Financial Statements

2014

("A free translation from Portuguese into English")

Financial Statements

MRV Engenharia e Participações S.A.

Individual and Consolidated
Financial Statements
for the Year Ended December 31, 2014 and
Independent Auditor's Report

MRV Engenharia e Participações S.A.

Financial Statements

December 31, 2014

Contents

A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and on consolidated financial information in accordance with IFRS and also with accounting practices adopted in Brazil

Independent auditor’s report on financial statements

The Board of Directors and Shareholders
MRV Engenharia e Participações S.A.
Belo Horizonte - MG

We have audited the accompanying individual and consolidated financial statements of MRV Engenharia e Participações S.A. (“Company”), identified as Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2014, and the related statements of income, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting practices and other explanatory notes.

Management’s responsibility for the financial statements

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

Auditor’s responsibility

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

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

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

Opinion on the individual and consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable to Brazilian real estate development entities approved by Brazilian Accounting Practices Committee (CPC), Brazilian Securities and Exchange Commission (CVM) and Brazilian Professional Accounting Body (CFC)

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the financial position of MRV Engenharia e Participações S.A. as of December 31, 2014, and its individual and consolidated financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) applicable to Brazilian real estate development entities approved by Brazilian Accounting Practices Committee (CPC), the Brazilian Securities and Exchange Commission (CVM) and Brazilian Professional Accounting Body (CFC).

Emphasis of a matter

Guidance OCPC 04

As mentioned in Note 2.1, the individual and consolidated financial information were prepared in accordance with the accounting practices adopted in Brazil. The individual and consolidated financial information prepared in accordance with IFRS applicable to Brazilian Real Estate Development Entities, additionally considers Guidance OCPC 04 issued by the Brazilian Accounting Practices Committee (CPC), which addresses revenue recognition for this industry and involves matters related to the meaning and application of the concept of continuous transfer of risks, rewards and control on sale of real estate units as described in Note 2.1. Our opinion is not qualified in respect of this matter.

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added (SVA) for the year ended December 31, 2014, prepared under the responsibility of the Company's management, the presentation of which is required by Brazilian Corporation Law for publicly held companies and presented as supplementary information under IFRS, whereby no SVA presentation is required. These statements have been subject to the same auditing procedures previously described and, in our opinion, are presented fairly, in all material respects, in relation to the overall financial statements.

Belo Horizonte, March 04, 2015

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6 – F-MG

Flávio de Aquino Machado
Accountant CRC-1MG065899/O-2

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MRV ENGENHARIA E PARTICIPAÇÕES S.A.

BALANCE SHEETS AS AT DECEMBER 31, 2014 AND 2013
(In thousands of Brazilian reais - R$)

		Individual		Consolidated	
	Notes	**12/31/2014**	**12/31/2013**	**12/31/2014**	**12/31/2013**
Assets					
Current assets					
Cash and cash equivalents	4	**712,618**	1,014,842	**1,217,497**	1,422,595
Marketable securities	5	**154,519**	258,721	**154,699**	266,059
Receivables from real estate development	6	**1,409,586**	1,386,889	**2,431,918**	2,294,413
Receivables from services provided	6	**1,355**	1,245	**2,075**	1,269
Real estate for sale	7	**1,450,286**	1,114,444	**2,125,001**	1,735,429
Recoverable taxes	15	**155,038**	94,515	**206,261**	111,715
Prepaid expenses		**26,908**	3,573	**39,991**	3,607
Other assets		**45,029**	31,751	**54,889**	35,509
Total current assets		**3,955,339**	3,905,980	**6,232,331**	5,870,596
Noncurrent assets					
Receivables from real estate development	6	**891,830**	1,144,975	**1,528,046**	1,952,088
Real estate for sale	7	**1,305,056**	1,038,611	**1,920,469**	1,489,988
Receivables from related parties	18	**53,684**	50,514	**56,954**	50,514
Prepaid expenses		**19,723**	21,186	**32,589**	33,621
Other noncurrent assets		**53,010**	45,670	**60,425**	42,034
Investments - interests in subsidiaries and jointly controlled entities	8	**2,532,498**	2,201,024	**825,447**	632,285
Property and equipment	9	**67,734**	65,157	**84,028**	79,823
Intangible assets	10	**76,776**	47,499	**76,886**	47,500
Total noncurrent assets		**5,000,311**	4,614,636	**4,584,844**	4,327,853
Total assets		**8,955,650**	8,520,616	**10,817,175**	10,198,449
Liabilities and shareholders' equity					
Current liabilities					
Trade payables		**194,995**	109,660	**241,888**	187,781
Loans, financing and debentures	11	**889,919**	659,464	**993,083**	774,692
Land payables	12	**321,029**	224,741	**415,501**	292,495
Advances from customers	13	**552,689**	642,919	**884,293**	933,464
Payroll and related taxes	14	**61,680**	73,617	**122,854**	91,912
Taxes payable	15	**23,910**	28,112	**50,290**	48,445
Provision for maintenance of real estate	16	**18,764**	18,844	**33,733**	32,853
Deferred tax liabilities	26	**42,552**	47,191	**78,791**	81,223
Proposed dividends	19	**171,050**	100,483	**171,050**	100,483
Other payables		**12,423**	11,055	**14,609**	17,318
Total current liabilities		**2,289,011**	1,916,086	**3,006,092**	2,560,666
Noncurrent liabilities					
Loans, financing and debentures	11	**1,283,074**	1,975,793	**1,508,947**	2,243,031
Land payables	12	**473,367**	154,477	**785,874**	264,361
Advances from customers	13	**395,795**	262,613	**639,742**	576,386
Provision for maintenance of real estate	16	**49,995**	53,521	**89,772**	89,988
Provision for civil, labor and tax risks	17	**48,327**	23,403	**49,048**	23,403
Deferred tax liabilities	26	**24,805**	33,108	**48,403**	61,671
Other payables		**3,268**	432	**16,379**	13,543
Total noncurrent liabilities		**2,278,631**	2,503,347	**3,138,165**	3,272,383
Total liabilities		**4,567,642**	4,419,433	**6,144,257**	5,833,049
Shareholders' equity					
Share capital	19	**3,507,206**	3,197,819	**3,507,206**	3,197,819
Capital reserves		**18,447**	31,911	**18,447**	31,911
Earnings reserves		**862,355**	831,260	**862,355**	831,260
Proposed additional dividends	19	**-**	40,193	**-**	40,193
Equity attributable to Company shareholders		**4,388,008**	4,101,183	**4,388,008**	4,101,183
Noncontrolling interests	19	**-**	-	**284,910**	264,217
Total shareholders' equity		**4,388,008**	4,101,183	**4,672,918**	4,365,400
Total liabilities and shareholders' equity		**8,955,650**	8,520,616	**10,817,175**	10,198,449

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

("A free translation from Portuguese into English")

MRV ENGENHARIA E PARTICIPAÇÕES S.A.

STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousands of Brazilian reais - R$, except earnings per share)

		Individual		Consolidated	
	Notes	2014	2013	2014	2013
Net operating revenue	22	**2,439,389**	2,349,395	**4,186,185**	3,870,608
Cost of real estate sold and services	23	**(1,728,988)**	(1,708,579)	**(3,002,072)**	(2,849,186)
Gross profit		**710,401**	640,816	**1,184,113**	1,021,422
Operating income (expenses)					
Selling expenses	23	**(235,862)**	(180,967)	**(356,486)**	(269,779)
General and administrative expenses	23	**(253,748)**	(238,425)	**(259,160)**	(244,134)
Other operating expenses, net		**(64,637)**	(26,593)	**(79,535)**	(38,868)
Results from equity participation	8	**534,750**	252,005	**214,744**	177
Operating profit before financial income (expenses)		**690,904**	446,836	**703,676**	468,818
Financial income (expenses):					
Financial expenses	24	**(100,702)**	(131,882)	**(112,042)**	(137,014)
Financial income	24	**106,429**	94,832	**161,387**	128,748
Financial income from receivables from real estate development	24	**38,485**	25,590	**61,630**	38,501
Income before income tax and social contribution		**735,116**	435,376	**814,651**	499,053
Income tax and social contribution:					
Current	26	**(47,602)**	(30,545)	**(97,275)**	(67,053)
Deferred	26	**32,697**	18,253	**34,024**	18,195
	26	**(14,905)**	(12,292)	**(63,251)**	(48,858)
Net income for the year		**720,211**	423,084	**751,400**	450,195
Net income attributable to:					
Company owners				**720,211**	423,084
Noncontrolling interests				**31,189**	27,111
				751,400	450,195
Earnings per share (in R$):					
Basic	20	**1.57026**	0.89082	**1.57026**	0.89082
Diluted	20	**1.56826**	0.88475	**1.56826**	0.88475

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

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MRV ENGENHARIA E PARTICIPAÇÕES S.A.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousands of Brazilian reais - R$)

	Individual		Consolidado	
	2014	**2013**	**2014**	**2013**
Net income	**720,211**	423,084	**751,400**	450,195
Other components of comprehensive income	**-**	-	**-**	-
Total comprehensive income for the year	**720,211**	423,084	**751,400**	450,195
Comprehensive income attributable to:				
Company owners			**720,211**	423,084
Noncontrolling interests			**31,189**	27,111
			751,400	450,195

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

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MRV ENGENHARIA E PARTICIPAÇÕES S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousands of Brazilian reais - R$)

		Capital reserves			Earnings reserves							
	Share capital	Share issuance costs	Recognized stock options granted	Special goodwill	Legal	Earnings retention	Treasury shares	Retained earnings	Proposed additional dividends	Equity attributable to Company owners	Noncontrolling interests	Total
BALANCE AT JANUARY 1, 2013	2,650,615	(26,309)	33,957	18,554	127,816	1,062,669	(65,669)	-	-	3,801,633	286,340	4,087,973
Capital increase arising from the capitalization of the earnings reserve	546,999	-	-	-	-	(546,999)	-	-	-	-	-	-
Capital increases	205	-	-	-	-	-	-	-	-	205	-	205
Distribution to noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(7,936)	(7,936)
Stock options	-	-	5,709	-	-	-	-	-	-	5,709	-	5,709
Treasury shares purchased	-	-	-	-	-	-	(26,389)	-	-	(26,389)	-	(26,389)
Capital transaction	-	-	-	-	-	-	-	(2,576)	-	(2,576)	(41,298)	(43,874)
Net income for the year	-	-	-	-	-	-	-	423,084	-	423,084	27,111	450,195
Allocation of net income:												
Recognition of legal reserve	-	-	-	-	21,154	-	-	(21,154)	-	-	-	-
Mandatory minimum dividends	-	-	-	-	-	-	-	(100,483)	-	(100,483)	-	(100,483)
Proposed additional dividends	-	-	-	-	-	-	-	(40,193)	40,193	-	-	-
Earnings retention	-	-	-	-	-	258,678	-	(258,678)	-	-	-	-
BALANCE AT DECEMBER 31, 2013	3,197,819	(26,309)	39,666	18,554	148,970	774,348	(92,058)	-	40,193	4,101,183	264,217	4,365,400
Capital increases	417	-	-	-	-	-	-	-	-	417	-	417
Capital increase arising from the capitalization of the earnings reserve	308,970	-	-	-	(148,970)	(160,000)	-	-	-	-	-	-
Capital transaction	-	-	-	-	-	-	-	(24)	-	(24)	137	113
Supplementary year 2013 dividends approved at ASM 4/30/2014	-	-	-	-	-	-	-	-	(40,193)	(40,193)	-	(40,193)
Distribution to noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(10,633)	(10,633)
Treasury shares purchased	-	-	-	-	-	-	(228,662)	-	-	(228,662)	-	(228,662)
Treasury shares transferred and canceled	-	-	-	(18,554)	-	(275,159)	293,713	-	-	-	-	-
Proceeds from exercised stock options	-	-	-	-	-	-	1,036	-	-	1,036	-	1,036
Stock options	-	-	5,090	-	-	-	-	-	-	5,090	-	5,090
Net income for the year	-	-	-	-	-	-	-	720,211	-	720,211	31,189	751,400
Allocation of net income:												
Recognition of legal reserve	-	-	-	-	36,011	-	-	(36,011)	-	-	-	-
Mandatory minimum dividends	-	-	-	-	-	-	-	(171,050)	-	(171,050)	-	(171,050)
Earnings retention	-	-	-	-	-	513,126	-	(513,126)	-	-	-	-
BALANCE AT DECEMBER 31, 2014	**3,507,206**	**(26,309)**	**44,756**	**-**	**36,011**	**852,315**	**(25,971)**	**-**	**-**	**4,388,008**	**284,910**	**4,672,918**

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

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MRV ENGENHARIA E PARTICIPAÇÕES S.A.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 - INDIRECT METHOD
(In thousands of Brazilian reais - R$)

	Notes	Individual 2014	Individual 2013	Consolidated 2014	Consolidated 2013
Cash flows from operating activities					
Net income for the year		**720,211**	423,084	**751,400**	450,195
Adjustments to reconcile net income to cash generated by operating activities:					
Depreciation and amortization		**29,168**	28,469	**36,353**	35,847
Recognized stock options granted	23	**4,940**	5,512	**4,940**	5,512
Gain on sale of property and equipment and real estate for sale		**4,522**	4,154	**5,256**	5,245
Financial result		**51,080**	74,637	**41,783**	69,401
Results from equity participation	8	**(534,750)**	(252,005)	**(214,744)**	(177)
Gain on change in the percentage interest held in investment	8	**-**	(22,681)	**-**	(22,681)
Provision for maintenance of real estate		**30,307**	13,744	**53,274**	24,260
Provision for civil, labor and tax risks		**35,734**	14,199	**36,455**	14,199
Amortization of prepaid expenses		**34,253**	26,961	**54,980**	43,190
Deferred income tax and social contribution	26	**(32,697)**	(18,253)	**(34,024)**	(18,195)
Deferred taxes on revenue (PIS & COFINS)		**(8,770)**	(56,708)	**(10,048)**	(58,998)
		333,998	241,113	**725,625**	547,798
(Increase) decrease in operating assets:					
(Increase) decrease in trade receivables		**259,128**	371,806	**331,366**	441,606
(Increase) decrease in real estate for sale		**85,749**	240,318	**132,441**	269,653
(Increase) decrease in prepaid expenses		**(56,125)**	(32,479)	**(90,332)**	(52,969)
(Increase) decrease in other assets		**(63,286)**	37,342	**(130,833)**	91,304
Increase (decrease) in operating liabilities:					
Increase (decrease) in trade payables		**65,335**	(67,419)	**34,207**	(55,395)
Increase (decrease) in payroll and related taxes		**(11,937)**	13,093	**30,942**	2,918
Increase (decrease) in taxes, fees and contributions		**48,497**	17,081	**104,476**	51,633
Increase (decrease) in advances from customers		**(46,661)**	(158,676)	**(74,698)**	(312,580)
Increase (decrease) in other payables		**(2,978)**	(7,205)	**(12,441)**	(11,621)
Interest paid		**(250,352)**	(246,361)	**(280,340)**	(280,820)
Income tax and social contribution paid		**(42,043)**	(26,376)	**(75,779)**	(61,393)
Realization of real estate maintenance		**(47,338)**	(33,651)	**(73,766)**	(50,177)
Amounts paid for civil, labor and tax risks	17	**(17,342)**	(11,065)	**(17,342)**	(11,065)
Net cash generated by operating activities		**254,645**	337,521	**603,526**	568,892
Cash flows from investing activities					
Decrease (increase) in investment securities		**125,001**	(88,047)	**132,159**	(95,309)
Advances to related companies		**(39,007)**	(97,594)	**(42,255)**	(97,594)
Receipts from related companies		**40,229**	97,520	**40,229**	97,520
Decrease in (acquisition of/contribution to) investments		**203,171**	114,554	**21,732**	(33,563)
Purchase of property and equipment and intangible assets		**(45,289)**	(34,471)	**(55,200)**	(41,316)
Net cash generated by (used in) investing activities		**284,105**	(8,038)	**96,665**	(170,262)
Cash flows from financing activities					
Proceeds from share issuance	19	**417**	205	**417**	205
Proceeds from exercised stock options		**1,036**	-	**1,036**	-
Treasury shares		**(228,662)**	(26,389)	**(228,662)**	(26,389)
Proceeds from loans and financing		**585,220**	1,409,966	**917,571**	1,846,729
Repayment of borrowings, financing and debentures		**(1,058,285)**	(1,579,698)	**(1,444,455)**	(2,037,562)
Capital transaction		**(24)**	(11,092)	**113**	(11,092)
Dividend paid	19	**(140,676)**	(125,297)	**(140,676)**	(125,297)
Contributions (distributions) to noncontrolling interests, net		**-**	-	**(10,633)**	(7,936)
Net cash generated (used in) by financing activities		**(840,974)**	(332,305)	**(905,289)**	(361,342)
(Decrease) increase in cash and cash equivalents, net		**(302,224)**	(2,822)	**(205,098)**	37,288
Cash and cash equivalents					
At the beginning of the year		**1,014,842**	1,017,664	**1,422,595**	1,385,307
At the end of the year	4	**712,618**	1,014,842	**1,217,497**	1,422,595
(Decrease) increase in cash and cash equivalents		**(302,224)**	(2,822)	**(205,098)**	37,288

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

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MRV ENGENHARIA E PARTICIPAÇÕES S.A.

STATEMENTS OF VALUE ADDED FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In thousands of Brazilian reais - R$)

	Notes	Individual 2014	Individual 2013	Consolidated 2014	Consolidated 2013
REVENUES					
Gross operating revenue	22	**2,503,630**	2,381,783	**4,289,899**	3,932,822
Other income		**41,358**	60,925	**42,460**	65,350
Revenues related to construction of own assets		**4,780**	12,078	**4,780**	12,078
		2,549,768	2,454,786	**4,337,139**	4,010,250
INPUTS PURCHASED FROM THIRD-PARTIES (includes the taxes PIS AND COFINS)					
Cost of real estate and services sold: supplies, land, power, outside services and other items		**(1,602,144)**	(1,509,004)	**(2,559,424)**	(2,469,904)
GROSS VALUE ADDED		**947,624**	945,782	**1,777,715**	1,540,346
DEPRECIATION AND AMORTIZATION		**(29,168)**	(28,469)	**(36,353)**	(35,847)
NET VALUE ADDED GENERATED BY THE COMPANY		**918,456**	917,313	**1,741,362**	1,504,499
VALUE ADDED RECEIVED IN TRANSFER					
Results from equity participation	8	**534,750**	252,005	**214,744**	177
Financial income	24	**144,914**	120,422	**223,017**	167,249
		679,664	372,427	**437,761**	167,426
TOTAL VALUE ADDED FOR DISTRIBUTION		**1,598,120**	1,289,740	**2,179,123**	1,671,925
VALUE ADDED DISTRIBUTED					
Personnel:		**345,767**	362,152	**692,481**	507,525
Salaries and wages		**247,715**	277,253	**532,349**	388,538
Benefits		**73,162**	62,890	**116,667**	88,296
Severance Pay Fund (FGTS)		**24,890**	22,009	**43,465**	30,691
Taxes and fees:		**209,391**	153,563	**338,135**	265,036
Federal		**172,935**	117,341	**284,006**	207,237
State		**1,064**	1,232	**2,067**	2,601
Municipal		**35,392**	34,990	**52,062**	55,198
Lenders and lessors:		**322,751**	350,941	**397,107**	449,169
Interest		**251,492**	278,791	**294,417**	338,358
Rentals		**70,915**	69,059	**100,086**	106,917
Leases		**344**	3,091	**2,604**	3,894
Shareholders:		**720,211**	423,084	**751,400**	450,195
Dividends		**171,050**	140,676	**171,050**	140,676
Earnings retained in the year		**549,161**	282,408	**549,161**	282,408
Noncontrolling interests			-	**31,189**	27,111
VALUE ADDED DISTRIBUTED		**1,598,120**	1,289,740	**2,179,123**	1,671,925

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

1. General information

MRV Engenharia e Participações S.A. and its subsidiaries, and jointly controlled entities ("Company" or "Group") are engaged in the management of own assets, development, construction and sale of Company owned or third-party properties, the provision of technical engineering services related to the functions of the technicians in charge, and holding equity interests in other companies as a shareholder. Real estate development and the construction of properties are performed directly by the Company or other business partners. The direct and indirect subsidiaries are summarized in Note 8. Partners have a direct participation in a project, through interest in silent partnerships (“SCP”), a consortium, and special purpose entities (“SPE”) to develop the project. The Company is a publicly-held corporation listed in the São Paulo Stock Exchange (BOVESPA), under the symbol MRVE3, with registered head office at Avenida Raja Gabaglia, 2720 (except the first floor right side and room 21), Belo Horizonte city, Minas Gerais, with CNPJ (taxpayer identification number) 08.343.492/0001-20.

2. Presentation of financial statements and summary of significant accounting policies

2.1. Presentation of financial statements

I. Statement of compliance

These individual and consolidated financial statements have been prepared and are presented in accordance with accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRSs), issued by the International Accounting Standard Board (IASB), applicable to entities engaged in the construction of real state properties in Brazil, as approved by the Accounting Pronouncements Committee (CPC), by the Brazilian Securities and Exchange Commission (CVM), and the Federal Accounting Council (CFC).

With the inclusion of the equity method of accounting to account for investments in subsidiaries, associates and jointly controlled entities in the separate financial statements (IAS 27 Separate Financial Statements), as confirmed by Revision Document 07 and CVM Resolution 733, the accounting practices adopted in Brazil are now virtually identical to the IFRSs.

The accounting practices adopted in Brazil comprise the policies set out in the Brazilian Corporate Law and the pronouncements, guidelines, and interpretations issued by the CPC, and approved by the CVM and the CFC.

II. Basis of preparation

The financial statements have been prepared based on the historical cost, except for certain financial instruments measured at fair value, as described in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

These financial statements have been prepared in accordance with IFRSs, applicable to entities engaged in the construction of real state properties in Brazil, as approved by the CPC, the CVM, and the CFC, and in accordance with all the Pronouncements issued by the CPC. These standards include Guidance "OCPC 04 - *Aplicação da Interpretação Técnica ICPC 02 às Entidades de Incorporação Imobiliárias Brasileiras*" (Application of Interpretation ICPC 02 to Brazilian Real Estate Development Entities), which addresses the recognition of revenue and the related costs and expenses arising from real estate development operations during the progress of construction—percentage of completion method (POC). IFRS 15 *Revenue from Contracts with Customers* was issued in May 2014, which establishes a new rule to be applied to revenue originating from contracts with customers, effective for annual periods beginning or after January 1, 2017. This new standard is applicable to all entities and replaces all the current revenue recognition requirements under IFRSs. The CPC has not yet issued a standard corresponding to this IFRS in Brazil. The Company is currently assessing the impact of IFRS 15. See note 3.

III. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled directly by the Company or indirectly through its subsidiaries. The Company's subsidiaries included in consolidation are listed in note 8.

The full consolidation method is used and the interests in the assets, liabilities and profits or losses of subsidiaries are combined with the corresponding line items in the Company's consolidated financial statements, on a per line item basis, and parent company's interests in the subsidiaries equities, and their balances of assets and liabilities, revenue, costs and expenses are eliminated.

In the consolidated financial statements, the changes in equity interests in subsidiaries that do not result in loss of control of the subsidiaries by the Company are recognized as capital transactions. The carrying amounts of the Company interests and noncontrolling interests are adjusted to reflect the changes in their interests in the subsidiaries. The difference between the amount based on which noncontrolling interests are adjusted and the fair values of considerations paid or received are recognized directly in shareholders' equity and attributed to the shareholders of the Company.

2.2. Significant accounting policies

The accounting policies described below have been consistently applied to all years presented in the individual and consolidated financial statements both of the Company and its subsidiaries.

(a) Revenue recognition

The policies adopted for calculating and recognizing income and recording the amounts in the line items 'Revenue from real estate development', 'Real estate for sale and development', 'Receivables from real estate development', and 'Advances from customers' follow the procedures and standards established by Guideline OCPC 04 of the Accounting Pronouncements Committee, which addresses the application of Interpretation ICPC 02 to Brazilian real estate entities, approved by CVM Resolution 653/10, as follows:

- For sales of uncompleted units, income is recognized based on the following criteria:

(i) Sales revenues are allocated to profit or loss as construction progresses, as the incidental risks and rewards are transferred on a continuously basis. Accordingly, the Company adopts the percentage of completion method (POC) for each project, i.e., revenue and expenses are recognized as construction progresses. Under the POC method, contract revenue is matched with costs incurred as compared to total budgeted costs of the related projects on contracted sales. The land and construction costs inherent to the related developments of the units sold are allocated to net income when incurred.

(ii) Sales revenues calculated according to item (i), measured at fair value, including inflation adjustment, net of installments already received, are recognized as accounts receivable or advances from customers, according to the ratio between recorded revenues and received amounts.

- For installment sales of completed units, income is fully recognized at the time the sale is completed, regardless of the term for receiving the amount established by contract, and revenue is measured at the fair value of the consideration receivable.
- Interest and discount to present value are allocated to the income statement, in line item ‘Revenue from real estate development’ during the period before the delivery of the units and in line item ‘Financial income’ during the period after the delivery of the units, on the accrual basis, regardless of actual receipts.

Revenue and expenses are recorded on the accrual basis.

The allowance for doubtful accounts is recognized, if necessary, based on management's evaluation of possible losses on the realization of receivables. See note 25, (e).

(b) Discount to present value

Assets and liabilities arising from short- (if material) and long-term transactions without an estimated yield or subject to: (i) fixed interest; (ii) interest clearly below market for similar transactions; and (iii) adjustments only for inflation and interest free, are adjusted to present value based on the effective interest rate, and their reversal is recognized in the income statement in line item ‘Revenue from real estate development’ in the period before the delivery of the units and in line item ‘Financial income’ in the period after the delivery of the units.

(c) Loan costs

Loan costs directly attributable to the acquisition, construction or production of a qualifying asset, which necessarily take a substantial amount of time to be ready for the intended use or sale, are added to the cost of such assets until the date they are ready for the intended use or sale.

All other loan costs are recognized in profit or loss for the period they are incurred.

(d) Impairment

The Company assesses, at least annually, if there are any indications that (i) property and equipment items and (iii) intangible assets—software—are impaired. In 2014 and 2013 no indications that such assets may be impaired were identified. Additionally, the Company tests for impairment, at least annually, goodwill arising on the acquisition of an investment. In 2014 and 2013, it was not necessary to recognize impairment losses, since our tests did not indicate loss.

(e) Financial instruments

Financial assets and financial liabilities are recognized when a group entity is a party to the underlying contract.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs are directly attributable to the acquisition or issuance of financial assets and financial liabilities (except for financial assets and financial liabilities recognized at fair value in profit or loss) are added to or deducted from the fair value of financial assets and financial liabilities, if applicable, after their initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets and financial liabilities are stated at their net amounts in the balance sheet if, and only if, the Company has a legally enforceable right to set off the amounts recognized and if there is an intent to simultaneously realize the asset and settle the liability.

Financial assets

Financial assets are classified into one of the following four categories on their initial recognition: (i) at fair value through profit or loss; (ii) held to maturity; (iii) loans and receivables; and (iv) available for sale. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

We provide below a summary of the main accounting policies adopted to account for and present the Company's financial assets:

- Cash and cash equivalents: these include amounts held as cash, bank accounts, and highly-liquid short-term investments, redeemable within 90 days or less, and are exposed to an immaterial risk of change in fair value. They are recognized at cost plus income earned through the end of each reporting period, on a pro rata basis, in line with realizable values. Short-term investments are classified as held-for-trading securities and are adjusted to their fair value at the end of the reporting period, when applicable, as balancing item to profit or loss.
- Investment securities - classified into two categories: held-to-maturity and available-for-sale securities. They are stated at cost, plus interest and

inflation adjustment, less impairment losses, when applicable, incurred through the end of the reporting period, and available-for-sale securities are adjusted to their fair values at the end of the reporting period, as balancing item to other comprehensive income.

- Receivables from real estate development: correspond to the amounts receivable from the sale of real estate units, initially recognized as described in paragraph “a” above, adjusted as contractually established, net of discount to present value, when applicable, and classified as loans and receivables.

The Company and its subsidiaries derecognize a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities

Financial liabilities are classified into one of the following two categories on their initial recognition: (i) financial liabilities at fair value through profit or loss; or (ii) other financial liabilities.

The Company's financial liabilities are classified as ‘Other financial liabilities’ and are measured at amortized cost, using the effective interest rate method, and include loans, financing and debentures, trade accounts payable, and payables for purchase of land.

Loans, financing and debentures are initially recognized when funds are received, net of transaction costs. At the end of the reporting period they are carried at their initial recognition, less amortization of installments of principal, when applicable, plus the related charges incurred. Transaction costs are presented as a reduction of current and noncurrent liabilities, and are allocated to profit or loss over the same repayment term of the financing from which they were originated based on the effective rate of each transaction.

