16,913)	(15,049)	(43,517)
3.04.05.05	Others	(371)	(1,060)	(2,371)	(2,375)
3.04.06	Equity income (loss)	(49,232)	55,307	(68,506)	60,626
3.05	Income (loss) before financial income (loss) and taxes	(25,771)	64,447	(70,936)	(34,375)
3.06	Financial income (loss)	(109,552)	(197,017)	(43,536)	(158,671)
3.06.01	Financial income	18,670	41,486	40,886	47,215
3.06.02	Financial expenses	(128,222)	(238,503)	(84,422)	(205,886)
3.07	Income (loss) before income tax	(135,323)	(132,570)	(114,472)	(193,046)
3.08	Income and social contribution taxes on income	-	-	9,558	14,320
3.08.02	Deferred assets	-	-	9,558	14,320
3.09	Net income of continued operations	(135,323)	(132,570)	(104,914)	(178,726)
3.11	Net Income (loss) for the period	(135,323)	(132,570)	(104,914)	(178,726)
3.99.01.01	ON	(0.10226)	(0.10018)	(0.08522)	(0.14522)
3.99.02.01	ON	(0.08372)	(0.08202)	(0.07378)	(0.12498)

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	Current quarter 04/01/2014 to 06/30/2014	Accumulated of the current year, 01/01/2014 to 06/30/2014	Same Quarter of the Prior Year – 04/01/2013 to 06/30/2013	Accumulated of the prior year, 01/01/2013 to 06/30/2013
4.01	Net income for the period	(135,323)	(132,570)	(104,914)	(178,726)
4.02	Other comprehensive income	(1,146)	(6,750)	-	-
4.03	period	(136,469)	(139,320)	(104,914)	(178,726)

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, 01/01/2014 to 06/30/2014	Accumulated of the prior year, 01/01/2013 to 06/30/2013
6.01	Net cash from operational activities	(275,430)	(404,850)
6.01.01	Cash generated in operations	63,215	(8,406)
6.01.01.01	Income (loss) before income and social contribution taxes	(132,570)	(193,046)
6.01.01.02	Depreciation and amortization	3,001	3,013
6.01.01.03	Capital gains or losses in subsidiaries	11,574	34,978
6.01.01.05	Financial Expenses Interest paid and monetary variation	231,611	201,168
6.01.01.06	Fair value over debentures	-	(29,836)
6.01.01.07	Recognition Stand Expenses	162	904
6.01.01.08	Stock options expenses	5,586	(13,389)
6.01.01.09	Appreciation of land	-	18,722
6.01.01.11	Equity in net income of subsidiaries	(55,307)	(60,626)
6.01.01.12	Adjustment to present value	(966)	(1,137)
6.01.01.13	Provision for warranty and contingencies	124	8,589
6.01.01.15	Provision for profit sharing	-	22,254
6.01.02	Changes in assets and liabilities	(108,214)	(179,835)
6.01.02.01	Operation of Assignment of Credit rights	(13,290)	(163,440)
6.01.02.03	Accounts receivable	18,945	28,907
6.01.02.05	Taxes recoverable	(1,327)	(1,956)
6.01.02.06	Real estate inventories for sale	616	(13)
6.01.02.07	Unrecognized expenses	146	7,304
6.01.02.08	Current account with partners in projects	(15,911)	23,612
6.01.02.09	Active debentures	(274)	(1,792)
6.01.02.11	Advances from Clients	501	(5,337)
6.01.02.12	Payables for acquisition of real estate	(2,778)	13,080
6.01.02.14	Tax Liabilities and Taxes Payable	(41,602)	(15,412)
6.01.02.15	Suppliers	92	17,754
6.01.02.18	Other movements	(53,332)	(82,542)
6.01.03	Other	(230,431)	(216,609)
6.01.03.01	Income and social contribution taxes	(58)	(97)
6.01.03.02	Interest paid	(230,373)	(216,512)
6.02	Net cash used in investment activities	(309,825)	(498,727)
6.02.01	Increase (Decrease) in Interest in Associates and Subsidia	(22,461)	7,976
6.02.02	Acquisition and Write-off of Property, plant and equipment	(153)	(2,358)
6.02.03	Intangible assets	-	2,167
6.02.04	Advances for future capital increase	(289,029)	(468,908)
6.02.07	Interest earning bank deposits measured at fair value	1,818	(37,604)
6.03	Net cash generated (consumed) in financing activities	213,772	1,279,845
6.03.01	Loans and financing	213,772	1,279,845
6.05	Increase (decrease) in cash and cash equivalents	(371,483)	376,268
6.05.01	Opening balance of cash and cash equivalents	512,356	489,504
6.05.02	Closing balance of cash and cash equivalents	140,873	865,772

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	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	4,907,843	732,556	-	(873,948)	(62,822)	4,703,629
5.02	Prior-year adjustments	-	-	-	-	-	-
5.03	Adjusted opening balances	4,907,843	732,556	-	(873,948)	(62,822)	4,703,629
5.04	Capital transactions with partners	-	5,586	-	-	-	5,586
5.04.03	Recognized options granted	-	5,586	-	-	-	5,586
5.05	Total comprehensive income	-	-	-	(132,570)	(6,750)	(139,320)
5.05.01	Net income for the period	-	-	-	(132,570)	-	(132,570)
5.05.02	Other comprehensive income	-	-	-	-	(6,750)	(6,750)
5.05.02.04	Adjustments of translation in the period	-	-	-	-	(6,750)	(6,750)
5.07	**Closing balances**	**4,907,843**	**738,142**	-	**(1,006,518)**	**(69,572)**	**4,569,895**

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	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	4,907,843	792,301	-	(624,738)	(58,107)	5,017,299
5.03	Adjusted opening balances	4,907,843	792,301	-	(624,738)	(58,107)	5,017,299
5.04	Capital transactions with partners	-	(23,705)	-	-	-	(23,705)
5.04.03	Recognized options granted	-	(13,389)	-	-	-	(13,389)
5.04.04	Treasury shares acquired	-	(10,316)	-	-	-	(10,316)
5.05	Total comprehensive income	-	-	-	(178,726)	-	(178,726)
5.05.01	Net income for the period	-	-	-	(178,726)	-	(178,726)
5.07	**Closing balances**	**4,907,843**	**768,596**	**-**	**(803,464)**	**(58,107)**	**4,814,868**

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, 01/01/2014 to 06/30/2014	Accumulated of the prior year, 01/01/2013 to 06/30/2013
7.01	Income	19,369	9,334
7.01.01	Sale of merchandise, products and services	19,369	9,334
7.02	Inputs acquired from third parties	(2,042)	(89,875)
7.02.01	Cost of products, merchandise and services sold	(15,827)	(52,614)
7.02.02	Materials, Energy, Third-party services and other	(10,968)	(6,441)
7.02.03	Loss/recovery of asset values	(11,574)	(34,978)
7.02.04	Other	36,327	4,158
7.03	Gross added value	17,327	(80,541)
7.04	Retentions	(3,001)	(3,013)
7.04.01	Depreciation, amortization and depletion	(3,001)	(3,013)
7.05	Net added value produced	14,326	(83,554)
7.06	Added value received as transfer	96,793	107,841
7.06.01	Equity income (loss)	55,307	60,626
7.06.02	Financial income	41,486	47,215
7.07	Total added value payable	111,119	24,287
7.08	Distribution of added value	111,119	24,287
7.08.01	Personnel	4,122	26,939
7.08.01.01	Direct remuneration	3,764	26,543
7.08.01.02	Benefits	109	131
7.08.01.03	SEVERANCE PAY FUND (FGTS)	249	265
7.08.02	Taxes, duties and contributions	610	(31,248)
7.08.02.01	Federal	610	(31,248)
7.08.03	Third-party capital remuneration	238,957	207,322
7.08.03.01	Interest	231,611	201,168
7.08.03.02	Rents	454	1,436
7.08.03.03	Others	6,892	4,718
7.08.04	Remuneration of own capital	(132,570)	(178,726)
7.08.04.03	Retained earnings / Loss for the period	(132,570)	(178,726)

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 06/30/2014	Prior year 12/31/2013
1	Total assets	16,221,865	16,798,855
1.01	Current assets	8,599,051	9,734,097
1.01.01	Cash and cash equivalents	842,136	1,309,457
1.01.01.01	Cash and banks	260,746	149,029
1.01.01.02	Interest earning bank deposits	581,390	1,160,428
1.01.02	Interest earning bank deposits	42,072	43,891
1.01.02.01	Interest earning bank deposits measured at fair value	42,072	43,891
1.01.02.01.01	Trading securities	42,072	43,891
1.01.03	Accounts receivable	4,853,433	5,460,048
1.01.03.01	Trade accounts receivable	4,853,433	5,460,048
1.01.04	Inventories	2,414,135	2,486,329
1.01.04.01	Real estate inventories for sale	2,414,135	2,486,329
1.01.06	Recoverable taxes	113,824	105,842
1.01.06.01	Current taxes recoverable	113,824	105,842
1.01.07	Prepaid expenses	24,424	29,328
1.01.07.01	Unrecognized expenses	24,424	29,328
1.01.08	Other current assets	309,027	299,202
1.01.08.03	Other	309,027	299,202
1.01.08.03.06	Loan agreement	62,584	54,410
1.01.08.03.07	Other receivables	244,094	226,951
1.01.08.03.08	Deferred income taxes	2,349	17,841
1.02	Non-current assets	7,622,814	7,064,758
1.02.01	Long term assets	5,976,826	5,509,380
1.02.01.03	Accounts receivable	3,297,460	2,840,197
1.02.01.03.01	Trade accounts receivable	3,297,460	2,840,197
1.02.01.04	Inventories	2,348,963	2,370,859
1.02.01.04.01	Real estate inventories for sale	2,348,963	2,370,859
1.02.01.09	Other non-current assets	330,403	298,324
1.02.01.09.03	Current account with partners in projects	191,731	184,450
1.02.01.09.07	Credit receivables purchased	82,001	76,162
1.02.01.09.08	Taxes recoverable	-	6,066
1.02.01.09.09	Debenture	24,304	24,030
1.02.01.09.10	Other receivables	32,367	7,616
1.02.02	Investments	1,022,161	890,227
1.02.02.01	Equity interest	479,656	427,653
1.02.02.01.01	Interest in associates	479,656	427,653
1.02.02.02	Investment properties	542,505	462,574
1.02.03	Property, plant and equipment	46,598	67,877
1.02.03.01	Fixed assets in operation	46,598	67,877
1.02.04	Intangible assets	577,229	597,274
1.02.04.01	Intangible assets	577,229	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 06/30/2014	Prior year 12/31/2013
2	Total liabilities	16,221,865	16,798,855
2.01	Current liabilities	4,950,483	4,831,428
2.01.01	Social and labor obligations	158,600	169,197
2.01.01.02	Labor obligations	158,600	169,197
2.01.02	Suppliers	212,790	177,722
2.01.02.01	Domestic suppliers	212,790	177,722
2.01.03	Tax liabilities	353,893	426,763
2.01.03.01	Federal tax liabilities	353,893	426,763
2.01.03.01.01	Income and social contribution taxes payable	39,499	45,798
2.01.03.01.02	Deferred tax liabilities	314,394	380,965
2.01.04	Loans and financing	2,197,417	1,683,667
2.01.04.01	Loans and financing	1,885,187	1,487,165
2.01.04.01.01	In local currency	1,885,187	1,487,165
2.01.04.02	Debenture	312,230	196,502
2.01.05	Other liabilities	1,952,594	2,233,959
2.01.05.02	Other	1,952,594	2,233,959
2.01.05.02.04	Payables for acquisition of real estate	399,646	506,449
2.01.05.02.05	Advances from Clients	332,696	404,857
2.01.05.02.06	Current account with partners in projects	35,219	34,008
2.01.05.02.07	Co-obligation in the assignment of receivables	28,107	36,134
2.01.05.02.09	Other liabilities	333,212	19,465
2.01.05.02.10	Liabilities from CCB/CCI issuance	823,714	1,233,046
2.01.06	Provisions	75,189	140,120
2.01.06.02	Other provisions	75,189	140,120
2.01.06.02.01	Provisions for guarantees	75,189	140,120
2.02	Non-current liabilities	6,071,161	6,637,374
2.02.01	Loans and financing	3,293,467	3,681,354
2.02.01.01	Loans and financing	2,218,377	2,417,460
2.02.01.01.01	In local currency	2,218,377	2,417,460
2.02.01.02	Debenture	1,075,090	1,263,894
2.02.02	Other liabilities	2,588,661	2,772,952
2.02.02.02	Other	2,588,661	2,772,952
2.02.02.02.03	Advances from Clients	408,860	357,938
2.02.02.02.04	Payables for acquisition of real estate	222,727	216,927
2.02.02.02.05	Deferred tax liabilities	153,906	151,470
2.02.02.02.07	Co-obligation in the assignment of receivables	344,422	396,784
2.02.02.02.09	Liabilities from CCB/CCI issuance	1,377,673	1,335,948
2.02.02.02.14	Provision with guarantee	55,859	88
2.02.02.02.15	Other liabilities	25,214	313,797
2.02.04	Provisions	189,033	183,068
2.02.04.01	Tax, social security, labor and civil provisions	189,033	183,068
2.02.04.01.09	Provision for contingencies	189,033	183,068
2.03	Consolidated shareholders' equity	5,200,221	5,330,053
2.03.01	Realized capital	4,907,843	4,907,843
2.03.02	Capital reserves	738,142	732,556
2.03.02.01	Goodwill in the issuance of shares	716,993	822,733
2.03.02.04	Options granted	21,149	15,563
2.03.02.05	Treasury shares	-	(105,740)
2.03.05	Retained Earnings/Losses	(1,006,518)	(873,948)
2.03.06	Valuation adjustments to equity	(69,572)	(62,822)
2.03.09	Interest of non-controlling shareholders	630,326	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	Current quarter 04/01/2014 to 06/30/2014	Accumulated of the current year, 01/01/2014 to 06/30/2014	Same Quarter of the Prior Year – 04/01/2013 to 06/30/2013	Accumulated of the prior year, 01/01/2013 to 06/30/2013
3.01	Income from sales of goods and/or services	925,993	2,046,352	1,140,629	2,465,813
3.02	Cost of goods and/or services sold	(731,141)	(1,615,073)	(936,273)	(2,003,192)
3.03	Gross income	194,852	431,279	204,356	462,621
3.04	Operating expenses/income	(145,314)	(289,021)	(250,000)	(463,827)
3.04.01	Sales expenses	(47,305)	(89,531)	(56,083)	(100,952)
3.04.02	General and administrative expenses	(91,811)	(183,040)	(109,422)	(236,856)
3.04.04	Other operating income	7,821	43,975	14,548	14,548
3.04.04.01	Gain (loss) in subsidiaries	-	5,644	12,761	12,761
3.04.04.02	Others	7,821	38,331	1,787	1,787
3.04.05	Other operating expenses	(46,415)	(102,061)	(123,384)	(192,617)
3.04.05.01	Tax expenses	(4,243)	(6,030)	(2,607)	(5,949)
3.04.05.03	Depreciation and amortization	(17,651)	(27,750)	(35,937)	(45,405)
3.04.05.04	Loss in subsidiaries	(8,492)	(33,367)	(20,926)	(76,854)
3.04.05.05	Others	(16,029)	(34,914)	(63,914)	(64,409)
3.04.06	Equity income (loss)	32,396	41,636	24,341	52,050
3.05	Income (loss) before financial income (loss) and	49,538	142,258	(45,644)	(1,206)
3.06	Financial income (loss)	(127,313)	(187,650)	(38,210)	(122,686)
3.06.01	Financial income	35,644	114,377	72,948	113,231
3.06.02	Financial expenses	(162,957)	(302,027)	(111,158)	(235,917)
3.07	Income (loss) before income tax	(77,775)	(45,392)	(83,854)	(123,892)
3.08	Income and social contribution taxes on income	(31,210)	(47,746)	(10,284)	(31,510)
3.08.01	Current	(34,815)	(62,147)	(31,433)	(69,374)
3.08.02	Deferred assets	3,605	14,401	21,149	37,864
3.09	Net income of continued operations	(108,985)	(93,138)	(94,138)	(155,402)
3.11	Income/loss for the period	(108,985)	(93,138)	(94,138)	(155,402)
3.11.01	Attributed to the Parent company's partners	(135,323)	(132,570)	(104,914)	(178,726)
3.11.02	Attributed to non-controlling partners	26,338	39,432	10,776	23,324
3.99.01.01	ON	(0.10226)	(0.10018)	(0.08520)	(0.14520)
3.99.02.01	ON	(0.08372)	(0.08202)	(0.07380)	(0.12500)

