

**BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)**



**Publicly-held Corporation**

**REFERENCE FORM 2015 v01**

**Base date: December 31, 2014**

*Pursuant to Annex 24 of CVM Instruction nº 480, of December 7, 2009 (CVM Instruction 480)*

Identification	MRV Engenharia e Participações S.A., a publicly-held corporation, enrolled with CNPJ/MF under nº 08.343.492/0001-20, with its articles of incorporation duly filed with the Board of Trade of the State Minas Gerais (“ <u>JUCEMG</u> ”) under NIRE 31.300.023.907, registered as a publicly-held corporation with the Brazilian Securities and Exchange Commission (“ <u>CVM</u> ”) under nº 02091-5 (“Company” or “MRV Engenharia”).
Head Office	The Company’s head office is located at Avenida Professor Mario Werneck, nº 621, Belo Horizonte, Minas Gerais.
Investor Relations Department	The Company’s investor relations department is located in our head office. The Investor Relations Officer is Mr. Leonardo Guimarães Corrêa. The telephone number of our investor relations department is (55**31) 3615-8153 and our facsimile number is (55**31) 3348-7155 and our e-mail is: <a href="mailto:ri@mrv.com.br">ri@mrv.com.br</a> .
Company’s Independent Auditors	Ernst & Young Terco Auditores Independentes S/S
Custodian Institution	Banco Bradesco S.A.
Securities Issues	Shares listed on the <i>Novo Mercado</i> segment of the BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros (“ <u>BM&amp;FBOVESPA</u> ”) under the symbol “MRVE3”.
Newspapers where the Company discloses Information	The publications, by operation of Law Lei nº 6,404, of December 15, 1976, as amended (“ <u>Brazilian Corporate Law</u> ”), are disclosed in the Official Gazette of the State of Minas Gerais and in the “ <i>Estado de São Paulo</i> ” and “ <i>Hoje em Dia</i> ” newspapers.
Website	<a href="http://www.mrv.com.br">www.mrv.com.br</a> . The information contained on the Company’s website is not an integral part hereof.
Shareholders’ Service	The service to the shareholders is carried out by the Company, in its head office, through the telephone number and e-mail indicated above, and by Banco Bradesco S.A., which head office is located at Avenida Yara, s/n, Cidade de Deus, Osasco, SP. The telephone number and e-mail of the shareholders’ department of Banco Bradesco S.A. is (0xx11) 3684-9441 and <a href="mailto:4010acecustodia@bradesco.com.br">4010acecustodia@bradesco.com.br</a> , respectively.