Financial liabilities are derecognized when, and only when, the Company’s, its subsidiaries, or its joint ventures’ obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

The Company does not have financial liabilities measured at fair value through profit or loss.

(f) Real estate for sale

The inventory of units completed or under construction and not yet sold, including the land bank, is stated at the incurred cost of each unit, which does not exceed market value. The land acquired under barter agreements is valued at the sales price of the bartered land and exceptionally at the sales price of the bartered units. Classification into current and noncurrent assets is based on the date scheduled to start building the project. The effective construction cost of bartered units is diluted among the other units.

The inventory of supplies is carried at the lower of average cost of purchase or their net realizable values.

(g) Investments in subsidiaries and joint ventures

The financial information of subsidiaries is recognized in the Company's individual financial statements by the equity method of accounting, based on the investees' financial statements for the same reporting periods and prepared using the same accounting criteria used in the Company's financial statements. In the individual and consolidated financial statements, the information on subsidiaries and joint ventures is recognized using the equity method, based on the related investees' financial statements for the same reporting periods and using the same accounting criteria of the Company's financial statements.

Profits and losses resulting from intragroup transactions are recognized in the financial statements only to the extent of the interest in the investee that are not related to the group.

In 2014, joint venture LOG Commercial Properties e Participações S.A. (LOG) changed its accounting policy on investment proprieties to the fair value method from the cost method. Accordingly, the balance of the investment in this joint venture has been adjusted to reflect this fair value measurement. As required by Accounting Interpretation ICPC 09(R1) - *Demonstrações contábeis individuais, demonstrações separadas, demonstrações consolidadas e aplicação do método da equivalência patrimonial* (Individual, Separate and Consolidated Financial Statements and Adoption of the Equity Method of Accounting), Paragraph 63, the company elected to recognize the total effect of this adjustment to results from equity participation. The related impacts are described in note 8.

(h) Goodwill

Goodwill arising on a business combination, with indefinite useful life, is carried at cost on the date of the business combination net of accumulated impairment losses, if any. As prescribed by ICPC 09 (R1), goodwill was classified in the group 'Investments', in the Individual and Consolidated balance sheet because it arises on a transaction with a company under joint control.

(i) Property and equipment

Buildings, aircraft and vehicles in use, machinery and equipment, furniture and fixtures, IT equipment and installations, sales booths and model apartments, and construction in progress are carried at cost, less depreciation, and accumulated impairment losses, when applicable. Loan costs capitalized in accordance with the Company's accounting policy are recognized as part of costs of construction in progress. These assets are classified in appropriate categories of property and equipment when completed and ready for the intended use. These assets start to be depreciated when ready for the intended use, using the same base as the other property and equipment items already in use.

Assets acquired through finance leases are depreciated over their expected useful lives as own assets or over a shorter period, according to the terms of the underlying lease agreement, when applicable.

(j) Intangible assets

Intangible assets acquired separately with finite useful lives are carried at cost less amortization and accumulated impairment losses.

Expenditure on research is recognized as an expense when incurred. An internally generated intangible asset arising from expenditure on development—or a development phase of an internal project—is recognized if, and only if, all the conditions prescribed by CPC 04 (R1), paragraph 57, on intangible assets can be demonstrated.

The amount initially recognized of internally generated intangible assets corresponds to the sum of the costs incurred since the time an intangible asset met the recognition criteria above. When no internally generated intangible asset can be recognized, development expenditure is recognized in income statement for the period, when incurred.

Subsequently to the initial recognition, internally generated intangible assets are recognized at cost, less amortization and accumulated impairment losses thereon, as well as separately acquired intangible assets.

(k) Depreciation, amortization, and derecognition of property and equipment and intangible assets

Depreciation/amortization is recognized based on the estimated useful life of each asset on a straight-line basis, so that cost less its residual value after its useful life is fully written off (except land and constructions/intangibles in progress). The estimated useful lives, the residual values, and the depreciation/amortization methods are reviewed at the end of the reporting period, and the effects from any change in estimates are recorded prospectively. Land is not depreciated.

(l) Assets and liabilities subject to inflation adjustment

Assets and liabilities denominated in Brazilian reais and subject to contractual or legal indexation are adjusted for inflation based on the relevant index at the end of the reporting period. Gains and losses arising on inflation adjustments are recognized on an accrual basis in the income statement.

(m) Provisions

Provisions for civil, labor, and tax risks are recognized when there is a present obligation (legal or constructive) as a result of a past event, when a reliable estimate can be made of the amount of the obligation, and its settlement is probable.

The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, considering the risks and uncertainties inherent to such obligation.

When some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized when, and only when, it is virtually certain that reimbursement will be received and the amount can be reliably measured.

(n) Accrual for maintenance of real estate (Warranties)

The accruals for the expected cost of property maintenance are recognized in the income statement using the same criterion for the allocation of real estate development revenue, described in paragraph “a” above, from the date the related real estate units are sold, based on management's best estimate of the disbursements required to settle the Company's obligation.

(o) Stock option plan

The Company has a share-based compensation plan under which it receives services from certain employees in exchange for Company equity instruments (stock options). The Company recognizes the cost of compensation on a straight-line basis over the vesting period, from grant date to the date an option becomes exercisable, with a corresponding increase in equity. Compensation costs are measured at fair value on the date the stock options are granted and were estimated based on the Black & Scholes pricing model. See note 19 (b).

(p) Taxation

Current and deferred income tax, social contribution and taxes on sales are recognized in profit or loss, except when they correspond to items recognized in ‘Other comprehensive income’, or directly in shareholders’ equity, in which case current and deferred taxes are also recognized in ‘Other comprehensive income’ or directly in shareholders’ equity, respectively.

The income tax and social contribution, and taxes on sales expenses represent the sum of current and deferred taxes.

Deferred tax assets and liabilities are measured using the tax rates applicable for the period in which the liability is expected to be settled or the asset is expected to be realized, based on the tax rates set forth in the tax law prevailing at the end of each reporting period, or when new legislation has been substantially approved. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Income tax and social contribution

Current taxes

As allowed by prevailing tax legislation, the Company and its subsidiaries adopt the cash basis to calculate income from real estate development, and this income is used to determine taxable income.
The provision for income tax and social contribution is based on taxable income for the year. Taxable income differs from the profit reported in the income statement, since it excludes income or expenses that are taxable or deductible in other years, as well as, permanently nontaxable or nondeductible

items. The provision for income tax and social contribution is calculated separately for each company based on the prevailing tax rates.

The Company and subsidiaries calculate income tax (IRPJ) and social contribution (CSLL) based on actual taxable income or the *Patrimônio de Afetação* (Earmarked Assets) criterion of the RET (Special Taxation Regime) as detailed below:

- Actual taxable income – adopted by the Company and some of its subsidiaries. Under this taxation system, the income tax is calculated at the rate of 15%, plus a 10% surtax on taxable income above R$240, and social contribution is calculated at the rate of 9%, and both take into consideration the offset of tax loss carryforwards, limited to 30% of taxable income per fiscal year.
- Deemed income – adopted by certain subsidiaries. Under the deemed income taxation system, each company's income for income tax and social contribution is calculated based on the tax rates set for their activity, which correspond to 8 and 12 percent of gross revenue, respectively. The income tax and social contribution rates prevailing at the end of the each reporting period (15% plus a 10% surtax on income exceeding R$240 per year for income tax, and 9% for social contribution) are levied on deemed income
- Special Taxation Regime (RET) – Adopted for certain Company's and subsidiaries' projects. As permitted by Law 12024 of August 27, 2009, which amends Law 10931/2004 that created the RET, this system was elected to subject such projects to taxation based on the earmarked assets and, consequently, to the RET. For these projects, the consolidated income tax and social contribution, and the security funding tax on revenue (COFINS) and the social integration program tax on revenue (PIS) charges are calculated at the total overall tax rate of 4% on gross revenue or 1% on gross revenue on contracts eligible for the *Minha Casa Minha Vida Program* (PMCMV) (Federal social housing program), within the statutory ceiling. The total income tax and social contribution rate is 1.92% under the RET and 0.47% under the RET – PMCMV.

<u>Deferred taxes</u>

Deferred income tax and social contribution ("deferred taxes") are fully recognized as prescribed by CPC 32 and IAS 12 *Income Tax* on the differences between assets and liabilities recognized for tax purposes and related amounts recognized in the financial statements and are determined taking into account the tax rates (and laws) in effects on the date the financial statements were prepared and applicable when the related income tax and social contribution are realized.

Deferred taxes assets are recognized only to the extent that it is probable that there will be a positive tax base for which temporary differences can be used and tax loss carryforwards can be offset. The recovery of deferred tax assets is reviewed at the end of each annual reporting period and, when it is no longer probable that future taxable income will be available to allow the recovery of all or part of the assets, these are adjusted to the expected recoverable amount.

Taxes on revenue

Revenue is carried net of taxes on sales (PIS and COFINS). For PIS and COFINS calculation purposes, total tax rate is 9.25% for taxation based on actual taxable income, 3.65% under the deemed income, 2.08% under the RET, and 0.53% under the RET - PMCMV contracts.

(q) Interest on capital

Interest credited to shareholders, calculated as prescribed by Law 9249/95, is recognized in the income statement, in line item financial expenses, as required by the tax law. However, for financial statement disclosure purposes, interest on capital is presented as a charge to retained earnings, a treatment similar to dividends. The amounts paid to shareholders as interest on capital, less withholding income tax, are deducted from the amount of mandatory minimum dividend, as prescribed by Article 9, paragraph 7, of Law 9249/95, and based on Article 32 and following of the Company's bylaws.

(r) Treasury shares

Own equity instruments bought back by the Company are recognized at cost and deducted from shareholders' equity. Transaction costs incurred on share buybacks are added to the cost of purchase of such shares.

(s) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions, in its best judgment and based on historical experience and other factors considered material, that affect the reported amounts of assets, liabilities, revenues, costs and expenses. Actual results could differ from those estimates.

Significant estimates and assumptions are used on the accounting of the accrual for maintenance of real estate (note 16); the useful lives and the residual values of property and equipment items, investment property, and intangible assets (notes 9 and 10); income tax (IRPJ) and social contribution (CSLL), (note 26); provisions for civil, labor and tax risks (note 17); the stock option plan (note 19, (b)), the fair values of financial instruments (note 25); goodwill arising on the acquisition of investments (note 8); and revenue that takes into account the estimated total budgeted cost of projects (paragraph (a) above in this note).

The Company revises its estimates and assumptions at least annually. The effects arising from these revisions are recognized in the year when the estimates are revised if such revision impacts just such year, or also in subsequent years if the revision impacts both the current and future years.

(t) Functional and reporting currency

The Company's functional and presentation currency used in the individual and consolidated financial statements is the Brazilian real. The financial information is presented in thousands of Brazilian reais, unless otherwise stated.

(u) Statement of value added

The Company prepares Individual and Consolidated statements of value added in accordance with Brazilian Accounting Standard (CPC) 09 - *Demonstração do Valor Adicionado* (Statement of Value Added), which are presented as an integral part of the financial statements prepared in accordance with the BRGAAP applicable to publicly held companies, while for IFRS purposes they are presented as supplemental financial information.

The first part of this statement presents the wealth created, represented by revenue, inputs acquired from third parties, and the value added received from third parties and the second part presents the distribution of wealth among personnel, taxes, fees and contributions, lenders and lessors, and shareholders.

(v) Earnings per share

Basic earnings per share are calculated by dividing net income attributed to the holders of common shares of the parent entity by the weighted average number of common shares outstanding during the year, less treasury shares, if any.

Diluted earnings per share are calculated by dividing adjusted net income attributed to the holders of common shares of the parent entity by the weighted average number of common shares outstanding during the year plus the number of common shares that would be issued assuming that the stock options would be exercised at a price lower than the market price.

3. Adoption of New and Revised Standards and Interpretations Already Issued and Not Yet Adopted

The standards and interpretations issued or amended but and yet adopted by the end of the reporting period are as follows: IFRS 9 *Financial Instruments*, IAS 16 *Property, Plant and Equipment*, IAS 38 *Intangible Assets*, IAS 24 *Related Party Disclosures*, IFRS 13 *Fair Value Measurement*; IAS 40 *Investment Property*; amendments to: IAS 16 and IAS 38: *Clarifications on Acceptable Depreciation and Amortization Methods*, IAS 27: *Equity Method of Accounting in Separate Financial Statements*. In light of the Company's and its subsidiaries' current operations, Management does not expect these changes to have material impacts on the financial statements after their adoption.

Additionally, IFRS 15 *Revenue from Contracts with Customers* was issued in May 2014. IFRS 15's principles provide a more structured approach to measuring and recognizing revenue. The new standard is applicable to all entities and replaces all the current revenue recognition requirements under IFRSs. A full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 and the early application is permitted, under analysis in Brazil. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard when it becomes effective.

There are no other issued standards and interpretations not yet adopted that could, according to Management, have a significant impact on the net income or the shareholders' equity disclosed by the Company.

4. Cash and Cash Equivalents

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Cash	**656**	624	**841**	776
Bank checking accounts	**177,557**	240,845	**324,790**	395,649
	178,213	241,469	**325,631**	396,425
Short-term investments:				
Savings deposits	**7,208**	17,553	**8,075**	22,766
Investment fund units	**366,992**	81,467	**634,636**	228,833
Bank Deposit Certificates (CDBs)	**124,751**	426,187	**170,128**	499,752
Certificates backed by debentures	**35,454**	248,166	**79,027**	274,819
	534,405	773,373	**891,866**	1,026,170
Total	**712,618**	1,014,842	**1,217,497**	1,422,595

The amounts of the short-term investments include a clause for immediate liquidity without any penalty on redemption and are subject to an insignificant risk of change in value.

The investment funds are highly-liquid nonexclusive funds, pegged to the fixed income DI rate, and are aimed at following the CDI variance.

Investments in investment funds, CDBs, and repurchase agreements have yield equivalent to 101.45% of the interbank deposit rate (CDI) in Individual and 99.93% of CDI on a consolidated basis (99.97% and 100.16% of CDI in Individual and on a consolidated basis, respectively, at December 31, 2013).

Investment in certificates backed by debentures can be immediately redeemed according to Company needs and their yield is pegged to the CDI.

5. Marketable Securities

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Investment fund units	**150,976**	254,038	**150,976**	254,038
Investment tied to savings deposits	**-**	1,621	**180**	8,959
Real estate consortium	**3,543**	3,062	**3,543**	3,062
Total	**154,519**	258,721	**154,699**	266,059

The nonexclusive investment funds refer to the amount raised by the 4th issue of debentures to be allocated to new projects. After this allocation and the corresponding approval by the Fiduciary Agent, the funds are disbursed according to the time budget of the projects financeable by the debentures. When the amount generated by these projects reaches the financed amount, these funds return to the fund to finance new projects. As at December 31, 2014, the fund’s portfolio consisted of highly-liquid government and private securities.

There was no gain or loss resulting from this asset, to be allocated to valuation adjustments to shareholders’ equity.

Restricted savings deposits are held during the project construction period and correspond to moneys contributed by Caixa Econômica Federal (Federal Government savings bank) to open Crédito Associativo.

6. Trade Accounts Receivable

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Receivables from real estate development				
Receivables from real estate development	**2,324,681**	2,545,434	**3,999,166**	4,269,708
Adjustments to present value	**(23,265)**	(13,570)	**(39,202)**	(23,207)
	2,301,416	2,531,864	**3,959,964**	4,246,501
Current	**1,409,586**	1,386,889	**2,431,918**	2,294,413
Noncurrent	**891,830**	1,144,975	**1,528,046**	1,952,088
Receivables from services provided				
Related parties (Note 18 (b))	**458**	723	**573**	729
Other receivables	**897**	522	**1,502**	540
Total - current receivables	**1,355**	1,245	**2,075**	1,269

The amounts related to receivables for real estate development include: (i) fixed-rate contracts with fixed installments or floating-rate contracts with interest rates below those of similar transactions or floating-rate contracts indexed to inflation which are interest free and adjusted to present value using the higher rate between the rate of the Company’s weighted market fundraising rate, less inflation indices and the yield rates of government securities with similar risks and terms; and (ii) floating-rate contracts plus interest of 6% to 12% percent per year. The discount to present value rates applied at December 31, 2014 were from 0.4185% per month to 0.8523% per month (0.3504% per month to 0.4090% per month on December 31, 2013). The assumptions made by the Company's management for the calculation of the discount to present value are consistent among the years and thus there were no changes in assumptions during the reporting annual periods.

Floating-rate contracts are adjusted based on various financial indices, mainly the National Civil Construction Index (INCC) or the Basic Unit Cost (CUB) for the period before the delivery of the units, and the General Market Price Index (IGPM) for the period after the delivery of the units.

The agreements entered into with Caixa Econômica Federal and Banco do Brasil involving subsidized mortgage loans correspond to approximately 6% and 14%, respectively, of the balance of receivables from real estate development and unearned gross sales revenue as at December 31, 2014 (11% and 8% at December 31, 2013).

For the accounting recognition of the income earned in real estate operations we adopt the policies described in note 2.2 (a).

- receivables were recognized up to the amount of real estate operations conducted in the year, including the related financial income, under the conditions described above, as applicable;
- the discount to present value represents the portion of interest to be earned in future years, on the accrual basis and is realized to calculate revenue at its fair value;
- receipts in excess of the recognized balances of receivables were recognized as advances from customers, in liabilities and are disclosed in note 13; and
- sales revenue are allocated to net income as construction develops, using the method called “POC”, which records the percentage of completion of each project, as described in note 2.2 (a). The land and construction costs inherent to

the related developments of the units sold are allocated to net income when incurred.

The balances of gross revenue receivable and costs to be incurred from real estate already contracted sale transactions referring to uncompleted properties, including related financial income, as applicable, are as follows:

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Unearned gross sales revenue (*)	**2,026,831**	1,754,291	**3,697,634**	3,172,485
Costs to be incurred (*)	**(1,143,749)**	(995,980)	**(2,102,608)**	(1,820,693)

(*) Does not include the impacts of future inflation, taxes on sales, and financial charges.

The aging list of the amounts above referring to receivables from real estate development and unearned sales revenue is as follows, at the contractual amount of the units sold:

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
After the reporting period				
1 year	**2,845,176**	2,650,569	**5,091,113**	4,604,241
2 years	**1,296,860**	1,406,481	**2,288,346**	2,470,673
3 years	**159,657**	195,588	**235,115**	289,029
4 years	**22,865**	28,860	**38,629**	49,420
After 4 years	**3,689**	4,657	**4,395**	5,623
	4,328,247	4,286,155	**7,657,598**	7,418,986
Unearned sales revenue	**2,026,831**	1,754,291	**3,697,634**	3,172,485
Receivables from real estate development	**2,301,416**	2,531,864	**3,959,964**	4,246,501

Before accepting new customers, the Company uses a rating system and conducts credit analysis of each individual customer, based on personal documentation, indebtedness, consumer credit records, and statements of earnings received. After confirmation, the credit limit is set for each individual customer. See note 25 (e) for the credit risk.

Discounts, rebates and returns are deducted directly from revenue from real estate development and refer substantially to cancellation of purchase and sale agreements for properties not yet delivered. The amounts related to terminated agreements comprise all the revenue earned, net of the contractual fine to reimburse expenses incurred by the Company and its subsidiaries. Terminated agreements are recognized as they occur.

As at December 31, 2014, the Company had receivables pledged as collateral for fourth issue debentures totaling R$1,263 (R$19,150 at December 31, 2013) and construction financing totaling R$1,114,204 (R$1,118,775 at December 31, 2013).

7. Inventories (Properties for sale)

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Real estate under construction	**918,826**	786,752	**1,324,132**	1,192,978
Completed units	**37,600**	32,167	**57,232**	54,878
Land bank	**1,774,624**	1,300,517	**2,616,426**	1,926,022
Advances to suppliers	**19,492**	29,701	**40,990**	44,880
Inventories of supplies	**4,800**	3,918	**6,690**	6,659
Total	**2,755,342**	2,153,055	**4,045,470**	3,225,417
Current	**1,450,286**	1,114,444	**2,125,001**	1,735,429
Noncurrent	**1,305,056**	1,038,611	**1,920,469**	1,489,988

This line item incorporates apartments and houses for sale, both completed and under constructions, and land for future developments. As at December 31, 2014, this line item also includes the capitalization of financial charges, as detailed in note 11, (e), totaling R$184,369 (R$106,515 at December 31, 2013) in Individual and R$187,636 (R$107,407 at December 31, 2013) on a consolidated basis. A project's land is transferred to line item 'Properties under construction' when the project sales are initiated.

The Company has agreements with financial institutions to finance the construction of properties (see note 11). As at December 31, 2014, the Company has real estate under construction recognized in assets, used as collateral of loans and financing agreements, totaling R$162,497 and R$334,755 (R$201,497 and R$333,987 at December 31, 2013), in Individual and Consolidated, respectively.

The Company has land pledged as collateral of the fourth issue debentures, totaling R$17,314 as at December 31, 2014 (R$35,343 at December 31, 2013).

The information on (i) the net revenue amount generated by units under construction, (ii) the costs incurred and the profits recognized to date, and (iii) the advances received or resulting from barters, and the related criteria adopted for their recognition, are described in note 22.

8. Interests in Subsidiaries and Joint Ventures

a) The main information on equity interests is summarized as follows:

	Equity interest		Shareholders' equity		Net income		Investment		Equity participation	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	2014	2013	12/31/2014	12/31/2013	2014	2013
Joint control:										
LOG Commercial Properties e Participações S.A.	37.87%	37.87%	1,453,991	739,897	272,173	30,922	550,494	280,100	278,955	11,710
MRL Engenharia e Empreendimentos S.A.	37.59%	37.65%	22,317	19,239	4,011	13,164	8,389	7,243	1,508	4,957
PRIME Incorporações e Construções S.A.	60.00%	60.00%	(39,527)	16,822	(56,349)	(37,468)	(23,716)	10,093	(33,809)	(22,481)
MRPR Empreendimentos Imobiliário LTDA.	65.00%	65.00%	246	450	(204)	305	160	293	(133)	198
SCP Ecov (Arag,S. Dourada)	70.00%	70.00%	14,698	29,416	(473)	(6,088)	10,289	20,591	(331)	(4,262)
SCP Roy Palm,R.Star	70.00%	70.00%	13,932	18,813	(2,566)	2,928	9,753	13,169	(1,796)	2,050
SCP Royal Palms Club	70.00%	70.00%	10,070	6,505	2,857	9,433	7,049	4,553	2,000	6,603
SCP Spazio Classique	65.00%	65.00%	6,150	8,602	(3,115)	(9,267)	3,997	5,591	(2,025)	(6,024)
SCP Spazio Niteroi Garden	70.00%	70.00%	14,575	14,443	(3,918)	(1,589)	10,202	10,110	(2,743)	(1,112)
Other 40 SCPs			62,449	97,744	(10,140)	(2,955)	29,633	52,312	(6,007)	(2,045)
Chapada Imperi SPE LTDA.	58.00%	58.00%	3,959	5,224	(2,776)	(6,534)	2,296	3,030	(1,610)	(3,790)
Citylife/C.Vig SPE LTDA.	65.50%	65.50%	16,136	20,438	(4,601)	(12,947)	10,569	13,387	(3,014)	(8,480)
MRV Md Pe Mar De Espanha SPE LTDA.	50.00%	50.00%	13,395	108	13,389	(2)	6,697	53	6,695	(1)
MD Pe MRV Veneza Constr. SPE LTDA.	50.00%	60.00%	5,316	2,850	4,686	620	2,658	1,710	2,343	372
MRV MRL Xiv SPE LTDA.	70.00%	70.00%	14,679	25,577	3,715	23,147	10,275	17,904	2,601	16,203
MRV MRL Xv SPE LTDA.	65.00%	65.00%	6,619	6,896	3,952	2,305	4,302	4,482	2,569	1,498
MRV MRL Xxiii Inc. SPE LTDA.	65.00%	65.00%	10,836	4,220	4,222	438	7,044	2,743	2,744	285
MRV MRL Xxiv Inc SPE LTDA.	65.00%	65.00%	13,811	531	4,392	(1)	8,977	345	2,855	(1)
MRV MRL Xviii SPE LTDA.	65.00%	65.00%	15,622	16,169	5,273	4,591	10,154	10,510	3,427	2,984
MRV Patrim Gal LTDA.	50.00%	50.00%	50,960	44,662	31,163	7,103	25,480	22,331	15,582	3,552
MRV PRIME Xix Inc SPE LTDA.	65.00%	65.00%	4,253	3,669	3,860	1,641	2,765	2,385	2,509	1,067
Parque Sevilha SPE LTDA.	65.00%	65.00%	9,902	10,894	(1,287)	4,226	6,436	7,081	(837)	2,747
Pq Cast Monaco SPE LTDA.	65.00%	65.00%	16,880	16,585	(6,562)	2,868	10,972	10,780	(4,265)	1,864
Pq Castelo De Lu SPE LTDA.	65.00%	65.00%	15,118	25,046	(11,804)	(12,509)	9,827	16,280	(7,673)	(8,131)
Pq Chap Guimarães SPE LTDA.	58.00%	58.00%	8,320	11,328	(2,126)	(7,573)	4,826	6,570	(1,233)	(4,392)
Pq Chapada Dia SPE LTDA.	67.00%	67.00%	21,207	18,202	4,640	8,042	14,209	12,196	3,109	5,388
Taguatinga QI SPE LTDA.	41.67%	41.67%	7,966	12,673	(2,974)	(5,582)	3,320	5,281	(1,239)	(2,326)
Top Taguatinga LI SPE LTDA.	70.00%	70.00%	65,280	78,185	(38,048)	7,759	45,696	54,730	(26,634)	5,431
Top Taguatinga SPE LTDA.	70.00%	70.00%	76,419	79,677	(15,680)	13,009	53,493	55,774	(10,976)	9,106
Village Gran Castel SPE LTDA.	65.00%	65.00%	7,230	6,545	3,955	1,057	4,700	4,254	2,571	687
Other 20 SPEs			76,607	61,021	(2,144)	(7,094)	46,095	36,502	(1,033)	(3,692)
Goodwill on acquisition of jointly controlled entity MRL			-	-	-	-	3,237	3,237	-	-
Total jointly controlled entities - Individual			2,019,416	1,402,431	197,521	23,949	900,278	695,620	224,110	9,965
Elimination of indirect interests			-	-	-	-	(74,831)	(63,335)	(9,366)	(9,788)
Total jointly controlled entities - Consolidated			2,019,416	1,402,431	197,521	23,949	825,447	632,285	214,744	177