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	Current quarter 04/01/2014 to 06/30/2014	Accumulated of the current year, 01/01/2014 to 06/30/2014	Same Quarter of the Prior Year – 04/01/2013 to 06/30/2013	Accumulated of the prior year, 01/01/2013 to 06/30/2013
4.01	Consolidated net income for the period	(108,985)	(93,138)	(94,138)	(155,402)
4.02	Other comprehensive income	(1,146)	(6,750)	-	-
4.03	Consolidated comprehensive income for the	(110,131)	(99,888)	(94,138)	(155,402)
4.03.01	Attributed to the Parent company's partners	(136,469)	(139,320)	(104,914)	(178,726)
4.03.02	Attributed to non-controlling partners	26,338	39,432	10,776	23,324

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, 01/01/2014 to	Accumulated of the prior year, 01/01/2013 to
6.01	Net cash from operational activities	(275,327)	(758,252)
6.01.01	Cash generated in operations	232,447	336,148
6.01.01.01	Income (loss) before income and social contribution taxes	(45,392)	(123,892)
6.01.01.02	Depreciation and amortization	27,750	45,405
6.01.01.03	Gains/losses in subsidiaries	27,723	64,093
6.01.01.05	Financial liabilities, interest paid and monetary variation	285,987	220,628
6.01.01.06	Fair value over debentures	-	(29,836)
6.01.01.07	Recognition Stand Expenses	12,472	36,922
6.01.01.08	Stock options expenses	5,586	(13,389)
6.01.01.09	Appreciation of land	1,933	50,655
6.01.01.10	Adjustment in the income – Mark-to-Market	(25,856)	-
6.01.01.11	Equity in net income of subsidiaries	(41,636)	(52,050)
6.01.01.12	Adjustment to present value	(50,206)	28,059
6.01.01.13	Provision for warranty and contingencies	10,637	83,852
6.01.01.15	Provision for profit sharing	23,449	25,701
6.01.02	Changes in assets and liabilities	97,607	(653,693)
6.01.02.01	Operation of Assignment of Credit rights	(5,839)	-
6.01.02.02	Loan agreement receivable	(8,174)	(77,121)
6.01.02.03	Accounts receivable	201,130	(354,546)
6.01.02.05	Taxes recoverable	(1,916)	12,146
6.01.02.06	Real estate inventories for sale	92,157	(9,783)
6.01.02.08	Unrecognized expenses	4,906	64,277
6.01.02.09	Current account with partners in projects	(6,072)	(20,842)
6.01.02.11	Active debentures	(274)	(26,276)
6.01.02.13	Advances from Clients	(21,239)	(102,439)
6.01.02.14	Payables for acquisition of real estate	(101,003)	(83,543)
6.01.02.16	Tax and labor obligations	6,818	56,884
6.01.02.17	Suppliers	35,069	(26,431)
6.01.02.20	Other movements	(97,956)	(86,019)
6.01.03	Other	(605,381)	(440,707)
6.01.03.01	Income and social contribution taxes	(120,104)	(136,415)
6.01.03.02	Interest paid	(485,277)	(304,292)
6.02	Net cash used in investment activities	(89,150)	(264,980)
6.02.01	Increase (Decrease) in Interest in Associates and Subsidiaries	(37,995)	(30,038)
6.02.02	Acquisition and write-off of property, plant and equipment	7,480	(8,969)
6.02.03	Intangible assets	(6,378)	(20,257)
6.02.06	Interest earning bank deposits measured at fair value	1,818	(205,716)
6.02.07	Investment property	(54,075)	-
6.03	Net cash generated (consumed) in financing activities	(102,844)	1,061,627
6.03.01	Loans and Financing	(102,844)	1,061,627
6.05	Increase (decrease) in cash and cash equivalents	(467,321)	38,395
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	842,136	1,801,342

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	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
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	-	5,586	-	-	-	5,586	(35,530)	(29,944)
5.04.03	Recognized options granted	-	5,586	-	-	-	5,586	-	5,586
5.04.08	Net change in non-controlling	-	-	-	-	-	-	(35,530)	(35,530)
5.05	Total comprehensive income	-	-	-	(132,570)	(6,750)	(139,320)	39,432	(99,888)
5.05.01	Net income for the period	-	-	-	(132,570)	-	(132,570)	39,432	(93,138)
5.05.02	Other comprehensive income	-	-	-	-	(6,750)	(6,750)	-	(6,750)
5.05.02.04	Adjustments of translation in the period	-	-	-	-	(6,750)	(6,750)	-	-
5.07	**Closing balances**	**4,907,843**	**738,142**	**-**	**(1,006,518)**	**(69,572)**	**4,569,895**	**630,326**	**5,200,221**

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	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
5.01	Opening balances	4,907,843	792,301	-	(624,738)	(58,107)	5,017,299	459,580	5,476,879
5.03	Adjusted opening balances	4,907,843	792,301	-	(624,738)	(58,107)	5,017,299	459,580	5,476,879
5.04	Capital transactions with partners	-	(23,705)	-	-	-	(23,705)	(7,280)	(30,985)
5.04.03	Recognized options granted	-	(13,389)	-	-	-	(13,389)	-	-
5.04.04	Treasury shares acquired	-	(10,316)	-	-	-	(10,316)	-	-
5.05	Total comprehensive income	-	-	-	(178,726)	-	(178,726)	23,324	(155,402)
5.05.02	Other comprehensive income	-	-	-	(178,726)	-	(178,726)	23,324	(155,402)
5.05.02.06	Income (loss) for the year	-	-	-	(178,726)	-	(178,726)	23,324	(155,402)
5.07	Closing balances	4,907,843	768,596	-	(803,464)	(58,107)	4,814,868	475,624	5,290,492

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, 01/01/2014 to 06/30/2014	Accumulated of the prior year, 01/01/2013 to 06/30/2013
7.01	Income	2,069,566	2,544,590
7.01.01	Sale of merchandise, products and services	2,009,309	2,507,419
7.01.02	Other income	60,257	37,171
7.02	Inputs acquired from third parties	(1,788,926)	(2,288,656)
7.02.01	Cost of products, merchandise and services sold	(1,615,073)	(2,003,192)
7.02.02	Materials, Energy, Third-party services and other	(149,547)	(158,749)
7.02.03	Loss/recovery of asset values	(27,723)	(64,093)
7.02.04	Other	3,417	(62,622)
7.03	Gross added value	280,640	255,934
7.04	Retentions	(27,750)	(45,405)
7.04.01	Depreciation, amortization and depletion	(27,750)	(45,405)
7.05	Net added value produced	252,890	210,529
7.06	Added value received as transfer	156,013	165,281
7.06.01	Equity income (loss)	41,636	52,050
7.06.02	Financial income	114,377	113,231
7.07	Total added value payable	408,903	375,810
7.08	Distribution of added value	408,903	375,810
7.08.01	Personnel	95,904	148,843
7.08.01.01	Direct remuneration	83,222	118,095
7.08.01.02	Benefits	7,567	21,701
7.08.01.03	SEVERANCE PAY FUND (FGTS)	5,115	9,047
7.08.02	Taxes, duties and contributions	92,649	133,424
7.08.02.01	Federal	92,182	131,900
7.08.02.03	Municipal	467	1,524
7.08.03	Third-party capital remuneration	313,488	248,945
7.08.03.01	Interest	285,987	220,628
7.08.03.02	Rents	11,461	13,028
7.08.03.03	Others	16,040	15,289
7.08.04	Remuneration of own capital	(93,138)	(155,402)
7.08.04.03	Retained earnings / Loss for the period	(132,570)	(178,726)
7.08.04.04	Interest of non-controlling shareholders in retained earnings	39,432	23,324

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

Message from Management

PDG continues with its strategy of monetizing the legacy projects and laying the foundations for a new investment cycle. Despite the deterioration of the macroeconomic scenario in recent months, generating additional commercial challenges for our operations, the pillars of our investment case pillars remain robust: (i) the conclusion of legacy projects and reduced execution risk, (ii) lower corporate expenses, (iii) refinancing capacity, and (iv) the beginning of cash generation. In relation to the latter, we believe we are increasingly close to our cash inflection point and, consequently, to the initiation of the Company's deleveraging cycle.

Construction works moved ahead at their expected pace and on budget. As a result, the total cost to be incurred from legacy projects came to R$1.9 billion, versus R$2.5 billion in 1Q14 and R$5.0 billion in 2Q13. If we add the costs to be incurred from projects launched as of 2013, this amount comes to R$2.5 billion.

We obtained occupancy permits for 21 projects in the period. Certain projects had their permits postponed for some months, leading to a higher concentration of deliveries in the second half. It is important to mention, however, that these delays do not result from delays in construction works, which remain on schedule. We have 20 concluded projects waiting for the occupancy permits and another 22 projects with more than 95% of its construction works already finished.

Despite these delays, however, transfers remained on schedule until June, given that we were able to increase efficiency in the mortgage transfer of already individualized units. **As a result, we transferred 3,683 units in 2Q14, and approximately 7,500 year-to-date**, representing 40% of the mid-point of our 2014 guidance.

We launched five development projects in the quarter, with a total PSV of R$483 million, still concentrated in Rio de Janeiro and São Paulo. As we mentioned in our previous release, certain projects had been postponed from the first to the second quarter, resulting in a higher concentration of launches in this period. Despite our robust short-term launch pipeline, we continue to keep a close eye on economic activity in order to define the best timing for each project.

In July, the São Paulo Legislature approved the Master Plan for the city, with important implications for new developments. Anticipating the plan's approval, PDG acquired several sites, having filed the projects under the previous Master Plan. **All in all, the Company has a project pipeline with a PSV of R$1.5 billion in São Paulo for launch within the next 18 to 24 months.**

Despite the slowdown in the real estate market, especially in June due to the World Cup, **our launches were commercially successful, with contracted sales of R$149 million in the quarter, representing a sales speed of 31%. In relation to inventories, gross sales totaled R$510 million, in line with the R$524 million recorded in the previous quarter.** Canceled sales totaled R$275 million in the second quarter and R$420 million in the first half, averaging R$210 million per quarter, in line with our initial estimate of R$200 million per quarter for the year.

We resolved our second-quarter refinancing needs, raising new lines of credit in order to amortize the 3rd issue of the 7th series of mortgage-backed securities (CRIs), which had not been renegotiated. For the third quarter, loans currently in the advanced stage of negotiation exceed the R$434 million in maturities scheduled for the period. **We believe that once the refinancing needs for the coming months have been overcome, the Company will be able to begin a lengthy deleveraging cycle, which should last for the next two to three years.**

Subsequent events

On July 1, an SPE controlled by PDG was included in the Ministry of Labor and Employment's Employers' Registry . On July 18, this SPE was excluded from the registry, as determined by a preliminary ruling by the Superior Court of Justice on July 14.

Notes to the quarterly information - ITR

(In thousands of Reais)

1 Operations

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

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

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

2 Presentation of quarterly information and main accounting policies

2.1 Basis of presentation

The individual and consolidated quarterly information was prepared based on the going concern assumption for the Company and its subsidiaries and associates ("Group"). The preparation of quarterly information statements requires the adoption of assumptions to account for certain assets, liabilities and other transactions, such as: provisions for contingencies and guarantees, allowance for doubtful accounts, useful life of fixed assets, budgeted cost of the developments under construction, classification of short and long-term, among other.

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 reported is Real. All amounts presented in these quarterly information are expressed in thousands of Reais, except when otherwise indicated.

The Company's accounting policies have been consistently applied to all the periods presented in this 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 Consolidated that comprise the rules of the Brazilian Securities Commission (CVM) and pronouncements, interpretations and

guidance of the Accounting Pronouncement Committee (CPC), deliberated 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 (completed percentage method - POC), as described in additional details in Note 2.10.
The consolidated quarterly information for the year was prepared in conformity with accounting practices adopted in, 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 Securities Commission (CVM) and the Federal Accounting Council (CFC).

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 require these investments to be valued in the Consolidated's individual financial statements at fair value or cost.

As there is no difference between consolidated shareholders' equity and consolidated income attributable to the Consolidated's shareholders, included in consolidated information prepared in accordance with IFRS and Brazilian accounting practices, and shareholders' equity and Consolidated result, included in individual information prepared in accordance with Brazilian accounting practices.

The issuance of the financial statements of the Company was authorized by the Management on July 30, 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 home real estate development.

2.4 Financial instruments

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

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

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

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

Financial assets at fair value through profit or loss:

a. Cash and cash equivalents

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

b. Interest earnings bank deposits

Interest earning bank deposits are classified into the heading "Interest earning bank deposits" recognized as contra-entry in income. 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 shareholders' equity as a counterpart.

The Company's interest earning bank deposits is 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 interest earning bank deposits are shown in Note 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 guarantees and that, in the Company's case, are directly related to the transfer of real estate unit to buyers.