## Table of Contents

<b>1. Identification of the people responsible for the form content .....</b>	<b>6</b>
1.1. Declaration and identification of those responsible .....	6
<b>2. Auditors .....</b>	<b>7</b>
2.1 / 2. Identification and Compensation of the independent auditors .....	7
2.3. Other material information .....	8
<b>3. Selected financial information .....</b>	<b>9</b>
3.1. Selected financial information .....	9
3.2. a) Non-accounting measurements and b) Reconciliations of the disclosed values with the values in the audited financial statements .....	9
3.3. Subsequent events in the last year-end financial statements which substantially changes such financial statements .....	9
3.4. Policy for allocation of net income for the three last fiscal years .....	10
3.5. Summary of distributions of dividends and retention of profits .....	10
3.6. Dividends recorded in the retained profit reserve or prior years' reserves .....	10
3.7. Indebtedness level .....	11
3.8. Our obligations by nature and maturity date .....	11
3.9. Other material Information .....	11
<b>4. Risk factors .....</b>	<b>12</b>
4.1. Risk factors that may affect the decision to invest in securities issued by us .....	12
4.2. Estimates of reduction or increase in the exposure to material risks .....	17
4.3. Legal, administrative and arbitration proceedings to which we and our subsidiaries are parties are material to our business and are not subject to confidentiality obligation .....	19
4.4. Legal, administrative and arbitration proceedings to which we and our subsidiaries are parties, are not subject to confidentiality obligation and which adverse parties are managers or former managers, controlling shareholders or former controlling shareholders or investors of the issuer or the issuer's controlling shareholders .....	20
4.5. Relevant legal proceedings subject to confidentiality .....	20
4.6. Repeated or related legal, administrative and arbitration proceedings, based on similar legal facts and causes of action, to which we or our subsidiaries are parties, are not subject to confidentiality obligation and are jointly material to our business .....	20
4.7. Other material contingencies .....	20
4.8. Information on the rules of the country of origin of the foreign issuer and rules applicable in the country where the securities issued by the foreign issuer are held in custody .....	20
<b>5. Market risks .....</b>	<b>21</b>
5.1. Market risks to which we are exposed, including with respect to foreign exchange and interest rate risks: .....	21
5.2. Our policy for management of market risks, purposes, strategies and instruments: .....	23
5.3. Significant changes in the main market risks or the risk management policy with respect to the last fiscal year .....	24
5.4. Other material information .....	24
<b>6. Issuer's history .....</b>	<b>25</b>
6.1 / 6.2 / 6.4. Incorporation and duration period of the Company and date of registration at CVM .....	25
6.3. Brief History of the Company .....	25
6.5. Main corporate events .....	27
6.6. Bankruptcy requests based on material amount and judicial or extrajudicial recovery requests .....	27
6.7. Other material information .....	27
<b>7. Issuer's activities .....</b>	<b>28</b>
7.1. Summarized description of the activities developed by us and our subsidiaries .....	28
7.2. Operating segments .....	29
7.3. Products and services .....	30
7.4. Relevant clients (responsible for more than 10% of the Company's total net revenue .....	35
7.5. Relevant effects of the state regulation on the Company's activities .....	36

7.6. Information on the countries where the Company records significantly revenues.....	43
7.7. Regulation of the foreign countries disclosed in item 7.6 from which the Company records significant revenues .....	44
7.8. Other long-term relevant relationships with the Company .....	44
7.9. Other relevant information .....	48
<b>8. Economic Group .....</b>	<b>58</b>
8.1. Economic Group.....	58
8.2. Economic group's flowchart.....	73
8.3. Restructuring operations.....	73
8.4. Provide other information deemed relevant by the issuer.....	74
<b>9. Relevant assets.....</b>	<b>75</b>
9.1. Assets comprising the non-current assets deemed relevant for the development of the Company's activities:.....	75
9.2. Other relevant information .....	77
<b>10. Comments from Management .....</b>	<b>79</b>
10.1. General financial and equity conditions.....	79
10.2. Executive officers' comments .....	92
10.3. Material events and effects on the Company's financial statements and results.....	93
10.4. Executive Officers' comments.....	95
10.5. Company's main accounting policies .....	99
10.6. Internal controls adopted to assure the preparation of the reliable financial statements .....	102
10.7. Aspects related to possible public offerings for the distribution of marketable securities .....	102
10.8. Material items not recorded in the Company's financial statements .....	103
10.9. As regards to each one of the items not recorded in the financial statements indicated in item 10.8 .....	103
10.10 Company's main business plan elements .....	104
10.11. Other factors which affected significantly the operational performance and were not identified or commented on the other items of this section. ....	104
<b>11. Projections .....</b>	<b>105</b>
11.1. The projections must indicate .....	105
11.2. In the event of disclosure, during the last three years, of projections on the evolution of the indicators .....	106
<b>12. General Meeting and Management.....</b>	<b>108</b>
12.1. Company's administrative structure, in accordance with its bylaws and internal regulation .....	108
12.2. Rules, policies and practices related to the general meetings .....	112
12.3. Dates and newspapers for disclosure .....	114
12.4. Rules, policies and practices related to the Board of Directors.....	115
12.5. Commitment clause of the bylaws for resolution of conflicts amongst the shareholders and amongst the shareholders and the Company through arbitration.....	116
12.6. Directors, executive officers and members .....	117
12.7. Committee Members .....	119
12.8. a) Resume of the directors, executive officers and members of the Supervisory Board .....	120
12.8. b) Legal and administrative claims (inclusive criminal claims) involving the management and members of the fiscal board .....	121
12.9. Marital relationships, stable unions or relatives up to the second degree amongst directors, controlled and controllers .....	122
12.10 Relations of subordination, rendering of services or control held, over the last three years, amongst the Company's directors and executive officers .....	123
12.11. Agreements, including insurance policies, establishing the payment or reimbursement of expenses assumed by the management .....	123
12.12. Other relevant information .....	123
<b>13. Compensation of Directors and Executive Officers .....</b>	<b>126</b>
13.1. Compensation policy or practice of the Board of Directors, Executive Board, Supervisory Board and Audit, Risk, Financial and Compensation Committees .....	126
13.2. Total compensation of the Board of Directors, Chief Executive Officers and Supervisory Board .....	129