	Equity interest		Shareholders' equity		Net income		Investment		Equity participation	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	2014	2013	12/31/2014	12/31/2013	2014	2013
Subsidiaries:										
MDI Desenvolvimento Imobiliário LTDA.	**100.00%**	100.00%	**23,254**	21,337	**2,050**	4,596	**10,143**	8,358	**2,050**	4,596
MRV Construções LTDA.	**95.00%**	0.00%	**42,928**	-	**824**	-	**40,782**	-	**783**	-
Urbamais Propriedade e Participações S.A.	**60.00%**	60.00%	**11,114**	2,862	**(1,748)**	(1,708)	**6,668**	1,717	**(1,049)**	(1,025)
SCP Barreto 4A - Mar	**70.00%**	70.00%	**5,206**	8,254	**(4,801)**	(6,506)	**3,644**	5,778	**(3,361)**	(4,554)
SCP Barreto 4B	**70.00%**	70.00%	**(3,835)**	1,733	**(632)**	(5,506)	**(2,685)**	1,213	**(442)**	(3,854)
SCP Bello Solares	**65.00%**	65.00%	**16,466**	13,453	**(2,135)**	3,276	**10,703**	8,744	**(1,388)**	2,129
SCP Bello Valle	**65.00%**	65.00%	**6,270**	10,261	**104**	(3,522)	**4,075**	6,670	**68**	(2,289)
SCP Esp Campo Cruze	**99.50%**	99.50%	**18,299**	11,030	**5,637**	(356)	**18,208**	10,975	**5,609**	(327)
SCP Manchete	**35.00%**	35.00%	**9,750**	10,752	**9,687**	3,277	**3,413**	3,763	**3,390**	1,147
SCP P. Fontana Di Roma	**99.00%**	99.00%	**2,366**	6,699	**(164)**	2,812	**2,342**	6,632	**(162)**	2,784
SCP Parque Fonatana	**99.50%**	99.50%	**3,455**	7,903	**(2,726)**	6,810	**3,437**	7,863	**(2,712)**	6,776
SCP Parque Monte Cristal	**77.50%**	77.50%	**6,152**	6,237	**9,070**	3,103	**4,768**	4,834	**7,029**	2,405
SCP Parque Monte Fiore	**77.50%**	77.50%	**3,529**	4,393	**9,903**	4,648	**2,735**	3,405	**7,675**	3,602
SCP Parque Operetta	**98.00%**	98.00%	**495**	10,261	**(1,387)**	18,379	**485**	10,056	**(1,359)**	18,011
SCP Porto Cristal	**99.50%**	99.50%	**2,160**	3,486	**(2,416)**	(830)	**2,150**	3,469	**(2,404)**	(975)
SCP Porto Guaiba	**99.50%**	99.50%	**1,541**	1,605	**(382)**	(3,922)	**1,533**	1,597	**(380)**	(3,420)
SCP Pq. Fonte dos Pássaros	**75.00%**	75.00%	**16,501**	4,345	**7,247**	739	**12,376**	3,259	**5,435**	554
SCP Pq Rec P Beija Flor	**34.00%**	34.00%	**17,391**	21,953	**4,603**	7,475	**5,913**	7,464	**1,565**	2,542
SCP Prt.Planalto	**99.50%**	99.50%	**897**	1,812	**(7,507)**	(9,222)	**893**	1,803	**(7,469)**	(8,575)
SCP Resid. Jangadas	**75.00%**	75.00%	**39,785**	33,285	**(15)**	(10,279)	**29,839**	24,964	**(11)**	(7,709)
SCP Residendial Barcas	**75.00%**	75.00%	**10,454**	11,630	**87**	(4,244)	**7,841**	8,722	**65**	(3,183)
SCP Spazio Castellon	**99.00%**	99.00%	**31,441**	34,735	**2,118**	1,734	**31,127**	34,388	**2,097**	1,717
SCP Spazio Florian	**80.00%**	80.00%	**5,433**	8,290	**118**	2,733	**4,346**	6,632	**94**	2,186
SCP Spazio Portote	**99.50%**	99.50%	**3,796**	3,675	**(2,187)**	(3,119)	**3,777**	3,656	**(2,176)**	(2,635)
SCP Spz Nimbus Res.Club	**75.00%**	75.00%	**9,459**	12,971	**(2,338)**	(4,539)	**7,095**	9,728	**(1,754)**	(3,404)
SCP Sz C. Alvorada	**98.00%**	98.00%	**10,859**	19,729	**(2,148)**	(599)	**10,642**	19,334	**(2,105)**	(587)
SCP Tomba Pq. Filipinas	**75.00%**	75.00%	**3,037**	13,102	**(457)**	12,443	**2,278**	9,826	**(343)**	9,332
Other 197 SCPs			**421,619**	466,212	**(29,739)**	11,067	**327,236**	355,986	**(19,277)**	916
Campo Di Braga SPE LTDA.	**99.50%**	99.50%	**21,821**	17,867	**6,718**	7,086	**21,712**	17,777	**6,684**	7,051
Campo Di Orleans Inc SPE LTDA.	**99.00%**	99.00%	**5,680**	6,751	**3,004**	5,442	**5,623**	6,684	**2,974**	5,388
Casa Pueblo Incorpor SPE LTDA.	**97.00%**	97.00%	**4,404**	2,461	**2,482**	1,196	**4,272**	2,387	**2,408**	1,160
Evidence Condomínio SPE LTDA.	**99.00%**	99.00%	**39,462**	58,913	**3,068**	(6,363)	**39,068**	58,324	**3,037**	(6,299)
Forte Iracema SPE LTDA.	**60.00%**	60.00%	**10,475**	22,012	**(4,669)**	(7,742)	**6,285**	13,207	**(2,801)**	(4,645)
Forte Mucurip SPE LTDA.	**52.00%**	52.00%	**19,206**	21,673	**8,699**	8,499	**9,987**	11,270	**4,523**	4,396
Four Seasons 3 SPE LTDA.	**52.00%**	52.00%	**2,697**	6,562	**(5,018)**	(2,745)	**1,402**	3,412	**(2,609)**	(1,408)
Inspiratto Res SPE LTDA.	**52.00%**	52.00%	**6,698**	11,417	**(5,738)**	6,189	**3,483**	5,937	**(2,984)**	3,147
Md Rn MRV Novas Fron SPE LTDA.	**50.00%**	50.00%	**15,659**	8,272	**5,413**	1,036	**7,830**	4,136	**2,707**	518
Monte Santo Inc SPE LTDA.	**65.00%**	65.00%	**9,548**	7,389	**4,157**	44	**6,206**	4,803	**2,702**	29
MRL MRV Li In SPE LTDA.	**65.00%**	65.00%	**6,506**	6,804	**2,289**	6,779	**4,229**	4,423	**1,488**	4,406
MRL MRV Lii I SPE LTDA.	**65.00%**	65.00%	**7,819**	6,156	**6,585**	2,588	**5,082**	4,002	**4,280**	1,682
MRL MRV Xxxi SPE LTDA.	**65.00%**	65.00%	**7,573**	5,516	**4,278**	2,219	**4,922**	3,585	**2,781**	1,442
MRL MRV Xxxii SPE LTDA.	**70.00%**	70.00%	**2,992**	4,757	**517**	5,067	**2,095**	3,330	**362**	3,547
MRL MRV Xxxvi SPE LTDA.	**65.00%**	65.00%	**11,861**	10,129	**6,278**	4,954	**7,709**	6,584	**4,081**	3,220
MRV Ancona Ii SPE LTDA.	**99.50%**	99.50%	**40,128**	16,203	**9,687**	1,896	**39,927**	16,122	**9,639**	1,854
MRV Lcg Es V Incorpo SPE LTDA.	**75.00%**	75.00%	**5,375**	3,578	**3,912**	1,847	**4,031**	2,683	**2,934**	1,385
MRV Magis Ii Incorpo SPE LTDA.	**62.00%**	62.00%	**9,355**	6,442	**6,546**	4,919	**5,800**	3,994	**4,059**	3,050
MRV Magis Iii Incor SPE LTDA.	**99.50%**	99.50%	**6,151**	6,191	**1,636**	2,541	**6,121**	6,160	**1,628**	2,445
MRV Magis Vii G SPE LTDA.	**99.50%**	99.50%	**22,853**	17,174	**6,429**	3,413	**22,738**	17,088	**6,397**	3,096
MRV Magis Xiv Incorp SPE LTDA.	**62.00%**	62.00%	**10,385**	5,457	**6,254**	3,700	**6,438**	3,384	**3,877**	2,294
MRV Md Cidade Nova I SPE LTDA.	**60.00%**	60.00%	**5,418**	1,187	**4,110**	(106)	**3,251**	712	**2,466**	(64)
MRV Md Collem Pe SPE LTDA.	**60.00%**	60.00%	**12,003**	14,168	**(5,313)**	1,715	**7,202**	8,501	**(3,188)**	726
MRV Md Novo Jaboatao SPE LTDA.	**60.00%**	60.00%	**6,241**	1,800	**4,748**	1,548	**3,745**	1,080	**2,849**	929
MRV Md Pe Jd Coqueiros SPE LTDA.	**60.00%**	60.00%	**7,585**	4,447	**4,149**	2,209	**4,551**	2,668	**2,489**	1,325
MRV MRL Jardim De Gotemburgo SPE LTDA.	**99.00%**	99.00%	**5,694**	5,975	**4,474**	1,706	**5,637**	5,915	**4,429**	1,689
MRV MRL Jardim Do Sol SPE LTDA.	**99.00%**	99.00%	**4,756**	1,573	**3,183**	247	**4,709**	1,557	**3,151**	245
MRV MRL L Incorp. SPE LTDA.	**99.00%**	99.00%	**4,920**	3,734	**4,808**	3,376	**4,871**	3,697	**4,760**	3,342
MRV MRL Novolar I In SPE LTDA.	**35.00%**	35.00%	**6,859**	4,045	**5,203**	7,684	**2,401**	1,416	**1,821**	2,689
MRV MRL Rj Lxxiv Inc SPE LTDA.	**65.00%**	65.00%	**5,046**	2,237	**5,055**	1,931	**3,280**	1,454	**3,286**	1,255
MRV MRL Rj2 Inc SPE LTDA.	**65.00%**	65.00%	**7,566**	7,457	**6,909**	2,072	**4,918**	4,847	**4,491**	1,347
MRV MRL Xi Inc SPE LTDA.	**99.00%**	99.00%	**11,014**	10,933	**5,884**	5,123	**10,903**	10,824	**5,825**	5,072
MRV MRL Xiii SPE LTDA.	**97.00%**	97.00%	**3,144**	3,090	**(136)**	(2,979)	**3,050**	2,997	**(132)**	(2,890)
MRV MRL XI Incorp SPE LTDA.	**65.00%**	65.00%	**3,167**	9,298	**(5,219)**	21,463	**2,058**	6,044	**(3,392)**	13,951
MRV MRL Xi Incorpor SPE LTDA.	**99.00%**	99.00%	**10,584**	13,952	**11,232**	9,395	**10,479**	13,812	**11,120**	9,301
MRV MRL Xliii Inc Sp SPE LTDA.	**99.00%**	99.00%	**8,525**	1,545	**4,313**	3	**8,439**	1,529	**4,270**	3
MRV MRL Xlix Incorp. SPE LTDA.	**99.00%**	99.00%	**1,681**	2,562	**1,916**	3,448	**1,665**	2,536	**1,897**	3,414
MRV MRL Xlvii Incorp SPE LTDA.	**99.00%**	99.00%	**8,823**	10,604	**10,914**	6,752	**8,735**	10,498	**10,805**	6,684
MRV MRL Xxv Inc SPE LTDA.	**99.00%**	99.00%	**9,723**	8,561	**5,908**	6,184	**9,626**	8,475	**5,849**	6,122
MRV MRL Xxvii Inc. SPE LTDA.	**65.00%**	65.00%	**6,603**	1,543	**3,379**	364	**4,292**	1,003	**2,196**	237
MRV MRL Xxxii Inc. SPE LTDA.	**97.00%**	97.00%	**1,538**	4,607	**(439)**	(2,791)	**1,492**	4,469	**(426)**	(2,707)
MRV Pe Vila Natal Co SPE LTDA.	**60.00%**	60.00%	**3,219**	4,009	**3,596**	229	**1,931**	2,406	**2,158**	137
MRV PRIME Morada do Campo SPE LTDA.	**99.00%**	99.00%	**4,934**	2,900	**2,858**	175	**4,884**	2,871	**2,829**	173
MRV PRIME Parque Cha SPE LTDA.	**65.00%**	65.00%	**13,306**	2,196	**4,892**	(130)	**8,649**	1,427	**3,180**	(85)
MRV PRIME V SPE LTDA.	**98.00%**	98.00%	**1,389**	2,895	**(625)**	6,350	**1,361**	2,838	**(613)**	6,223
MRV PRIME Vi Inc. SPE LTDA.	**99.00%**	99.00%	**5,640**	5,900	**2,348**	1,266	**5,584**	5,841	**2,325**	1,253
MRV PRIME Viii Inc SPE LTDA.	**99.00%**	99.00%	**5,028**	7,046	**127**	3,705	**4,978**	6,976	**126**	3,668
MRV PRIME Ix Inc SPE LTDA.	**99.00%**	99.00%	**8,595**	5,864	**1,260**	9,729	**8,509**	5,805	**1,247**	9,632
MRV PRIME Xvii SPE LTDA.	**65.00%**	65.00%	**14,113**	10,959	**3,122**	4,091	**9,173**	7,123	**2,029**	2,659
MRV PRIME Xviii Inc SPE LTDA.	**98.00%**	98.00%	**1,468**	19,617	**(3,628)**	3,477	**1,439**	19,225	**(3,555)**	3,407
MRV PRIME Xx Inc. Sp SPE LTDA.	**97.00%**	97.00%	**9,658**	8,465	**8,745**	4,088	**9,368**	8,211	**8,483**	3,965
MRV PRIME Xxi Inc SPE LTDA.	**65.00%**	65.00%	**7,813**	8,038	**(3,066)**	4,431	**5,079**	5,225	**(1,993)**	2,880
MRV PRIME Xxii Incor SPE LTDA.	**99.00%**	99.00%	**305**	4,496	**3,055**	944	**302**	4,451	**3,024**	935
MRV PRIME Xxiii Inco SPE LTDA.	**97.00%**	97.00%	**5,622**	6,032	**3,088**	1,635	**5,454**	5,851	**2,995**	1,586
MRV PRIME Xxix Incor SPE LTDA.	**99.00%**	99.00%	**1,983**	12,276	**1,346**	8,645	**1,963**	12,153	**1,333**	8,559
MRV PRIME Xxx Incorp SPE LTDA.	**99.00%**	99.00%	**3,442**	15,580	**1,808**	11,931	**3,408**	15,424	**1,790**	11,812
MRV PRIME Xxxi Incor SPE LTDA.	**99.00%**	99.00%	**14,322**	14,485	**3,310**	14,025	**14,178**	14,340	**3,277**	13,885
MRV PRIME Xxxii Inco SPE LTDA.	**99.00%**	99.00%	**1,143**	7,166	**522**	8,431	**1,132**	7,094	**517**	8,347
MRV PRIME Xxxvii In SPE LTDA.	**99.00%**	99.00%	**17,952**	5,315	**8,398**	(3)	**17,772**	5,262	**8,314**	(3)
MRV PRIME Xxxviii In SPE LTDA.	**99.00%**	99.00%	**9,094**	7,101	**9,049**	4,672	**9,003**	7,030	**8,959**	4,625

	Equity interest		Shareholders' equity		Net income		Investment		Equity participation	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	2014	2013	12/31/2014	12/31/2013	2014	2013
Subsidiaries:										
Palazzo Di Spagna In SPE LTDA.	**99.50%**	99.50%	**4,717**	6,189	**(3,109)**	185	**4,693**	6,158	**(3,093)**	184
Parque Álamo SPE LTDA.	**99.00%**	99.00%	**12,951**	745	**4,549**	109	**12,821**	737	**4,504**	108
Parque Apoema Inc SPE LTDA.	**97.00%**	97.00%	**3,315**	2,073	**2,382**	151	**3,216**	2,011	**2,311**	146
Parque Atlanta SPE LTDA.	**99.00%**	0.00%	**4,716**	-	**2,961**	-	**4,669**	-	**2,931**	-
Parque Ilha Do Sol I SPE LTDA.	**99.00%**	99.00%	**11,823**	12,412	**8,782**	3,521	**11,705**	12,288	**8,694**	3,486
Parque Lagoa Bella SPE LTDA.	**65.00%**	65.00%	**8,707**	3	**5,282**	-	**5,659**	2	**3,433**	-
Parque Los Alpes Inc SPE LTDA.	**99.00%**	99.00%	**5,724**	5,347	**5,214**	5,031	**5,667**	5,294	**5,162**	4,981
Parque Paradiso Inc SPE LTDA.	**97.00%**	97.00%	**19,939**	18,360	**14,090**	5,242	**19,341**	17,809	**13,667**	5,085
Parque Patagonia Inc SPE LTDA.	**99.00%**	99.00%	**4,187**	4,990	**3,530**	3,827	**4,145**	4,940	**3,495**	3,789
Parque Petropolis In SPE LTDA.	**70.00%**	70.00%	**7,825**	7,901	**(869)**	(4,642)	**5,478**	5,530	**(608)**	(3,249)
Parque Piazza Venezi SPE LTDA.	**99.00%**	99.00%	**4,538**	3,414	**4,996**	2,854	**4,493**	3,380	**4,946**	2,825
Parque Rio Ebro SPE LTDA.	**99.00%**	99.00%	**13,127**	2,173	**2,654**	378	**12,996**	2,151	**2,627**	374
Parque Santa Clara Inc SPE LTDA.	**99.00%**	99.00%	**26,347**	21,367	**42,998**	8,590	**26,084**	21,154	**42,568**	8,504
Parque Santa Lucia Incorp. SPE LTDA.	**99.00%**	99.00%	**3,485**	2,461	**3,593**	632	**3,450**	2,436	**3,557**	626
Parque Vila Imperial Inc SPE LTDA.	**75.00%**	75.00%	**4,950**	2,485	**4,547**	883	**3,712**	1,864	**3,410**	662
Porto Gravatai Incorporacoes SPE LTDA.	**99.00%**	99.00%	**5,055**	2,596	**3,365**	278	**5,004**	2,570	**3,331**	275
Pq Arkansas Inc. SPE LTDA.	**99.50%**	99.50%	**13,888**	10,109	**10,841**	3,666	**13,819**	10,059	**10,787**	3,648
Pq Asteca SPE LTDA.	**99.50%**	99.50%	**3,995**	800	**(1,764)**	(2,441)	**3,975**	796	**(1,755)**	(2,429)
Pq Piazza Navona SPE LTDA.	**99.40%**	99.40%	**8,664**	14,517	**3,735**	19,012	**8,612**	14,430	**3,713**	18,898
Prive Praia De SPE LTDA.	**60.00%**	60.00%	**3,385**	6,952	**(13,268)**	(19,012)	**2,031**	4,171	**(7,961)**	(8,537)
Roc 2 SPE LTDA.	**65.00%**	65.00%	**10,998**	-	**5,511**	-	**7,149**	-	**3,582**	-
Saint Moritz I SPE LTDA.	**98.90%**	98.90%	**2,357**	4,808	**(2,921)**	122	**2,331**	4,756	**(2,889)**	121
San Pietro SPE LTDA.	**99.40%**	99.40%	**4,879**	3,219	**11,761**	3,229	**4,850**	3,200	**11,690**	3,210
Santos Dumont SPE LTDA.	**98.50%**	98.50%	**1,026**	6,133	**(3,477)**	1,561	**1,011**	6,041	**(3,425)**	1,538
Spazio Campo B SPE LTDA.	**98.25%**	98.25%	**5,048**	14,618	**(1,737)**	7,602	**4,959**	14,362	**(1,707)**	7,469
Spazio Campo G SPE LTDA.	**99.25%**	99.25%	**15,322**	11,854	**11,982**	5,321	**15,207**	11,765	**11,892**	5,281
Other 276 SPEs			**564,943**	443,341	**38,924**	10,534	**444,948**	343,785	**27,152**	(5,202)
Total subsidiaries - Individual			**2,022,297**	1,876,254	**353,028**	294,973	**1,632,220**	1,505,404	**310,640**	242,040
Total subsidiaries and jointly controlled entities - Individual			**4,041,713**	3,278,685	**550,549**	318,922	**2,532,498**	2,201,024	**534,750**	252,005

b) Changes in investments are as follows:

	Opening balances	**Capital / profit subscription (reduction / distribution)**	**Gain on changes in interests**	**Proposed dividends**	**Equity in subsidiaries jointly entities**	**Closing balances**
Year ended December 31, 2014:						
Joint control:						
LOG Commercial Properties e Participações S.A.	280,100	1,231	-	(9,792)	278,955	**550,494**
MRL Engenharia e Empreendimentos S.A.	7,243	(12)	-	(350)	1,508	**8,389**
PRIME Incorporações e Construções S.A.	10,093	-	-	-	(33,809)	**(23,716)**
Other	398,184	(10,529)	-	-	(22,544)	**365,111**
Total jointly controlled entities - Individual	695,620	(9,310)	-	(10,142)	224,110	**900,278**
Elimination of indirect interests	(63,335)	(2,130)	-	-	(9,366)	**(74,831)**
Total jointly controlled entities - Consolidated	632,285	(11,440)	-	(10,142)	214,744	**825,447**
Subsidiaries:						
MDI Desenvolvimento Imobiliário LTDA.	8,358	(265)	-	-	2,050	**10,143**
MRV Construções LTDA.	-	39,999	-	-	783	**40,782**
Urbamais Propriedade e Participações S.A.	1,717	6,000	-	-	(1,049)	**6,668**
Other	1,495,329	(229,558)	-	-	308,856	**1,574,627**
Total subsidiaries - Individual	1,505,404	(183,824)	-	-	310,640	**1,632,220**
Total subsidiaries and jointly controlled entities - Individual	2,201,024	(193,134)	-	(10,142)	534,750	**2,532,498**
Year ended December 31, 2013:						
Total jointly controlled entities - Consolidated	553,615	58,810	22,681	(2,998)	177	**632,285**
Total subsidiaries and jointly controlled entities - Individual	2,064,464	(135,128)	22,681	(2,998)	252,005	**2,201,024**

The subsidiary MRV Construções Ltda. was incorporated in March 12 2014, to rend construction services for the Company and its subsidiaries.

As described in note 2.2 (g), in 2014, joint venture LOG changed its accounting policy on investment proprieties to the fair value method from the cost method. Accordingly, the balance of the investment in this joint venture has been adjusted to reflect this fair value measurement and the total impact of this adjustment, in accordance with ICPC 09(R1), recognized in results from equity participation for the year, as shown below:

	2014
Fair value adjustment of investment property	269,801
Other current results for the year	9,154
Results from equity participation	278,955

c) The main information on the Company’s indirect investments is summarized as follows:

	Total equity interest		Shareholders' equity		Net income	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	2014	2013
LOG Commercial Properties e Participações S.A.						
Cabral	**18.94%**	18.94%	**133,004**	102,258	**32,027**	16,908
LDI	**37.87%**	37.87%	**14,832**	27,093	**1,527**	16,417
LOG Aracajú	**37.87%**	37.87%	**16,522**	10,316	**(1,772)**	(6)
LOG Campos	**37.83%**	37.83%	**83,447**	41,080	**36,166**	(14)
LOG Curitiba	**37.87%**	37.87%	**93,452**	25,598	**61,105**	(6)
LOG Feira De Santana	**37.87%**	37.87%	**19,439**	23,415	**(1,222)**	(591)
LOG Fortaleza	**37.87%**	37.87%	**108,254**	33,602	**34,026**	(120)
LOG Goiânia	**37.83%**	37.83%	**110,336**	45,576	**35,149**	(685)
LOG Hortolândia	**37.87%**	37.87%	**118,341**	74,331	**(4,022)**	2,242
LOG I	**37.87%**	37.87%	**144,761**	65,755	**9,582**	8,124
LOG II	**37.87%**	37.87%	**36,459**	20,533	**3,300**	1,703
LOG Itatiaia	**37.87%**	37.87%	**26,521**	25,561	**(1,368)**	(59)
LOG Juiz de Fora	**37.87%**	37.87%	**57,008**	32,396	**(187)**	(126)
LOG Jundiaí	**37.87%**	37.87%	**69,934**	36,168	**4,512**	3,858
LOG Londrina	**37.87%**	37.87%	**71,188**	25,630	**28,991**	(72)
LOG Macaé	**37.87%**	37.87%	**19,404**	13,348	**409**	4
LOG Rio	**37.87%**	37.87%	**21,456**	16,600	**3,600**	(6)
LOG RP	**37.87%**	37.87%	**52,823**	18,991	**19,473**	(6)
LOG SJC Sony	**37.87%**	37.87%	**84,001**	53,946	**8,958**	(7)
LOG SJP	**37.87%**	37.87%	**21,932**	15,169	**5,371**	(1,484)
LOG SJRP	**37.87%**	37.87%	**23,798**	9,308	**9,148**	(6)
LOG Sumaré	**37.87%**	37.87%	**9**	(3)	**(7)**	(698)
LOG Uberaba	**37.49%**	0.00%	**6,736**	-	**1,186**	-
LOG Via Expressa	**37.87%**	37.87%	**91,134**	64,053	**2,173**	125
LOG Viana	**37.87%**	37.87%	**109,256**	60,232	**20,202**	(86)
Loteamento Betim	**16.74%**	14.81%	**75,406**	69,070	**(3)**	(19)
Office Park Pirituba	**37.87%**	37.87%	**127,593**	102,042	**(30,481)**	(6)
Torino	**15.15%**	15.15%	**346,873**	183,126	**163,747**	(5)
Total			**2,083,919**	1,195,194	**441,590**	45,379
Prime Incorporações e Construções Ltda.						
Chapada Imperi SPE LTDA.	**18.60%**	18.60%	**3,959**	5,224	**(2,776)**	(6,534)
Citylife/C.Vig SPE LTDA.	**20.70%**	20.70%	**16,136**	20,438	**(4,601)**	(12,947)
MRPR Empreendimentos Imobiliário	**21.00%**	21.00%	**246**	450	**(204)**	305
MRV PRIME Xix Inc SPE LTDA.	**21.00%**	21.00%	**4,253**	3,669	**3,860**	1,641
Parque Sevilha SPE LTDA.	**21.00%**	21.00%	**9,902**	10,894	**(1,287)**	4,226
Pq Cast Monaco SPE LTDA.	**21.00%**	21.00%	**16,880**	16,585	**(6,562)**	2,868
Pq Castelo De Lu SPE LTDA.	**21.00%**	21.00%	**15,118**	25,046	**(11,804)**	(12,509)
Pq Chap Guimarães SPE LTDA.	**18.00%**	18.00%	**8,320**	11,328	**(2,126)**	(7,573)
Pq Chapada Dia SPE LTDA.	**19.80%**	19.80%	**21,207**	18,202	**4,640**	8,042
SCP Ecov (Arag,S. Dourada)	**18.00%**	18.00%	**14,698**	29,416	**(473)**	(6,088)
SCP Spazio Classique	**21.00%**	21.00%	**6,150**	8,602	**(3,115)**	(9,267)
Taguatinga QI SPE LTDA.	**15.00%**	15.00%	**7,966**	12,673	**(2,974)**	(5,582)
Top Taguatinga LI SPE LTDA.	**18.00%**	18.00%	**65,280**	78,185	**(38,048)**	7,759
Top Taguatinga SPE LTDA.	**18.00%**	18.00%	**76,419**	79,677	**(15,680)**	13,009
Village Gran Castel SPE LTDA.	**21.00%**	21.00%	**7,230**	6,545	**3,955**	1,057
Other 38 empreendimentos			**100,465**	97,688	**(2,772)**	(7,001)
Total			**374,229**	424,622	**(79,967)**	(28,594)
MRL Engenharia e Empreendimentos S.A.						
MRV MRL Xiv SPE LTDA.	**11.28%**	11.30%	**14,679**	25,577	**3,715**	23,147
MRV MRL Xv SPE LTDA.	**13.16%**	13.18%	**6,619**	6,896	**3,952**	2,305
MRV MRL Xxiii Inc. SPE LTDA.	**13.16%**	13.18%	**10,836**	4,220	**4,222**	438
MRV MRL Xxiv Inc SPE LTDA.	**13.16%**	13.18%	**13,811**	531	**4,392**	(1)
MRV MRL Xviii SPE LTDA.	**13.16%**	13.18%	**15,622**	16,169	**5,273**	4,591
SCP Roy Palm,R.Star	**11.28%**	11.30%	**13,932**	18,813	**(2,566)**	2,928
SCP Royal Palms Club	**11.28%**	11.30%	**10,070**	6,505	**2,857**	9,433
SCP Spazio Niteroi Garden	**11.28%**	11.30%	**14,575**	14,443	**(3,918)**	(1,589)
Other 29 empreendimentos			**46,849**	71,822	**(7,950)**	(2,425)
Total			**146,993**	164,976	**9,977**	38,827

d) The total balances of direct or indirect jointly controlled entities' balance sheet accounts and profit or loss accounts included in the consolidated financial statements are summarized as follows:

	Assets					
	Current assets		Noncurrent assets		Total assets	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Companies						
LOG Commercial Properties e Participações	70,405	87,420	2,173,184	1,306,078	2,243,589	1,393,498
MRL Engenharia e Empreendimentos S.A.	14,716	27,600	148,413	124,293	163,129	151,892
PRIME Incorporações e Construções S.A.	18,041	10,917	186,031	196,901	204,072	207,818
MRPR Empreendimentos Imobiliário LTDA.	466	627	61	17	527	644
SCP Ecov (Arag.S. Dourada)	10,890	30,726	5,444	2,377	16,334	33,103
SCP Roy Palm,R.Star	9,533	15,535	6,347	6,045	15,880	21,580
SCP Royal Palms Club	9,896	8,347	7,439	10,480	17,335	18,827
SCP Spazio Classique	537	1,568	6,981	10,298	7,518	11,866
SCP Spazio Niteroi Garden	6,438	(6,775)	10,059	22,114	16,497	15,339
Other 40 silent partnerships - Joint control	62,149	119,586	29,622	40,132	91,771	159,718
Chapada Imperi SPE LTDA.	3,774	6,339	646	678	4,420	7,017
Citylife/C.Vig SPE LTDA.	4,535	6,374	14,800	17,592	19,335	23,966
MRV Md Pe Mar De Espanha SPE LTDA.	36,782	206	8,056	27,970	44,838	28,176
MD Pe MRV Veneza Constr. SPE LTDA.	6,384	-	6,997	-	13,381	-
MRV MRL Xiv SPE LTDA.	18,522	24,008	190	6,138	18,712	30,146
MRV MRL Xv SPE LTDA.	16,372	10,344	2,358	3,974	18,730	14,318
MRV MRL Xxiii Inc. SPE LTDA.	12,045	3,419	7,722	943	19,767	4,362
MRV MRL Xxiv Inc SPE LTDA.	9,846	545	4,165	-	14,011	545
MRV MRL Xviii SPE LTDA.	18,105	15,749	3,830	4,630	21,935	20,379
MRV Patrim Gal LTDA.	73,532	46,867	65,408	1,131	138,940	47,998
MRV PRIME Xix Inc SPE LTDA.	1,841	6,731	3,371	337	5,212	7,068
Parque Sevilha SPE LTDA.	11,539	22,594	337	377	11,876	22,971
Pq Cast Monaco SPE LTDA.	29,516	27,029	6,547	5,323	36,063	32,352
Pq Castelo De Lu SPE LTDA.	722	(1,939)	16,446	33,058	17,168	31,119
Pq Chap Guimarães SPE LTDA.	6,676	11,055	7,412	7,550	14,088	18,605
Pq Chapada Dia SPE LTDA.	25,644	29,583	964	1,189	26,608	30,772
Taguatinga QI SPE LTDA.	11,849	13,741	1,414	712	13,263	14,453
Top Taguatinga LI SPE LTDA.	29,297	30,923	50,224	65,271	79,521	96,194
Top Taguatinga SPE LTDA.	113,277	94,935	19,030	40,703	132,307	135,638
Village Gran Castel SPE LTDA.	10,024	12,709	4,171	1,491	14,195	14,200
Other 20 SPEs - Joint control	154,552	118,054	20,826	(3,228)	175,378	114,827
Total	797,905	774,817	2,818,495	1,934,573	3,616,400	2,709,391