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

b. Financial liabilities

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

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

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

c. Derivative financial instruments (liabilities)

Financial instruments are recognized only as 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 issuance, 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, certificates of real estate receivables (CRIs) and debentures

The initial recognition of Loans and financing, certificates of real estate receivables and debentures (except the debentures of the 8^{th} issuance which are stated at fair value through profit or loss - see Note 14.b and 20) subject to interests are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the income statement upon settlement of liabilities, as well as during the amortization process by the effective interest rate method.

Loans and financing are restated by the monetary variance and charges agreed on in a contract, and allocated up to the balance sheet date. Debentures are adjusted in conformity with indices provided for 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, the balance of accounts receivable granted is recorded in the balance sheet as a contra entry to the amount received in advance and recorded in current and non-current liabilities. The Company reports debts at the funded amount deducted from transaction 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 Property 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; materials; hired labor; and other related construction costs, including financial cost of applied capital (financial charges for accounts receivable from land acquisition, real estate credit transactions incurred during construction and interest on debenture issuance, which are capitalized under caption “Inventory of real estate for sale” and recognized in the Company’s income at the proportion of costs incurred in caption “Cost of sold assets and/or services”).

The net realizable value is the estimated sales price under normal business conditions, minus the execution costs. Land is recorded at the cost of acquisition, plus any financial charges generated by its corresponding accounts payable.

b. Physical (swap) recorded at fair value

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

2.6 Intangible assets

Intangible assets acquired separately are measured at 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) pre-fixed interest; (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 in the result for the year under the caption "Revenue from sale of goods and/or services".

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. The expense referring to any provision is presented in the statement of income, net of any reimbursement.

a. Provision for warranties

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 for construction, the latter takes on the responsibility for the warranties over the after construction work period, however, in the cases in which the construction company does not cover costs, the Company takes on joint responsibility, taking into account that for such cases the Company recognize 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 in the income (loss).

Current taxes are the expected taxes payable on the taxable income for the year, at tax rates enacted or substantively enacted on the date of presentation of the 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, basin on laws enacted or substantively decreed by the balance sheet date.

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 per year 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.

  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 effective in relation to real estate buyers that comprise the detached assets. Each venture under the RET is taxed at the rate of 1.92% for income tax and social contribution, and 2.08% for the tax for social security financing (COFINS) and the contribution to the social integration program (PIS).

  As of June 30, 2014, the Company has 100 constructions (91 as of December 31, 2013) enrolled in the Special taxation regime - RET. As of June 30, 2014, the balances of accounts receivable related to these ventures amount to R$ 4,533,693 (as of December 31, 2013, R$ 4,117,566), which represent 42% of the total balance of accounts receivable of the Company in June 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.

a. Profit sharing - Employees and Management

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

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

2.9 Judgments, significant accounting estimates and assumptions

a. Fair value of financial instruments

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

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

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

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

c. *Share-based payment*

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

Estimates of share-based payments' fair values require the most adequate evaluation method for the granting of equity instruments, which depends on grant terms and conditions.

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. Assumptions and models used in fair value estimates of share-based payments are explained 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 asset's receivable value is calculated and, if net book value exceeds receivable value, a provision for impairment is recognized by adjusting the asset's net book value to its recoverable value.

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

The Company's main assets whose recoverable values are tested at yearend are: inventories of real estate for sale, investments maintained 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 Company's results in accordance with the accounting method used.

h. *Investment property*

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.

Methodoligies 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 cases in which the current rent is above or lower than the market one, market revisions are considered, on the revision dates of each contract. Besides, in case of collection of percentage rent, the projections considered the highest amount among the earned income.

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

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

2.10 Revenue recognition

Sale of assets and real estate (Real estate development)

Income from real estate sales is calculated considering contract revenues plus price-level restatements up to 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) OCPC 01 (R1) - Real Estate Development Entities, issued by the Accounting Pronouncements Committee (CPC) and approved by the CVM Resolution No. 561 of December 17, 2008;

(ii) OCPC - 04 - Application of Technical Interpretation ICPC 02 to the Brazilian Real Estate Development Entities approved by CVM Resolution No. 653 of December 16, 2010;

(iii) ICPC 02 - Construction contract of the real estate sector approved by the CVM Resolution No. 612 of December 22, 2009;

Sales revenues, land and construction costs are recognized in income using the percentage of completion of each project, and this percentage is measured based on 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 - 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. Income from the 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, as described.

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

2.13 Property, plant and equipment

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

2.14 Investments in subsidiaries

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

Based on the equity method of accounting, investment in subsidiary is recorded on the Company's balance sheet at cost, plus the changes following the acquisition of equity interest in the subsidiary. In the Company, the goodwill related to the subsidiary is included in the book value of the investment which is not amortized. As the goodwill based on future profitability integrates the book value of the investment in the Consolidated (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 Consolidated's 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 associate 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 statements 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 formed.

Any difference between the book value of the former joint venture upon loss of joint control and the fair value of the investment, as well as any proceeds from the sale of the joint venture, will be recognized in the statement of income. Investments that maintain significant influence will be accounted for as investment in subsidiary. In the Consolidated's 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 (DVAs), which are presented as integral 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 Company's shareholders and outstanding common shares' weighted average in the respective period, considering, when applicable, stock split adjustments occurred in the period or in the subsequent event captured in the preparation of quarterly information, as presented in Note 19.

2.18 Dividends

The proposal for distribution of dividends made by the Company's Management and that is within the portion equivalent to minimum mandatory dividends is recorded as current liabilities, under caption "Dividends payable", as it is considered as a legal obligation provided for in the Company's bylaws; however, if there is a portion of dividends that is higher than minimum mandatory dividends stated by Management after the accounting period to which quarterly information refers, but before the date in which said quarterly information is issued, this portion will be recorded in caption "Proposed additional dividends, in shareholders' 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 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 Law No. 12,973/2014 (former Provisional Measure No. 627)

With the publication of the Regulatory Instruction 949/2009 the Company and its subsidiaries opted for the RTT (Transitory Tax Regime) which allows a company to eliminate the accounting effects of Law No. 11,638/07 and MP No. 449/08, converted into Law No. 11,941/09, by means of records in the Taxable Profit Assessment Book (LALUR) or supporting controls, without any modification of the commercial accounting.

On November 11, 2013, the Provisional Measure (MP) No. 627 was published, which revoked the Transitory Tax Regime (RTT), among other provisions. On May 13, 2014, Law No. 12,973 was published, as a result of the conversion of MP 627, that among other provisions: (i) revokes the Regime Tributário de Transição (RTT) (Transitional Tax Regime) starting in 2015, with the introduction of new tax regime; (ii) amends the Decree Law No. 1,598/77 in relation to the calculation of income tax of companies and social contribution on net income. The new tax regime set forth in the PM 12.973 is effective as of 2014, if the company exercises the option. Among the PM 12.973 provisions, we need to highlight a few that address the distribution of profits and dividends, the basis for calculating interest on capital, and criteria for calculating the equity during the RTT term. Based on our best interpretation of the current text of such Law, we concluded that there is no need of early adopting the Law to the year 2014 and no significant effects will be exerted on our operations or financial statements for the year ended December 31, 2013 and on the this quarterly information.

2.21 New standards and interpretations not yet adopted

In the rule, the amendment to the rule and interpretation shall be effective for the year beginning after January 1, 2015 and it was not adopted in the preparation of this quarterly information. Those that may be relevant to the Group are 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.

IFRS 15 - Income from contracts with clients

On May 28, 2014, the IASB disclosed the IFRS 15, Income from Contracts with Clients, which requires an entity to recognize the amount of revenue reflecting the consideration they expect to receive in exchange for the control over these goods or services. The new standard shall replace most of the detailed guidance on the recognition of income that currently exists under the IFRS and the U.S. GAAP when the new standard is adopted. The new standard is applicable beginning on or after January 1, 2017, with early adoption permitted by the IFRS. The standard may be adopted retrospectively, adopting a cumulative effects approach. The Company is evaluating the effects that the IFRS 15 will have on financial statements and its disclosures. The Company has not yet chosen the method of transition to the new standard or determined the effects of the new standard on the current financial reports.

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 Consolidated, using consistent accounting policies.

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

(i) Interest of non-controlling shareholders

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

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

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

(ii) Loss of control

Upon loss of control, the Group derecognizes assets and liabilities of subsidiary, any non-controlling interest and other components recorded in shareholders' equity regarding this subsidiary. Any gain or loss resulting from loss of control is recognized in income. If the Group holds any 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 investee recorded using the equity method, are eliminated against the investment in the proportion of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the point where there is no evidence of loss due to impairment.

4 Cash and cash equivalents and interest earning bank deposits

a. Cash and cash equivalents

Refer substantially to bank balances and marketable securities maturing in less than 90 days without any penalty on redemption, relating to bank deposit certificates, repurchase agreements and fixed income funds. The Company has investment policies that determine which financial investments are concentrated in low-risk securities and investments in prime financial institutions, and paid on average 97% of Interbank Certificate Deposit (CDI):

	Consolidated		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Cash and banks	2,986	10,537	260,746	149,029
Interest earnings bank deposits				
Very short-term interest earnings bank deposits	-	-	23,035	190,551
Fixed-income investment funds	7,853	16,719	241,784	201,064
Bank deposit certificates (CDB)	85,822	485,100	271,866	735,097
Purchase and sale commitments	44,212	-	44,705	33,716
Subtotal	**137,887**	**501,819**	**581,390**	**1,160,428**
Total	**140,873**	**512,356**	**842,136**	**1,309,457**

b. Interest earnings bank deposits

The Company invests in investment funds classified into "Marketable Securities". Fund shares are measured at market value and their earnings are recognized as "Financial income". The balance on June 30, 2014, was R$ 42,072 (December 31, 2013: R$ 43,891).

5 Trade accounts receivable

	Consolidated		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Development and property sale	100,219	121,033	8,259,309	8,461,239
(-) Allowance for doubtful accounts	(318)	(263)	(19,404)	(20,329)
(-) Net present value adjustment	(1,187)	(2,152)	(89,012)	(140,665)
Total	**98,714**	**118,618**	**8,150,893**	**8,300,245**
Portion in current	77,973	113,289	4,853,433	5,460,048
Portion in non-current liabilities	20,741	5,329	3,297,460	2,840,197
Total	**98,714**	**118,618**	**8,150,893**	**8,300,245**

Accounts receivable from real estate sales are substantially adjusted at INCC (civil construction national 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 June 30, 2014 and December 31, 2013, the Company had balances in its consolidated accounts receivable, in the current portion, distributed as follows:

	06/30/2014			12/31/2013		
	In transfer process	**Past due**	**Total**	**In transfer process**	**Past due**	**Total**
falling due	3,932,169	-	3,932,169	4,465,637	-	4,465,637
overdue	**868,665**	**52,599**	**921,264**	**929,210**	**65,201**	**994,411**
0-30 days	469,209	28,411	497,620	476,339	7,273	483,612
31-60 days	97,118	5,881	102,999	104,883	11,594	116,477
61-90 days	127,265	7,706	134,971	137,893	7,708	145,601
91-120 days	47,480	2,875	50,355	59,534	8,723	68,257
121-360 days	40,338	2,443	42,781	51,399	6,424	57,823
Over 360 days	87,255	5,283	92,538	99,162	23,479	122,641
Total	**4,800,834**	**52,599**	**4,853,433**	**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 June 30, 2014, amounted to R$ 2,445,268 (R$ 2,699,137 as of December 31, 2013) and for enterprises under construction, as of June 30, 2014 amounted to R$ 5,705,624 (R$ 5,601,108 as of December 31, 2013).

	Consolidated		Consolidated	
Year of maturity	**06/30/2014**	**12/31/2013**	**06/30/2014**	**12/31/2013**
2015	11,201	2,592	1,780,740	1,378,416
2016	2,318	624	368,523	331,989
2017	3,040	780	483,343	414,998
2018	1,133	366	180,136	194,549
2019	964	310	153,322	164,812
2020 onwards	2,085	657	331,396	355,433
Total	**20,741**	**5,329**	**3,297,460**	**2,840,197**

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

Net present value adjustment (AVP)

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 5.36% in the quarterly information at June 30, 2014 (5.75% in the year ended December 31, 2013), calculated at the average rate of the Company's and its subsidiaries' loan raising less inflation (IPC-A). This rate is compared to NTN-B and the highest is used. The current rate used is NTN-B. The discount rate is periodically reviewed by the Company's Management.

Allowance for doubtful accounts

The Company formed an allowance for doubtful accounts, the amount of R$ 19,404, approximately 37% on the overdue balances of June 30, 2014. Overdue balances refer to "*pro-soluto*" cases (cases without appeal); I.e. units that were passed on to clients and have payables to the Company.

Sales Cancelation - 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 sales cancelation.

The Company, during the period ended June 30, 2014, recorded a net volume of 1,707 cancelled sales units which contracts were cancelled; of this total, 77.21% occurred because of the ineligibility of income, and 22.79% for a number of reasons.

6 Real estate inventories for sale

	Consolidated		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Property under construction	16,135	5,153	1,150,366	1,424,700
Property concluded	1,371	1,848	575,350	461,966
Lands for future developments	38,923	50,561	2,751,451	2,680,520
Advances to suppliers of inventory	21	45	25,737	28,045
Compound interest	2,474	1,934	197,492	197,322
Goodwill on land	-	-	62,702	64,635
Total	**58,924**	**59,541**	**4,763,098**	**4,857,188**
Portion in current	20,001	20,828	2,414,135	2,486,329
Portion in non-current liabilities	38,923	38,713	2,348,963	2,370,859
Total	**58,924**	**59,541**	**4,763,098**	**4,857,188**

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

The goodwill balance corresponds to the valuation of land properties, and the capitalized charges in the Consolidated are recorded as "Investments" and in "Properties for sale" in the consolidated, in accordance with OCPC No. 01.

Lands for future developments

The Company reclassifies part of its inventories into non-current portion, according to launches scheduled for subsequent years, into the heading of "Land for future development".

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

Physical barter referring to future "Mintaka" 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 "Real estate inventories for sale" and recognized in income under caption "Cost of Properties Sold" in the consolidated, in accordance with each project's sales percentage.

The balances of financial charges applicable to the Consolidated are shown under "Investments", as note 7. Changes on June 30, 2014 are as follows:

	Consolidated		**Consolidated**	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Opening balance	**1,934**	**2,381**	**197,322**	**232,026**
(+) Capitalized finance costs related to:				
Loans and financing	2,384	5,746	144,179	292,803
Debenture	-	-	15,028	45,869
Total financial charges capitalized in the period	**2,384**	**5,746**	**159,207**	**338,672**
(-) Charges appropriated to the statement of income in the cost of properties	(1,844)	(6,193)	(159,037)	(373,376)
Total	**2,474**	**1,934**	**197,492**	**197,322**

7 Investments

a. Information on subsidiaries on June 30, 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 shareholders’ agreements related to subsidiaries with interest lower than 100%. Regarding the Management's resolutions of these subsidiaries, the Company takes part of the Board of Directors and/or Executive Board, participating in all strategic decisions of the business.