13.3. As regards to the variable compensation for the last year and the current year and the compensation estimated for the current year for the members of the Board of Directors, Statutory Executive Board and Supervisory Board .....	132
13.4. Stock-based compensation plan of the Board of Directors and Chief Officers .....	134
13.5. Shares or quotas directly or indirectly held in Brazil or abroad and other marketable securities convertible into shares or quotas, issued by the Company, its direct or indirect controllers, companies controlled or under common control, by members of the Board of Directors, Executive Board or Supervisory Board .....	138
13.6. Stock based compensation recognized in the income statement of the Board of Directors and of the Statutory Executive Board .....	138
13.7. As regards to the outstanding options of the Board of Directors and of the Statutory Executive Board .....	139
13.8. As regards to the options exercised and shares delivered related to the stock based compensation of the Board of Directors and of the Statutory Executive Board .....	140
13.9. Necessary information to understand the information disclosed in items 13.6 to 13.8 (including the pricing method of the value of shares and options) .....	141
13.10. As regards to the effective social security plans granted to the members of the Board of Directors and Statutory Executive Board .....	142
13.11. Indicate, for the three last years, as regards to the Board of Directors, Statutory Executive Board and Supervisory Board, the following .....	143
13.12. Compensation systems or indemnities on behalf of statutory executive officers in the event of removal or retirement .....	143
13.13. Percentage of the total compensation of each body and members of the Supervisory Board which are related to the controllers .....	143
13.14. Compensation to the members of the Board of Directors, Executive Board or Supervisory Board, gathered by body, by any reason other than the title exercised .....	143
13.15. Amounts recognized in the statement of income of direct or indirect controllers, companies under common control and subsidiaries of the issuer, as compensation of the members of the Board of Directors, Executive Board or Supervisory Board of the issuer, gathered by body, including the reason why such marketable securities were attributed to such persons .....	143
13.16. Provide other information deemed relevant by the issuer .....	144
<b>14. Human Resources .....</b>	<b>145</b>
14.1. Human Resources .....	145
14.2. Relevant changes as regards human resources .....	147
14.3. Compensation policies applied to the Company's employees .....	147
14.4. Relationship between the Company and the trade unions .....	148
<b>15. Control .....</b>	<b>151</b>
15.1 / 15.2. Shareholders or group of controlling shareholders .....	151
15.3. Distribution of the capital stock, as determined in the last shareholders' general meeting .....	151
15.4. Flowchart of the Company's shareholders (not mandatory) .....	151
15.5. Information of the shareholders' agreement governing the exercise of the voting rights or the transfer of the Company's shares, filed with the Company's main place of business and to which the controller is a party .....	151
15.6. Relevant changes in the shareholding interest of the members of the controlling group and the Company's directors and executive officers .....	151
15.7. Other relevant information .....	151
<b>16. Related-Party Transactions .....</b>	<b>152</b>
16.1. Rules, policies and practices adopted by the Company as regards to the performance of related-party transactions (as set forth by the accounting rules on the matter) .....	152
16.2. Regarding the related-party transactions (Parent Company's balances) .....	153
16.3. Regarding single or successive transactions referred to in item 16.2 above for the last year .....	166
<b>Capital Stock .....</b>	<b>168</b>
17.1. General information on the capital stock .....	168
17.2. Company's capital increases .....	168
17.3. Split-offs, reverse split-offs and bonus .....	172
17.4. Regarding the issuer's capital decreases .....	172
17.5. Other relevant information .....	173
<b>18. Marketable securities .....</b>	<b>174</b>
18.1. Rights of each class and type of shares issued .....	174
18.2. Statutory rules limiting the voting rights of significant shareholders or obligating such shareholders to perform the public offering .....	175
18.3. Exceptions and suspensive clauses related to the equity or political rights set forth in the Bylaws .....	176