	Liabilities and shareholders' equity							
	Current liabilities		Noncurrent liabilities		Shareholders' equity		Liabilities and shareholders' equity	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Companies								
LOG Commercial Properties e Participações S.A.	178,907	336,244	610,691	317,357	1,453,991	739,897	2,243,589	1,393,498
MRL Engenharia e Empreendimentos S.A.	68,360	24,739	72,452	107,914	22,317	19,239	163,129	151,892
PRIME Incorporações e Construções S.A.	101,521	31,938	142,078	159,057	(39,527)	16,822	204,072	207,818
MRPR Empreendimentos Imobiliário LTDA.	281	194	-	-	246	450	527	644
SCP Ecov (Arag.S. Dourada)	1,479	3,508	157	179	14,698	29,416	16,334	33,103
SCP Roy Palm,R.Star	1,224	1,695	724	1,072	13,932	18,813	15,880	21,580
SCP Royal Palms Club	3,492	5,131	3,773	7,191	10,070	6,505	17,335	18,827
SCP Spazio Classique	1,028	1,823	340	1,441	6,150	8,602	7,518	11,866
SCP Spazio Niteroi Garden	1,491	535	431	361	14,575	14,443	16,497	15,339
Other 40 silent partnerships - Joint control	20,878	22,072	8,444	39,902	62,449	97,744	91,771	159,718
Chapada Imperi SPE LTDA.	387	1,204	74	589	3,959	5,224	4,420	7,017
Citylife/C.Vig SPE LTDA.	2,104	1,798	1,095	1,730	16,136	20,438	19,335	23,966
MRV Md Pe Mar De Espanha SPE LTDA.	26,744	100	4,699	27,968	13,395	108	44,838	28,176
MD Pe MRV Veneza Constr. SPE LTDA.	2,403	-	5,662	-	5,316	-	13,381	-
MRV MRL Xiv SPE LTDA.	3,367	3,913	666	656	14,679	25,577	18,712	30,146
MRV MRL Xv SPE LTDA.	11,662	6,335	449	1,087	6,619	6,896	18,730	14,318
MRV MRL Xxiii Inc. SPE LTDA.	8,444	296	487	(154)	10,836	4,220	19,767	4,362
MRV MRL Xxiv Inc SPE LTDA.	230	13	(30)	1	13,811	531	14,011	545
MRV MRL Xviii SPE LTDA.	3,797	3,861	2,516	349	15,622	16,169	21,935	20,379
MRV Patrim Gal LTDA.	5,184	2,905	82,796	431	50,960	44,662	138,940	47,998
MRV PRIME Xix Inc SPE LTDA.	223	729	736	2,670	4,253	3,669	5,212	7,068
Parque Sevilha SPE LTDA.	1,213	4,169	761	7,908	9,902	10,894	11,876	22,971
Pq Cast Monaco SPE LTDA.	7,301	7,201	11,882	8,566	16,880	16,585	36,063	32,352
Pq Castelo De Lu SPE LTDA.	1,128	2,493	922	3,580	15,118	25,046	17,168	31,119
Pq Chap Guimarães SPE LTDA.	835	1,883	4,933	5,394	8,320	11,328	14,088	18,605
Pq Chapada Dia SPE LTDA.	4,736	6,406	665	6,164	21,207	18,202	26,608	30,772
Taguatinga QI SPE LTDA.	4,756	1,035	541	745	7,966	12,673	13,263	14,453
Top Taguatinga LI SPE LTDA.	6,246	7,924	7,995	10,085	65,280	78,185	79,521	96,194
Top Taguatinga SPE LTDA.	20,770	8,219	35,118	47,742	76,419	79,677	132,307	135,638
Village Gran Castel SPE LTDA.	2,029	3,573	4,936	4,082	7,230	6,545	14,195	14,200
Other 20 SPE - Joint control	58,986	45,975	39,785	4,981	76,607	63,871	175,378	114,827
Total	551,206	537,911	1,045,778	769,048	2,019,416	1,402,431	3,616,400	2,709,391

Note: some percentages and other amounts of items (a) to (d) in all tables above have been rounded to facilitate their presentation. Thus, some totals presented in the tables may not represent the exact arithmetical sum of the amounts above.

	Results											
	Operating revenue		Cost of properties sold		Operating income (expenses)		Financial income (expenses)		Income tax and social contribution		Net income (loss)	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Companies												
LOG Commercial Properties e Participações	**15,701**	12,520	**-**	(3,954)	**241,430**	22,257	**(12,108)**	(2,086)	**27,150**	2,185	**272,173**	30,922
MRL Engenharia e Empreendimentos S.A.	**53**	(68)	**-**	-	**17,422**	23,660	**(13,591)**	(10,428)	**127**	-	**4,011**	13,164
PRIME Incorporações e Construções S.A.	**-**	-	**(2,141)**	-	**(32,358)**	(19,560)	**(21,342)**	(17,589)	**(508)**	(320)	**(56,349)**	(37,468)
MRPR Empreendimentos Imobiliário LTDA.	**-**	-	**-**	-	**(84)**	393	**23**	3	**(144)**	(91)	**(204)**	305
SCP Ecov (Arag.S. Dourada)	**5,543**	9,207	**(4,439)**	(14,027)	**(1,926)**	(1,615)	**832**	781	**(483)**	(434)	**(473)**	(6,088)
SCP Roy Palm,R.Star	**(76)**	6,415	**(2,056)**	(2,984)	**(629)**	(732)	**345**	417	**(150)**	(188)	**(2,566)**	2,928
SCP Royal Palms Club	**16,060**	26,768	**(12,566)**	(16,550)	**(458)**	(397)	**157**	187	**(336)**	(575)	**2,857**	9,433
SCP Spazio Classique	**1,600**	5,055	**(4,446)**	(13,526)	**(372)**	(626)	**215**	(8)	**(112)**	(162)	**(3,115)**	(9,267)
SCP Spazio Niteroi Garden	**(803)**	641	**(2,044)**	(2,141)	**(659)**	(536)	**142**	(15)	**(554)**	462	**(3,918)**	(1,589)
Other 40 silent partnerships - Joint control	**45,984**	121,369	**(51,027)**	(115,817)	**(5,560)**	(5,931)	**2,472**	(854)	**(2,009)**	(1,722)	**(10,140)**	(2,955)
Chapada Imperi SPE LTDA.	**111**	2,323	**(2,622)**	(8,751)	**(219)**	(213)	**144**	100	**(190)**	7	**(2,776)**	(6,534)
Citylife/C.Vig SPE LTDA.	**2,665**	3,711	**(7,249)**	(15,821)	**(680)**	(868)	**700**	(25)	**(37)**	56	**(4,601)**	(12,947)
MRV Md Pe Mar De Espanha SPE LTDA.	**33,005**	**-**	**(16,619)**	-	**(2,540)**	-	**52**	-	**(509)**	-	**13,389**	-
MD Pe MRV Veneza Constr. SPE LTDA.	**9,462**	**-**	**(4,710)**	-	**(327)**	-	**493**	-	**(232)**	-	**4,686**	-
MRV MRL Xiv SPE LTDA.	**20,392**	45,975	**(15,766)**	(21,143)	**(788)**	(1,065)	**362**	368	**(485)**	(988)	**3,715**	23,147
MRV MRL Xv SPE LTDA.	**13,388**	9,186	**(8,116)**	(5,164)	**(1,192)**	(1,608)	**94**	5	**(222)**	(114)	**3,952**	2,305
MRV MRL Xxiii Inc. SPE LTDA.	**13,340**	1,118	**(8,066)**	(623)	**(832)**	(122)	**120**	-	**(340)**	65	**4,222**	438
MRV MRL Xxiv Inc SPE LTDA.	**12,685**	-	**(7,670)**	-	**(774)**	-	**1**	(1)	**150**	-	**4,392**	(1)
MRV MRL Xviii SPE LTDA.	**18,828**	14,058	**(12,322)**	(8,680)	**(926)**	(524)	**49**	(9)	**(356)**	(254)	**5,273**	4,591
MRV Patrim Gal LTDA.	**77,740**	12,198	**(36,015)**	(584)	**(8,557)**	(4,295)	**(36)**	55	**(1,969)**	(271)	**31,163**	7,103
MRV PRIME Xix Inc SPE LTDA.	**11,519**	4,823	**(7,107)**	(2,747)	**(396)**	(364)	**94**	15	**(250)**	(86)	**3,860**	1,641
Parque Sevilha SPE LTDA.	**7,798**	20,854	**(8,045)**	(15,686)	**(1,144)**	(806)	**284**	143	**(180)**	(279)	**(1,287)**	4,226
Pq Cast Monaco SPE LTDA.	**12,061**	19,576	**(17,449)**	(14,221)	**(1,164)**	(2,208)	**79**	4	**(89)**	(283)	**(6,562)**	2,868
Pq Castelo De Lu SPE LTDA.	**3,340**	9,282	**(14,127)**	(18,707)	**(1,120)**	(2,773)	**660**	(61)	**(557)**	(250)	**(11,804)**	(12,509)
Pq Chap Guimarães SPE LTDA.	**561**	3,008	**(2,104)**	(10,563)	**(687)**	(262)	**247**	71	**(143)**	173	**(2,126)**	(7,573)
Pq Chapada Dia SPE LTDA.	**25,848**	33,126	**(19,444)**	(23,288)	**(1,439)**	(1,320)	**152**	(1)	**(477)**	(475)	**4,640**	8,042
Taguatinga Ql SPE LTDA.	**595**	1,334	**(2,936)**	(6,768)	**(562)**	(291)	**205**	184	**(276)**	(41)	**(2,974)**	(5,582)
Top Taguatinga Ll SPE LTDA.	**5,441**	64,290	**(39,313)**	(54,366)	**(3,163)**	(2,493)	**1**	203	**(1,014)**	125	**(38,048)**	7,759
Top Taguatinga SPE LTDA.	**33,923**	49,879	**(45,032)**	(34,585)	**(4,530)**	(3,128)	**1,264**	1,579	**(1,305)**	(736)	**(15,680)**	13,009
Village Gran Castel SPE LTDA.	**24,226**	7,093	**(18,648)**	(5,438)	**(1,172)**	(627)	**148**	89	**(599)**	(60)	**3,955**	1,057
Other 20 SPE - Joint control	**20,629**	16,553	**(16,531)**	(21,598)	**(5,978)**	(2,545)	**930**	543	**(1,194)**	569	**(2,144)**	(6,478)
Total	**431,619**	500,295	**(388,610)**	(437,732)	**178,616**	(8,598)	**(36,812)**	(26,329)	**12,707**	(3,687)	**197,521**	23,949

In June 2013 the Company and the other venturers paid in the capital of LOG. After this capital payment the Company's interest decreased from 42.03% to 37.87%. Despite this decrease in interest held, because that capital payment was made at fair value, higher than book value, there was a gain amounting to R$22,718, net of operating expenses, recognized in the income statement, in line item 'Other operating income'.

The Company, together with LOG, has interests in MDI Empreendimentos Ltda. ("MDI"), a company engaged in the management of own assets, development, construction and sale of own or third-party properties, the purchase, sale or barter of own or third-party properties, and holding equity interests in other companies.

On the recognition of results from equity participation in subsidiary MDI and LOG, unrealized earnings are eliminated because of the land sales and receivables assignment transactions by MDI and the Company to LOG. The effects at December 31, 2014 and 2013 are as follows:

	Unrealized earnings
Land sale and receivables assignment amount	**21,651**
Cost of land purchase	**(7,106)**
Taxes levied on the transaction	**(1,434)**
Total unrealized earnings eliminated	**13,111**

Goodwill on the acquisition of jointly controlled entity MRL, in 2007, is based on expected future earnings and, beginning January 1, 2009 is not being amortized, as required by CPC 13. At the end of the reporting periods, the Company conducted the impairment tests prescribed by CPC 01 (R1) and concluded that this asset was not impaired. Company internal functions review these projections.

The asset percentages related to the Company's projects that are included in the merger's equity segregation frameworks are as follows as at December 31, 2014 and 2013:

	Consolidated			
	12/31/14		12/31/13	
Projects under Law 10931/04 (Earmarked Assets)	**4,803,028**	**44.40%**	4,904,073	48.08%
Silent partnerships (SCPs)	**501,759**	**4.64%**	614,740	6.03%
Special Purpose Entities (SPEs)	**1,153,294**	**10.66%**	932,926	9.15%
Other entities	**146,898**	**1.36%**	26,552	0.26%
Projects with segregation	**6,604,979**	**61.06%**	6,478,291	63.52%
Projects without segregation	**4,212,196**	**38.94%**	3,720,158	36.48%
Total Consolidated	**10,817,175**	**100.00%**	10,198,449	100.00%

9. Property and Equipment

The movements in property and equipment for the year ended December 31, 2014 are as follows:

	12/31/12	Addition	Write-off	Transfer (*)	12/31/13	Addition	Write-off	Transfer (*)	12/31/14
Individual									
Cost:									
Building, facilities and leasehold improvements	4,785	1,693	(73)	5,118	11,523	**1,078**	**-**	**(27)**	**12,574**
Aircraft and vehicles in use	8,206	-	-	-	8,206	**113**	**(86)**	**24**	**8,257**
Machinery and equipment	31,998	7,389	(2,825)	(29)	36,533	**4,169**	**(5,111)**	**314**	**35,905**
Furniture and fixtures	4,852	153	(195)	-	4,810	**2**	**(169)**	**45**	**4,688**
IT equipment and installations	5,192	237	(5)	(76)	5,348	**6**	**(142)**	**9**	**5,221**
Sales booths, stores, and model apartments	36,739	4,421	(17,588)	2,834	26,406	**5,820**	**(4,889)**	**1,905**	**29,242**
Construction in progress	8,129	7,059	(340)	(10,760)	4,088	**12,981**	**-**	**(1,900)**	**15,169**
Total cost	99,901	18,044	(21,026)	(5)	96,914	**24,169**	**(10,397)**	**370**	**111,056**
Accumulated depreciation:									
Building, facilities and leasehold improvements	967	3,550	(16)	(48)	4,453	**3,722**	**-**	**(27)**	**8,148**
Aircraft and vehicles in use	468	300	477	-	1,245	**258**	**-**	**18**	**1,521**
Machinery and equipment	3,427	2,357	(530)	(76)	5,178	**2,278**	**(1,032)**	**67**	**6,491**
Furniture and fixtures	1,656	470	(20)	-	2,106	**464**	**(57)**	**31**	**2,544**
IT equipment and installations	3,885	339	9	(6)	4,227	**271**	**(135)**	**7**	**4,370**
Sales booths and model apartments	19,786	11,550	(16,792)	4	14,548	**10,333**	**(4,618)**	**(15)**	**20,248**
Total accumulated depreciation	30,189	18,456	(16,872)	(16)	31,757	**17,325**	**(5,841)**	**81**	**43,322**
Total property and equipment, net	69,712	(412)	(4,154)	11	65,157	**6,844**	**(4,555)**	**289**	**67,734**
Consolidated									
Cost:									
Building, facilities and leasehold improvements	4,785	2,030	(71)	5.373	12,117	**1,277**	**-**	**(27)**	**13,367**
Aircraft and vehicles in use	8,280	-	(51)	-	8,229	**114**	**(86)**	**-**	**8,257**
Machinery and equipment	37,244	8,999	(3,478)	(268)	42,497	**6,986**	**(5,984)**	**2**	**43,501**
Furniture and fixtures	5,129	210	(253)	-	5,086	**2**	**(200)**	**26**	**4,914**
IT equipment and installations	5,473	256	(46)	(74)	5,609	**6**	**(278)**	**-**	**5,337**
Sales booths, stores, and model apartments	58,652	8,180	(25,345)	3.265	44,752	**10,700**	**(9,012)**	**2,609**	**49,049**
Construction in progress	8,575	8,314	(347)	(11,731)	4,811	**14,884**	**(157)**	**(2,610)**	**16,928**
Total cost	128,138	27,989	(29,591)	(3,435)	123,101	**33,969**	**(15,717)**	**-**	**141,353**
Accumulated depreciation:									
Building, facilities and leasehold improvements	967	3,653	(16)	(48)	4,556	**3,840**	**-**	**(27)**	**8,369**
Aircraft and vehicles in use	520	306	435	-	1,261	**260**	**-**	**-**	**1,521**
Machinery and equipment	4,047	2,881	(637)	(112)	6,179	**3,039**	**(1,359)**	**-**	**7,859**
Furniture and fixtures	1,689	499	(21)	-	2,167	**488**	**(68)**	**27**	**2,614**
IT equipment and installations	4,066	385	(12)	(5)	4,434	**291**	**(267)**	**-**	**4,458**
Sales booths and model apartments	30,503	18,267	(24,093)	4	24,681	**16,592**	**(8,769)**	**-**	**32,504**
Total accumulated depreciation	41,792	25,991	(24,344)	(161)	43,278	**24,510**	**(10,463)**	**-**	**57,325**
Total property and equipment, net	86,346	1,998	(5,247)	(3,274)	79,823	**9,459**	**(5,254)**	**-**	**84,028**

(*) Include transfers to investments

As described in note 2.2 (k), the Company reviews the useful lives of property and equipment items on an annual basis, at the end of each annual reporting period. The average annual depreciation rates of property and equipment items are as follows: (i) Building, facilities and leasehold improvements: 28.9%; (ii) aircraft and vehicles in use: 3.7%; (iii) machinery and equipment: 6.5%; (iv) furniture and fixtures: 9.4%; (v) IT equipment and installations: 5.5%; (vi) sales booths, stores and model apartments: 33.8%.

At the end of the reporting periods, the Company's management concluded that there were no indications of impairment of its tangible assets with finite useful lives, as none of the loss indicators set out in CPC 01 (R1), paragraphs 10 and 12, was evidenced. There are no property and equipment items pledged as collateral for liabilities, except for an aircraft, with residual value of R$5,919 as at December 31, 2014 in Individual and on a consolidated basis (R$6,168 at December 31, 2013), which is assigned as collateral to the lender.

10. Intangible Assets

The movements in intangible assets for the year ended December 31, 2014 are as follows:

	Individual			
	12/31/13	Addition	Transfer	12/31/14
Cost:				
Software development	25,924	**4**	**20,516**	**46,444**
Software license	37,275	**3,200**	**3,398**	**43,873**
Intangibles under development	17,110	**13,916**	**(23,914)**	**7,112**
Trademarks and patents	-	**24,000**	**-**	**24,000**
Total cost	80,309	**41,120**	**-**	**121,429**
Accumulated amortization:				
Software development	10,642	**5,170**	**9**	**15,821**
Software license	22,168	**6,673**	**(9)**	**28,832**
Total accumulated amortization	32,810	**11,843**	**-**	**44,653**
Total intangible assets	47,499	**29,277**	**-**	**76,776**

	Consolidated				
	12/31/13	Addition	Write-off	Transfer	12/31/14
Cost:					
Software development	25,924	**4**	**-**	**20,516**	**46,444**
Software license	37,288	**3,202**	**(10)**	**3,398**	**43,878**
Intangibles under development	17,110	**14,025**	**-**	**(23,914)**	**7,221**
Trademarks and patents	-	**24,000**	**-**	**-**	**24,000**
Total cost	80,322	**41,231**	**(10)**	**-**	**121,543**
Accumulated amortization:					
Software development	10,643	**5,168**	**-**	**9**	**15,820**
Software license	22,179	**6,675**	**(8)**	**(9)**	**28,837**
Total accumulated amortization	32,822	**11,843**	**(8)**	**-**	**44,657**
Total intangible assets	47,500	**29,388**	**(2)**	**-**	**76,886**

On August 22, 2014, the Company's management acquired from MRV Serviços e Engenharia Ltda. the use and property rights of the trademark MRV Engenharia for an indefinite period, for a total of R$24,000 (note 18 (f)). Because this is an intangible asset with indefinite useful life, it is not being amortized.

The average annual amortization rate for software development and software license is 20%. Estimated consolidated amortization expenses for the next five years are as follows:

	Individual	Consolidated
2015	14,374	14,386
2016	13,216	13,238
2017	11,286	11,308
2018	8,428	8,450
2019	5,472	5,504
Total	52,776	52,886

Amortization expenses on intangible assets are allocated to line items 'Cost', 'Selling expenses', and 'General and administrative expenses', in the income statement, according to the nature and allocation of each intangible asset. No intangible assets were pledged as collateral for liabilities. There are no fully amortized material intangible assets still in use by the Company.

At the end of the reporting periods, the Company's management concluded that there were no indications of impairment of its intangible assets with finite useful lives, as none of the loss indicators set out in CPC 01 (R1), paragraphs 10 and 12, was evidenced.

11. Loans, Financing and Debentures

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Leases	**1,600**	5,980	**1,600**	5,980
Debentures (a)	**1,162,643**	1,545,738	**1,162,643**	1,545,738
Loans and financing (b)	**1,013,760**	1,093,727	**1,342,797**	1,476,193
(-) Funding cost	**(5,010)**	(10,188)	**(5,010)**	(10,188)
Total (c)	**2,172,993**	2,635,257	**2,502,030**	3,017,723
Current	**889,919**	659,464	**993,083**	774,692
Noncurrent	**1,283,074**	1,975,793	**1,508,947**	2,243,031

(a) Debentures:

The Company issued simple, nonconvertible, registered, book-entry, unsecured debentures. The fourth issue provides for additional guarantees.

The breakdown of debentures per maturity (period after the end of the reporting period) is as follows:

	Individual and Consolidated				
	12/31/14				12/31/13
	4th issue	5th issue	6th issue	Total	Total
Amortization:					
1 year	120,965	281,657	10,021	**412,643**	425,738
2 years	-	250,000	250,000	**500,000**	370,000
3 years	-	-	250,000	**250,000**	500,000
4 years	-	-	-	**-**	250,000
Total	120,965	531,657	510,021	**1,162,643**	1,545,738
Costs:					
1 year	(478)	(505)	(767)	**(1,750)**	(1,950)
2 years	-	(252)	(785)	**(1,037)**	(1,751)
3 years	-	-	(256)	**(256)**	(1,021)
4 years	-	-	-	**-**	(256)
Total	(478)	(757)	(1,808)	**(3,043)**	(4,978)
Total, net	120,487	530,900	508,213	**1,159,600**	1,540,760

The main features of the Company's debentures are as follows:

Issue	Date	Series	Number	Amount	Contractual rate	Effective rate	Maturity	Charge payment
4th	12/23/2010	single	300	300,000	TR + 8.77% p.a.(*)	TR + 8.42% p.a.(*)	12/13 to 12/15 (**)	Semiannual
5th	7/1/2011	single	500,000	500,000	CDI + 1.50% p.a.	CDI + 1.60% p.a.	07/15 and 07/16	Semiannual
6th	5/3/2012	single	500,000	500,000	CDI + 1.50% p.a.	CDI + 1.65% p.a.	05/16 and 05/17	Semiannual

(*) The spread for projects with a marketing value higher than the value set by the FGTS Board is 10.25% p.a.
(**) Semiannual maturities.

In 2014 the Company settled the third issue debentures totaling R$272,320.

Fourth issue debentures are collateralized by (i) receivables from the sale of units financed with the debentures' proceeds (see note 6); (ii) the accounts associated to the issue and investment of the funds arising from the payment of receivables (see note 5); and (iii) the sale of land of the financed projects, after the disbursement of the funds (see note 7). The other issues of debentures are not collateralized because they refer to unsecure debentures.

(b) Loans and financing:

The breakdown of loans and financing as at December 31, 2014 and 2013 is as follows:

	Individual		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Type:				
Bank Credit Notes	**93,145**	167,471	**93,145**	167,471
Working capital	**514,371**	421,611	**514,371**	421,611
Construction financing	**403,086**	500,894	**732,123**	883,360
FINAME financing	**3,158**	3,751	**3,158**	3,751
	1,013,760	1,093,727	**1,342,797**	1,476,193
(-) Funding cost	**(1,967)**	(5,210)	**(1,967)**	(5,210)
Total	**1,011,793**	1,088,517	**1,340,830**	1,470,983

As at December 31, 2014, the main terms and conditions of loans and financing are as follows:

Type	Maturity	Index	Contractual rate	Effective rate
Bank Credit Notes	Quarterly 3/13 to 3/15	CDI	CDI + 1.15% p.a.	CDI + 1.59% p.a.
Working capital	Semiannual 12/15 to 6/17	CDI	111% of CDI p.a.	111% of CDI p.a.
Working capital	Semiannual 6/17 to 6/18	CDI	113% of CDI p.a.	113% of CDI + 0.12 p.a.
Working capital	Sundry 6/11 to 3/15	CDI	CDI + 1.40% p.a.	CDI + 1.40% p.a.
Working capital	Sundry 7/13 to 7/15	CDI	CDI + 1.45% p.a.	CDI + 3.11% p.a.
Construction financing	Sundry 12/12 to11/19	TR	8.00% to 10.50% p.a.	8.00% to 10.50% p.a.
FINAME financing	Monthly 10/10 to 4/20	Fixed rate	4.50% p.a.	4.50% p.a.

Construction financing agreements are collateralized by receivables (see note 6), disposal of land (see note 7), or promissory notes, some of which guaranteed by the controlling shareholders.

(c) Breakdown of loans, financing, leases and debentures by maturity:

	Individual		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
After the end of the reporting period				
1 year	**889,919**	659,464	**993,083**	774,692
2 years	**776,361**	963,764	**922,078**	1,133,144
3 years	**474,219**	719,662	**552,932**	817,370
4 years	**31,631**	290,987	**33,074**	291,137
After 4 years	**863**	1,380	**863**	1,380
Total	**2,172,993**	2,635,257	**2,502,030**	3,017,723

(d) Contractual obligations

Related to financial ratios:

The 4th and 6th Issue Nonconvertible Debenture Indentures, the Bank Credit Bills (CCBs) and the working capital loan provide for certain obligations relate to the compliance of financial ratios, determined and reviewed on a quarterly basis by the Fiduciary Agent, as follows:

Description	Required ratio
(Net debt + properties payable) to Equity	Lower than 0.65
(Receivables+unearned revenue+inventories) to (Net debt+properties payable+unrecognized cost)	Higher than 1.6 or lower than 0

Net debt corresponds to the total short- and long-term bank debt, less financing received under the Housing Financial System or the financing granted by the Investment Fund of the Severance Pay Fund (FI-FGTS) or the financing obtained through the issue of debentures using FGTS funds, and less cash, banks, and short-term investments.

Properties payable corresponds to the sum of line item 'Land payables' in current and noncurrent liabilities, less the land acquired through barters, if any.

Receivables corresponds to the sum of the trade short- and long-term receivables, disclosed in the financial statements.

Unearned revenue corresponds to the balance disclosed in notes to the consolidated financial statements related to the sales already contracted of uncompleted real estate units, not disclosed in the balance sheet in compliance with accounting practices adopted in Brazil.

Inventories correspond to the amount presented in line item 'Properties for sale' in the balance sheet.

Unrecognized cost corresponds to costs to be incurred related to the sales of uncompleted projects.

As at December 31, 2014 the Company is compliant with all the contractual obligations involving the financial ratios required by debenture, CCB, and working capital agreements.