Subsidiaries’ 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 of subsidiaries is described in Note 7.c.

Changes in the Company’s investments are as follow:

Consolidated

Company’s name	**% of direct interest**	**% of indirect interest**	**Balance at December 31, 2013**	**Increases / Payments**	**Decreases / Write-offs**	**Capital gain/loss**	**Other ***	**Equity**	**Balance at June 30, 2014**
Investments in subsidiaries									
Agre Empreendimentos Imobiliários S.A	99.99%	0.01%	1,713,116	-	-	-	-	(38,516)	1,674,600
Agre Urbanismo S.A.	99.99%	0.01%	4,157	9,700	-	-	2,905	(16,762)	-
Amazon Empreendimentos Imobiliários Ltda	99.99%	0.01%	13,043	-	-	-	-	-	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	-	-	-	-	1,444	67,794
Bento Lisboa Participações S. A.	40.00%	60.00%	11,914	-	-	-	-	1,385	13,299
Chl Desenvolvimento Imobiliário S/A	72.79%	27.21%	650,770	-	-	-	-	26,770	677,540
Club Felicita Empreendimento Imobiliários S.A.	99.99%	0.01%	15,401	-	-	-	-	(324)	15,077
Club Florença Empreendimento Imobiliários S.A.	99.99%	0.01%	11,666	-	(1)	-	-	(42)	11,623
Colore Empreendimento Imobiliário Spe S/A	87.35%	0.00%	18,964	-	-	-	-	1,512	20,476
Ecolife Campestre Empreend. Imobiliários S.A.	81.71%	0.00%	8,423	-	(2,282)	-	-	892	7,033
Ecolife Recreio Empreendimento Imobiliários S.A.	79.12%	0.00%	7,115	28	-	-	-	520	7,663
Gold Investimentos S.A.	49.32%	50.68%	211,225	58,792	(4,349)	(8,471)	-	1,753	258,950
Goldfarb Incorporações E Construções S.A	99.99%	0.01%	1,451,437	-	-	-	-	7,587	1,459,024
Ln 29 Incorporação e Empreendimento Ltda	64.00%	0.00%	11,626	-	-	-	-	(1,082)	10,544
Ln 8 Incorp e Empreend Ltda	99.99%	0.01%	17,634	-		-	-	7,734	25,368
Pdg São Paulo Incorporações S.A	99.99%	0.01%	261,052	-	(1)	-	-	25,914	286,965
Pdg Araxa Income S.A.	99.99%	0.01%	31,436	-	-	-	-	2,642	34,078
Pdg Companhia Securitizadora	99.99%	0.01%	19,458	-	-	-	-	(735)	18,723
Pdg Desenvolvimento Imobiliário Ltda	99.99%	0.01%	370,976	-	(4,941)	(2,549)	-	9,134	372,620
Pdg Ln 28 Incorporação e Empreendimento Ltda	99.99%	0.01%	15,132	-	-	-	-	(1,097)	14,035
Pdg Ln 31 Incorporação e Empreendimentos Ltda	99.99%	0.01%	13,983	-	(1)	-	-	(1,002)	12,980
Pdg Ln 34 Incorp e Empreend Ltda	99.99%	0.01%	20,707	237	-	-	-	9,010	29,954
Pdg Ln Incorporacoes e Construcoes S.A	99.99%	0.01%	71,454	1	-	-	-	(8)	71,447
Pdg Nova Lima Incorporação S.A.	80.00%	0.00%	22,114	-	(5,556)	-	-	(5,868)	10,690
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	-	-	-	21	51,895
Performance Br Empreendimentos Imobiliários S.A.	68.00%	0.00%	82,462	-	(3,113)	-	-	21,856	101,205
Premier Da Serra Incorporações Imobiliárias S.A.	80.00%	0.00%	10,173	-	(600)	-	-	1,438	11,011
REP Desenvolvimento Imobiliário S.A	55.84%	0.00%	174,045	3,703	-	-	-	2,000	179,748
Sardenha Empreendimentos Imobiliários S.A.	80.00%	0.00%	6,734	-	(1)	-	-	(16)	6,717
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)	-	-	1,332	22,034
Other**			33,095	3,673	(27,969)	-	24,949	632	34,380
			5,483,265	**78,799**	**(49,740)**	**(11,020)**	**27,854**	**58,123**	**5,587,281**
Investments in associates			-	-	-	-	-		
Queiroz Galvão Mac Cyrela Veneza	20.00%	0.00%	7,920	3,098	-	-	-	(672)	10,346
TGLT S.A	27.18%	0.00%	29,637	-	(10,475)	-	-	(652)	18,510
Cyrela Milão	50.00%	0.00%	5,202	-	(2,055)	-	-	348	3,495
Dom Pedro	0.00%	0.00%	7,202	-	(7,202)	-	-	-	-
Tibouchina Empreendimento S.A	50.00%	0.00%	5,128	1	-	-	-	88	5,217
Other**			39,621	8,401	(9,931)	(554)	1,730	(1,928)	37,339
			94,710	**11,500**	**(29,663)**	**(554)**	**1,730**	**(2,816)**	**74,907**
Subtotal - Equity interest			**5,577,975**	**90,299**	**(79,403)**	**(11,574)**	**29,584**	**55,307**	**5,662,188**
Other									
Intangible assets			395,466	-		-	-	-	395,466
Compound interest			29,965	11,474	(20,427)	-	-	-	21,012
Appreciation of land			64,635	-	(1,932)	-	-	-	62,703
Subtotal - other investments			**490,066**	**11,474**	**(22,359)**	**-**	**-**	**-**	**479,181**
Total investments			**6,068,041**	**101,773**	**(101,762)**	**(11,574)**	**29,584**	**55,307**	**6,141,369**

(*) It comprises R$ 31,651 of provision for investment losses reclassified into noncurrent liabilities in the heading "Provision for loss in investments".

(**) Investments which individually have balances of up to R$ 5,000 as of June 30, 2014.

b. Information on Group's jointly-controlled subsidiaries and associates June 30, 2014

Consolidated on 06/30/2014 Consolidated balance

Company's name	% of direct interest	Assets	Liabilities	Shareholders' equity	Income (loss)	Equity	Other 3	Investments on 06/30/2014	Investments on 12/31/2013	Equity in subsidiaries on June 30, 2013
31 De Janeiro Empreendimentos Imobiliários Ltda	50.00%	99,064	41,494	57,570	-	-	-	28,785	28,785	-
Api Spe 08 - Planejamento e Desenvolv. Property, plant and equipment Ltda.	50.00%	108,360	46,464	61,896	-	-	-	30,948	30,948	-
Chl Lxxviii Incorporações Ltda Imobiliários S.A	50.00%	133,703	101,529	32,174	1,705	853	-	16,087	15,235	5,905
Costa São Caetano Empreendimentos S.A.	25.00%	124,179	87,067	37,112	1,258	315	-	9,278	14,404	2,650
Gliese Incorporadora Ltda	42.46%	148,459	101,961	46,499	625	265	-	19,743	19,478	1,545
Iepe - Investimentos Imobiliarios Ltda	30.00%	25,838	6,263	19,574	(13,380)	(4,014)	-	5,872	9,886	(105)
Inpar - Abyara - Projeto Residencial Santo Amaro Spe Ltda	30.00%	27,672	6,308	21,364	(92)	(28)	-	6,409	6,309	(6)
Jetirana Empreendimentos S.A.	50.00%	104,156	51,556	52,600	18,656	9,328	-	26,300	17,321	20
Londres Empreendimentos S.A.	25.00%	169,707	107,906	61,802	4,316	1,079	-	15,451	21,142	4,842
Malmequer Empreendimentos S.A.	42.50%	122,478	76,224	46,254	363	154	-	19,658	19,446	254
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	10,414	1
Queiroz Galvão Mac Cyrela Veneza	20.00%	107,640	62,412	45,228	(3,359)	(672)	-	9,046	7,919	(217)
Schahin Borges De Figueiredo Incorporadora Ltda	30.00%	26,753	63	26,690			-	8,007	8,007	-
Shopping Buriti Mogi Empr. Property, plant and equipment SPE Ltda.	50.00%	94,676	40,612	54,064	1,308	654	-	27,032	17,189	-
Spe Chl Cv Incorporações Ltda	50.00%	68,215	46,960	21,254	8,548	4,274	-	10,627	6,353	-
Spe Reserva I Empreendimento Imobiliario S/A	50.00%	127,845	93,090	34,756	15,130	7,565	-	17,378	10,060	-
TGLT 2	27.18%	759,921	691,820	68,101	(4,905)	(1,333)	-	18,510	29,637	-
Tibouchina Empreendimento S.A	50.00%	20,626	10,109	10,517	175	88	-	5,259	5,127	318
Windsor Investimentos Imobiliários Ltda	25.00%	970,641	606,140	364,501	91,410	22,853	-	91,125	68,273	29,335
Other investees 1 2		584,299	417,637	166,661	2,298	255	6,208	98,130	76,123	7,508
Total		**3,877,944**	**2,603,969**	**1,273,975**	**124,056**	**41,636**	**6,208**	**479,656**	**427,653**	**52,050**

(1) Investments with balances of up to 5 million as of June 30, 2014

(2) Position of aggregate investments of the reallocation of intangible assets

(3) Provision for loss on investments

c. Financial information of the Group's subsidiaries

	Consolidated - 06/30/2014						Consolidated - 12/31/2013			
Company's name	**% Total of the company**	**% Minority interests**	**Assets**	**Liabilities**	**Shareholders' equity**	**Income (loss)**	**Income of non-controlling shareholders**	**Non-controlling interest**	**Shareholders' equity 12/31/2013**	**Income (loss) 06/30/2013**
Araxá Participações e Empreend. Property, plant and equipment S.A.	42.00%	58.00%	174,389	97,906	76,483	14,473	8,394	44,360	35,965	9,835
Chl Lxviii Incorporações Imobiliários S.A	70.00%	30.00%	53,753	23,216	30,537	554	166	9,161	8,995	(108)
Spe Chl Xcii Incorporações Imobiliários S.A	70.00%	30.00%	187,168	156,174	30,994	(101)	(30)	9,298	11,882	-
Geraldo Martins Empreendimentos Imob. S.A.	50.00%	50.00%	88,974	48,569	40,405	10,856	5,428	20,203	14,775	3,182
Pdg Masb Empreendimento Imob. SPE Ltda.	50.00%	50.00%	46,983	22,938	24,045	7,512	3,756	12,023	8,267	1,138
Pdg SP 5 Incorporações Spe Ltda	50.00%	50.00%	34,136	18,890	15,246	3,246	1,623	7,623	11,064	1,262
Lbc Empreedimento Imobiliario Spe Ltda	50.00%	50.00%	30,764	13,433	17,331	2,887	1,444	8,666	7,222	1,338
Peonia Empreendimentos Imobiliários	66.30%	33.70%	73,928	25,127	48,801	1,110	374	16,446	16,093	(8)
Colina De Piata Incorporadora Ltda	87.50%	12.50%	180,533	102,233	78,300	(1,929)	(241)	9,788	8,173	1,959
Esperanca Incorporadora Ltda	70.00%	30.00%	55,293	26,823	28,470	3,564	1,069	8,541	8,687	176
Torre De Ferrara Incorporadora Ltda	70.00%	30.00%	23,284	742	22,542	(1,113)	(334)	6,763	5,389	251
Torre De Rhodes Incorporadora Ltda	70.00%	30.00%	22,359	2,140	20,219	(3,758)	(1,127)	6,066	6,541	(928)
Aquarelle Incorporadora Ltda	60.00%	40.00%	21,466	8,115	13,351	(3,822)	(1,529)	5,340	2,782	(627)
Agra Bergen Incorporadora Ltda	80.00%	20.00%	175,947	142,895	33,052	3,215	643	6,610	5,967	2,741
Agra Singolare Incorporadora Ltda	80.00%	20.00%	101,671	73,370	28,301	(13,126)	(2,625)	5,660	8,285	(445)
Gonder Incorporadora Ltda.	86.00%	14.00%	346,008	272,458	73,550	(3,802)	(532)	10,297	10,829	2,365
Bni Artico Desenvolvimento Imobiliario Ltda	50.38%	49.62%	24,331	8,064	16,267	377	187	8,072	7,885	554
Agin Anapolis Empreendimento Imobiliario	50.00%	50.00%	75,060	6,343	68,717	225	113	34,359	34,246	(1,545)
Api Spe10-Plan e Des De Emp Imob Ltda	80.00%	20.00%	72,988	46,995	25,993	1,389	278	5,199	4,921	959
Shimpako Incorporadora Ltda.	66.67%	33.33%	46,056	2,622	43,434	(2)	(1)	14,477	14,477	(1)
Astroemeria Incorporadora Ltda.	80.00%	20.00%	39,886	11,964	27,922	5	1	5,584	5,583	44
Gerbera Incorporadora Ltda.	71.67%	28.33%	65,930	32,510	33,420	(49)	(14)	9,468	9,482	516
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%	114,850	75,930	38,920	7,687	2,306	11,676	15,919	(156)
Orion Incorporadora Ltda	70.00%	30.00%	75,291	31,872	43,419	3,806	1,142	13,026	11,868	608
Performance Br Empreendimentos Imob. S.A.	68.00%	32.00%	158,838	10,006	148,832	32,141	10,285	47,626	16,244	5,330
Ln 29 Incorporação e Empreendimento Ltda	64.00%	36.00%	38,923	22,448	16,475	(1,690)	(608)	5,931	3,460	2,287
REP Desenvolvimento Imobiliário S.A	55.84%	44.16%	696,502	372,074	324,428	3,581	7,993	176,484	112,417	148
Cores da Lapa Empreendimentos Imob. Ltda	41.06%	58.94%	10,370	1,775	8,595	(62)	(37)	5,066	-	-
Vitality Empreendimentos Imobiliários Ltda	80.00%	20.00%	43,102	2,858	40,244	(65)	(13)	8,049	-	-
Other investments *			1,520,300	1,192,779	327,521	8,742	1,321	67,848	192,328	(8,352)
Total			**4,688,286**	**2,860,839**	**1,827,447**	**75,851**	**39,432**	**630,326**	**626,424**	**23,324**

(*) Investments with balances of up to 5 million as of June 30, 2014

d. Investment in shares

FIP PDG

On June 30, 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 subsidiary's income, and are eliminated upon preparation of the Company's consolidated quarterly information.