18.4. The trading volume and the minimum and maximum quotations of marketable securities traded in the stock exchange or organized over-the-counter market, in each of the quarters over the last three years .....	176
18.5. Other marketable securities (other than shares) .....	177
18.6. Brazilian markets in which Company's securities are admitted for trading .....	185
18.7. Securities admitted for trading in foreign markets .....	185
18.8. Public offerings made by the Company or by third parties, including controlling companies and affiliated and subsidiary companies, for Company's securities .....	186
18.9. Tender offers for shares issued by third parties .....	187
18.10. Other material information .....	187
<b>Buyback Plans and Treasury Shares .....</b>	<b>188</b>
19.1. Provide the following information about issuer's stock buyback plans .....	188
19.2. With respect to acquisition of shares held in treasury, indicate quantity, total amount and weighted average acquisition price, in tabular format, segregated by type and class .....	189
19.3. Indicate shares held in treasury as of the last fiscal year-end, in tabular format, segregated by type and class .....	190
19.4. Other material information .....	190
<b>20. Securities Trading Policy .....</b>	<b>191</b>
20.1. Policy for trading of securities issued by the Company by direct or indirect controlling shareholders, members of board of directors, audit committee and any other technical or consultative committees established under bylaws .....	191
20.2. Other material information .....	192
<b>21. Information disclosure policy .....</b>	<b>194</b>
21.1. Rules, regulations or internal procedures adopted by the Company to ensure that information to be disclosed to the public is gathered, processed and published in an accurate and timely manner .....	194
21.2. Material fact disclosure policy adopted by the Company (including procedures for keeping undisclosed material information confidential) .....	194
21.3. Officers and directors responsible for implementing, maintaining, assessing and overseeing the information disclosure policy .....	195
21.4. Other material information .....	195
<b>22. Extraordinary businesses .....</b>	<b>196</b>
22.1. Acquisition or disposal of any material asset not related to the normal business activities of the Company .....	196
22.2. Significant changes in the way of Company doing business .....	196
22.3. Material contracts entered into between the Company and its subsidiaries not directly related to the operating activities .....	196
22.4. Other material information .....	196

## **1. Identification of the people responsible for the form content**

---

### **1.1. Declaration and identification of those responsible**

I, Rafael Nazareth Menin Teixeira de Souza, Chief Executive Officer Region I of MRV Engenharia e Participações S.A., declare that I reviewed the reference form, that all information contained herein is in compliance with CVM Instruction nº 480, in particular Articles 14 to 19 and that, the set of information contained herein truly, accurately and completely reflects the financial and economic condition of MRV Engenharia e Participações S.A. and the risks inherent to its activities and securities issued.

I, Eduardo Fischer Teixeira de Souza, Chief Executive Officer Region II of MRV Engenharia e Participações S.A., declare that I reviewed the reference form, that all information contained herein is in compliance with CVM Instruction nº 480, in particular Articles 14 to 19 and that, the set of information contained herein truly, accurately and completely reflects the financial and economic condition of MRV Engenharia e Participações S.A. and the risks inherent to its activities and securities issued.