Other contractual obligations:

The Company is subject to certain contractual requirements under the loan, financing, and debenture agreements that must be complied throughout the debt period, such as: there cannot be any significant changes in the ownership structure; compliance with the payments provided for in the agreements; maintenance of the ability to honor the guarantees provided in the agreements; guaranteed completeness of the data provided to the financial agents; there should be no discontinuation of activities, bankruptcy or insolence; the Company should not exceed the ceiling of protested bills or default events that could undermine its creditworthiness; information requested must be provided within contractual deadlines; avoid any of the cases provided for in Articles 333 and 1425 of the Civil Code and comply with Articles 39 and 40 of the "Provisions Applicable to BNDES Agreements"; the Company should not be awarded any sentence of environmental crime; the funds received must be solely used in construction; there should not by any significant changes in the financed project without the financial agent's prior approval; the Company must obtain the mandatory project issuance; contract rights shall not be assigned without the financial agent's prior approval. Failure to comply with said covenants could cause the acceleration of agreement maturity by the financial agents. As at December 31, 2014, the Company is compliant with all the contractual requirements of the loan, financing and debenture agreements.

(e) Allocation of financial charges

Financial expenses on loans, financing and debentures are capitalized and charged to the cost of each project or capitalized in property and equipment according to the criterion described in note 2.2 (c).

	Individual		Consolidated	
	2014	2013	2014	2013
Gross financial charges	**256,228**	246,722	**290,343**	281,328
Capitalized financial charges	**(168,629)**	(136,514)	**(202,606)**	(167,347)
Amounts recognized in financial income (expenses) (note 24)	**87,599**	110,208	**87,737**	113,981
Financial charges allocated to Properties under construction				
Opening balance	**106,515**	75,294	**107,407**	78,794
Capitalized financial charges related to:				
- Loans and financing	**42,816**	55,343	**76,793**	86,176
- Debentures	**125,813**	81,171	**125,813**	81,171
Capitalized financial charges	**168,629**	136,514	**202,606**	167,347
Charges allocated to profit or loss in cost of properties sold and service (note 23)	**(90,775)**	(105,293)	**(122,377)**	(138,734)
Closing balance (note 7)	**184,369**	106,515	**187,636**	107,407

In the year ended December 31, 2014, total capitalized loans, financing and debentures represented an average charge rate of 11.25% per annum (9.31% per annum in 2013).

Financial charges on loans, financing and debentures related to construction are capitalized to the cost of each project, are recorded in the income statement proportionally to the number of units sold.

12. Land Payables

	Individual		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Credit purchases	**796,189**	379,913	**1,206,675**	559,095
Discount to present value	**(1,793)**	(695)	**(5,300)**	(2,239)
Total	**794,396**	379,218	**1,201,375**	556,856
Current	**321,029**	224,741	**415,501**	292,495
Noncurrent	**473,367**	154,477	**785,874**	264,361

The discount to present value was calculated for the land payments according to the criteria described in note 2.2 (b). The discount was calculated as the difference between the contractual rates and the Company's weighted funding rate.

Floating rates acquisitions are basically adjusted using the Interbank Deposit Rate (CDI), the TR, the National Civil Construction Index (INCC) and the General Market Price Index (IGP-M), and mature as follows:

	Individual		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
After the end of the reporting period				
1 year	**321,029**	224,741	**415,501**	292,495
2 years	**99,272**	30,138	**120,056**	38,438
3 years	**48,811**	3,943	**51,658**	8,918
4 years	**6,135**	2,961	**9,568**	5,461
After 4 years	**319,149**	117,435	**604,592**	211,544
	794,396	379,218	**1,201,375**	556,856

13. Advances from Customers

	Individual		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Advanced receivables	**242,662**	248,820	**399,209**	396,873
Advances for barters	**705,822**	656,712	**1,124,826**	1,112,977
	948,484	905,532	**1,524,035**	1,509,850
Current	**552,689**	642,919	**884,293**	933,464
Noncurrent	**395,795**	262,613	**639,742**	576,386

Advances from customers are broken down as follows:

	Individual		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
After the end of the reporting period				
1 year	**552,689**	642,919	**884,293**	933,464
2 years	**257,888**	168,254	**422,950**	365,079
After 2 years	**137,907**	94,359	**216,792**	211,307
Total	**948,484**	905,532	**1,524,035**	1,509,850

Advanced receivables

In the sales of uncompleted units, receipts higher than recognized sales revenue are recorded in line item ‘Advances from customers’, classified in current and noncurrent liabilities, as shown above, according to the expected construction completion. These balances are denominated in local currency and are not subject to financial charges, where the Company has the commitment to build the property.

Advances for barters

The balances of advances for barters refer to commitments assumed on the purchase of land in the inventory for the development of real estate projects and are settled during the evolution of the construction until when the real estate units are delivered, according to the underlying contracts.

Bank guarantees provided by the Company for barter arrangements are summarized as follows:

	Individual and Consolidated	
	12/31/14	12/31/13
After the end of the reporting period		
1 year	**272,673**	187,004
2 years	**52,958**	25,350
3 years	**18,192**	19,506
	343,823	231,860

Further to bank guarantees, customer advances are insured by property delivery guarantee, as described in note 28.

14. Payroll and Related Taxes

	Individual		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Salaries and wages	**9,658**	15,381	**25,111**	19,035
Payroll taxes	**10,532**	11,643	**23,393**	14,064
Accrued vacation, 13th salary and related taxes	**23,411**	30,909	**51,047**	42,686
Provision of employee and management profit sharing	**14,850**	12,986	**14,850**	12,986
Other	**3,229**	2,698	**8,453**	3,141
Total	**61,680**	73,617	**122,854**	91,912

Employee and management profit sharing, as provided for by prevailing legislation, can be either under voluntary programs maintained by the companies and subsidiaries or agreements with employees or labor unions.

15. Taxes Payable

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Income tax and social contribution	**5,266**	6,016	**13,738**	12,459
Taxes on revenue (PIS and COFINS)	**6,015**	12,309	**12,327**	20,315
Withheld third-party taxes	**6,505**	3,054	**14,461**	7,304
Taxes withheld on interest on capital	**5,201**	5,365	**8,286**	6,480
Other	**923**	1,368	**1,478**	1,887
Total	**23,910**	28,112	**50,290**	48,445

As at December 31, 2014, the amounts of recoverable taxes, essentially arising from tax credits claimed on the costs incurred on units sold (PIS and COFINS), short-term investments and intercompany loans (withholding income tax) are R$155,038 (R$94,515 at December 31, 2013), Individual, and R$206,261 (R$111,715 at December 31, 2013), on a consolidated basis, are classified in line item ‘Recoverable taxes’, in current assets.

Federal taxes in installments

In August 2014, the Company and some of its subsidiaries filed an application to join the federal tax debt installment plan established under Law 11941, of May 27, 2009, as the application deadline was reset under Law 12996, of June 18, 2014. The Company revisited its calculation of federal taxes due in 2010-2013 and identified recoverable taxes amounting to R$48,940 in Individual and R$93,479 on a consolidated basis, and taxes payable amounting to R$33,693 in Individual and R$69,163 on a consolidated basis. The payment in installments of the amounts payable by the Company generated a net gain of R$3,834 in Individual and R$5,350 on a consolidated basis.

In light of the provisions of Provisional Act 651, of July 10, 2014, which allow for, without limitation, the utilization of tax loss carryforwards determined until December 31, 2013 and reported until June 30, 2014 for the early settlement of tax debt installments payable by the corporate taxpayer or its subsidiaries, limited to 70% of the total debt and the payment of the remaining balance is cash, the Company decided to pay in advance the outstanding balance of its tax installment plan, and made the payment in November 2014. The tax credits arising on the amounts settled with tax loss carryforwards, totaling R$27,967 in Individual and on a consolidated basis, were recognized in the statement of income for said year.

The effects, on a consolidated basis, of joining the tax installment plan and the prepayment are as follows:

	Adhesion to the plan	**Prepayment**	**Total in income satement**
Taxes on revenue (PIS/COFINS)	(5,681)	-	(5,681)
Financial income (expenses):			
Financial income	17,091	-	17,091
Financial expenses net of decrease for joining the installment plan	(3,493)		(3,493)
	13,698		13,598
Income tax and social contribution	(2,568)	27,967	25,399
Total impact on profit	5,350	27,967	33,317

16. Provision for Maintenance of Real Estate

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Current	**18,764**	18,844	**33,733**	32,853
Noncurrent	**49,995**	53,521	**89,772**	89,988
Total	**68,759**	72,365	**123,505**	122,841

The Company and its subsidiaries offer warranty for construction defects limited to five years, in compliance with Brazilian legislation. In order to meet this commitment without impacting future years and properly match revenues with costs, amounts corresponding to 1.85% of the total construction cost actually incurred were accrued as at December 31, 2014 (1.85% at December 31, 2013) for each project under construction. This estimate is based on annually reviewed historical averages according to analysis by the Company's engineering department. The provisions are recorded under the percentage-of-completion method, by applying the percentage above to actual costs incurred.

The movements in the provision for maintenance of real estate are as follows:

	Opening balance	**Additions**	**Write-offs**	**Transfer**	**Closing balance**
Individual					
Current	18,844	43,732	(47,338)	3,526	18,764
Noncurrent	53,521	-	-	(3,526)	49,995
Total - FY 2014	**72,365**	**43,732**	**(47,338)**	-	**68,759**
Total - FY 2013	100,838	34,764	(63,237)	-	72,365
Consolidated					
Current	32,853	74,430	(73,766)	216	33,733
Noncurrent	89,988	-	-	(216)	89,772
Total - FY 2014	**122,841**	**74,430**	**(73,766)**	-	**123,505**
Total - FY 2013	164,537	57,105	(98,801)	-	122,841

The amount provided for projects in progress was adjusted in 2013, by R$29,586 in Individual and R$48,163 on a consolidated basis, to reflect new provisioning estimate percentage (1.85% of the construction cost at December 31, 2013 and 3.00% at December 31, 2012).

17. Provisions for Civil, Labor and Tax Risks

The Company and its subsidiaries are parties to lawsuits and administrative proceedings before courts and governmental bodies, arising in the normal course of their operations, involving tax, labor, civil and other matters. Therefore, recognize provisions in sufficient amount to cover contingent liabilities related to proceedings for which a probable cash disbursement is expected.

Based on information from its legal counsel and the analysis of the ongoing proceedings and previous court and administrative decisions, the Company's management believes that the provision recognized for probable unfavorable outcomes is sufficient to cover estimated losses and to ensure that the final decision on each proceeding will not have a significant impact on its financial position.

The movements in provisions are as follows:

Individual	Opening balance	Additions	Reversals	Payments	Inflation adjustment	Closing balance
Civil	13,394	28,557	(2,758)	(11,702)	1,911	29,402
Labor	9,913	11,463	(1,466)	(5,632)	4,612	18,890
Tax	96	820	(882)	(8)	9	35
Total - FY 2014	**23,403**	**40,840**	**(5,106)**	**(17,342)**	**6,532**	**48,327**
Total - FY 2013	17,678	19,369	(5,170)	(11,065)	2,591	23,403
Consolidated						
Civil	13,394	29,277	(2,758)	(11,702)	1,911	30,122
Labor	9,913	11,464	(1,466)	(5,632)	4,612	18,891
Tax	96	820	(882)	(8)	9	35
Total - FY 2014	**23,403**	**41,561**	**(5,106)**	**(17,342)**	**6,532**	**49,048**
Total - FY 2013	17,678	19,369	(5,170)	(11,065)	2,591	23,403

The total number of the Group’s lawsuits and the number of lawsuits classified as a “probable” likelihood of an unfavorable outcome classified, based on Company’s legal counsel’s assessment, broken down by type, are as follows:

	Individual			
	12/31/14		12/31/13	
	Total lawsuits	Probable lawsuits	Total lawsuits	Probable lawsuits
Type:				
Civil	**17,497**	**2,106**	14,953	903
Labor	**3,416**	**543**	4,637	766
Tax	**285**	**12**	292	25
Administrative proceedings	**150**	**-**	104	-
Criminal	**40**	**-**	-	-
Environmental	**72**	**-**	-	-
Total	**21,460**	**2,661**	19,986	1,694

	Consolidated			
	12/31/14		12/31/13	
	Total lawsuits	Probable lawsuits	Total lawsuits	Probable lawsuits
Type:				
Civil	**20,121**	**2,200**	14,953	903
Labor	**3,983**	**548**	4,637	766
Tax	**288**	**12**	292	25
Administrative proceedings	**153**	**-**	104	-
Criminal	**40**	**-**	-	-
Environmental	**86**	**-**	-	-
Total	**24,671**	**2,760**	19,986	1,694

As shown above the main lawsuits as at December 31, 2014 and the additions for the year then ended refer to civil and labor lawsuits, basically related to:

- Civil: actions seeking injunctions/compensation related to the delivery of the units and involving purchase and sale agreements of units sold.
- Labor: lawsuits involving former employees of contractors over which the Company has joint liability.

Civil, labor, tax and administrative proceedings assessed by the legal counsel as possible losses, which have the same nature as those described above, total R$76,168 in Individual and R$88,946 on a consolidated basis as at December 31, 2014 (R$51,076 in Individual and R$63,065 on a consolidated basis at December 31, 2013). In accordance with accounting practices adopted in Brazil and applicable legislation, no provision was recognized for these contingent liabilities.

In light of the legal, tax, and regulatory systems’ timing and dynamics, the Company’s management believes that it is not practicable to provide useful information to the users of these financial statements about the time of potential cash disbursements or any possibility of reimbursements. Additionally, the Company's management believes that potential cash disbursements in excess of the amounts provided for, after a the final outcome of the related lawsuits will not have a material impact on the Company's profit or loss and financial position.

18. Related parties

(a) Short-term investments

The Company and the subsidiaries and joint ventures designated below held investments in Bank Certificates of Deposit (CDB) in Intermedium Crédito Financiamento e Investimento S.A. (Intermedium), a company controlled by shareholders Rubens Menin Teixeira de Souza (Company owner) and Marcos Alberto Cabaleiro Fernandez. These investments amounts are as follows:

Balances:	Index	12/31/14	12/31/13
Company	111.03% CDI	**41,109**	43,264
Subsidiaries:			
MDI Desenvolvimento Imobiliário Ltda.	111.16% CDI	**14,735**	11,726
Urbamais Properties e Participações S.A.	112.00% CDI	**2,117**	1,728
Joint ventures:			
LOG Commercial Properties e Participações S.A.	110.00% CDI	**45,725**	42,834
Cabral Investimentos SPE Ltda.	108.39% CDI	**15,234**	-
Other related parties:			
Special Purpose Entities (SPEs)	110.47% CDI	**2,918**	5,884
Total		**121,838**	105,436

Total financial income for the years ended December 31, 2014 and 2013, paid by Intermedium, was R$12,536 and R$8,466, respectively.

(b) Trade accounts receivable and trade accounts payable

Receivables from services provided

	Individual		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Subsidiaries:				
LOG Commercial Properties e Participações S.A.(i)	**195**	201	**282**	201
MRL Engenharia e Empreendimentos S.A. (i)	**-**	127	**-**	133
Prime Incorporações e Construções S.A. (i)	**43**	-	**43**	-
Urbamais Propriedades e Participações S.A.	**31**	-	**31**	-
Other related parties:				
Construtora Verde Grande Ltda. (ii)	**28**	15	**28**	15
MRV Serviços de Engenharia Ltda. (ii)	**81**	43	**81**	43
Expar Êxito Participações Ltda. (ii)	**19**	1	**19**	1
Intermedium Crédito Financiamento e Investimento S.A. (ii)	**-**	7	**19**	7
Partners in real estate development projects	**104**	329	**113**	329
Total	**458**	723	**573**	729

(i) The Company provides administrative services to the joint ventures LOG Commercial Properties e Participações S.A. (LOG), MRL Engenharia e Empreendimentos S.A. (MRL), and Prime Incorporações e Construções S.A. (PRIME). The service agreement with LOG provides for the monthly payment of R$5.5 per project developed by LOG or its investees. This amount is annually adjusted using the average salary increase percentage granted to the employees of the Company. The agreement is effective for three years beginning December 2, 2013, automatically extendable for an equal period, if not apposed by any of the parties. Revenue from administrative services charged by the Company to MRL and PRIME is calculated monthly based on the fixed amount (annually adjusted) of each transaction with the Company, multiplied by the service percentage of completion performed for these companies.

(ii) The companies Construtora Verde Grande Ltda. (CVG), MRV Serviços de Engenharia Ltda. (Serviços), and Expar Exito Participações Ltda. are controlled by Company shareholders: Marcos Alberto Cabaleiro Fernandez, Lucas Cabaleiro Fernandez, Rubens Menin Teixeira de Souza and Mário Lúcio Pinheiro Menin, but are not part of the Company's corporate group. The Company provides building services to these related parties. The receivables from services provided stated in the table above include the agreements between the Company and said companies.

Revenue collected by the Company is calculated at the rate of 15% on construction cost in the case of the construction contract, and at the rates of 7.6% (CVG) and 8.5% (Serviços) on actual sales in the case of the unit sale and administrative support agreement. The agreements are effective until the end of construction and the end of unit sales.

Service revenue charged by the Company from Intermedium refers to the business introduction commission corresponding to 0.15% of total the Company's trade payables, discounted from the invoices payable to the bank.

In the year ended December 31, 2014, revenue from services provided to these companies (net of taxes) total R$3,246, Individual and on a consolidated basis (R$4,642 in 2013) and was recognized in line item 'Other operating income'.

Trade accounts payable

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Other related parties:				
MRV Construções Ltda. (iii)	**27,887**	-	-	-
MRV Serviços de Engenharia Ltda. (iv)	**20,674**	-	**20,674**	-
Total	**48,561**	-	**20,674**	-

(iii) Refers to construction services rendered to the Company and subsidiaries. In the year ended December 31, 2014, transactions amount to R$223,134 and R$136,731, in Individual and for other subsidiaries, respectively, both eliminated upon consolidation.

(iv) Refers to the acquisition of the use and property rights of the trademark "MRV Engenharia", as explained in letter (f) below.

(c) Intercompany loan balances

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Joint ventures:				
Prime Incorporação e Construções S.A.	**5,288**	1,488	**5,288**	1,488
MRL Engenharia e Empreendimentos S.A.	**-**	89	**-**	89
Other related parties:				
Partners in real estate development projects	**48,396**	48,937	**51,666**	48,937
Total	**53,684**	50,514	**56,954**	50,514

The balances of intercompany loans to related companies do not have fixed maturities and as at December 31, 2014 R$32,753 in Individual and R$36,023 in Consolidated (R$50,514 in Individual and Consolidated at December 31, 2013) are subject to interest pegged to the interbank deposit rate (CDI) plus a spread of 2.01% per annum in 2014 (2.57% per annum in 2013).

Intercompany loans and receivables from joint ventures and partners refer mainly to transactions conducted to fund the initial stage of the projects in view of the business relationships that are maintained with related parties for the development of real estate development and construction operations.

Financial income from related parties for the years ended December 31, 2014 and 2013 is broken down as follows:

	Individual and Consolidated	
	2014	**2013**
Joint ventures:		
Prime Incorporação e Construções S.A.	**873**	486
MRL Engenharia e Empreendimentos S.A.	**1**	18
LOG Commercial Properties e Participações S.A.	**11**	423
Other related parties:		
Partners in real estate development projects	**3,493**	6,358
Total	**4,378**	7,285

In addition to the amounts above, the Company has receivables from subsidiaries and partners in real estate development projects related to capital contributions and advances to be made, recognized in line item 'Other noncurrent assets', as shown below:

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Subsidiaries:				
Prime Incorporação e Construções S.A.	**865**	1,097	**1,001**	1,214
MRL Engenharia e Empreendimentos S.A.	**771**	1,718	**1,163**	1,913
LOG Commercial Properties e Participações S.A.	**621**	243	**627**	247
MDI Desenvolvimento Imobiliário Ltda.	**633**	-	**643**	-
Silent partnerships and special purpose entities	**917**	559	**1,122**	1,295
Other related parties:				
Partners in real estate development projects	**7,373**	5,333	**10,431**	6,400
Total	**11,180**	8,950	**14,987**	11,069

The balances receivable from subsidiaries and partners for capital contributions do not incur charges and are receivable immediately after being collected by the Company.

As at December 31, 2014 and 2013 no allowance for doubtful accounts was recognized for receivables from related parties as no losses on these transactions are expected.

Related-party transactions are conducted with subsidiaries and partners in real estate projects under terms and conditions negotiated by the parties. As the Company does not conduct similar transactions with unrelated parties, there is no evidence that these transactions would produce the same results had they been conducted with unrelated parties.

(d) Lease agreements

The Company leases some floors in the building MA Cabaleiro owned by Company shareholder Marcos Alberto Cabaleiro Fernandez. The related lease expenses for the year ended December 31, 2014, recognized in statement of income, totaled R$964 (R$925 in 2013).

(e) Noncompetition agreement

Company shareholders Marcos Alberto Cabaleiro Fernandez and Rubens Menin Teixeira de Souza entered into a noncompetition agreement with the Company, under which they agree not to engage in any activity in Brazil, in the construction industry outside the Company during a maximum period of two years after a possible withdrawal as shareholders. Their activities in the industry are, therefore, restricted to the Company.

(f) Brand license

On August 22, 2014, the Company's management acquired from MRV Serviços e Engenharia Ltda. the use and property rights of the trademark "MRV Engenharia" for an indefinite period. The total agreement amount, supported by economic studies, is R$24,000 to be paid in 24 monthly installments of R$1,000, adjusted by the SELIC (Central Bank's policy rate). The total agreement amount outstanding as at December 31, 2014 is R$20,674 (nil at December 31, 2013), recognized in line item 'Trade accounts receivable' and the incurred interest, recognized in the statement of income, amounts to R$53 in 2014 (nil in 2013).

(g) Guarantees, warranties and surety

The Company guaranteed Bank Credit Notes obtained by some of its jointly controlled entities from financial institutions, as described below:

Guarantees, warranty and surety	Start	Maturity	Amount
MRL Engenharia e Empreendimentos S.A.	04/29/2013	04/13/2016	2,590
	04/30/2013	04/14/2016	6,147
	09/02/2011	03/02/2016	19,614
	09/06/2011	03/02/2016	39,190
	09/30/2013	09/10/2016	51,367
	10/10/2014	10/10/2017	15,104
Prime Incorporações e Construções S.A.	09/02/2011	03/02/2016	23,817
	09/06/2011	03/02/2016	68,582
	04/29/2013	04/13/2016	1,950
	04/30/2013	04/14/2016	9,220
	06/29/2013	04/13/2016	2,944
	10/02/2013	09/12/2016	51,367
	02/26/2014	02/05/2017	41,574
	10/10/2014	10/10/2017	30,209
			363,675

(h) Compensation of key personnel

Pursuant to CPC 05 (R1), which addresses related party disclosures, and according to the understanding of the Company, management's key personnel consists of members of the Board of Directors and officers elected by the Board of Directors in conformity with the Company's bylaws, and their responsibilities comprise decision-making powers and control of the Company's activities.

	Individual		Consolidated	
	2014	**2013**	**2014**	**2013**
Short-term benefits granted to management:				
Management compensation	**7,955**	7,232	**8,413**	7,673
Profit sharing	**6,172**	3,993	**6,172**	3,993
Share-based compensation:				
Stock option plan	**2,269**	2,116	**2,269**	2,116
	16,396	13,341	**16,854**	13,782

On April 30, 2014, the Extraordinary Shareholders' Meeting approved the overall management compensation at R$17,000.

In addition to the benefits above, the Company does not grant any other benefits such as postemployment benefits, other long-term benefits or severance compensation.

(i) Largest shareholder

As at December 31, 2014, the Company's largest shareholder is Mr. Rubens Menin Teixeira de Souza, who holds 35.4% of the Company's shares (33.0% at December 31, 2013).

19. Shareholders' Equity

(a) Issued capital

	Individual and Consolidated	
	12/31/14	**12/31/13**
Share capital	**3,507,206**	3,197,819
Number of common shares, without par value	**449,139**	483,102

Under Article 5, paragraph 6, of the Company's Bylaws, shareholders are entitled to preemptive rights to the subscription of Company shares, convertible debentures or share warrants, proportionally to the related interest held, which can be exercised within thirty (30) days.

Each share entitles its holder to one vote in annual and extraordinary shareholders meetings. Under the Bylaws and the Novo Mercado Listing Agreement, the Company cannot issue nonvoting shares or restricted shares, or founder shares.

Under the Company's Bylaws, capital can be increased by means of a resolution of the Board of Directors, regardless of amendments to the bylaws, up to the limit of R$3,600 million, including shares already issued. The Company may issue common shares, debentures convertible into common shares, and share warrants within this limit. Any capital increase exceeding the authorized capital limit must be approved by the shareholders at a shareholders' meeting. Each common share is undividable and entitles its holder to one vote in decisions of the shareholders' meetings.

In the years ended December 31, 2014 and 2013, the Company's Board of Directors approved, within the authorized capital limit, the following capital increases, all through registered, book-entry, common shares, without par value:

Date of Board approval	Description	Number of shares	Unit price	Total capital increase	Capital after capital increase	Total shares
		(thousand)	R$	R$'000	R$'000	(thousand)
Year ended December 31, 2014:						
10/14/2014	Cancellation of treasury shares	**14,000**	**-**	**-**	**3,507,206**	**449,139**
06/02/2014	Cancellation of treasury shares	**14,082**	**-**	**-**	**3,507,206**	**463,139**
04/30/2014	Capitalization of the legal reserve (R$148,970) and the earnings retention reserve (R$160,000)	**-**	**-**	**308,970**	**3,507,206**	**477,221**
01/27/2014	Cancellation of treasury shares	**6,000**	**-**	**-**	**3,198,236**	**477,221**
01/27/2014	Program 5 of the stock option plan	**8**	**5.910**	**47**	**3,198,236**	**483,221**
01/27/2014	Program 2 of the stock option plan	**111**	**3.333**	**370**	**3,198,189**	**483,213**
Year ended December 31, 2013:						
05/16/2013	Program 3 of the stock option plan	-	11.80	6	3,197,819	483,102
05/16/2013	Program 2 of the stock option plan	1	3.333	3	3,197,813	483,102
05/16/2013	Program 1 of the stock option plan	221	0.335	74	3,197,810	483,101
04/30/2013	Capitalization of earning retention reserve	-	-	546,999	3,197,736	482,880
03/13/2013	Program 2 of the stock option plan	26	3.333	86	2,650,737	482,880
03/13/2013	Program 1 of the stock option plan	110	0.335	36	2,650,651	482,854

(b) Stock option plan

At the Extraordinary Shareholders' meeting held on October 15, 2013, the ceiling of the Stock Option Plan was changed from 4,702 thousand shares to 5% of total shares representing the Company's capital, limited to 22,457 thousand stock options at December 31, 2014 (24,155 thousand stock options at December 31, 2013).

The exercise price of the Stock Option Plan will be equivalent to the book value of each share determined by the Board of Directors at the time each program is discussed and approved.

The Company's officers and employees, including of direct and indirect subsidiaries, may be eligible for the plan. Should the employment contract or term of office of the employee or officer terminate due to: respectively, (a) quitting or resignation; or (b) dismissal (with or without just cause) or removal from office (with or without fair reason), providing the definition of cause in the Brazilian labor law, as applicable, is observed, the options whose exercise right: (i) had not been vested until such date will be cancelled; and (ii) had already been vested by such date, may be exercised within ninety day of the date of the termination of said employment agreement or mandate, by means of a written notice sent to the Chairman of the Company's Board and, after this period, they will be cancelled.
In case of death or permanent disability of the beneficiary, his or her successors shall have the right to exercise any unexercised stock options, regardless of the share sale restrictions periods set out in the Plan and even if such stock options are unvested, immediately and during the exercise period set out in the related program, where the number of shares to which the beneficiary's successors are entitled will be calculated on a prorated basis, according to the Plan.

On October 14, 2014, the Board of Directors approved a new grant, called "Program 6". The main features of the Stock Option Plan programs are as follows:

Program	Approval	Stock options (thou.)	Vesting	Option price	Participants	Exercise deadline
1	04/02/2007	2,849*	5 to 7 years	R$1.004*	Officers and managers.	6 months after vesting
2	04/02/2007	471*	5 to 7 years	R$10.00*	Officers and managers.	6 months after vesting
3	03/08/2010	1,701	Up to 4 year	R$11.80	Officers, managers, and key employees	April 2018
4	06/11/2012	1,945	Up to 4 year	R$11.56	Officers, managers, and key employees	August 2019
5	08/20/2013	1,522	Up to 4 year	R$5.91	Officers, managers, and key employees	December 2020
6	14/10/2014	1,512	Up to 4 year	R$6.50	Officers, managers, and key employees	December 2021

* Each stock option is equivalent to three (3) shares.