8 Investment properties

	Enterprises in operation	Buildings under construction/lands	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 (iv)	-	54,075	54,075
Adjustment to fair value (iii)	25,856	-	25,856
Transfers (v)	125,090	(125,090)	-
Balances at June 30, 2014	**536,090**	**6,415**	**542,505**

(i) Acquisitions in 2013 basically refer to the increase in the interest in Shopping Botucatu and REP KRC

(ii) The disposal refers to the sale of interest in CCS Panamby

(iii) Recognized in profit or loss for the year in the heading "Other operating income"

(iv) Expenditures with the construction of Shopping Botucatú

(v) In May 2014 the opening of Shopping Botucatu took place, and the balance in construction/land was transferred to ventures in operation.

a. Measuring the of fair value of investment properties

The subsidiary REP - Real Estate Desenvolvimento Imobiliário S.A. and its subsidiaries adopt the fair value method to better reflect its business and for understanding that it is the best information for market analysis.

Fair value hierarchy

The fair value of investment properties is determined based on discounted cash flow, prepared internally, and asset appraisal report obtained from independent external real estate appraisers, with appropriate and recognized professional qualification, and recent experience in the property location and category that is being appraised. The independent appraisers proved the fair value of the investment property portfolio of the Group on annual basis, and the internal studies are made upon any indication of change in the assumptions adopted for calculating the fair value of properties.

Measuring the investment properties' fair value was classified as Level 2 (Comparative method directly from market data) and 3, fair value based on inputs used in this evaluation technique.

Valuation techniques and observable and unobservable inputs - 2 and 3 Levels Fair Value

The following chart shows the appraisal method adopted in the measurement of the fair value of investment properties, as well as the significant observable and unobservable inputs used:

Fair value hierarchy - Level	**Valuation technique**	**Significant inputs**	**Relation between significant observable and unobservable inputs**
Level 2	**Equity Valuation Report:** The market value applicable to a property is defined based on comparable market evidences, that is, similar properties on sale or recently transacted.	• No significant input was considered in the appraisal;	The estimated fair value would increase (decrease) if: • increase or decrease in transaction volume in the region where the property is located; • increase or decrease in the limit of construction area; • extraordinary events occur that increase or decrease the square meter vale in the region;
Level 3	**Discounted cash flows:** The appraisal model considers the present value of net cash flows to be generated from the investment property, taking into account the rate of growth in the lease price, construction costs to be incurred (ventures in construction), venture maintenance costs, and occupancy rate. The expected net cash flows are discounted by a risk-adjusted discount rate. Among other factors, the estimate of discount rate for ventures in construction considers the construction risk. Model of "Effective Interest Rate" discounted cash flow.	• Growth in lease prices in the expected market (3% to 15%). • Maintenance period of the venture (average of 10 years) • Maintenance cost of the venture - average of 3% of net operating income (NOI); • Risk-adjusted discounted rates (interval from 8.9% to 14%)	The estimated fair value would increase (decrease) if: • the expected growth in lease prices in the market is in excess (in short); • the occupancy rate is higher (lower); • the periods without receiving lease are shorter (less), or • the risk-adjusted discount rate is lower (higher).

9 Property, plant and equipment

Property, plant and equipment are segregated into well-defined classes. Main assets are pieces of land and commercial buildings evaluated at construction cost and their depreciation is directly linked to the properties' useful lives; other assets related to its 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:

	Consolidated			
Cost:	**Furniture and fixtures**	**Computers**	**Sales Stand (i)**	**Total**
Balance at 12/31/2012	**379**	**3,848**	**11,109**	**15,336**
. Additions	-	-	648	648
Balance at 12/31/2013	**379**	**3,848**	**11,757**	**15,984**
. Write-offs	-	(17)	(11,757)	(11,774)
Balance at 06/30/2014	**379**	**3,831**	**-**	**4,210**

	Consolidated			
Depreciation:	**10% p.a. Furniture and fixtures**	**20% p.a. Computers**	**Sales Stand (i)**	**Total**
Balance at 12/31/2012	**(198)**	**(420)**	**(9,447)**	**(10,065)**
. Depreciations	(38)	(1,961)	(2,310)	**(4,309)**
Balance at 12/31/2013	**(236)**	**(2,381)**	**(11,757)**	**(14,374)**
. Depreciations	(19)	(979)	-	**(998)**
. Write-offs	-	-	11,757	**11,757**
Balance at 06/30/2014	**(255)**	**(3,360)**	**-**	**(3,615)**
Residual balance at 12/31/2012	**181**	**3,428**	**1,662**	**5,271**
Residual balance at 12/31/2013	**143**	**1,467**	**-**	**1,610**
Residual balance at 06/30/2014	**124**	**471**	**-**	**595**

	Consolidated						
Cost:	**Machinery and equipment**	**Furniture and fixtures**	**Computers**	**Leasehold improvements (ii)**	**Sales Stand (i)**	**Other fixed assets**	**Total**
Balance at 12/31/2012	37,749	16,352	25,357	16,366	393,530	15,741	**505,095**
. Additions	-	325	488	551	-	6,822	**8,186**
. Write-offs	(13)	-	-	-	-	-	**(13)**
Balance at 12/31/2013	**37,736**	**16,677**	**25,845**	**16,917**	**393,530**	**22,563**	**513,268**
. Additions	-	1	197	864	-	-	**1,062**
. Write-offs	(4,295)	-	(12)	-	(371,888)	(18,829)	**(395,024)**
Balance at 06/30/2014	**33,441**	**16,678**	**26,030**	**17,781**	**21,642**	**3,734**	**119,306**

	Consolidated						
Depreciation:	**10% p.a. Machinery and equipment**	**10% p.a. Furniture and fixtures**	**20% p.a. Computers**	**Leasehold improvements (ii)**	**Sales Stand (i)**	**Other fixed assets**	**Total**
Balance at 12/31/2012	(8,667)	(7,260)	(12,172)	(7,011)	(389,396)	(5,540)	**(430,046)**
. Depreciations	(4,023)	(1,949)	(6,143)	(1,792)	-	(1,438)	**(15,345)**
Balance at 12/31/2013	**(12,690)**	**(9,209)**	**(18,315)**	**(8,803)**	**(389,396)**	**(6,978)**	**(445,391)**
. Depreciations	(181)	(706)	(2,370	(713)	-	-	**(3,970)**
. Write-offs	-	-	-	-	371,561	5,092	**376,653**
Balance at 06/30/2014	**(12,871)**	**(9,915)**	**(20,685)**	**(9,516)**	**(17,835)**	**(1,886)**	**(72,708)**
Residual balance at 12/31/2012	**29,082**	**9,092**	**13,185**	**9,355**	**4,134**	**10,201**	**75,049**
Residual balance at 12/31/2013	**25,046**	**7,468**	**7,530**	**8,114**	**4,134**	**15,585**	**67,877**
Residual balance at 06/30/2014	**20,570**	**6,763**	**5,345**	**8,265**	**3,807**	**1,848**	**46,598**

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

The write-off is made as a consequence of the dismantling of the stand.

(ii) The amortization is made over the real estate rental contract.

Property, plant and equipment impairment test

Periodically, the group revises the existence of indications of recoverability of Fixed Asset items. When non-recoverable property, plant and equipment items are identified, the Group analyzes and records provisions for impairment. For the quarter ended June 30, 2014, the Group did not find any indication or needs of recognizing the provision for impairment of fixed asset items.

10 Intangible assets

The composition of intangible assets as of June 30, 2014 is as follows:

	Consolidated		Consolidated	
	06/30/2014	12/31/2013	06/30/2014	12/31/2013
Breakdown of goodwill by company				
Agre Empreendimentos Imobiliarios S.A.	275,900	275,900	348,723	354,264
Agre Urbanismo S.A.	3,403	3,403	3,403	3,403
PDG São Paulo Incorporações S.A.	-	-	4,301	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	60,213	60,443
Goldfarb Incorporações e Construções S.A.	38,377	38,377	41,132	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.	-	-	6,649	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**	**518,531**	**536,317**
Software and other intangible assets	25,436	27,431	70,659	72,918
Subtotal	**420,902**	**422,897**	**589,190**	**609,235**
Reallocation for investments (Note 7) (i)	(395,466)	(395,466)	(11,961)	(11,961)
Closing balance	**25,436**	**27,431**	**577,229**	**597,274**

(i) In the quarterly information of the “Consolidated" and "Consolidated", these Intangible Assets are being presented in the headings of Investments, because they are intangible assets of associated companies (Note 7)

a. Changes in intangible assets

The changes in intangible assets in the periods ended June 30, 2014 and December 31, 2013 could be shown as follows:

	Consolidated	Consolidated				
	Right to use software	Trademarks and patents	Right to use software	Subtotal	Goodwill on investments	Total
Cost:						
Balance at 12/31/2013	**37,371**	**88**	**110,441**	**110,529**	**593,908**	**704,437**
. Additions	-	-	6,378	6,378	-	6,378
Balance at 06/30/2014	**37,371**	**88**	**116,819**	**116,907**	**593,908**	**710,815**
Amortization:						
Balance at 12/31/2013	**(9,940)**	**-**	**(37,611)**	**(37,611)**	**(69,552)**	**(107,163)**
. Amortizations	(1,995)	-	(8,635)	(8,635)	-	(8,635)
. Write-offs	-	-	-	-	(17,788)	(17,788)
Balance at 06/30/2014	**(11,935)**	**-**	**(46,246)**	**(46,246)**	**(87,340)**	**(133,586)**
Residual balance at 12/31/2012	**31,478**	**88**	**72,830**	**72,918**	**552,023**	**624,941**
Residual balance at 12/31/2013	**27,431**	**88**	**72,830**	**72,918**	**524,356**	**597,274**
Residual balance at 06/30/2014	**25,436**	**88**	**70,573**	**70,661**	**506,568**	**577,229**

b. Impairment test

The main assumptions adopted for estimating the recoverable value are as follows. The amounts attributed to the main assumptions represent the evaluation of future trends by management in relevant sectors and were based on historical data from internal and external sources.

The fair value measurement was classified as Level 3 fair value, based on the adopted valuation technique inputs.

Impairment test was prepared based on assumptions used to project and follow-up the company's cash flow and on perpetuity model and was divided into three major items: (i) Income from property sales; (ii) Property development and construction costs and selling and administrative expenses; and (iii) net indebtedness (total debt less cash and available funds) and was split into three major items: (i) Income from property sales; (ii) Property development and construction costs and selling and administrative expenses; and (iii) net indebtedness (total debt less cash and available funds).

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.

Amounts received for transfer within the Financial Housing System is calculated with basis on assumptions of property delivery dates and financing agreements to support production. The net indebtedness was projected with basis on the liability lines related to debts to third parties not foreseen in projected cash flows less the available funds in assets.

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

Software intangible assets

Assets classified as "Software and other intangible assets" correspond to the Company's operating software acquisition and implementation costs whose amortization started in January 2011. During the period ended June 30, 2014, the amount of R$ 8,635 was amortized and accounted for in the Company's 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 Company's related-party transactions are performed at terms that are equivalent to those contracted with independent related parties.

a. Advances for future capital increase

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

b. Debenture transactions

The balances of debentures, classified in noncurrent assets of the Consolidated, 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. and CDI plus interest of 3% p.a.

c. Management remuneration

The ceiling limit of the global compensation of the Company's management members for 2014 was set at R$ 28,000, according to the Extraordinary Shareholders' Meeting of April 25, 2014 (R$ 39,292 for 2013), the amount up to R$ 18,000 being for compensation amounts paid in kind (fixed, variable and benefits), and the amount of up to R$ 10,000 being for amounts to be accounted as expenses related to share-based payment.

Amounts recorded as remuneration, profit sharing, dividends and/or benefits in general during the six-month period ended June 30, 2014 and 2013, less share-based remuneration are as follow:

	Consolidated				Consolidated			
	04/01/2014-06/30/2014	01/01/2014-06/30/2014	04/01/2013-06/30/2013	01/01/2013-06/30/2013	04/01/2014-06/30/2014	01/01/2014-06/30/2014	04/01/2013-06/30/2013	01/01/2013-06/30/2013
Board of Directors								
Base remuneration	211	391	743	903	211	391	423	903
Fiscal Council								
Base remuneration	72	144	121	145	72	144	73	145
Executive board								
Base remuneration	992	1,975	868	1,290	1,756	3,517	1,582	2,752
Subtotal	**1,275**	**2,510**	**1,732**	**2,338**	**2,039**	**4,052**	**2,078**	**3,800**
Profit sharing	3,935	8,806	200	3,507	3,935	8,806	200	3,507
Total	**5,210**	**11,316**	**1,932**	**5,845**	**5,974**	**12,858**	**2,278**	**7,307**

The variable compensation of Management is composed of profit sharing and these are usually provisioned over the year, based on the estimate of payment.

The Company, based on item 8 of the CVM/SNC/SEP official circular No. 01/2013 of February 8, 2013, presents the following references regarding disclosure of related-party transactions:

(i) Does not own short-term benefits to employees and management;

(ii) Does not have post-employment benefits;

(iii) Does not have other long-term benefits;

(iv) Does not own benefits on termination of employment contract; and

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

d. Sureties and warranties

As of June 30, 2014, collateral signatures provided by the Company to its subsidiaries totaled R$ 9,072,529 (R$ 7,243,330 as of December 31, 2013) to waranty 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:

	Consolidated		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Assets				
Debentures - Non-current assets	28,837	28,562	24,304	24,030
Related-party Loans- Current and Non-Current Assets	121,813	122,053	62,584	54,410
FACA - Non-current assets	1,374,474	1,085,445	-	-
Liabilities				
Convertible debentures - 8th issuance (Note 14b)	3,978	3,079	3,978	3,979

Rights 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.

The Company took out a loan in April 2014 from Banco do Brasil S.A. at an amount of R$ 320,000, with payment period of three years and grace period of 18 months, and with scheduled maturity on October 5, 2015 and final maturity on April 05, 2017. In June 2014 we took out a loan in the amount of R$ 238,000, the total settlement taking place on December 26th, 2014.