I, Leonardo Guimarães Corrêa, Chief Financial and Investor Relations Officer of MRV Engenharia e Participações S.A., declare that I reviewed the reference form, that all information contained herein is in compliance with CVM Instruction nº 480, in particular Articles 14 to 19 and that, the set of information contained herein truly, accurately and completely reflects the financial and economic condition of MRV Engenharia e Participações S.A. and the risks inherent to its activities and securities issued.

## 2. Auditors

### 2.1 / 2. Identification and Compensation of the independent auditors

a) Corporate Name	Deloitte Touche Tohmatsu Auditores Independentes
CVM code	385-9
CNPJ	49.928.567/0001-11
b) Persons in charge, CPF and contact information	<p>Délio Rocha Leite CPF: 094.062.268-80 tel: (55**31) 3269-7400 fax: (55**31) 3269-7470 email: dleite@deloitte.com 03/09/2007 – 12/31/2010</p> <p>Walmir Bolgheroni CPF: 012.725.828-09 tel: (55**31) 3269-7400 fax: (55**31) 3269-7470 email: wbolgheroni@deloitte.com 01/01/2011 – 25/06/2012</p>
c) Date of engagement	03/09/2007
d) Description of services	<p>The services provided by the independent auditors were:</p> <p>(i) Re-issuance of the audit report for the year ended on 12/31/2011 and the re-issuance of the quarterly review report for 12/31/2012.</p> <p>(ii) Audit of the financial statements for the year ended on 12/31/2011, review of the quarters ended on 03/31/2011, 06/30/2011, 09/30/2011, 03/31/2012 and issuance of quarterly reports about procedures implementation previously agreed about financial indexes for the following dates: 03/31/2011, 06/30/2011, 09/30/2011, 12/31/2011 and 03/31/2012.</p>
Total amount of remuneration of the independent auditors segregated by service	<p>The remuneration for the services described above is as follows:</p> <p>(i) Re-issuance of the audit report for the year ended on 12/31/2011 and the re-issuance of the quarterly review report for 12/31/2012: R\$ 20 thousand</p> <p>(ii) Audit of the financial statements for the year ended on 12/31/2011, review of the quarters ended on 03/31/2011, 06/30/2011, 09/30/2011, 03/31/2012 and issuance of quarterly reports about procedures implementation previously agreed about financial indexes for the following dates: 03/31/2011, 06/30/2011, 09/30/2011, 12/31/2011 and 03/31/2012: R\$ 475 thousand.</p>
e) Substitution of auditor	25/06/2012
Reason for substitution	The independent auditor substitution was implemented in accordance to Article 31 of the CVM Instruction nr. 308/1999
Reason for the auditor	Not applicable