The tables below show the movements in stock options plan per program for the years ended December 31, 2014 and 2013 and supplemental information thereon:

		Movements in 2014 (thousand shares)				
Program	Number of participants	Opening balance	Granted	Expired/ forfeited	Exercised	Closing balance
1	12	3,094	-	-	(3,094)	-
2	36	1,109	-	(21)	(1,088)	-
3	133	1,416	-	(17)	-	1,399
4	207	1,893	-	(108)	-	1,785
5	62	1,522	-	(16)	(11)	1,495
6	97	-	1,512	-	(3)	1,509
		9,034	1,512	(162)	(4,195)	6,188
Weighted average price of shares		5.79	6.50	10.01	1.13	9.01

		Movements in 2013 (thousand shares)				
Program	Number of participants	Opening balance	Granted	Expired/ forfeited	Exercised	Closing balance
1	12	3,545	-	(134)	(331)	3,080
2	37	1,205	-	(69)	(27)	1,109
3	140	1,459	-	(43)	-	1,416
4	223	1,945	-	(52)	-	1,893
5	246	-	1,522	-	-	1,522
		8,154	1,522	(298)	(358)	9,020
Weighted average price of shares		6.78	5.91	6.48	1.68	6.84

	Other information				
Program	Number of vested shares (thou.)	Compensation cost for the year	Unrecognized compensation cost	Remaining compensation cost period (in years)	Remaining contractual life (in years)
1	-	314	-	-	-
2	-	176	-	-	-
3	213	1,161	375	0.4	3.4
4	165	1,450	2,212	1.7	4.7
5	120	1,348	3,075	3.0	6.0
6	73	491	4,650	4.1	7.1
2014	571	4,940	10,312	3.1	5.2
2013	422	5,512	10,111	2.7	1.5

The compensation costs arising from joint ventures and recognized by the Company totaled R$150 for the year ended December 31, 2014 (R$197 in 2013).

As at December 31, 2014, had all options currently granted been exercised, the Company would have issued 6,304,000 shares, which would represent a 1.38% dilution in relation to total Company shares of 449,139,000.

The weighted average market price of the stock options exercised in the year ended December 31, 2014, taking into account the date of each exercise, was R$7.78 (R$8.64 at December 31, 2013).

Under Article 171, Par. 3, of the Brazilian Corporate Law, the Company's shareholders do not have preemptive rights on the exercise of stock options.

Up to December 31, 2014, 74.10% of the total stock options approved under the Plan had been granted (59.38% at December 31, 2013)

In 2014, 1,031 thousand options of program 1 were exercised and as a result 3,094 thousand common shares were sold, as described in (d) below, which were previously in treasury, for a total of R$1,036.

The Company records share-based compensation of the participants in the financial statements based on its fair value. The fair values of the stock option programs were estimated based on the Black & Scholes stock option pricing model, considering the following weighed average assumptions:

	Program					
	1	**2**	**3**	**4**	**5**	**6**
Exercise price	R$1.004	R$10.00	R$11.80	R$11.56	R$5.91	R$6.50
Risk-free rate	10.9%	12.5%	12.79%	9.57%	11.8%	11.34%
Exercise period in years	4.1	6.5	8.0	7.0	7.3	7.0
Expected annualized volatility	51.70%	50.32%	50.11%	64.26%	61.12%	58.67%
Expected dividends	5%	5%	5%	5%	5%	5%
Stock options fair value on grant date per share	R$7.74	R$23.51	R$5.25	R$9.43	R$4.22	R$4.00

(c) Special goodwill reserve

On January 31, 2007, the Company merged its investor Gryfindor Participações Ltda. The tax benefit obtained with the net assets corresponding to this Company's interest in the Company was recognized in this line item, in capital reserve.

(d) Treasury shares

In the year ended December 31, 2014 the Board of Directors approved: (i) the cancellation of 34,082 thousand treasury shares; (ii) a 365-day share buyback program, beginning June 3, 2014, limited to 20,000 thousand shares of the Company's total free float, without a capital reduction, through the use of funds from the available earnings or capital reserve, aimed at maximizing the creation of shareholder value.

In addition, the Company bought back 31,161 thousand shares at the cost of R$228,662 (4,025,000 at the cost of R$26,389 in 2013), for the average price of R$7.34, and transferred 3,094,000 to stock option plan participants.

	Number (thousand)					Cost in reais (per share) of the acquired shares			Fair value at end of reporting period
Type	**Opening balance**	**Acquired**	**Transferred**	**Cancelled**	**Closing balance**	**Weighted average**	**Maximum**	**Minimum**	
Common in 2014	**9,338**	**31,161**	**(3,094)**	**(34,082)**	**3,323**	**7.34**	**9.00**	**6.50**	**24,923**
Common in 2013	5,313	4,025	-	-	9,338	6.56	6.98	6.09	78,720

As a result, R$293,713 were transferred from line item 'Treasury shares' to line items 'Earnings retention reserve' (R$275,159) and 'Special goodwill reserve'

(R$18,554) related to: (i) the cancellation of shares amounting to R$270,539; and (ii) transfers to stock option plan participants amounting to R$23,174.

(e) Mandatory minimum dividend payable to shareholders

Under the Company's Bylaws and the Brazilian Corporate Law, shareholders are entitled to receive dividends and other distributions related to the Company shares, proportionally to their interests in capital.

Shareholders are entitled to an annual mandatory minimum dividend of no less than 25% of profit, which can be decreased or increased by the following amounts: (i) amount to be allocated to the legal reserve; (ii) amount to be allocated to the recognition of a provision for contingencies and reversal of this provision recognized in prior years; and (iii) amount derived from the reversal of prior years' unrealized earnings reserve, pursuant to Article 202, II, of Corporate Law.

According to the Company's management's proposal, to be approved at the Annual Shareholders' Meeting (ASM), 2014 dividends are as follows (2013 dividends are presented for comparative purposes):

	2014	2013
Net income	**720,211**	423,084
Legal reserve - 5% of net income	**(36,011)**	(21,154)
Net income available for distribution	**684,200**	401,930
Proposed dividends – % of net income available for distribution		
- Mandatory minimum dividends - 25%	**171,050**	100,483
- Proposed additional dividends - 10%	**-**	40,193
Total proposed dividends	**171,050**	140,676
Number of common shares at end of reporting period (less treasury shares) (thou.)	**445,816**	473,764
Proposed dividends per share:		
- Mandatory minimum dividends - R$	**0.3837**	0.2121
- Proposed additional dividends - R$	**-**	0.0848
- Total proposed dividends - R$	**0.3837**	0.2969

The 2013 dividends, totaling R$140,676, were approved at the Annual Shareholders' Meeting (ASM) held on April 30, 2014 and were paid on June 16, 2014, and were equivalent to R$0.301514331 per share, without inflation adjustment, as per the shareholding position on May 15, 2014. The 2012 dividends, totaling R$125,297, approved at the ASM held on April 30, 2013, were paid in 2013.

(f) Legal reserve

As at December 31, 2014, the Company recognized a legal reserve totaling R$36,011 (R$21,154 in 2013) equivalent to 5% of annual net income, as prescribed by Article 193 of the Brazilian Corporate Law.

(g) Earnings retention reserve

As at December 31, 2014, management proposed for approval at a Shareholders' Meeting, the allocation of remaining balance of retained earnings, totaling R$513,126, to the earnings retention reserve. This reserve is intended to meet the funding requirements for future investments, mainly to meet working capital requirements, purchase of land, investments in property and equipment and intangible assets, and payment of interest according to the capital budget to be submitted to and approved by the Annual Shareholders' Meeting. The Ordinary and Extraordinary Shareholders' Meeting held on April

30, 2014 approved the allocation of the remaining net income for 2013, amounting to R$258,678, to this reserve.

(h) Noncontrolling interests

	Consolidated	
	2014	**2013**
Opening balance	**264,217**	286,340
Net distributions to noncontrolling interests	**(10,633)**	(7,936)
Capital transactions	**137**	(41,298)
Interests in net income	**31,189**	27,111
Closing balance	**284,910**	264,217

In the year ended December 31, 2014, the changes in the Company's equity interests in subsidiaries generated an increase in noncontrolling interests of R$137 (decrease of R$41,298 in 2013) and a net loss of R$24 (R$ 2,576 in 2013) for the Company owners, directly recorded in shareholders' equity.

20. Earnings per Share

The table below shows net income data and the number of shares used to calculate basic and diluted earnings per share:

	Individual and Consolidated	
	2014	**2013**
Basic earnings per share:		
Net income	**720,211**	423,084
Weighted average number of outstanding common shares (thousand)	**458,656**	474,940
Basic earnings per share - in R$	**1.57026**	0.89082
Diluted earnings per share:		
Net income	**720,211**	423,084
Weighted average number of outstanding common shares (thousand)	**458,656**	474,940
Dilutive effect of stock options (thousands of shares)	**585**	3,255
Total shares after dilutive effect (thousand)	**459,241**	478,195
Diluted earnings per share - in R$	**1.56826**	0.88475

21. Segment Information

The Company's management defined the operating segments based on the reports used by the Board of Directors in its strategic decision-making. Three operating segments were identified, which are separately managed, as follows:

i. Real estate development (Residential): division engaged in the development, construction, and sale of own and third-party properties. Project development and construction are carried out directly by the Company or its subsidiaries, or through its silent partnerships and the special purpose entities established together with its partners; and
ii. Investment property (LOG): division engaged in the construction and lease, under operating leases, of industrial warehouses, stores, office space, shopping malls, strip malls, and subdivision of industrial land.
iii. Development of large urban areas (Urbamais): Division engaged in the development and sale of large urban areas for residential and commercial use.

The real estate development segment does not include projects that meet all the materiality criteria described in CPC 22; therefore, it is not necessary to support information thereon.

The investment property segment, represented by joint venture LOG, is a separate segment. After the adoption of the revised CPC 19 (R2), the Company no longer consolidates proportionately this segment. Accordingly, the consolidated financial statements present only the investment balance and the results from equity participation for this joint venture, disclosed in note 8. Management decided to disclose the following information:

	LOG consolidated	
Balance sheet:	**12/31/14**	**12/31/13**
ASSETS		
Current assets	**111,106**	178,759
Noncurrent assets		
Investment	**242,961**	156,929
Investment property	**2,190,831**	1,246,621
Other noncurrent assets	**81,250**	43,978
Total noncurrent assets	**2,515,042**	1,447,528
Total assets	**2,626,148**	1,626,287
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Loans, financing and debentures	**185,278**	245,321
Land payables	**-**	13,821
Other current liabilities	**44,878**	98,165
Total current liabilities	**230,156**	357,307
Noncurrent liabilities		
Loans, financing and debentures	**849,151**	521,595
Other noncurrent liabilities	**92,626**	7,400
Total noncurrent liabilities	**941,777**	528,995
Total liabilities	**1,171,933**	886,302
Shareholders' equity	**1,454,215**	739,985
Total liabilities and shareholders' equity	**2,626,148**	1,626,287

	LOG consolidated	
	2014	**2013**
Statement of Income:		
Net operating revenue	**67,968**	89,255
Cost of leases	**-**	(38,835)
Gross profit	**67,968**	50,420
Operating income (expenses)		
Changes in the fair value of investment property	**160,297**	-
Results from equity participation	**77,484**	8,445
Other operating expenses	**(20,067)**	(19,535)
Operating profit before financial income (expenses)	**285,682**	39,330
Financial income (expenses)	**(29,115)**	(4,847)
Income before income tax and social contribution	**256,567**	34,483
Income tax and social contribution	**15,680**	(3,561)
Net income	**272,247**	30,922

The segment development of large urban areas, represented by subsidiary Urbamais, does not meet the materiality criteria requirements described in CPC 22, thus not being necessary to disclose information about.

22. Net Operating Revenue

The table below shows the reconciliation between gross revenue and net revenue stated in the income statement for the years ended December 31, 2014 and 2013:

	Individual		Consolidated	
	2014	**2013**	**2014**	**2013**
Gross operating revenue				
Real estate development	**2,418,088**	2,304,100	**4,130,280**	3,790,982
Bartered real estate units	**85,542**	77,683	**159,619**	141,840
	2,503,630	2,381,783	**4,289,899**	3,932,822
Taxes on sales	**(64,241)**	(32,388)	**(103,714)**	(62,214)
Net operating revenue	**2,439,389**	2,349,395	**4,186,185**	3,870,608

Revenue from bartered real estate units are recorded by the percentage-of-completion method until the delivery of the completed real estate units corresponding to the bartered units, pursuant to the agreement.

The real estate development contracts bear the interest described in note 6 and this financial income is recognized in profit or loss for the year as operating revenue during the period before delivery of units and as financial income during the period after delivery of units.

The amounts related to units under construction recognized in consolidated for the year ended December 31, 2014 and 2013 are as follows:

	Consolidated	
	2014	2013
Net revenue from units under construction	**4,125,003**	3,663,612
Costs of properties sold under construction	**(2,914,524)**	(2,673,826)
Recognized profits	**1,210,479**	989,786
Advances received or from barters	**(421,803)**	(433,968)

The accounting revenue recognition criteria and policies are described in note 2.2 (a).

Additionally, in order to determine when the risks and rewards from the ownership of the real estate units sold are transferred to the buyers, the Company follows the guidance set out in Technical Guideline OCPC 04. This determination requires significant judgment and, in the context of this judgment, management has assessed all the discussions on this subject that resulted in the presentation to the CPC, the Technical Guideline OCPC 04, and has guided the application of Technical Interpretation ICPC 02 by Brazilian real estate developers.

The accounting treatment of terminated sell and purchase commitment agreements are described in note 6.

23. Costs and Expenses in the Statement of Income

	Individual		Consolidated	
	2014	2013	2014	2013
Cost of properties sold and services:				
Financial charges (note 11 (e))	**90,775**	105,293	**122,377**	138,734
Land, construction and maintenance costs	**1,638,213**	1,603,286	**2,879,695**	2,710,452
Total cost of properties sold and services	**1,728,988**	1,708,579	**3,002,072**	2,849,186
Selling, general and administrative expenses:				
Salaries, charges and benefits	**184,199**	159,357	**219,320**	183,341
Management compensation	**7,412**	6,710	**7,870**	7,151
Management and employees profit sharing	**16,848**	11,865	**16,956**	11,865
Stock option plan expenses	**4,940**	5,512	**4,940**	5,512
Commissions and brokers' fees	**25,745**	5,295	**42,629**	8,692
Outside services	**44,991**	41,331	**49,351**	44,249
Marketing expenses	**70,707**	71,609	**112,654**	110,557
Utilities (water, electricity, telephone)	**11,631**	11,253	**12,910**	12,358
Depreciation and amortization	**24,484**	24,551	**30,736**	31,297
Other costs	**98,653**	81,909	**118,280**	98,891
Total selling, general and administrative expenses	**489,610**	419,392	**615,646**	513,913
Classified as:				
Selling expenses	**235,862**	180,967	**356,486**	269,779
General and administrative expenses	**253,748**	238,425	**259,160**	244,134
	489,610	419,392	**615,646**	513,913

24. Financial Expenses and Income

	Individual		Consolidated	
	2014	**2013**	**2014**	**2013**
Financial costs:				
Interest expenses on loans, financing and debentures (note 11(e))	**(87,599)**	(110,208)	**(87,737)**	(113,981)
Expenses on debenture issue commissions and fees	**(6,532)**	(4,788)	**(6,532)**	(4,788)
Expenses on fees and taxes	**(4,119)**	(12,005)	**(6,763)**	(12,686)
Other financial expenses	**(2,452)**	(4,881)	**(11,010)**	(5,559)
	(100,702)	(131,882)	**(112,042)**	(137,014)
Financial income:				
Income from short-term investments:	**88,107**	57,349	**129,702**	76,316
Interest income on intercompany loans (note 18(c))	**4,378**	7,285	**4,378**	7,285
Other financial income	**13,944**	30,198	**27,307**	45,147
	106,429	94,832	**161,387**	128,748
Income from real estate development receivables	**38,485**	25,590	**61,630**	38,501
	144,914	120,422	**223,017**	167,249
Financial result	**44,212**	(11,460)	**110,975**	30,235

25. Financial Instruments and Risk Management

(a) Capital risk management

The Group manages its capital to ensure that all group companies can continue as going concerns, and at the same time maximizes the return of all their stakeholders by optimizing the balance debt and shareholders' equity.

The Group's equity structure consists of net debts (debt broken down in note 11, less cash and cash equivalents and investment securities, broken down in notes 4 and 5) and the Group's shareholders' equity.

The Directors periodically review the Company's equity structure. As part of this review, the Directors consider the cost of capital, asset liquidity, the risks associated to each class of equity, and the Group's debt-to-equity ratio.

Management's objective is to keep debt ratios in line with the requirements of its loan, financing and debenture agreements. As at December 31, 2014 and 2013, the consolidated debt-to-equity ratio is as follows:

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Loans, financing and debentures	**2,172,993**	2,635,257	**2,502,030**	3,017,723
Cash, cash equivalents and marketable securities	**(867,137)**	(1,273,563)	**(1,372,196)**	(1,688,654)
Net debt (cash)	**1,305,856**	1,361,694	**1,129,834**	1,329,069
Shareholders´ equity	**4,388,008**	4,101,183	**4,672,918**	4,365,400
Net debt (cash) to shareholders´ equity	**29.8%**	33.2%	**24.2%**	30.4%

The Group is not subject to any external debt requirements, except for the contractual obligations described in note 11.

(b) Categories of financial instruments

	Individual		Consolidated	
	12/31/14	**12/31/13**	**12/31/14**	**12/31/13**
Financial assets:				
Cash and banks	**178,213**	241,469	**325,631**	396,425
Fair value through profit or loss held for trading (*)	**534,405**	773,373	**891,866**	1,026,170
Held-to-maturity investments	**3,543**	4,683	**3,723**	12,021
Available-for-sale financial assets (*)	**150,976**	254,038	**150,976**	254,038
Loans and receivables	**2,356,455**	2,583,623	**4,018,993**	4,298,284
Financial liabilities:				
Amortized cost	**3,178,075**	3,135,622	**3,976,281**	3,793,221

(*) Financial assets recognized in the financial statements at fair value with level 2 measurement

It is not a Company policy to enter into derivative transactions or any other assets for speculative purposes. As at December 31, 2014 and 2013, the Company does not have financial instruments not recorded in its financial statements or derivatives.

(c) Risk management

In the normal course of its operations, the Company and its subsidiaries are exposed to the following risks related to their financial instruments:

(i) Market risk: it is the risk that the fair value or future cash flows of a certain financial instrument will fluctuate because of changes in interest rates and inflation adjustment indices. The management of the market risk is made to ensure that the Company and its subsidiaries are only exposed to risk levels considered acceptable in the context of their operations;

(ii) Liquidity risk: it is the risk of shortage of funds to settle obligations. The management of the liquidity risk is made to ensure that the Company and its subsidiaries have the funds necessary to settle their liabilities on their maturities.

The Group's risks is undertaken are managed the Board of Directors, the Risk Committee, and the Finance Committee based on analyses of financial reports and cash flow forecasts.

Market risk

The Company and its subsidiaries are exposed to usual market risks arising from changes in interest rates and inflation adjustment indices; the main financial instruments pegged to such rates and indices are as follows:

Index	Financial assets	Financial liabilities
CDI	Short-term investments, marketable securities and receivables from related parties	Loans, financing, debentures and land payables
TR	Short-term investments	Loans, financing, debentures and land payables
INCC	Trade accounts receivable	Land payables
IGPM / SELIC	Trade accounts receivable	Land payables

The Company conducted a sensitivity analysis for the financial instruments exposed to changes in interest rates and financial indicators. The sensitivity analysis was developed considering the exposure to changes in the indexes of financial assets and financial liabilities, taking into account the net exposure of these financial instruments at December 31, 2014, as if such balances were outstanding during the entire 2014, as detailed below:

- Exposed net financial asset and exposed financial liability, net: the change in the rate estimated for 2015 ("probable scenario") compared to the effective rate for 2014, multiplied by the exposed net balance as at December 31, 2014, was used to calculate the financial impact, had the probable scenario materialized in 2014. For the impact estimates, we took into consideration a decrease in financial assets and an increase in financial liabilities at the rate estimated for 2014 of 25% for scenario I and 50% for scenario II.

Index	Assets	Liabilities	Exposed asset (liability)	Effective rate for the year ended 12/31/14	Annual rate estimated for 2015		Rates changes for each scenario	Total estimated financial impact	Estimated impact on net income and equity
Probable scenario									
CDI	1,095,264	(1,662,373)	(567,109)	10.81%	12.96%	(i)	2.15%	(12,193)	(7,758)
IGPM	489,498	(150,187)	339,311	3.67%	5.64%	(ii)	1.97%	6,684	4,253
INCC	1,.550,076	(108,146)	1,441,930	6.94%	7.22%	(ii)	0.28%	4,037	4,037
TR	8,255	(885,613)	(877,358)	0.86%	1.82%	(iii)	0.96%	(8,423)	(5,359)
IPCA	-	(11,840)	(11,840)	6.41%	7.21%	(i)	0.80%	(95)	(60)
								(9,990)	(4,887)
Scenario I									
CDI	1,095,264	(1,662,373)	(567,109)	10.81%	16.20%		5.39%	(30,567)	(19,448)
IGPM	489,498	(150,187)	339,311	3.67%	4.23%		0.56%	1,900	1,209
INCC	1,.550,076	(108,146)	1,441,930	6.94%	5.42%		-1.52%	(21,917)	(21,917)
TR	8,255	(885,613)	(877,358)	0.86%	2.28%		1.42%	(12,458)	(7,926)
IPCA	-	(11,840)	(11,840)	6.41%	9.01%		2.60%	(308)	(196)
								(63.350)	(48.278)
Scenario II									
CDI	1,095,264	(1,662,373)	(567,109)	10.81%	19.44%		8.63%	(48,942)	(31,138)
IGPM	489,498	(150,187)	339,311	3.67%	2.82%		-0.85%	(2,884)	(1,835)
INCC	1,.550,076	(108,146)	1,441,930	6.94%	3.61%		-3.33%	(48,016)	(48,016)
TR	8,255	(885,613)	(877,358)	0.86%	2.73%		1.87%	(16, 407)	(10,439)
IPCA	-	(11,840)	(11,840)	6.41%	10.82%		4.41%	(522)	(332)
								(116,771)	(91,760)

(i) Data obtained on the Central Bank of Brazil website.
(ii) Data obtained on the Central Bank of Brazil website, Focus Bulletin. As there was no market projection for the INCC available for 2015, the IGPM variance fluctuation was used.
(iii) Data obtained on the BM&F website.

The total financial effect estimated, except on the INCC, would be substantially recognized in real estate for sale and development and allocated to profit or loss as the real estate units were sold. Thus, the estimated effect on net income and shareholders' equity is net of the remaining portion of real estate for sale and development.

As required by IFRS 7, management believes that the estimated annual rates presented in the probable scenarios above reflect the reasonable possible scenario for 2015.

Liquidity risk

The Board of Directors is responsible for the management of the liquidity risk and periodically reviews the cash flow projections, using stress scenarios and assesses the possible funding requirements in line with the equity structure and the indebtedness to be maintained by the Company.

Liquidity and interest rate risk table

The table below details the remaining contractual maturity of the Group's non-derivative financial liabilities and the contractual amortization periods, basically represented by loans, financing, debentures, trade payables, and payables for purchase of land. This table was prepared using the undiscounted cash flows of financial liabilities, based on the closest date when the Group should settle the related obligations. The tables include interest and principal cash flows. As interest flows are based on floating rates, the undiscounted amount was based on the interest curves at year-end. Contractual maturity is based on the most recent date when the Group should settle the related obligations.

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Individual:					
Floating rates	1,247,180	897,801	561,540	95,257	2,801,778
Fixed rates	841	2,352	667	1,454	5,314
Non-interest bearing securities	344,437	59,291	16,198	321,540	741,466
Total	1,592,458	959,444	578,405	418,251	3,548,558
Consolidated:					
Floating rates	1,430,966	1,020,880	658,009	132,953	3,242,808
Fixed rates	1,356	2,352	667	1,454	5,829
Non-interest bearing securities	430,405	73,122	16,198	607,288	1,127,013
Total	1,862,727	1,096,354	674,874	741,695	4,375,650

The Company has financial assets (basically represented by cash and cash equivalents, securities, and receivables from real estate development) that it considers sufficient to honor its commitments arising on its operating activities.

(d) Foreign exchange risk

The Company and its subsidiaries do not have foreign currency-denominated assets or liabilities.

(e) Credit risk

Assessed as very low in light of the guarantee of recovery of the properties in cases of customer default. Therefore, at December 31, 2014 and 2013 no allowance for doubtful accounts was recognized.

(f) Fair value of financial instruments

The table below shows in detail the comparisons between the carrying amounts and fair values of loans, financing and debentures:

	Individual			Consolidated		
Financial instruments	**Carrying amount**	**Fair value**	**Difference**	**Carrying amount**	**Fair value**	**Difference**
Year ended December 31, 2014:						
Leases						
CDI + Spread	**(1,600)**	**(1,600)**	**-**	**(1,600)**	**(1,600)**	**-**
Total	**(1,600)**	**(1,600)**	**-**	**(1,600)**	**(1,600)**	**-**
Debentures						
CDI + 1.50% p.a.	**(1,041,678)**	**(1,042,747)**	**(1,069)**	**(1,041,678)**	**(1,042,747)**	**(1,069)**
TR + 8.77% to 10.25% p.a.	**(120,965)**	**(120,965)**	**-**	**(120,965)**	**(120,965)**	**-**
Total	**(1,162,643)**	**(1,163,712)**	**(1,069)**	**(1,162,643)**	**(1,163,712)**	**(1,069)**
Bank Credit Notes						
CDI + 1.15% p.a.	**(93,145)**	**(93,018)**	**127**	**(93,145)**	**(93,018)**	**127**
Total	**(93,145)**	**(93,018)**	**127**	**(93,145)**	**(93,018)**	**127**
Working capital loan						
111% of CDI	**(160,154)**	**(158,765)**	**1,389**	**(160,154)**	**(158,765)**	**1,389**
113% of CDI	**(90,266)**	**(89,480)**	**786**	**(90,266)**	**(89,480)**	**786**
CDI + 1.40% p.a.	**(51,349)**	**(51,349)**	**-**	**(51,349)**	**(51,349)**	**-**

Financial instruments	Individual Carrying amount	Fair value	Difference	Consolidated Carrying amount	Fair value	Difference
CDI + 1.45% p.a.	**(212,602)**	**(212,602)**	**-**	**(212,602)**	**(212,602)**	**-**
Total	**(514,371)**	**(512,196)**	**2,175**	**(514,371)**	**(512,196)**	**2,175**
Financing						
To construction – TR + 8% to 10.5% p.a.	**(403,086)**	**(403,086)**	**-**	**(732,123)**	**(732,123)**	**-**
FINAME fixed rate of 4.50% p.a.	**(3,158)**	**(3,158)**	**-**	**(3,158)**	**(3,158)**	**-**
Total	**(406,244)**	**(406,244)**	**-**	**(735,281)**	**(735,281)**	**-**
Grand total (w/o issuance costs)	**(2,178,003)**	**(2,176,770)**	**1,233**	**(2,507,040)**	**(2,505,807)**	**1,233**
Year ended December 31, 2013:						
Leases						
CDI + spread	(5,980)	(5,980)	-	(5,980)	(5,980)	-
Total	(5,980)	(5,980)	-	(5,980)	(5,980)	-
Debentures						
CDI + 1.50% p.a.	(1,034,483)	(1,032,701)	1,782	(1,034,483)	(1,032,701)	1,782
CDI + 1.60 % p.a.	(269,562)	(269,562)	-	(269,562)	(269,562)	-
TR + 8.62% p.a.	(241,693)	(241,693)	-	(241,693)	(241,693)	-
Total	(1,545,738)	(1,543,956)	1,782	(1,545,738)	(1,543,956)	1,782
Bank Credit Notes						
CDI + 1.15% p.a.	(167,471)	(167,471)	-	(167,471)	(167,471)	-
Total	(167,471)	(167,471)	-	(167,471)	(167,471)	-
Working capital loan						
111% of CDI	(160,066)	(160,066)	-	(160,066)	(160,066)	-
CDI + 1.40% p.a.	(51,135)	(51,135)	-	(51,135)	(51,135)	-
CDI + 1.45% p.a.	(210,410)	(210,410)	-	(210,410)	(210,410)	-
Total	(421,611)	(421,611)	-	(421,611)	(421,611)	-
Financing						
To construction – TR + 8% to 10.5% p.a.	(500,894)	(500,894)	-	(883,360)	(883,360)	-
FINAME fixed rate of 4.50% p.a.	(3,751)	(3,751)	-	(3,751)	(3,751)	-
Total	(504,645)	(504,645)	-	(887,111)	(887,111)	-
Grand total (w/o issuance costs)	(2,645,445)	(2,643,663)	1,782	(3,027,911)	(3,026,129)	1,782

The fair values of loans, financing, debentures and leases were estimated by the Company's management based on their future value on maturity at the contracted rate, discounted to present value at the market rate at December 31, 2014 and 2013.