Consolidated breakdown of the Company’s loans as of June 30, 2014 and December 31, 2013, per debt type, is as follows:

	Consolidated		Average rate	Guarantee
Type of debt	**06/30/2014**	**12/31/2013**		
SFH	40,272	41,692	TR + 9.0% to 12%	Mortgage / receivables / collateral signatures
FINEP/FINAME	128,734	139,050	from 5.25% to 8.25%	PDG collateral
Working capital and SFI	550,191	-	CDI + 3.35% 4.50%-8.70%	Trust receipt of quotas, Collateral, Promissory Note, Mortgage, Rights
Total	**719,197**	**180,742**		
Current portion	292,170	41,355		
Portion in non-current liabilities	427,027	139,387		
Total	**719,197**	**180,742**		

	Consolidated		Average rate	Guarantee
Type of debt	**06/30/2014**	**12/31/2013**		
SFH	3,262,665	3,759,454	TR + 8.3% to 12.3% TJLP + 1%	Receivables/ proportional bond / mortgage/ surety/ Mortgages and sureties
Working capital and SFI	686,962	5,521	CDI + 3.35% 4.50%-8.70%	Trust receipt of quotas, Collateral, Promissory Note, Mortgage, Rights
FINEP/FINAME	153,937	139,051	from 5.25% to 8.25%	PDG collateral
Other debts	-	599	CDI + 3.35%	Promissory Note
Total	**4,103,564**	**3,904,625**		
Current portion	1,885,187	1,487,165		
Portion in non-current liabilities	2,218,377	2,417,460		
Total	**4,103,564**	**3,904,625**		

The balance of loans and financing consolidated in the long term falls due as follows:

Year	**Consolidated**	
	06/30/2014	**12/31/2013**
2015	1,619,415	1,764,746
2016	288,389	314,270
2017	177,470	193,397
2018	110,919	120,873
2019 onwards	22,184	24,174
Total	**2,218,377**	**2,417,460**

13 Redeemable preferred shares

On June 14, 2010, issuance of 52,434,457 preferred shares redeemable by the subsidiary of the Company 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 issuance amount of the redeemable preferred shares was R$140,000.

In September 2010, new issuance of 59,925,094 preferred shares redeemable of the subsidiary Companhia - Gold Investimentos S.A., was carried out at issuance price of R$2.67 per each Redeemable Preferred Share. The total issuance 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 (“Cumulative Fixed Dividends”) 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 (amount paid: R$ 31,946) and June 15, 2015, regardless of General Meeting decision and of special trial balance survey;

b. Cumulative Fixed Dividend to be paid in each fixed dividend payment date, linked to investment value contributed by the investor that holds preferred shares;

c. They will be redeemable, pursuant to the terms provided for in Gold Investimentos S.A. Bylaws;

d. Other rights related to preferred investor condition.

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 "Other Operating Expenses".

This value comprises part of caption "Other obligations" and outstanding balances are as follows:

	Consolidated	
	06/30/2014	**12/31/2013**
Current	301,208	15,978
Non-current	-	300,000
	301,208	**315,978**

14 Bank Credit Bills (CCBs) and Debentures

a. Bank credit notes (CCBs)

	Consolidated		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Liabilities from CCB issuance - Corporate				
2nd series - 1st issuance	27,458	27,308	27,458	27,308
3rd series - 1st issuance	94,451	93,891	94,451	93,891
4th series of the 1st issuance	7,960	7,920	7,960	7,920
15th series 1st issuance	250,672	250,611	250,672	250,611
22nd series 1st issuance	49,403	49,269	49,403	49,269
3rd series 3rd issuance	-	-	16,083	124,632
5th series 3rd issuance	94,294	206,506	94,294	206,506
7th series 3rd issuance	23,708	249,578	23,708	249,578
Other issues by CCB	1,363,763	1,293,897	1,429,173	1,351,046
Corporate Sub-Total	**1,911,709**	**2,178,980**	**1,993,202**	**2,360,761**
Liabilities from CCB issuance Support production				
2nd series - 2nd issuance	-	-	115,075	115,174
3rd series - 2nd issuance	-	-	93,110	93,059
CCB subtotal - Support to production	**-**	**-**	**208,185**	**208,233**
Total	**1,911,709**	**2,178,980**	**2,201,387**	**2,568,994**
Current portion	562,762	875,997	823,714	1,233,046
Portion in non-current liabilities	1,348,947	1,302,983	1,377,673	1,335,948
Total	**1,911,709**	**2,178,980**	**2,201,387**	**2,568,994**

On June 28, 2013, the Company's Board of Directors, in conformity with the Company's restructuring process, approved the issuance of a CCB - Bank Credit Note 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 half of 2014, we funded three new CCBs which total R$ 126,000, and amortized 91% of the 7^{th} series - 3^{rd} issuance CCB, because of the first exercise of the renegotiation of this operation. After this process, the CCB interest changed from 107% CDI to 125% CDI, over the period of 1 year, when we shall have the next renegotiation.

b. Debentures

The main characteristics of the debentures issued by the Company and subsidiaries could be shown as follows:

Consolidated

Debentures	Type	Nature	Issuance	Maturity	Kind	Condition of remuneration	Nominal value	Securities issued	Securities in the market	Amortization	Installments	Method of amortization	Guarantees
Corporate													
1st issuance	Non-convertible	Public	07/01/2007	07/01/2018	Unsecured	100% DI + 1.8% p.a.	10	25,000	25,000	Semi-annual	4	Semi-annual	Without guarantee
4th issuance	Non-convertible	Public	08/10/2010	08/10/2016	Unsecured	100% DI + 2.40%	1,000	280	280	Quarterly	10	Semi-annually.	Pledge of receivables
6th issuance	Non-convertible	Public	03/31/2011	09/30/2016	Real	11.31% p.a.	1,000	97,000	97,000	Sole	1	Sole	Without guarantee
7th issuance	Non-convertible	Public	03/15/2012	12/15/2018	Unsecured	IPCA + 6.56% p.a.	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	Sole	1	Sole	Without guarantee
Support to production													
3rd issuance	Non-convertible	Public	09/29/2009	03/15/2016	Real	TR + 9.8058% p.a.	1,000	300	300	Semi-annual	8	Semi-annual	Assignment/chattel mortgage of shares
5th issuance	Non-convertible	Public	09/23/2010	08/01/2016	Real	TR + 9.04% p.a.	1,000	600	de o	Semi-annual	8	Semi-annual	and

Subsidiaries

Debentures	Type	Nature	Issuance	Maturity	Kind	Condition of remuneration	Nominal value	Securities issued	Securities in the market	Amortization	Installments	Method of amortization	Guarantees
ZMF 23	Convertible	Private	09/23/2011	10/31/2014	Unsecured	100% DI + 1.6% p.a.	1.00	8,850	8,850	Sole	1	Sole	Without guarantee
ZMF 23	Non-convertible	Private	09/23/2011	10/31/2014	Unsecured	100% DI + 1.6% p.a.	1.00	4,425	4,425	Sole	1	Sole	Collateral
STX 10	Convertible	Private	07/30/2011	07/31/2014	Unsecured	100% DI + 1.6% p.a.	1.00	8,580	8,580	Sole	1	Sole	Without guarantee
STX 10	Non-convertible	Private	07/30/2011	07/31/2014	Unsecured	100% DI + 1.6% p.a.	1.00	4,290	4,290	Sole	1	Sole	Collateral

(*) Stated at fair value (Note 20)

	Consolidated										**Consolidated**	
	Support to production			**Corporate**								
	3rd issuance	**5th issuance**	**Subtotal**	**1st issuance**	**4th issuance**	**6th issuance**	**7th issuance**	**8th issuance**	**Subtotal**	**ZMF 23**	**STX 10**	**Total**
a) Debentures payable												
Balance at 12/31/2012 (i)	**246,592**	**621,727**	**868,319**	**261,339**	**265,667**	**117,331**	**153,923**	**89,508**	**1,756,087**	**14,222**	**14,072**	**1,784,381**
(+) Monetary correction	-	-	-	2,158	-	18,701	8,499	(85,530)	**(56,172)**	-	-	**(56,172)**
(-) Payments	(81,854)	(123,967)	**(205,821)**		(52,232)	-	-	-	**(258,053)**	-	-	**(258,053)**
Balance at 12/31/2013 (ii)	**164,738**	**497,760**	**662,498**	**263,497**	**213,435**	**136,032**	**162,422**	**3,978**	**1,441,862**	**14,222**	**14,072**	**1,470,156**
(+) Monetary correction	7,279	20,907	**28,186**	14,699	13,293	7,023	11,712	-	**74,913**	561	-	**75,474**
(-) Payments (Principal + Interest)	(33,162)	(62,401)	**(95,563)**	(13,613)	(12,979)		(10,361)	-	**(132,516)**	(3,213)	(14,072)	**(149,801)**
Balance at 06/30/2014	**138,855**	**456,266**	**595,121**	**264,583**	**213,749**	**143,055**	**163,773**	**3,978**	**1,384,259**	**11,570**	**-**	**1,395,829**
Composition by year of maturity:												
2014	33,855	56,270	**90,125**	14,583	3,749	-	23,773	-	**132,230**	11,570	-	**143,800**
2015	85,001	219,996	**304,997**	62,500	105,000	-	-	-	**472,497**	-	-	**472,497**
2016	19,999	180,000	**199,999**	62,500	105,000	143,055	-	3,978	**514,532**	-	-	**514,532**
2017	-	-	-	62,500	-	-	-	-	**62,500**	-	-	**62,500**
2018	-	-	-	62,500	-	-	140,000	-	**202,500**	-	-	**202,500**
Balance at 06/30/2014	**138,855**	**456,266**	**595,121**	**264,583**	**213,749**	**143,055**	**163,773**	**3,978**	**1,384,259**	**11,570**	**-**	**1,395,829**

	Consolidated										Consolidated	
	Support to production			Corporate								
	3rd issuance	5th issuance	Subtotal	1st issuance	4th issuance	6th issuance	7th issuance	8th issuance	Subtotal	ZMF 23	STX 10	Total
b) Expenditure with issuance												
Balance at 12/31/2012 (i)	**(915)**	**(3,899)**	**(4,814)**	**(3,115)**	**(1,960)**	**(252)**	**(3,106)**	**-**	**(13,247)**	**-**	**-**	**(13,247)**
(-) Amortization of Expenses	559	1,559	**2,118**	520	257	67	522		**3,484**			**3,484**
Balance at 12/31/2013 (ii)	**(356)**	**(2,340)**	**(2,696)**	**(2,595)**	**(1,703)**	**(185)**	**(2,584)**	**-**	**(9,763)**	**-**	**-**	**(9,763)**
(-) Amortization of Expenses	58	389	**447**	261	249	36	261		**1,254**			**1,254**
Balance at 06/30/2014	**(298)**	**(1,951)**	**(2,249)**	**(2,334)**	**(1,454)**	**(149)**	**(2,323)**	**-**	**(8,509)**	**-**	**-**	**(8,509)**
Net balance on 06/30/2014	**138,557**	**454,315**	**592,872**	**262,249**	**212,295**	**142,906**	**161,450**	**3,978**	**1,375,750**	**11,570**		**1,387,320**
Installment:												
Short term	68,854	166,268	**235,122**	14,584	38,749		23,775		**312,230**			312,230
Long term	69,703	288,047	**357,750**	247,665	173,546	142,906	137,675	3,978	**1,063,520**	11,570		**1,075,090**
Total	**138,557**	**454,315**	**592,872**	**262,249**	**212,295**	**142,906**	**161,450**	**3,978**	**1,375,750**	**11,570**	**-**	**1,387,320**

The Company and its subsidiaries have debenture agreements, which include restrictive clauses, normally applicable to these types of operations, related to the compliance with financial indicators, cash generation and others. These restrictive clauses are properly monitored and they do not restrict the ability to operate in the normal course of business.

Debentures have clauses determining maximum indebtedness levels and EBITDA indices, covenants, calculated based on the Company's consolidated quarterly information. For the period ended June 30, 2014, the Company is not exposed to early maturity of debts since it has complied with its Covenants or obtained waiver suspending the observation of the clause that provides for the maturity (1st issuance of debentures).

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:

	Consolidated		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Cash	-	250	214,197	233,182
Subject to VGV	9,432	12,212	409,376	492,060
(-) Net present value adjustment	-	(252)	(1,200)	(1,866)
Total	**9,432**	**12,210**	**622,373**	**723,376**
Current	9,432	12,210	399,646	506,449
Non-current	-	-	222,727	216,927
Total	**9,432**	**12,210**	**622,373**	**723,376**

The balances of obligations for acquisitions of properties, in regard to the financial barter, amount to R$ 409,376 on June 30, 2014, (R$ 492,060 on December 31, 2013). These operations are based on commitments assumed on the acquisition of land for real estate developments, upon settlement with the barterer of the land concurrently with the financial settlement by the clients of the real estate units sold and upon the transfer of financial resources, as provided for in the agreement.

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

The amounts of obligations for acquisitions of properties of the noncurrent portion have the following composition by maturity:

Year	Consolidated	
	06/30/2014	**12/31/2013**
2015	31,246	30,433
2016	29,439	28,720
2017	48,133	46,810
2018 onwards	113,909	110,964
Total	**222,727**	**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. Hence, tax payable is stated in assets or liabilities based on the difference between the profit recognized in such quarterly information and deferred current tax ("payable") according to the cash method.

a. Income and social contribution tax expenses

A significant majority of the SPEs chooses the taxation system based on presumed profit, where the tax basis is the income from sales, and, therefore, regardless of the financial results, the taxation rates average 3.08% of sales income. The consolidated income and social contribution tax expenses are summarized as follow:

	06/30/2014		06/30/2013	
Tax basis for calculation of taxes:	**IRPJ**	**CSLL**	**IRPJ**	**CSLL**
Income from real estate sales	1,974,272	1,974,272	2,507,419	2,507,419
Income from real estate sales - Taxable income	(93,597)	(93,597)	(320,257)	(320,257)
(-) Income from real estate sales at RET	(1,054,200)	(1,054,200)	(679,503)	(679,503)
(-) Income from real estate sales at deemed profit	**826,475**	**826,475**	**1,507,659**	**1,507,659**
Other income - Real estate development	82,776	82,776	58,756	58,756
Other income - Real estate development (taxable income)	(2,941)	(2,941)	(9,903)	(9,903)
(-) Other income - real estate development RET	(39,165)	(39,165)	(16,854)	(16,854)
Other income - Real estate development (deemed profit)	40,670	40,670	32,000	32,000
Presumed profit - Real estate development - IRPJ 8% - CSL	**69,372**	**104,057**	**123,173**	**184,759**
Rental/service income - taxable income	5,290	5,290	25,223	25,223
Rental/service income - deemed profits	13,425	13,425	11,576	11,576
Presumed profit - Services/Rentals - IRPJ - CSLL 32%	**4,296**	**4,296**	**3,704**	**3,704**
Deemed Profit (Development + Services)	**73,668**	**108,353**	**126,877**	**188,463**
(+) Financial income	17,133	17,133	35,814	35,814
(-) Financial income - Taxable income	(32,711)	(32,711)	(23,807)	(23,807)
(+) Other income	12,438	12,438	7,987	7,987
(-) Other income - Taxable income	(25,998)	(25,998)	(7,423)	(7,423)
Presumed profit tax basis	**103,239**	**137,924**	**139,448**	**201,034**
(-) Consolidated expense - Presumed profit - IRPJ/CSLL	(25,810)	(12,413)	(34,862)	(18,093)
(+) Deferred IRJP on temporary differences - Taxable income	3,847	1,431	16,510	6,713
(-) Consolidated expense - RET	(13,776)	(7,216)	(8,774)	(4,596)
Companies Taxed under the Presumed + Taxable Profit Methods	**(35,739)**	**(18,198)**	**(27,126)**	**(15,976)**
(+) Other	3,795	2,396	5,612	5,980
Expense no Income (loss)	**(31,944)**	**(15,802)**	**(21,514)**	**(9,996)**

	06/30/2014		06/30/2013	
Breakdown of expense	**IRPJ**	**CSLL**	**IRPJ**	**CSLL**
Current	(40,074)	(22,073)	(47,745)	(21,629)
Deferred	8,130	6,271	26,231	11,633
Expense no Income (loss)	**(31,944)**	**(15,802)**	**(21,514)**	**(9,996)**

Taxes (Income and social contribution taxes)	**06/30/2014**	**06/30/2013**
Current	(62,147)	(69,374)
Deferred	14,401	37,864

Some of the group's investees calculate their income and social contribution taxes by means of the taxable income system. In the periods ended June 30, 2014 and 2013, the calculation under the Taxable Income method did not generate Income tax and social contribution expenses to 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.