a) Corporate Name	Ernst & Young Terco Auditores Independentes S/S
CVM code	471-5
CNPJ	61.366.936/0001-25
b) Persons in charge, CPF and contact information	Flávio de Aquino Machado CPF: 685.128.306-97 tel: (55**31) 3232-2121 fax: (55**31) 3232-2106 email: flavio.a.machado@br.ey.com 26/06/2012 –
c) Date of engagement	26/06/2012
d) Description of services	The services provided by the independent auditors were: (i) Audit of the financial statements for the year ended on 12/31/2014, review of the quarters ended on 06/30/2014, 09/30/2014, 03/31/2015 and issuance of quarterly reports about procedures implementation previously agreed about financial indexes for the following dates: 06/30/2014, 09/30/2014, 12/31/2014 and 03/31/2015. (ii) Audit of the financial statements for the year ended on 12/31/2013, review of the quarters ended on 06/30/2013, 09/30/2013, 03/31/2014 and issuance of quarterly reports about procedures implementation previously agreed about financial indexes for the following dates: 06/30/2013, 09/30/2013, 12/31/2013 and 03/31/2014. (iii) Audit of the financial statements for the year ended on 12/31/2012, review of the quarters ended on 06/30/2012, 09/30/2012, 03/31/2013 and issuance of quarterly reports about procedures implementation previously agreed about financial indexes for the following dates: 06/30/2012, 09/30/2012, 12/31/2012 and 03/31/2013.
Total amount of remuneration of the independent auditors segregated by service	The remuneration for the services described above is as follows: (i) Audit of the financial statements for the year ended on 12/31/2014, review of the quarters ended on 06/30/2014, 09/30/2014, 03/31/2015 and issuance of quarterly reports about procedures implementation previously agreed about financial indexes for the following dates: 06/30/2014, 09/30/2014, 12/31/2014 and 03/31/2015: R\$ 355 thousand (ii) Audit of the financial statements for the year ended on 12/31/2013, review of the quarters ended on 06/30/2013, 09/30/2013, 03/31/2014 and issuance of quarterly reports about procedures implementation previously agreed about financial indexes for the following dates: 06/30/2013, 09/30/2013, 12/31/2013 and 03/31/2014: R\$ 325 thousand (iii) Audit of the financial statements for the year ended on 12/31/2012, review of the quarters ended on 06/30/2012, 09/30/2012, 03/31/2013 and issuance of quarterly reports about procedures implementation previously agreed about financial indexes for the following dates: 06/30/2012, 09/30/2012, 12/31/2012 and 03/31/2013: R\$ 306 thousand
e) Substitution of auditor	Not applicable
Reason for substitution	Not applicable
Reason for the auditor	Not applicable

The services referred to in item 2.1 (d) above include any and all services rendered by our independent auditors.

### 2.3. Other material information

All material information relating to this subject matter was disclosed in the items above



### 3. Selected financial information

#### 3.1. Selected financial information

Year	31.12.2014	31.12.2013	31.12.2012
Shareholders' equity (R\$ thousand)	4,672,918	4,365,400	4,087,973
Total Assets (R\$ thousand) - Consolidated	10,817,175	10,198,449	10,340,205
Net operating revenue (R\$ thousand)	4,186,185	3,870,608	3,803,808
Gross profit (R\$ thousand)	1,184,113	1,021,422	1,066,201
Net income (R\$ thousand)	751,400	450,195	574,837
Number of shares, excluding treasury shares	445,816,284	473,764,111	477,430,716
Book value per share (in reais)	10.4817	9.2143	8.5624
Net income per share (in reais)	1.6854	0.9503	1.2040

#### 3.2. a) Non-accounting measurements and b) Reconciliations of the disclosed values with the values in the audited financial statements

(in R\$ thousand)	2013	2013	2012
Net Income	751,400	450,195	574,837
(+) Income tax and social contribution	63,251	48,858	21,192
(+) Depreciation and amortization	36,353	35,847	23,441
(+) Financial Results	110,975	30,235	(24,673)
(+) Financial costs recorded under cost of properties sold	122,377	138,734	142,404
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>862,406</b>	<b>343,399</b>	<b>786,547</b>
Adjusted EBITDA Margin <sup>(2)</sup>	20.6%	16.6%	20.7%

(1) Adjusted EBITDA - is equal to net income plus income tax and social contribution, net financial result, financial charges recorded under cost of goods sold, depreciation and amortization. MRV believes that the reversion of the adjustment to present value of receivables from units sold and not yet delivered that is recorded as gross operating revenue is part of our operating activities and therefore we do not exclude these revenues from Adjusted EBITDA's calculation. Adjusted EBITDA is not a Brazilian GAAP measure and should not be considered in isolation and should not be considered an alternative to net income, as an indicator of our operating performance or cash flows or as a measure of our liquidity. Adjusted EBITDA does not have a standard definition and other companies may measure their Adjusted EBITDA in a different way. Because the calculation of Adjusted EBITDA does not take into consideration income tax and social contribution, net financial result, financial charges recorded under cost of goods sold, depreciation, amortization and expenses related to financial and legal advisory fees in connection with the entry of the selling shareholder and MRV initial public offering, Adjusted EBITDA is an indicator of our general economic performance which is not affected by changes in interest rates, income tax and social contribution rates and rates of depreciation and amortization. Because EBITDA does not take into account certain costs related to our business which could materially affect our profits, such as financial result, taxes, depreciation, amortization and capital expenditures, among others, EBITDA is subject to limitations that impair its use as a measure of our profitability.