The table below shows a comparative of the contracted and market rates, Individual and Consolidated, at December 31, 2014:

	Current market rate	Maturity dates
Leases		
CDI + 1.21% p.a.	CDI + 1.21% p.a.	December 2015
CDI + 1.69% p.a.	CDI + 1.69% p.a.	January 2015
CDI + 2.40% p.a.	CDI + 2.40% p.a.	January 2015
CDI + 2.88% p.a.	CDI + 2.88% p.a.	March 2015
CDI + 2.88% p.a.	CDI + 2.88% p.a.	April 2015
Debentures		
CDI + 1.50% p.a.	CDI + 1.27% p.a.	July 2016
CDI + 1.50% p.a.	CDI + 1.50% p.a.	May 2017
TR + 8.77% to 10.25% p.a.	TR + 8.77% to 10.25% p.a.	December 2015
Real Estate Credit Note		
CDI + 1.15% p.a.	116,0% of CDI	March 2015
Loans and financing - working capital		
111% of CDI	116.0% of CDI	June 2017
113% of CDI	116.0% of CDI	June 2018
CDI + 1.40% p.a.	CDI + 1.40% p.a.	March 2015
CDI + 1.45% p.a.	CDI + 1.45% p.a.	July 2015
Construction financing		
TR + 8% to 10.50% p.a.	TR + 8% to 10.50% p.a.	November 2019
FINAME		
Fixed rate of 4.50% p.a.	Fixed rate of 4.50% p.a.	April 2020

Management believes that the other financial instruments, such as trade receivables, trade payables, cash and cash equivalents, which are recognized in the financial statements at their carrying amounts, do not present significant changes in relation to their fair values.

26. Deferred taxes

Deferred tax liabilities are broken down as follows:

	Individual		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Liabilities:				
Income tax (IRPJ)	**21,204**	24,316	**43,799**	47,883
Social contribution (CSLL)	**11,107**	12,089	**22,776**	24,371
Tax on revenue (PIS)	**6,234**	7,797	**10,783**	12,565
Tax on revenue (COFINS)	**28,812**	36,097	**49,836**	58,075
Total	**67,357**	80,299	**127,194**	142,894
Current	**42,552**	47,191	**78,791**	81,223
Noncurrent	**24,805**	33,108	**48,403**	61,671

The effects of corporate income tax (IRPJ) and social contribution on income (CSLL) on temporary differences are as follows:

	Individual		Consolidated	
	12/31/14	12/31/13	12/31/14	12/31/13
Effects of IRPJ and CSLL on:				
Portion not received for real estate development	**(61,527)**	(58,818)	**(98,031)**	(99,227)
(-) Advances from customers	**9,530**	7,454	**11,770**	12,014
Net amount	**(51,997)**	(51,364)	**(86,261)**	(87,213)
(-) Provision for maintenance of real estate	**2,076**	3,555	**2,076**	3,555
(-) Provision for civil, labor and tax risks	**16,267**	7,957	**16,267**	7,957
(-) Provision for profit sharing	**1,010**	2,649	**1,010**	2,649
(-) Goodwill on merger of subsidiaries	**333**	-	**333**	-
(-) Other provisions	**-**	798	**-**	798
Liabilities - net credits	**(32,311)**	(36,405)	**(66,575)**	(72,254)

The reconciliation of income tax and social contribution expenses at the statutory and effective rates for the years ended December 31, 2014 and 2013 is as follows:

	Individual					
	2014			2013		
IRPJ and CSLL in income statement:	IRPJ	CSLL	Total	IRPJ	CSLL	Total
Income before income tax and social contribution	**(735,116)**	**(735,116)**		(435,376)	(435,376)	
Tax rate	**25%**	**9%**		25%	9%	
Nominal expense	**(183,779)**	**(66,160)**		(108,844)	(39,184)	
Effects of IRPJ and CSLL on:						
Equity in investees	**133,687**	**48,127**		63,001	22,680	
Gain on change in equity interests	**-**	**-**		5,670	2,041	
Earmarked assets	**26,797**	**4,571**		51,648	13,705	
Options recognized	**(1,235)**	**(445)**		(1,378)	(496)	
Employee and management profit sharing	**(1,543)**	**(555)**		(998)	(359)	
Recognition of tax credit	**20,563**	**7,404**		-	-	
Other permanent add-backs	**(1,974)**	**(363)**		(14,519)	(5,259)	
Actual expense	**(7,484)**	**(7,421)**		(5,420)	(6,872)	
IRPJ and CSLL in income statement:						
Current	**(31,648)**	**(15,954)**	**(47,602)**	(20,054)	(10,491)	(30,545)
Deferred	**24,164**	**8,533**	**32,697**	14,634	3,619	18,253
Actual amount in income	**(7,484)**	**(7,421)**	**(14,905)**	(5,420)	(6,872)	(12,292)

	Consolidated					
	2014			2013		
	IRPJ	CSLL	Total	IRPJ	CSLL	Total
Revenue from real estate development - subsidiaries	**1,712,192**	**1,712,192**		1,486,882	1,486,882	
Finance income on real estate development receivables - subsidiaries	**23,145**	**23,145**		12,911	12,911	
Total	**1,735,337**	**1,735,337**		1,499,793	1,499,793	
Percentage:						
Real estate development	**8%**	**12%**		8%	12%	
Deemed income:						
Real estate development	**138,827**	**208,240**		119,983	179,975	
Other financial income - subsidiaries	**54,958**	**54,958**		33,916	33,916	
Other income - subsidiaries	**2,076**	**2,076**		5,134	5,134	
Tax base	**195,861**	**265,274**		159,033	219,025	
Statutory rate	**25%**	**9%**		25%	9%	
IRPJ and CSLL in subsidiaries	**(48,965)**	**(23,875)**		(39,758)	(19,712)	
IRPJ and CSLL in Individual	**(7,484)**	**(7,421)**		(5,420)	(6,872)	
Earmarked asset effects in subsidiaries	**5,415**	**4,794**		9,831	5,314	
Other	**11,329**	**2,956**		5,860	1,899	
Expenses in income statement	**(39,705)**	**(23,546)**		(29,487)	(19,371)	
Breakdown of expense in income statement:						
Current	**(64,633)**	**(32,642)**	**(97,275)**	(43,857)	(23,196)	(67,053)
Deferred	**24,928**	**9,096**	**34,024**	14,370	3,825	18,195
Total	**(39,705)**	**(23,546)**	**(63,251)**	(29,487)	(19,371)	(48,858)

Transitional tax regime

On May 14, 2014, Law 12973 (conversion of Provisional Measure, MP 627/2013) which repeal the Transitional Tax Regime (RTT) and introduces other provisions, including: (i) it amends Decree Law 1598/77, which addresses the corporate income tax, and the social contribution on net income law; (ii) it provides for adjustments to the income tax and social contribution and the PIS and COFINS tax bases by force of the amendment to and adoption of new methods and the accounting criteria prescribed by the Law 11638/07 and Law 11941/09.

With the new law, the Brazilian tax legislation becomes aligned to corporate law and the international accounting standards, by eliminating the concept of double accounting. The Company could opt for an early adopting of these provisions in 2014, which become mandatory beginning 2015.

The Company elected to adopt this new method in the year ended December 31, 2015.

27. Noncash Transactions

In 2014 and 2013, the Company and its subsidiaries conducted the following investment and financing transactions that did not involve not affecting cash, which, therefore, are not reflected in the statement of cash flows:

	Individual		Consolidated	
	2014	2013	2014	2013
Advances from barters	**49,110**	43,074	**11,849**	16,874
Capitalized financial charges (note 11 (e))	**168,629**	136,514	**202,606**	167,347
Addition of provision for maintenance of real estate (note 16)	**43,732**	34,764	**74,430**	57,105
Proposed dividends (note 19)	**171,050**	140,676	**171,050**	140,676
Capitalization of the earnings reserve (note 19)	**308,970**	546,999	**308,970**	546,999

28. Insurance

The Company has an insurance policy that considers primarily risk concentration and their materiality, taking into consideration the nature of its business, and advice of the insurance brokers. As at December 31, 2014, insurance coverage is as follows:

Items	Type of coverage	Insured amount
Construction insurance (engineering risk)	Insures, during the project construction period, any compensation for damages caused to the construction, such as: fire, lightening, theft, and other specific coverage of facilities and assemblies of the insured site.	7,268,893
Multi-peril insurance	Insures the completion of a project construction, compensation for damages caused by fire, lightening, windstorm, electrical damages, and glass shattering.	1,395,452
Civil liability civil (works under construction)	Insures payments, up to the insured ceiling amount, of compensation for which the Company is held liable for involuntary bodily injuries or property damages caused to third parties.	66,300
Builder guarantee insurance	Insures the project financer that construction will be completed in the event of the Company's technical and/or financial inability.	696,174
Sundry risks insurance	Insures the payment to the financial agent of compensation for property damages caused to financed/leased equipment.	2,000
Civil liability (officers)	Insures the coverage of pain and suffering payable by Company officers (D&O).	80,000
Auto	Insures payment to the Company of any amounts arising from damages to insured vehicles, such as theft, collision, property damages, and bodily injuries to passengers.	710
Lenders insurance	Insures that the Company will receive the outstanding balance of a property sold in case of lender's death.	1,921
Group life and personal injury insurance	Insures payment of compensation related to involuntary personal injuries to employees, contractors, interns, and officers.	983,502
Residential	Insures payment of compensation to the Company for covered events in leased residential properties, events such as electric damages, fire, lightening, windstorm, etc.	3,941
Corporate insurance	Insures payment of compensation to the Company for covered events occurring in leased commercial properties, events such as electric damages, fire, lightening, windstorm, etc.	6,000
Aircraft insurance	Insures payment of compensation to the Company for damages to aircraft hulls, covered risks, such as expense and liability payment reimbursements claimed from the Company due to the use of insured aircraft.	35,972
Lessor guarantee insurance	Insures the receipt of rentals, real estate tax (IPTU), CAM fees and sundry expenses by the lessor if not paid by the lessee.	10,817
Legal guarantee insurance	Insures to the policyholder the payment of any disputed amount in full related to any lawsuit filed with any court or threatened. The contracted guarantee replaces escrow deposits.	94,353
Infrastructure insurance	Insures to City authorities the completion of any infrastructure works required under licensing procedures of the projects under construction.	2,137
Real property delivery insurance	Insures to the barters the delivery of the units subject matter of the Barter Instrument entered into by the parties.	681,157

29. Events after the Reporting Period

On January 15, 2015, the Company recognized received proceeds totaling R$304,059 related to the 7th public issue of simple, nonconvertible debentures, with unsecured guarantees, represented by 30 thousand debentures with par value of ten thousand Brazilian reais, maturing on December 5, 2016, the date when the debentures' par value will be fully repaid. These debentures pay interest, charged on the par value equivalent to the CDI rate plus spread of 1.60% per annum (contractual interest), payable semiannually.

30. Approval of the Financial Statements

These financial statements were approved by the Board of Directors on March 4, 2015 and authorized for issue by the executive committee.

2014 Management Report

Dear Shareholders,

Pursuant to legal and statutory provisions, MRV Engenharia e Participações S.A. ("Company" or "MRV") Management presents its Management Report and the Consolidated Financial Statements of the Company, together with the independent Auditors' Report, for the fiscal year ended December 31, 2014.

MESSAGE TO THE SHAREHOLDERS

Market

During 2014, the Company demonstrated once again the potential to perform its several business areas and the solid operation settled along 35 years of history. We have become an outstanding leader in the sector, with significant market share gain between public companies, and with MRV brand nationwide recognized.

We have identified that the market segment where we operate continues strong, resilient, with an important demand for our products linked to a low competition.

Since its foundation, MRV is focused on low-income segment, operating at all levels of the process, from real estate development, incorporation, launches, pre-sales, help the clients to get mortgages, construction to after sales services.

Solid geographic coverage and balanced operation

The nationwide presence make us the largest housing builder and incorporator in the country, operating in 128 cities, in 19 States and the Federal District. We are recognized as a premium company in the low-income segment.

The Company's geographic coverage allow us to mitigate competition and demand risks, throughout located management of our launches, sales and inventories reaching an ever-larger potential demand.

Over the past years, we established Company operationally balanced, with its business areas aligned with the strategic objectives and increasingly linear operation where we operate. The continuous improvement of internal controls, investment in information systems, the high-level management and experience of the teams has been improving the Company's product cycle efficiency and balance.

Resilience of pre sales and efficiency of Simultaneous Sales

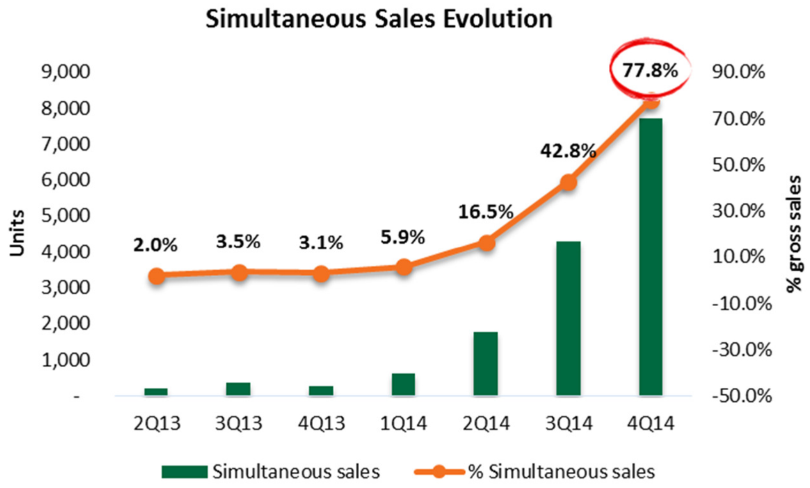
From 2007 to 2014, pre-sales increased 691%, from 6,602 units sold to 41,325 a year. In 2014, we beat our pre-sales record, reaching R$ 6 billion. The low competition level faced in the low-income segment, together with credit supply that offers an attractive mortgage condition for our segment and demographic aspects of the country were essential to boost the pre-sales of the Company.

Our client is looking for his first home and his opportunity cost becomes very attractive compared to the monthly rent. These factors demonstrate the resilience in the low-income segment and the pre-sales record achieved by the Company in 2014.

In this same year, we increased the percentage our own sales team; we invested in training and qualification, making the sales process even more personalized, qualified and effective.

In 2014, we consolidated the implementation of the project “Simultaneous Sales”, a process that increases significantly the speed of transferring clients to the banks.

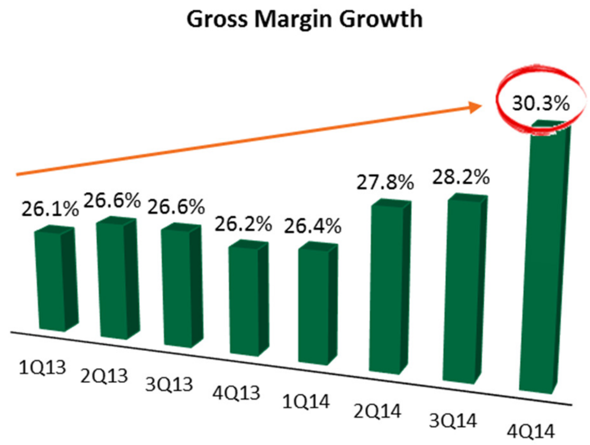
In 4Q14, the Simultaneous Sales Project (SICAQ/SAC) had significant development, representing 77.8% of pre-sales, and a 35 p.p. increase compared to 3Q14. In addition to lower cancellation risk, we have seen improvements in the sales process due to the implementation of this process.



This process provides more selective sales, contributes to a cancelation reduction in a long term basis, and optimize the capital structure through faster and more efficient cash flow, minimizing operation risk and reducing the financial cycle.

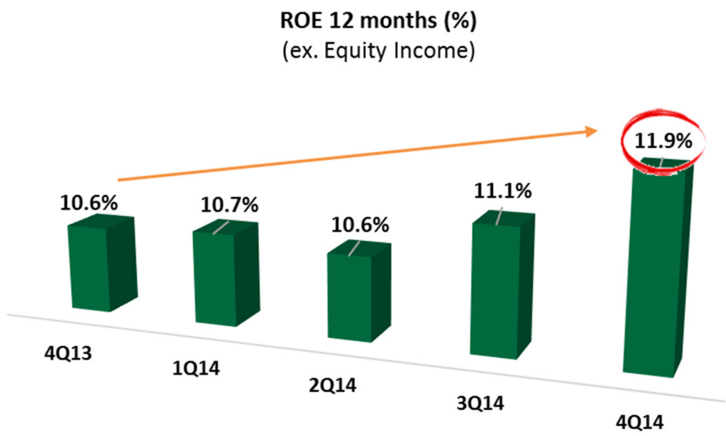
Recurrent growth of the gross margin

The quarterly recurrent growth in gross margin led to an increase of 1.9 p.p. compared to 2013, reflecting a more efficient operation, cost control optimization, conclusion of vintage projects with lower margins and better performance of new projects.



MRV's individual operation

MRV's individual operation (Ex. Equity Income) released a net income of R$ 505 million, 19.5% higher than 2013, allowing the increase in ROE.



MRV's net margin increased by 1.1 p.p. (ex. Equity Income) and also a significant increase in earnings per share of 23.8%, when compared to 2013.

(R$ million)	4Q14	3Q14	4Q13	Chg. 4Q14 x 3Q14	Chg. 4Q14 x 4Q13	2014	2013	Chg. 2014 x 2013
Net Operational Revenue	**1,128**	1,134	950	0.6% ↓	18.7% ↑	**4,186**	**3,871**	8.2% ↑
Net income (ex. Equity Income)	**125**	153	86	18.4% ↓	45.3% ↑	**505**	**423**	19.5% ↑
% Net margin (ex. Equity Income)	11.1%	13.5%	9.1%	2.4 p.p. ↓	2.0 p.p. ↑	12.1%	10.9%	1.1 p.p. ↑

Record in Cash Generation

Record of R$ 238 million of cash generation in the quarter and R$ 567 million in the year. We achieved an important reduction on the leverage of the company, ending the year with a net debt / equity ratio of 24.2%, which represents a decrease of 6.3 p.p. when compared to 2013.

Buyback program

Since August / 2011, we have been active in share buyback programs to buy shares to be held in treasury and/or eventual cancellation or disposal.

In 2014, the Company repurchased 31 million shares with an average price of R$ 7.34, cancelled 34.1 million shares, which represents a reduction on 5.9% of the shares eligible to dividends, and a reduction of 7.1% of the Company's outstanding shares, compared to December 31, 2013. This will positively affect the earnings per share and the ROE.

In the current program, there is a balance of 3,385,500 shares to be repurchased.

Strong brand recognized by clients focusing on Sustainability

The consolidation of the brand and national coverage bring us to a distinctive level of competition. We are recognized as a premium company in the low economic segment.

In 2014, we continue to invest in the quality of our customer service center, with continuous improvement of all clients' communication channels. In 2014, we had more than 2 million fans on Facebook, 223 thousand followers on Twitter; we attended more than 143 thousands clients and had more than 1 million access per month in our website.

We invested a total of R$ 103 million in different social fronts, of which R$ 88.2 million in urbanization (revitalization of city squares, roads and sidewalks pavement, enlargement of electrical and sewage network, flowerbeds, and others), R$ 13.9 million in environment (plantation of more than 113 thousands trees and landscaping the surrounds) and R$ 1.3 million in education (we have reached 97 classrooms installed).

The year of 2014 was the "MRV Sustainability Year" in which we expanded our initiatives in training and empowerment. We are the leading company in the low-income segment, with 25 construction sites under the innovative government program called "Compromisso Nacional".

We were awarded with two certifications, ISO 14001 that establishes rigorous standards of environment management and the OSHAS 18001 that requires rigorous standards of health and safety management of the companies. In addition to the aforementioned certifications, we have receive the prizes:

- 1st place ITC ranking – More Launches, More Delivered Units, Popular Residences (2014)
- 1st place ITC ranking – Company that have built the most in 2012, 2013 and 2014
- 1st place – Top of Mind – Common Market (2014)
- Biggest and Better Companies in Minas Gerais – XVI Minas Awards – Business Performance – Common Market
- 1st place in Icon Brands - The most remembered in Espírito Santo State – Construction Companies Category
- Bronze Category – Vitae Rio Award – Safe Construction, "empresa viva" – SECONCI
- Winner of the Edison Zenóbio 2014 Award of Real State Communication.

In most of our construction sites, we have recycling waste and we have been able to segregate around 75% of total waste generated.

MRV recognizes the importance of its role as an agent of progress and the improvement of quality of life of its employees, their families, customers and society as a whole. Our vision is focused on the longevity of our business and value generation to our shareholders and clients. Ethics and respect in the relationships with all stakeholders overpass the values and sets MRV relations to its public, employees, investors, shareholders, community or partners.

Instituto MRV

We ended the year with the launch of ***"MRV Institute"***, with the aim of expanding actions already promoted by the company, achieving a larger number of partners and opening up the possibility to civil and corporate society to participate in this initiative. Result of our genuine desire to work actively and effectively in social and environmental areas, the Institute will be a mechanism of development and social inclusion to the Brazilian population.

FINANCIAL PERFORMANCE - MRV

Consolidated Financial Highlights (R$ million)	4Q14	3Q14	4Q13	Chg. 4Q14 x 3Q14	Chg. 4Q14 x 4Q13	2014	2013	Chg. 2014 x 2013
Net Operating Revenue	1.120	1.093	929	2,6% ↑	20,6% ↑	4.087	3.717	9,9% ↑
Financial results allocated to Net Revenue	7	41	21	82,4% ↓	65,3% ↓	99	154	35,3% ↓
Total Net Operating Revenue	**1.128**	**1.134**	**950**	**0,6% ↓**	**18,7% ↑**	**4.186**	**3.871**	**8,2% ↑**
Financial Cost recorded under COGS	31	31	36	2,3% ↓	16,0% ↓	122	139	11,8% ↓
Gross Profit	**342**	**319**	**249**	**7,1% ↑**	**37,3% ↑**	**1.184**	**1.021**	**15,9% ↑**
% Gross Margin	30,3%	28,2%	26,2%	2,2 p.p. ↑	4,1 p.p. ↑	28,3%	26,4%	1,9 p.p. ↑
Selling expenses	**110**	**97**	**69**	**14,1% ↑**	**60,3% ↑**	**356**	**270**	**32,1% ↑**
Selling expenses / net revenues (%)	9,8%	8,5%	7,3%	1,3 p.p. ↑	2,5 p.p. ↑	8,5%	7,0%	1,5 p.p. ↑
Selling expenses / pre-sales (%)	7,5%	6,6%	5,6%	0,9 p.p. ↑	1,9 p.p. ↑	5,9%	5,3%	0,6 p.p. ↑
General & Administrative Expenses	**79**	**63**	**65**	**25,3% ↑**	**22,1% ↑**	**259**	**244**	**6,2% ↑**
G&A expenses / net revenues (%)	7,0%	5,6%	6,8%	1,4 p.p. ↑	0,2 p.p. ↑	6,2%	6,3%	0,1 p.p. ↓
G&A expenses / pre-sales (%)	5,3%	4,3%	5,3%	1,0 p.p. ↑	0,1 p.p. ↑	4,3%	4,8%	0,5 p.p. ↓
EBITDA	**142**	**160**	**133**	**11,2% ↓**	**7,2% ↑**	**862**	**643**	**34,0% ↑**
% EBITDA Margin	12,6%	14,1%	14,0%	1,5 p.p. ↓	1,4 p.p. ↓	20,6%	16,6%	4,0 p.p. ↑
EBITDA Adjusted (ex. Equity Income)*	**164**	**178**	**146**	**7,8% ↓**	**12,3% ↑**	**648**	**643**	**0,7% ↑**
% EBITDA Margin Adjusted (ex. Equity Income)*	14,6%	15,7%	15,4%	1,1 p.p. ↓	0,8 p.p. ↓	15,5%	16,6%	1,1 p.p. ↓
Net Income	**103**	**135**	**72**	**23,9% ↓**	**42,1% ↑**	**720**	**423**	**70,2% ↑**
% Net margin	9,1%	11,9%	7,6%	2,8 p.p. ↓	1,5 p.p. ↑	17,2%	10,9%	6,3 p.p. ↑
Net Income Adjusted (ex. Equity Income)*	**125**	**153**	**86**	**18,4% ↓**	**45,3% ↑**	**505**	**423**	**19,5% ↑**
% Net margin Adjusted (ex. Equity Income)*	11,1%	13,5%	9,1%	2,4 p.p. ↓	2,0 p.p. ↑	12,1%	10,9%	1,1 p.p. ↑
Earnings per share (R$)	**0,231**	**0,299**	**0,153**	**23,0% ↓**	**50,9% ↑**	**1,570**	**0,891**	**76,3% ↑**
Earnings per share (R$) Adjusted (ex. Equity Income)*	**0,280**	**0,339**	**0,182**	**17,4% ↓**	**54,3% ↑**	**1,102**	**0,890**	**23,8% ↑**
ROE (LTM)	16,7%	16,2%	10,6%	0,5 p.p. ↑	6,1 p.p. ↑	16,7%	10,6%	6,1 p.p. ↑
ROE (annualized)	9,3%	12,2%	7,0%	2,9 p.p. ↓	2,2 p.p. ↑	16,7%	10,6%	6,1 p.p. ↑
ROE (LTM) Adjusted (ex. Equity Income)*	11,8%	11,0%	10,6%	0,8 p.p. ↑	1,1 p.p. ↑	11,8%	10,6%	1,1 p.p. ↑
ROE (annualized) Adjusted (ex. Equity Income)*	11,3%	13,8%	8,4%	2,5 p.p. ↓	2,9 p.p. ↑	11,8%	10,6%	1,1 p.p. ↑
Unearned Sales Revenues	3.698	3.810	3.172	2,9% ↓	16,6% ↑	3.698	3.172	16,6% ↑
Unearned Costs of Units Sold	(2.103)	(2.147)	(1.821)	2,1% ↓	15,5% ↑	(2.103)	(1.821)	15,5% ↑
Unearned Results	1.595	1.662	1.352	4,1% ↓	18,0% ↑	1.595	1.352	18,0% ↑
% Unearned Margin	43,1%	43,6%	42,6%	0,5 p.p. ↓	0,5 p.p. ↑	43,1%	42,6%	0,5 p.p. ↑
Cash Generation	**238**	**136**	**162**	**74,6% ↑**	**46,5% ↑**	**567**	**548**	**3,4% ↑**
Net Debt (Net Cash)	1.130	1.334	1.329	15,3% ↓	15,0% ↓	1.130	1.329	15,0% ↓
Net Debt/Shareholders' Equity	24,2%	28,0%	30,4%	3,8 p.p. ↓	6,3 p.p. ↓	24,2%	30,4%	6,3 p.p. ↓
Net Debt/EBITDA LTM	1,31x	1,56x	2,07x	16,2% ↓	36,6% ↓	1,31x	2,07x	36,6% ↓
Net Debt/EBITDA LTM Adjusted (ex. não recorrente LOG)	1,90x	2,28x	2,17x	16,7% ↓	12,4% ↓	1,90x	2,17x	12,4% ↓

OPERATIONAL PERFORMANCE

Note: Except where noted to the contrary, all amounts included in this report consider the contribution attributed to the shareholders of the Company.