The deferred amounts of current assets in connection with income and social contribution taxes, PIS and COFINS are as follows:

	Consolidated	
Tax	**06/30/2014**	**12/31/2013**
IRPJ and CSLL	956	12,320
PIS and COFINS	1,393	5,521
Total	**2,349**	**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	
	06/30/2014	**12/31/2013**
Deferred income tax liabilities	182,512	186,771
Deferred social contribution tax liability	85,592	90,999
Total	**268,104**	**277,770**

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

On June 30, 2014, the balance of accumulated tax losses of the Company was R$ 1,273,694 (R$ 1,085,933 on December 31, 2013).

The balances of deferred tax liabilities are recorded as follows:

	Consolidated		Consolidated	
Tax	**06/30/2014**	**12/31/2013**	**06/30/2014**	**12/31/2013**
IRPJ and CSLL	-	-	268,104	277,770
PIS and COFINS	1,386	1,646	200,196	254,665
Total	**1,386**	**1,646**	**468,300**	**532,435**
Current portion	1,386	1,646	314,394	380,965
Portion in non-current liabilities	-	-	153,906	151,470
Total	**1,386**	**1,646**	**468,300**	**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. The amounts are as follows:

	Consolidated		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Unrecognized contracted sales	41,305	50,201	2,758,881	3,838,957
Construction commitment	(29,422)	(38,379)	(1,935,257)	(2,733,932)
Total	**11,883**	**11,822**	**823,624**	**1,105,025**

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

Year	Consolidated		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
2014	1,403	1,362	468,143	802,684
2015	10,480	10,460	262,950	257,304
2016	-	-	73,941	36,570
2017	-	-	18,590	8,467
Total	**11,883**	**11,822**	**823,624**	**1,105,025**

The result of real estate operations is recorded based on the accounting practice 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 June 30, 2014 quarterly information, as the respective book entries reflect recognized revenues net of the installments received.

The amount classified under the caption "Advances from clients", in current and noncurrent liabilities is as follows:

	Consolidated		Consolidated	
	06/30/2014	**12/31/2013**	**06/30/2014**	**12/31/2013**
Physical barter	2,750	2,750	487,872	556,321
Trade accounts receivable	4,312	3,811	253,684	206,474
Total	**7,062**	**6,561**	**741,556**	**762,795**
Current	7,062	6,561	332,696	404,857
Non-current	-	-	408,860	357,938
Total	**7,062**	**6,561**	**741,556**	**762,795**

18 Provisions

The Company and 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 "Other operating expenses."
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 - Probable loss	**06/30/2014**	**12/31/2013**
Labors	80,281	71,794
Tax	138	138
Civil	108,614	111,136
Total	**189,033**	**183,068**
Portion in non-current liabilities	189,033	183,068
Total	**189,033**	**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	8,487	-	-	8,487
Reversals	-	-	(2,522)	(2,522)
Balance at 06/30/2014	**80,281**	**138**	**108,614**	**189,033**

The proceeding s with a loss likelihood and deemed "possible" by the Company's legal counsel are composed of:

Nature - Possible loss	**Consolidated**	
	06/30/2014	**12/31/2013**
Labors	106,713	98,226
Civil	151,515	154,067
Tax	13,733	13,733
Total	**271,961**	**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 to the already exposed by the Company, below is the amount of the provision for warranty, which was accounted for in accordance with the accounting practice presented in note 2.8.a:

	Consolidated		**Consolidated**	
Provision for warranty1	**06/30/2014**	**12/31/2013**	**06/30/2014**	**12/31/2013**
Current	-	282	75,189	140,120
Non-current	343	-	55,859	88
Total Provision	**343**	**282**	**131,048**	**140,208**

(1) These are recorded under other provisions in the liabilities of the Company and its subsidiaries

19 Shareholders' equity

a. Capital

On June 30, 2014, the Company's capital is represented by 1,323,264,223 (one billion, three hundred twenty-three million, two hundred sixty-four thousand and two hundred twenty-three) registered common shares without par value, fully subscribed and paid-in, 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 shareholders' meeting. This limit considers all the capital increases made within the Company's authorized capital, since the Company's incorporation, including all capital increases approved by the Board of Directors. The Board of Directors' decision(s) approving such issuances of shares will define the conditions of the issuance, establishing if the increase will be made by public or private subscription, the price, type and payment conditions. Up to June 30, 2014, the total shares issued by the Board of Directors was 671,081,089 (Six hundred seventy-one million, eighty-one thousand and eighty-nine) common shares.

The Board of Directors, in the meeting held on March 26, 2014, approved with the consent of the Fiscal Council, the cancellation of the total of 16,283,700 (sixteen million, two hundred eighty-three thousand and seven hundred) registered common shares, without par value, of the Company, until then held in treasury, acquired in conformity with the Program of Repurchase of Shares approved in the Company's Board of Directors' meeting held on November 24, 2011, without reduction of capital stock and incorporated into the Company's reserve account.

The changes in the Company's capital is presented as follows, as June 30,2014:

	Quantity of common shares	**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 06/30/2014	**1,323,264,223**	**4,907,843**

b. Income (loss) per share

The tables that follow reconcile losses and the weighted average of shares outstanding with the sums used to calculate basic and diluted loss per share in the parent's and consolidated figures:

	06/30/2014	**06/30/2013**
Basic earnings per share		
Net income (loss) for the period available for common shares	(132,570)	(178,726)
Outstanding average weighted common shares	1,323,264	1,230,768
Income (loss) per share - (in R$) - Basic	**(0.10018)**	**(0.14522)**
Diluted earnings per share		
Net income (loss) for the period available for common shares	(132,570)	(178,726)
Outstanding average weighted common shares	1,323,264	1,230,768
Potential increase in common shares on account of the stock option plan	94,107	375
Potential increase in common shares on account of the capital increase - Subscription and debenture bonus	198,906	198,906
Income (loss) per share - (in R$) - diluted	**(0.08202)**	**(0.12498)**

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	Repurchase price	Average price
Common shares			
1st Repurchase program			
Strike of the options	5,900	33,989	5.76
2nd Repurchase program			
Strike of the options	10,384	71,751	6.91
Balance at 2012	**16,284**	**105,740**	**6.49**
Balance at 2013	**16,284**	**105,740**	**6.49**
Cancellation of treasury shares	(16,284)	(105,740)	(6.49)
Balance at 06/30/2014	-	-	-

Repurchased shares are presented in the column "Capital reserves, options granted and treasury shares" in the statements 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 on June 30, 2014 is represented by the amount of R$ 69,572 (R$ 62,822 on December 31, 2013) in regard to the adjustments of conversion of the Financial Statements, of the investee TGLT R$ 19,556 (R$ 12,806 on December 31, 2013); and on June 30, 2014 and December 31, 2013, R$ 27,374 and R$ 22,642 in regard to amortizations of goodwill of the 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.

The management of these risks is performed through the definition of conservative strategies aiming at liquidity, profitability and safety. The control policy consists of ongoing monitoring of contracted rates against market rates.

The key financial instruments commonly employed by the Company and its subsidiaries are those found under "Cash, banks and marketable securities" and "Funding of loans" and to fund projects under construction, funding with debenture issues and working capital loans, all under normal market conditions. All of these instruments are recognized under the criteria described in Note 2.4.

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.

At June 30, 2014, there was no significant concentration of credit risk associated with clients.

On June 30, 2014, the Company had the following fair value for Vinci Capitalization:

Fair value of financial instruments - Vinci Partners Capitalization

	06/30/2014	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 value of the issuance	**1,989**	**1,989**
Ticker PDGR-D81 (in Reais)	0.02	0.02
Fair value of the 8th issuance	**3,978**	**3,979**

These debentures have option of conversion into shares and are traded in active market, accordingly the Company calculated the fair value based on the price on the base date of the quarterly information.

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 June 30, 2014, three different scenarios were defined.

Based on the values of TR and CDI in effect on June 30, 2014, a likely scenario was defined for the next 12 months, on which basis changes from 25% to 50% were found.

		Scenario		
Operation	**Risk**	**Probable I**	**Scenario 25%**	**Scenario 50%**
Financings				
Rate subject to variation	CDI	160,765	195,285	229,854
Rate subject to variation	TR	234,470	237,598	240,726
Projected charges		**395,235**	**432,883**	**470,580**
Debentures				
Rate/index subject to	CDI	94,297	114,939	135,589
Balance of debentures	TR	48,059	48,716	49,374
Projected charges		**142,356**	**163,655**	**184,963**

Capital management

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

The Company manages capital by means of leverage quotients, equal to net indebtedness divided by total capital, plus net indebtedness. The Company includes in the net debt the loans and financing except SFH and other debts destined to the support to production, less cash and cash equivalents and cash investments.

	06/30/2014	12/31/2013
Gross debt		
. SHF debt	3,262,665	3,759,454
. Other corporate debts	840,899	145,171
Total loans and financing	**4,103,564**	**3,904,625**
Debenture	1,387,320	1,460,396
Bank Credit Bills (CCBs) and co-obligations	2,573,916	3,001,912
Total gross debt	**8,064,800**	**8,366,933**
(-) Cash and cash equivalents and interest earning bank deposits	(884,208)	(1,353,348)
Net debt	**7,180,592**	**7,013,585**
(-) SHF debt	(3,262,665)	(3,759,454)
(-) CCB debt - Support to production	(208,185)	(208,232)
(-) Debentures debt - Support to production	(592,872)	(542,012)
Net debt less debt with support to production	**3,116,870**	**2,503,887**
Total consolidated shareholders' equity	**5,200,221**	**5,330,053**
Debt (without SFH and Support to production) / Shareholders' equity	59.9%	47.0%

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 give priority to funds from SBPE and SFH financing to production as they permit better matching between maturities of assets and liabilities and, also, funds originated from portfolio transfer to banks are used by them to amortize this debt. Historically and in recent past, we have obtained full success in matching asset and liability maturities.

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

Foreign exchange rate risk
On June 30, 2014, the Company had no debts or amounts receivable denominated in foreign currency. In addition, no material cost of the Company is denominated in foreign currency, except for the investee TGLT, whose functional currency is Argentine 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 -fixed rates in first-class banks, bearing in mind ratings by the key risk agencies and respecting prudential concentration limits.

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

Market value of financial instruments
The financial instruments' book values, consisting substantially in short-term investments and loans, are shown in the June 30, 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 no. 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 June 30, 2014, we defined the following three scenarios: Based on the values of CDI in effect on June 30, 2014 and defined as a probable scenario, as of which scenarios with devaluation of 25% (Scenario II) and 50% (Scenario III).

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 June 30, 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 - fixed income	241,784	10.91%	8.18%	5.46%
Projected income		26,379	19,778	13,201
Bank deposit certificates	271,866	10.91%	8.18%	5.46%
Projected income		29,661	22,239	14,844
Resale commitments and immediate liquidity operations	67,740	10.91%	8.18%	5.46%
Projected income		7,390	5,541	3,699

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

Risk for a new Company development is calculated bearing in mind what could be the loss should the latter decide to wind up the investment under extreme conditions. To this end a winding up price is defined, which may be estimated only in markets in which price formation is consistent, this consistency being defined as demand sensitivity to changes in price. The maximum loss expected in each project is calculated and a portion of company capital is allocated to support this risk.

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

d. Control over maximum cash exposure

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

e. Operation in a liquid market

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

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

f. 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 units' purchasers by means of an active management of the development's 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 company´s 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 June 30, 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.	6,236,572
Guarantee of delivery of real estate property insurance	Ensures the delivery of properties to conditional buyers.	310,637
Equipment	Covers property damage to machinery and equipment of any nature	7,219
Corporate	Material damage caused by electrical damages, fire, windstorm, riots, assuring the loss of rental income	1,968,490
D&O	Management's civil liability.	50,000
		8,572,918

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 ("Compensation Committee"), composed of 3 board members, which holds powers to establish stock option programs ("Programs") that define each years' grants and applicable rules. The Committee is empowered to define the appropriate standards in connection with granting options every year, by means of stock option programs ("Programs"). The granting of options, through the establishment of the Programs, must respect the maximum limit of 8% of the Company's shares at the granting date of each program. Shares issued under the Plan will enjoy the same rights as existing shares on their respective issuance 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, plus grace period up to January 2016.

Below is the summary of changes in the call options of the Company:

	3rd plan
Balance at December 31, 2012	**12,290,838**
Canceled	(11,915,838)
Balance at December 31, 2013	**375,000**
Balance at June 30, 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% (December 31, 2013: 2.80%), according to the calculation below: according to the calculation below:

	06/30/2014	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 plan's conclusion on December 31, 2014, the total sum of expenses for 2014 with stock option plans would rise to R$ 390, calculated using the Black & Scholes method, bearing in mind the exercise period, volatility based on the background of Company shares, the risk-free rate and dividend payout proposal.

The premium for these shares was found on the date of their granting and was acknowledged as an expense against shareholders' equity, during the grace period and as the services are provided.

Up to June 30, 2014, we have accumulated expense in the result of the Company, in the amount of R$ 99 (R$ -13,389 on June 30, 2013).

b. Long-term incentive plan

The Extraordinary Shareholders' Meeting, held on December 19, 2013, approved the Company's Long-Term Incentive Plan, under the Type of Call Option of Shares, whose purposes are as follows:

(i) providing incentive for the expansion, success and achievement of the Company's social goals;

(ii) to align the interests of the Company's shareholders to the interests of the eligible people; and

(iii) to enable the Company or other companies under its control to attract and maintain the eligible people linked to it (them).

The eligible beneficiaries under the type of call option of shares are the administrators and employees of the Company or of other companies under its control, as long as approved by the Company's Board of Directors.

The Company's Board of Directors, when considered convenient, will approve the granting of options, electing the beneficiaries to which the options will be granted under the terms of the plan, fixing the exercise price of the options and their payment conditions, establishing the terms and conditions of the exercise of the options and imposing any other conditions related to these options.

These options may be exercised as long as the respective beneficiaries remain continuously linked as administrator or employee of the Company or of any other company under its control, for the period between the granting date and the dates specified below:

(i) 20% (twenty percent) of the options may be exercised after the 2nd anniversary of the granting date;

(ii) 20% (twenty percent) of the options may be exercised after the 3rd anniversary of the granting date;

(iii) 30% (thirty percent) of the options may be exercised after the 4th anniversary of the granting date;

(iv) 30% (thirty percent) of the options may be exercised after the 5th anniversary of the granting date;

The Options not exercised within the terms and conditions established will be considered automatically extinguished, with no right to indemnity, observing the maximum period of validity of the options, which will be of 6 (six) years from the granting date.

In the hypotheses of termination of the beneficiary, the rights granted to him under the plan may be extinguished or modified, as follows:

If, at any time, the beneficiary:

a. voluntarily leaves the Company, resigning from his job, renouncing his position as administrator, due to normal retirement or permanent disability, and also, if he is dismissed by the Company, without just cause, or withdrawn from his position without violation of the duties and attributions of administrator, the options not yet exercisable in conformity with the respective option agreement, on the termination date, will be automatically extinguished, of full right, irrespective of prior notice or notification, and without any right to indemnity. And the options already exercisable in conformity with the respective option agreement, on the termination date, may be exercised, within 30 (thirty) days from the termination date, after which they will be automatically extinguished, of full right, irrespective of prior notice or notification, and without any right to indemnity.

b. is separated from the Company, due to dismissal with just cause or withdrawn from his position for having violated the duties and attributions of administrator, all the options already exercisable or not yet exercisable in conformity with the respective option agreement, on the termination date, will be automatically extinguished, of full right, irrespective of prior notice or notification, and without any right to indemnity.

c. is separated from the Company due to death, the options not yet exercisable in conformity with the respective option agreement, on the termination date, will be automatically extinguished, of full right, irrespective of prior notice or notification, and without any right to indemnity. And the options already exercisable in conformity with the respective option agreement, on the death date, may be exercised by the heirs and legal successors of the beneficiary, within 12 (twelve) months from the termination date , after which they will be automatically extinguished, of full right, irrespective of prior notice or notification, and without any right to indemnity.

The total shares that may be acquired under the plan will not exceed 8% (eight percent) of the shares representative of the Company's total capital stock (including the shares issued as result of the exercise of options based on this plan), as long as the total number of shares issued or which may be issued under the terms of the plan is always within the limit of the Company's authorized capital.

The summary of the call options of the Company's shares, corresponding to this plan on June 30, 2014, is represented by 93,731,953 shares, and the exercise price payable by the holders is R$ 1.82 per Option, less dividends and interest on own capital per share paid by the Company between the granting date and the option exercise date.

The fair price for the stock option plan is presented by using the Black & Scholes option pricing model, assuming a 7.4% dividend payment, expected volatility of roughly 29.9% per annum, 11.6% weighted average risk-free rate and 5-year final maturity.

The dilution of current beneficiaries, on June 30, 2014, in case of full exercise of the options granted would be 7.08% (on December 31, 2013: 7.00%), according to the calculation below:

	06/30/2014	**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 plan's conclusion in 2018, the total sum of expenses with stock option plans would rise to R$ 38,772, calculated using the Black & Scholes method, bearing in mind the exercise period, volatility based on the background of Company shares, the risk-free rate and dividend payout proposal.

As provided in CPC 10 - Share-Based Payments, approved under CVM Resolution no. 564/08, the premium for these shares was found on the date of their granting and was acknowledged as an expense against shareholders' equity, during the grace period and as the services are provided.

Up to June 30, 2014, we have accumulated expense in the result of the Company, in the amount of R$ 5,487.

The balances to be recognized in the Company's income, considering the two plans, are as follows:

Year	**Stock options expenses (Plan A)**	**Stock options expenses (Plan B)**	**Total**
2014	(196)	(5,684)	(5,880)
2015	-	(11,066)	(11,066)
2016	-	(8,042)	(8,042)
2017	-	(5,568)	(5,568)
2018	-	(2,540)	(2,540)

24 Segment information

The Company reviews the form of evaluating of its business and understands that its business units do not mean different segments, but subdivisions of the real estate development segment. Accordingly not presenting information by segment.

25 Net operating income

Below follows a breakdown of the Company's net operating income on June 30, 2014 and 2013:

	Consolidated				Consolidated			
	04/01/2014 to 06/30/2014	**01/01/2014 to 06/30/2014**	**04/01/2013 to 06/30/2013**	**01/01/2013 to 06/30/2013**	**04/01/2014 to 06/30/2014**	**01/01/2014 to 06/30/2014**	**04/01/2013 to 06/30/2013**	**01/01/2013 to 06/30/2013**
Real estate sales	8,832	20,072	5,399	9,334	917,678	2,057,048	1,171,504	2,507,419
Other operating income	-	-	-	-	41,542	60,257	13,321	37,171
(-) Deductions from income	124	(200)	19,256	18,913	(33,227)	(70,953)	(44,196)	(78,777)
Net operating income	**8,956**	**19,872**	**24,655**	**28,247**	**925,993**	**2,046,352**	**1,140,629**	**2,465,813**

26 Costs of units sold

Below follows a breakdown of the Company's properties sold on June 30, 2014 and 2013:

	Consolidated				Consolidated			
	04/01/2014 to 06/30/2014	**01/01/2014 to 06/30/2014**	**04/01/2013 to 06/30/2013**	**01/01/2014 to 06/30/2014**	**04/01/2014 to 06/30/2014**	**01/01/2014 to 06/30/2014**	**04/01/2013 to 06/30/2013**	**01/01/2013 to 06/30/2013**
Costs of units sold	(3,947)	(13,983)	(4,283)	(33,891)	(656,356)	(1,454,103)	(832,961)	(1,798,217)
Capitalized charges	(784)	(1,844)	-	-	(74,578)	(159,037)	(97,963)	(186,252)
Goodwill on land	-	-	(5,349)	(18,723)	(207)	(1,933)	(5,349)	(18,723)
Cost of properties sold	**(4,731)**	**(15,827)**	**(9,632)**	**(52,614)**	**(731,141)**	**(1,615,073)**	**(936,273)**	**(2,003,192)**

27 Financial Result

	Consolidated				Consolidated			
	04/01/2014 to 06/30/2014	**01/01/2014 to 06/30/2014**	**04/01/2013 to 06/30/2013**	**01/01/2013 to 06/30/2013**	**04/01/2014 to 06/30/2014**	**01/01/2014 to 06/30/2014**	**04/01/2013 to 06/30/2013**	**01/01/2013 to 06/30/2013**
Financial income								
Yield from financial investments	8,609	18,649	7,848	13,915	17,939	37,576	10,722	22,542
Fair value of debentures	(1,989)	-	29,836	29,836	(1,989)	-	29,836	29,836
Monetary variation, interest and fines	7,817	10,784	475	688	31,171	71,259	31,726	53,021
Other financial income	4,233	12,053	2,727	2,776	(11,477)	5,542	664	7,832
	18,670	**41,486**	**40,886**	**47,215**	**35,644**	**114,377**	**72,948**	**113,231**
Financial expenses								
Interest on loans	(126,697)	(233,995)	(126,498)	(229,307)	(235,349)	(445,194)	(248,308)	(411,517)
Fair value of debentures	-	-	35,803	-	-	-	35,803	-
Bank expenses	(21)	(48)	(140)	(962)	(955)	(2,081)	(3,023)	(6,080)
Other financial expenses	(2,633)	(6,844)	(2,702)	(3,756)	(5,411)	(13,959)	(1,859)	(9,209)
Total financial expenses	**(129,351)**	**(240,887)**	**(93,537)**	**(234,025)**	**(241,715)**	**(461,234)**	**(217,387)**	**(426,806)**
Capitalized interest (note 6)	1,129	2,384	9,115	28,139	78,758	159,207	106,229	190,889
	(128,222)	**(238,503)**	**(84,422)**	**(205,886)**	**(162,957)**	**(302,027)**	**(111,158)**	**(235,917)**
Total financial income	**(109,552)**	**(197,017)**	**(43,536)**	**(158,671)**	**(127,313)**	**(187,650)**	**(38,210)**	**(122,686)**

28 Administrative expenses (G&A)

	Consolidated				Consolidated			
	04/01/2014 to 06/30/2014	01/01/2014 to 06/30/2014	04/01/2013 to 06/30/2013	01/01/2013 to 06/30/2013	04/01/2014 to 06/30/2014	01/01/2014 to 06/30/2014	04/01/2013 to 06/30/2013	01/01/2013 to 06/30/2013
Salaries and payroll charges	(1,277)	(2,557)	(2,315)	(3,182)	(42,618)	(84,062)	(68,931)	(136,529)
Management compensation	(1,275)	(2,510)	(1,732)	(2,338)	(2,039)	(4,052)	(2,078)	(3,800)
Stock options	(2,792)	(5,586)	18,212	13,389	(2,792)	(5,586)	18,212	13,389
Profit sharing	-	-	(19,249)	(22,254)	(10,960)	(23,449)	(20,503)	(25,701)
Salaries and payroll charges	**(5,344)**	**(10,653)**	**(5,084)**	**(14,385)**	**(58,409)**	**(117,149)**	**(73,300)**	**(152,641)**
Lawyers' fees and court costs	(295)	(765)	(328)	(974)	(1,025)	(3,577)	(3,226)	(5,750)
IT maintenance	-	(15)	(2,109)	(2,769)	(6,447)	(9,305)	(7,428)	(12,921)
Consulting	(1,586)	(1,924)	(1,210)	(11,434)	(11,293)	(17,620)	(7,428)	(23,943)
Other services	3	239	191	(239)	(2,310)	(5,932)	(5,221)	(6,966)
Rendering of services	**(1,878)**	**(2,465)**	**(3,456)**	**(15,416)**	**(21,075)**	**(36,434)**	**(23,303)**	**(49,580)**
Traveling	-	-	(67)	(366)	(2,009)	(3,728)	(3,320)	(5,164)
Telecommunications and Internet	(116)	(263)	(161)	(385)	(2,293)	(4,928)	(3,273)	(5,981)
Rental and renewal of real estates	-	(454)	(586)	(1,436)	(5,348)	(11,461)	(5,083)	(13,028)
Other expenses	(329)	(1,347)	(241)	(669)	(2,677)	(9,340)	(1,143)	(10,462)
Other administrative expenses	**(445)**	**(2,064)**	**(1,055)**	**(2,856)**	**(12,327)**	**(29,457)**	**(12,819)**	**(34,635)**
Total	**(7,667)**	**(15,182)**	**(9,595)**	**(32,657)**	**(91,811)**	**(183,040)**	**(109,422)**	**(236,856)**

29 Commercial expenses

	Consolidated				Consolidated			
	04/01/2014 to 06/30/2014	01/01/2014to 06/30/2014	04/01/2013 to 06/30/2013	01/01/2013 to 06/30/2013	04/01/2014to 06/30/2014	01/01/2014to 06/30/2014	04/01/2013 to 06/30/2013	01/01/2013 to 06/30/2013
Advertising and publicity	(456)	(827)	(1,024)	(1,593)	(24,027)	(43,023)	(18,246)	(33,174)
Commissions and bonuses on sales	(135)	(270)	(110)	(357)	(16,461)	(33,634)	(15,393)	(30,195)
Sales Stand	(83)	(211)	(520)	(1,045)	(6,817)	(12,874)	(22,444)	(37,583)
Total	**(674)**	**(1,308)**	**(1,654)**	**(2,995)**	**(47,305)**	**(89,531)**	**(56,083)**	**(100,952)**

30 Independent auditors

KPMG Auditores Independentes (KPMG) was contracted by PDG Group in 2014 to provide of external audit services in relation to the audit of its annual Financial Statements and reviews of its quarterly information.

In addition, KPMG was contracted by PDG Group in 2014 to provide of the following services not related to the external audit:

- Review of taxes in the total amount of R$ 100.

Upon contracting of services to be provided by the independent audit, the Company evaluates the context of the procedures to be performed, preserving the independence and objectivity of the auditor, pursuant to guidelines and standards that regulate the auditor's service and the relationship with the Company.

The purpose of this evaluation is to guarantee that the work does not create threats to the independence of the audit or of the members of the audit team, whether of threats of self-review, of own interest and defense of the Company's interest. Accordingly, the sufficiency and adequacy of data to be collected during the work are responsibility of the Company's management, as well as the responsibility for the decisions and performance of actions that might affect the Company.

The Company's management, as well as its independent auditors, understands that the aforementioned services do not affect the independence and objectivity of KPMG, necessary to perform the audit services in accordance with the rules in force in Brazil.

31 Subsequent events

On July 1, a SPE controlled by PDG was included in the Master File of Employers of the Ministry of Work and Employment. On July 18, this SPE was excluded from the Master File, pursuant to injunction of the Higher Court of Justice filed on July 14.

Fiscal Council Opinion

The Supervisory Board members of PDG Realty S.A Empreendimentos e Participações corporation headquartered in city and state of Rio de Janeiro, at Quitanda Street, 86, 4th floor, Zip Code 20091-005, CNPJ /MF n° 02.950.811/0001-89 ("Company"), 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, on meeting held as of July 29, 2014, reviewed: (i) the Management Report and the Financial Statements for the year ended June 30 2014, comprising the balance sheet, statement of income, statements of changes in shareholders' 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 Quarterly Information

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, Quitanda Street, 86, 4th floor, Zip Code 20091-005, enrolled with CNPJ/MF no. 02.950.811/0001-89 (the "Company"), pursuant to the terms of item V of paragraph 1 of Article 25 of CVM Instruction 480, of December 7, 2009, that we have reviewed, discussed and agreed with the Company's financial statements for the period ended June30, 2014.

Rio de Janeiro, July 30, 2014

CARLOS AUGUSTO LEONE PIANI
Chief Executive Officer

MARCO RACY KHEIRALLAH
Chief Finance Officer

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, Quitanda Street, 86, 4th floor, Zip Code 20091-005, enrolled with CNPJ/MF under no. 02.950.811/0001-89 (the “Company”), pursuant to the terms of item V of paragraph 1 of Article 25 of CVM Instruction 480, of December 7, 2009, that we have reviewed, discussed and agreed with the opinions expressed in the Company’s independent auditors’ report (KPMG Auditores Independentes) referring to the Company’s financial statements for the period ended June 30, 2014.

Rio de Janeiro, July 30, 2014

CARLOS AUGUSTO LEONE PIANI
Chief Executive Officer

MARCO RACY KHEIRALLAH
Chief Finance Officer