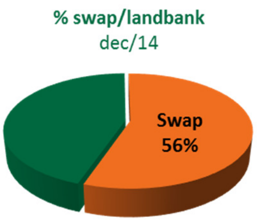
Operational Indicators	2014	2013	2012	Chg. 2014 x 2013	Chg. 2014 x 2012
Land Bank (%MRV)					
Land Bank (R$ billion)	**25.8**	23.3	21.8	11.1% ↑	18.5% ↑
Units	**179,970**	165,624	172,893	8.7% ↑	4.1% ↑
Number of projects	**393**	384	406	2.3% ↑	3.2% ↓
By financing source - FGTS	**84%**	83%	92%	0.4 p.p. ↑	8.6 p.p. ↓
By financing source - Savings accounts	**16%**	17%	8%	0.4 p.p. ↓	8.6 p.p. ↑
Launches (%MRV)					
Launches (R$ million)	**4,336**	3,517	3,433	23.3% ↑	26.3% ↑
Units	**29,386**	25,516	29,665	15.2% ↑	0.9% ↓
By financing source - FGTS	**73%**	72%	84%	1.9 p.p. ↑	10.8 p.p. ↓
By financing source - Savings accounts	**27%**	28%	16%	1.9 p.p. ↓	10.8 p.p. ↑
Per region - Capital Cities	**26%**	19%	19%	6.8 p.p. ↑	6.1 p.p. ↑
Per region - Metropolitan Areas	**30%**	23%	28%	7.3 p.p. ↑	1.7 p.p. ↑
Per region - Secondary Cities	**44%**	58%	52%	14.1 p.p. ↓	7.8 p.p. ↓
Pre-sales (%MRV)					
Pre-sales (R$ million)	**6,005**	5,094	4,005	17.9% ↑	49.9% ↑
Units	**41,325**	38,449	34,213	7.5% ↑	20.8% ↑
By financing source - FGTS	**82%**	87%	84%	4.5 p.p. ↓	1.3 p.p. ↓
By financing source - Savings accounts	**18%**	13%	16%	4.5 p.p. ↑	1.3 p.p. ↑
Per region - Capital Cities	**21%**	15%	18%	5.9 p.p. ↑	3.1 p.p. ↑
Per region - Metropolitan Areas	**27%**	27%	33%	0.5 p.p. ↑	5.2 p.p. ↓
Per region - Secondary Cities	**52%**	58%	50%	6.4 p.p. ↓	2.1 p.p. ↑
Production and Real Estate Financing					
Built Units	**35,425**	37,600	39,656	5.8% ↓	10.7% ↓
Finished units	**35,328**	40,205	26,457	12.1% ↓	33.5% ↑
Construction sites	**251**	299	333	16.1% ↓	24.6% ↓
Construction Financing	**42,408**	44,628	64,573	5.0% ↓	34.3% ↓
Client Financing	**36,059**	43,465	36,261	17.0% ↓	0.6% ↓

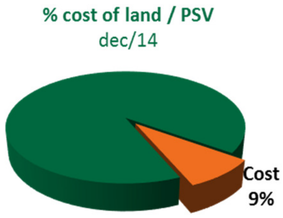
Land Bank

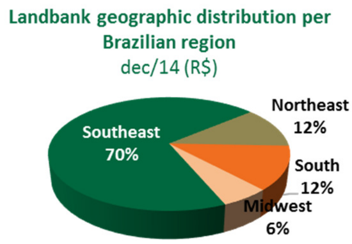
Out of the R$ 25.8 billion in the land bank, R$ 1,331 million already has incorporation permits (9,355 units).

On December 31 of 2014, 84% of our Land Bank was eligible to the *Minha Casa, Minha Vida* Program.

Our land bank is distributed in 19 states and the Federal District in which we are present. The land bank is already consolidated whereas land acquisitions aim to replace launched lands and the company prioritize swaps.







Launches

The launches' management has been done in a micro and priorized way, to be able to operate in a widespread and efficient way. We are focused in areas with higher demand and lower inventory level, in addition to an effective management of cities with lower PSV and higher inventory level.

In 2014, 73% of launches were eligible to *Minha Casa, Minha Vida* Program.

Pre-Sales Record

In 2014, pre-sales totaled R$ 6.0 billion, or approximately 41.3 thousand units, a historical record for the Company. The low competition level faced in the low-income segment, together with credit supply with attractive mortgage conditions for our segment and demographic aspects of the country were essential to boost the pre-sales of the Company.

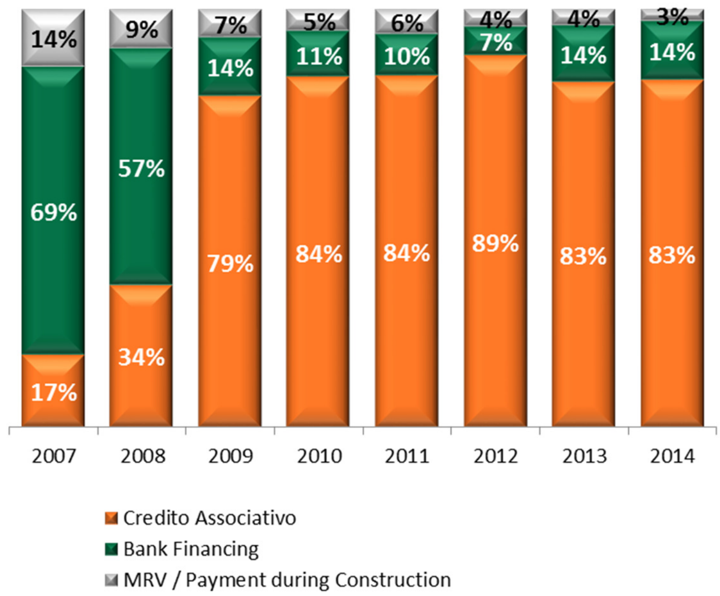
We believe to be the largest player in the government's housing program.

Our client is looking for his first home and his opportunity cost becomes very attractive compared to the monthly rent. These factors make the market we operate resilient.

Most of our projects are sold by an in-home sales team. In this same year, we increased the percentage of our own sales team; we invested in training and qualification, making the sales process even more personalized, qualified and effective.

Our website is the most viewed among all Brazilian homebuilders (according to Similar Web) with more than 16 million visits in 2013. Our online sales have proven to be a great success, representing more than 30% of our pre-sales in 2014. 82% of pre-sale units were eligible to *Minha Casa, Minha Vida* Program.

Evolution of Pre-sales by financing means (R$)



Production

Today, we have a mature and specialized team, resulting in a low variation between projects. To keep MRV's construction machine going on, we have 6 directors, 55 supervisors and 418 engineers from our technical team.

In 2014, the Company delivered 42,509 units to its clients, equivalent to an entire city of 128 thousand habitants, concluding another construction cycle and demonstrating our discipline on operational capacity. ***In Brazil 1 out of 300 inhabitants, live in a MRV.***

We have been able to align the productive level in several regions of Brazil, with specialized teams and task forces providing high productivity, and with higher efficiency on planning and cost control.

We have implemented the AT 2.0 system (Technical Assistance management system) in order to reduce maintenance costs from the projects, the generation of reports with prevention acts along the projects in progress. In this way, we were able, not only to reduce costs, but to maintain and prevent following the line of continuous improvement on the quality of delivered products.

We consolidated in an Innovation Center the internal and external R&D activities, project prioritization, feasibility studies and project management with the aim of product improvement, cost reduction, industrialization, production speed, client satisfaction, business sustainability leading us to be a reference in innovative construction company.

Moreover, in 2014, we received international certifications in health and safety (OSHAS 18001) and environment (ISO 14001). Embracing better practices in work relations is a compromise for MRV.

Real Estate Financing

The availability of mortgage lending to our clients is of primary importance to our business. In these 35 years of operations, we have developed strong relationships with financial institutions that offer credit to our clients; in particular, Caixa Econômica Federal (CEF) and Banco do Brasil (BB).

Due to this vast experience in Real Estate Financing, we are CEF's and BB's prime partner in the Minha Casa, Minha Vida program, responsible for almost 220 thousand units, between 2009 and 2014, in brackets II and III, equivalent to 12% of all the contracted units in the program.

Minha Casa Minha Vida 1 (2009-2010)

MCMV 1 (2009 - 2010)			
	TOTAL	MRV	%
Contracted Units	**1,005,028**	**50,384**	**5%**
Group I	574,874	0	0%
Groups II and III	430,154	50,384	12%

Minha Casa Minha Vida 2 (2011-2014)

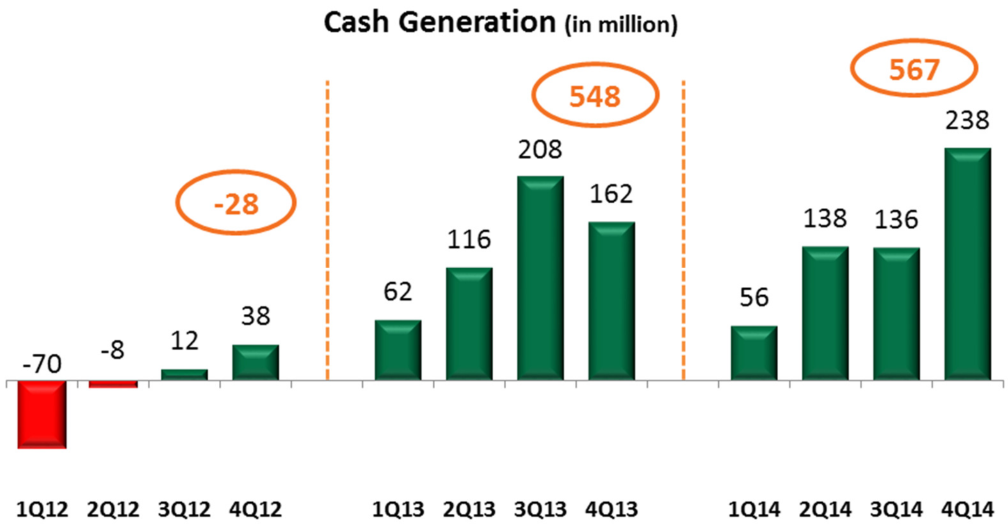
MCMV 2 (2011 - 12/31/14)			
	Total	MRV	%
Contracted Units	**2,758,471**	**169,373**	**6%**
Group I	1,226,605	3,180	0%
Groups II and III	1,531,866	166,193	11%

Source: Ministério das Cidades - 03/31/2014

Currently we count with a team around 1,860 employees (in-house and outsourced) dedicated to Real State Financing activities. At the same time, we continued to work with CEF and BB to make processes even more efficient by optimizing our role as real estate correspondent. Following this strategy we have implemented the "Simultaneous Sales" process, where we significantly reduced the time between sale and transfer of the unit, and also evolved our criteria and speed of analyses within the financing institutions, enhancing the quality of our portfolio.

CASH GENERATION

Record of R$ 238 million of cash generation in the quarter and R$ 567 million in the year. We achieved an important reduction on the leverage of the company, ending the year with a net debt / equity ratio of 24.2%, which represents a decrease of 6.3 p.p. when compared to 2013. The strong cash generation reflected our business model efficiency, "*crédito associativo*[1]", in our results.



For the 10th consecutive quarter, we have had consistent cash generation with a comfortable financial position. The Company remains focused on continuous improvement on the accounts receivables' cycle and on the mortgage origination process from the banks (client financing process), which will reflect in lower working capital needs optimizing the capital structure in the medium / long term.

In December 31, 2014, we had R$ 451 million in Transitional Accounts, which will be converted in operational receivables in short term.

[1] *Crédito Associativo*: is a type of mortgage offered by Caixa Econômica Federal and Banco do Brasil to individuals that aim to finance their houses during the construction period. On the other hand, the homebuilders are also paid by the banks according to the percentage of completion method. In this method, the cash flow is faster and more efficient than the traditional method where the company is financed only when the project is delivered.

CONSOLIDATED FINANCIAL AND ECONOMIC PERFORMANCE

Note: The financial indicators presented in this report are in accordance to the pronouncements CPC 19 (R2) – Joint Arrangements (IFRS 11), which have entered into force as of January 1, 2013, except when otherwise stated. All amounts included in this report consider the profit and equity attributed to the shareholders of the Company, except where noted to the contrary.

Financial Indicators	2014	2013	2012	Chg. 2014 x 2013	Chg. 2014 x 2012
Net Operating Revenue	4,186	3,871	3,804	8.2% ↑	10.1% ↑
Gross Profit	1,184	1,021	1,066	15.9% ↑	11.1% ↑
% Gross Margin	**28.3%**	26.4%	28.0%	1.9 p.p. ↑	0.3 p.p. ↑
Selling expenses	356	270	251	32.1% ↑	42.3% ↑
Selling expenses / net revenues (%)	**8.5%**	7.0%	6.6%	1.5 p.p. ↑	1.9 p.p. ↑
Selling expenses / pre-sales (%)	**5.9%**	5.3%	6.3%	0.6 p.p. ↑	0.3 p.p. ↓
General & Administrative Expenses	259	244	215	6.2% ↑	20.8% ↑
G&A expenses / net revenues (%)	**6.2%**	6.3%	5.6%	0.1 p.p. ↓	0.5 p.p. ↑
G&A expenses / pre-sales (%)	**4.3%**	4.8%	5.4%	0.5 p.p. ↓	1.0 p.p. ↓
EBITDA	862	643	787	34.0% ↑	9.6% ↑
% EBITDA Margin	**20.6%**	16.6%	20.7%	4.0 p.p. ↑	0.1 p.p. ↓
Net Income	720	423	528	70.2% ↑	36.5% ↑
% Net margin	**17.2%**	10.9%	13.9%	6.3 p.p. ↑	3.3 p.p. ↑
Unearned Sales Revenues	3,698	3,172	2,783	16.6% ↑	32.9% ↑
Unearned Results	1,595	1,352	1,218	18.0% ↑	31.0% ↑
% Unearned Margin	**43.1%**	42.6%	43.8%	0.5 p.p. ↑	0.6 p.p. ↓

Consolidated Net Operating Revenue

Net revenue increase 2.6% in the 4Q14 due to higher representativeness of new sales with higher prices and better margins. The lower financial results allocated to net revenue, reflected the INCC seasonality. In addition, the POC (percentage of completion) from the units carried over our results were more advanced offsetting the decline in the number of units built.

Consolidated Gross Profit

Once again, the Company releases an important improvement in gross margin that is still growing. During 2014, we delivered a significant volume of units from projects launched in 2011, which reported lower margins. The most recent projects, with better margins, increased its participation in our income statement over the past quarters, reflecting the current operational quality of the Company's results. When we compare the gross margin y-o-y, its evolution is clear, a 4.1 p.p increase.

It is important to highlight the productivity gain either provided by the production speed or cost savings, supported by investments in training and qualification and lower turnover of the production team.

Consolidated Selling Expenses

The selling expenses' increase reflects our strategic change related to the sales force' commission payment. We are now paying the sales commission directly to the brokers and we aim to eliminate doubts from the consumers as well as to improve our sales force's supervision and remuneration system. Our in-house sales force went from 2,696 brokers (69% from total) in Dec/13 to 3,624 brokers (83% from total) in Dec/14, an increase of 35%.

Furthermore, the Company has been investing in its brand consolidation.

Consolidated General and Administrative Expenses

Regarding the general and administrative expenses, the increase reported in the 4Q14, is justified by the payment profit sharing, stock options and contingences. These contingences reflects legal discussions about legacy projects, whose the reasons that cause it were solved and do not repeat in the new projects.

For 2015, the Company established an annual SG&A forecast below the amount reported in the 4Q14.

Consolidated Financial Result

Financial results increased from R$ 30 million in 2013 to R$111 million in 2014. The strong cash generation increasing the average position of the applications, tied to a higher profitability of the portfolio, has positively affected the financial revenues in 2014.

In the 3Q14, the Company reviewed the process of tax calculation, promoted adjustments and opted for the adherence to the subdivision of federal tributes (REFIS), having a financial gain of R$ 13.6 million.

Additionally we highlighted that the Financial Result is composed by financial income derived by customers for property development, which are derived from accounts receivable from *living permits* unities that are updated by IGP-M. Given the numbers of delivered and not transferred unities, the impact of the correction of this unities increased to R$ 39 million in 2013 to R$ 62 million to 2014.

Consolidated EBITDA

Consolidated EBITDA (earnings before interest, tax, depreciation and amortization) was affected by the changing of the accounting of the joined control LOG Commercial Properties e Participações S.A., that has modified its accounting policy under the properties for investment from the method of cost to the method of fair value. In this way the balance of investment of this joined control was adjusted in order to reflect this measurement in fair value, and the reflex on the Financial Statement of MRV was of R$267.6 million.

R$ million	2014	2013	2012	Chg.2014 x 2013	Chg.2014 x 2012
Income before taxes	815	499	596	63.2% ↑	36.7% ↑
Depreciation and Amortization	36	36	23	1.4% ↑	55.1% ↑
Financial Results	(111)	(30)	25	267.0% ↑	-
Financial charges recorded under cost of sales	122	139	142	11.8% ↓	14.1% ↓
EBITDA	**862**	643	787	34.0% ↑	9.6% ↑
EBITDA Margin	*20.6%*	*16.6%*	*20.7%*	4.0 p.p. ↑	0.1 p.p. ↓

Consolidated Net Income

The consolidated net income of the Company was also affected by the variation of the fair value of LOG's properties, representing an increase of 70% compared to 2013. Even if we consider the gain of R$ 267.6 million of the net income, we have an increase of 15.3% on the net income, due to the improvement of the gross margin verified during 2014.

We highlighted the strong evolution of the basic income per share of 76.3%, increasing from 0.891 in 2013 to 1.570 in 2014.

Indebtedness

As a way to mitigate the potential macroeconomic risk, the Company has reduced its indebtedness in 15% as well as its leverage in 6.3 pp., reflecting the strategies of the Company to use the resources derivate from the strong cash generation for value generation for the shareholders and comfortable financial situation. During 2014, the expiration of the 3rd emission has happened and we settled two parcels of the fourth debenture emission of the Company, as planned.

Consolidated Net Debt
(R$ million)

(R$ million)	Dec-14	Dec-13	Dec-12	Chg. Dec-14 x Dec-13	Chg. Dec-14 x Dec-12
Total debt	2,502	3,018	3,202	17.1% ↓	21.9% ↓
(-) Cash and cash equivalents and Short-term investments	(1,372)	(1,689)	(1,539)	18.7% ↓	10.9% ↓
Net Debt	1,130	1,329	1,663	15.0% ↓	32.1% ↓
Total Shareholders' Equity	4,673	4,365	4,088	7.0% ↑	14.3% ↑
Net Debt / Total Shareholders' Equity	24.2%	30.4%	40.7%	6.3 p.p. ↓	16.5 p.p. ↓
EBITDA LTM	862	643	787	33.9% ↑	9.5% ↑
Net Debt / EBITDA LTM	1.31x	2.07x	2.11x	36.5% ↓	38.0% ↓

Debt Maturity Schedule
(R$ million)

(R$ million)	Construction Financing*	Corporate Debt	Total
12 months	305	688	993
13 to 24 months	343	579	922
25 to 36 months	203	350	553
37 to 48 months	3	31	33
Over 48 months	0	1	1
Total Debt	**853**	**1,649**	**2,502**

*Include leases

Dividends

According to the Company's management proposal, relative to the Annual Shareholders' Meeting, 2014 dividends are as follows:

Dividends - % profit attributed to the shareholders (R$ million)	2014	2013	2012
Dividend payout - 25%	171	100	125
Additional Dividends	-	40	-
Total Proposed	171	141	125

Proposed dividends per share (R$)	2014	2013	2012
Amount per share	0.384	0.301	0.262

The amount from 2014 to be paid exceed in 22% the previous year. The increase is even more evident when compared the dividend per share, once the Company buyback an expressive volume of its stocks in 2014 and still has a balance to be repurchased from the current buyback program.

Buyback Program

Since Aug/2011, we have been active in share buyback programs to buy shares to be held in treasury and/or eventual disposal or cancellation.

In 2014, we repurchased 31,161,100 shares, representing 6.5% of the total shares of the Company outstanding on December 31, 2013, equivalent to R$ 229 million. In addition, during the year, 34,081,659 shares were cancelled, which will positively affect the earnings per share and ROE. This corresponds to a 7.1% decrease in total Company's outstanding shares, compared to December 31, 2013.

The current buyback program has a maximum term for repurchase by 06/02/2015.

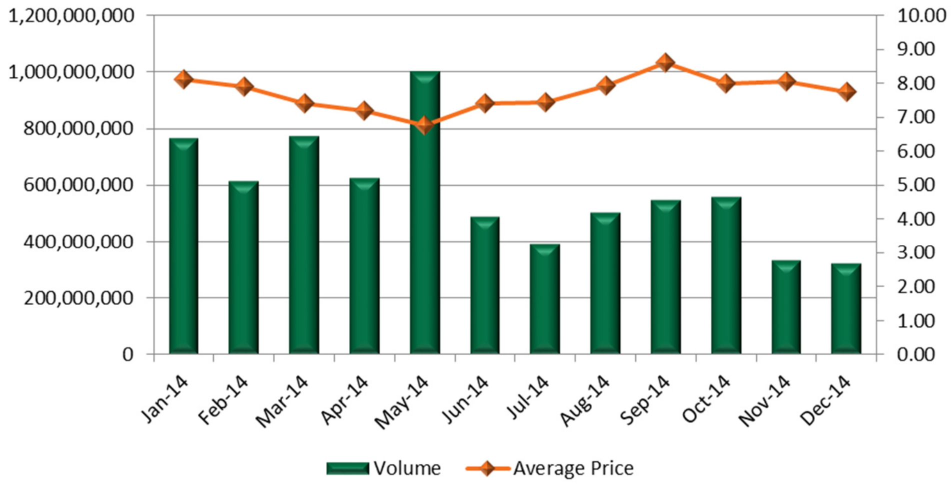
Share Buyback Plan (06/03/2014)	
Term	06/02/2015
Status	Active
Approved Quantity	20,000,000
Buyback Available Balance (as of 03/05/15)	3,323,400

STOCK MARKET

Liquidity

Our stock, MRVE3, had its financial volume of negotiations lower than in 2013, due to the uncertainties faced by the market and skepticism. In 2014, the average daily trading volume was of R$27.8 million.

Evolution of the average price (MRVE3) (R$) and Traded Volume (R$ million)



Indexes

Currently we are members of the main indexes of the Brazilian stock market:

National Indexes			
Índex	**Code**	**Índex**	**Code**
Índice Bovespa	IBOV	Índice Small Cap	SMLL
Índice Brasil 50	IBrX-50	Índice de Ações com Tag Along Diferenciado	ITAG
Índice Brasil	IBrX	Índice de Ações com Governança Corporativa Diferenciada	IGC
Índice Brasil Amplo	IBrA	Índice de Governança Corporativa Trade	IGCT
Índice do Setor Industrial	INDX	Índice Valor BM&FBovespa	IVBX-2
Índice Imobiliário	IMOB	Índice Carbono Eficiente	ICO2

Índices Internacionais	
Instituição / Índice	**Índices**
Standard & Poors	S&P Brazil BMI; S&P Global BMI in US Dollar; S&P Global Ex-US BMI USD Index; S&P Emerging SmallCap; S&P Global SmallCap; SP Emerging BMI Growth; S&P/Citigroup BMI Emerging Markets Index; S&P Latin America BMI Index; S&P Global ex US<USD2Bil; S&P/IFC Global Brazil Price Index in Local Currency; S&P/IFC Global Composite Price Index in US Dollar; S&P/IFC Global Latin America Price Index in US Dollar; S&P/IFC Invest BZ PD; S&P/IFC Investable Brazil Price Index in Local Currency; S&P/IFC Investable Composite - Malaysia Price Index in US Dollar; S&P/IFC Investable Composite Price Index in USD; S&P/IFC Investable Latin America-Argentina Price Index in US Dollar; S&P/IFC Investable Latin America Price Index in US Dollar; SP EmergBMIConsDiscret; SPEmergBMIConsDur&Apprl; SP Emerging MidSmallCap; S&P Global BMI Between USD1 Billion and USD5 Billion in USD; S&P Global BMI Consumer Discretionary USD PR; SP GlblBMI ConsDur&Apprl; SP Global MidSmallCap; S&P BMI Brazil+Russia+India+China Ex-A-B+ HK USD Index; S&P Global BMI * 70% + S&P China ex-A-B-Shares* 30% USD Price Index; S&P Global BMI * 70% + S&P China ex-A-B-Shares* 30% CNY Price Index; S&P Global BMI Value Index USD.
FTSE	FTSE All-World ex North America Index USD, FTSE Shariah Advanced Emerging Index USD.
Bloomberg	Bloomberg ESG Coverage Index; Bloomberg ESG Processed Index; Bloomberg Americas Consumer Cyclical Index; Bloomberg Americas Home Builders Index; Bloomberg World Consumer Cyclical Index; Bloomberg World Home Builders Index; Bloomberg World Index; Bloomberg World Index Level 1 Index; Bloomberg Americas-World Index; Bloomberg Americas- World Level 1 Index.
WisdomTree	WisdomTree Emerging Markets Equity Income Fund IOPV; WisdomTree Emerging Markets Dividend Growth Fund INAV; WisdomTree Emerging Markets SmallCap Dividend Fund IOPV; WisdomTree Emerging Markets Consumer Growth Fund INAV; WT EM Consumer Growth; WT EM Dvd Growth; WisdomTree Emerging Markets Equity Income Index; WT Emerging Mkt Dividend; WisdomTree Emerging Markets Smallcap Index; WT Global Dividend.
Russ Global	Russ Global SC Value; Russ Global SC Growth
STOXX	STOXX Emerging Markets 1500 Index; STOXX BRIC 400 Price Index; STOXX Latin America 200 Price Index
Market Vectors	Market Vectors Brazil Index Price; Market Vectors Brazil Index TR Net; Market Vectors Brazil Small-Cap Index Price; Market Vectors Brazil Small-Cap Index TR Net.

LOG COMMERCIAL PROPERTIES

LOG Commercial Properties e Participações S.A. ("LOG-CP") is a Company focused on the development of commercial and industrial properties.t. Jointly controlled, LOG CP is continuously adding value to MRV and its shareholders. From the third quarter of 2013 on, as the Company was registered in CVM´s "B" category, LOG CP started to release its detailed results on MRV website (http://ri.mrv.com.br/relatorios_trimestrais.aspx?l=2) and on its own website (http://www.logcp.com.br/arquivos/3).

URBAMAIS

Urbamais Properties e Participações S.A. ("Urbamais") was founded in July 2012, with the goal of developing large urban areas in a sustainable way for residential and/or mixed products.

The lots development segment has been expanding in Brazil over the last years. We believe that MRV's real estate market expertise, its strong presence in Brazil's main regions and its consolidated corporate image in the capital market are important differentials for Urbamais to over perform in a fragmented market composed by a large number of small players.

Urbamais is focused on land acquisition in secondary and metropolitan cities with exponential growth opportunities, and consequently, strong demand for urban lands.

Urbamais' developments is focused on the primary residential market. Part of its land bank is located in urban areas and another part at rural frontier areas close to the cities.

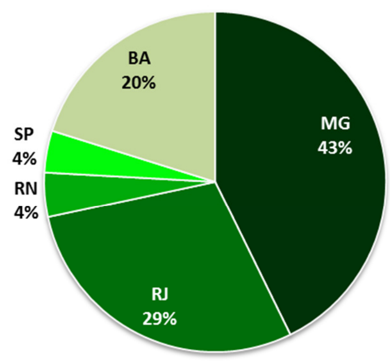
Land has been substantially acquired through swaps, reducing the initial cash exposure.

On December 31, 2014, Urbamais had a Land bank with a total potential PSV of R$ 2,005 million, distributed in five Brazilian States. In August 2014, 246 allotments were launched with an average area of 212 sq.m., called Parque Atlanta in Araraquara / SP. The project has 355 allotments in private condominium, with green and leisure area.

Operational Data

Urbamais (100%)	2014
Land bank (R$ million)	**2,005**
PSV Launched (R$ million)	**23.4**
Number of units	**246**
Average price per unit (R$ thousand)	95
Launched area - sq.m.	52,097
Pre-sales (R$ million)	**10.7**
Number of units	114
Average price per unit (R$ thousand)	94
% Urbamais	**2014**
Land bank (R$ million)	**1,289**
PSV Launched (R$ million)	**15.0**
Number of units	157
Average price per unit (R$ thousand)	95
Launched area - sq.m.	33,342
Pre-sales (R$ million)	**6.9**
Number of units	73
Average price per unit (R$ thousand)	94

Landbank per state



RELATIONSHIP WITH INDEPENDENT AUDITORS

Ernst & Young Auditores Independentes S.S. has not provided any services other than those related to the Company's independent audit in the fiscal year of 2014. The Company's policy assures there are no conflicts of interest or lack of independence or objectivity.

ARBITRATION CLAUSE

In accordance with Article 48 of Chapter VIII – Arbitration Chamber of the Company's Bylaws: The Company, its shareholders, executive officers and members of the Board of Directors are obliged to resolve, through arbitration, all and any disputes or controversies between them related to or arising from, in particular, the application, validity, efficacy, interpretation, violation and effects thereto of the provisions in Brazilian Corporation Law, the Company's Bylaws, the regulations of the National Monetary Council (CMN), the Central Bank of Brazil and the Brazilian Securities and Exchange Commission (CVM), as well as any other rules applicable to the functioning of the capital markets, including those provided for in the regulations of the Novo Mercado Special Corporate Governance, the Arbitration Regulations of the Market Arbitration Chamber and the Participation Agreement of the Novo Mercado.

MESSAGE FROM THE EXECUTIVE BOARD

In accordance with CVM Instruction 480, the Executive Board declares that it has discussed and reviewed the opinions expressed in the independent auditors' report and the financial statements for the fiscal year ended December 31, 2014, and is in agreement with said opinions.

ACKNOWLEDGEMENTS

MRV Management thanks its shareholders, customers, suppliers and financial institutions for their support and confidence. It also thanks its employees for their dedication and efforts, who in great part were responsible for the results achieved.

Belo Horizonte, March 05, 2014.

The Management