(2) Adjusted EBITDA divided by net operating revenue.

#### 3.3. Subsequent events in the last year-end financial statements which substantially changes such financial statements

There are no material subsequent events not taken into consideration in the financial statements.

**3.4. Policy for allocation of net income for the three last fiscal years**

	2014	2013	2012
Rules for retention of profits	The remaining balance of net income, after the establishment of the legal reserve and proposed dividends, was transferred to the profit retention reserve in order to meet the funding requirements for future investments in the expansion of our activities, according to the capital budget.	The remaining balance of net income, after the establishment of the legal reserve and proposed dividends, was transferred to the profit retention reserve in order to meet the funding requirements for future investments in the expansion of our activities, according to the capital budget.	The remaining balance of net income, after the establishment of the legal reserve and proposed dividends, was transferred to the profit retention reserve in order to meet the funding requirements for future investments in the expansion of our activities, according to the capital budget.
Value of retentions of profits	R\$ 513,125,912.44	R\$ 258,678,101.69	R\$ 375,890,739.71
Rules for distribution of dividends	Shareholders are entitled to an annual mandatory minimum dividend of not less than 25% (twenty five percent) of net income for the year, which can be decreased or increased by the following amounts: (i) amount to be allocated to the legal reserve; (ii) amount allocated to recognition of reserves for contingencies and reversal of these reserves recognized in prior years; and (iii) amount derived from the reversal of unrealized prior years' earnings reserve, pursuant to article 202, II, of Corporate Law.	Shareholders are entitled to an annual mandatory minimum dividend of not less than 25% (twenty five percent) of net income for the year, which can be decreased or increased by the following amounts: (i) amount to be allocated to the legal reserve; (ii) amount allocated to recognition of reserves for contingencies and reversal of these reserves recognized in prior years; and (iii) amount derived from the reversal of unrealized prior years' earnings reserve, pursuant to article 202, II, of Corporate Law.	Shareholders are entitled to an annual mandatory minimum dividend of not less than 25% (twenty five percent) of net income for the year, which can be decreased or increased by the following amounts: (i) amount to be allocated to the legal reserve; (ii) amount allocated to recognition of reserves for contingencies and reversal of these reserves recognized in prior years; and (iii) amount derived from the reversal of unrealized prior years' earnings reserve, pursuant to article 202, II, of Corporate Law.
Frequency of distribution of dividends	Annual	Annual	Annual
Restrictions to the distribution of dividends	None	None	None

**3.5. Summary of distributions of dividends and retention of profits**

(R\$ thousand)	12.31.2014	12.31.2013	12.31.2012
Adjusted net income for purposes of dividends (in R\$ thousand)	684,200	401,930	501,188
Percentage of dividend per adjusted net income (%)	25.00	35.00%	25.00%
Return rate in relation to shareholders' equity (%)	3.90	3.43%	3.07%
Dividend distributed (mandatory) (in R\$ thousand)	171,050	140,676	125,297
Retained net income (in R\$ thousand)	513,150	261,254	375,981
Date of approval of retention	04/30/2015	04/30/2014	04/30/2013
Mandatory Dividend (R\$ thousand)	171,050	140,676	125,297
Date of payment of dividend	05/29/2015	06/16/2014	06/17/2013
Interest on Capital	/	/	/
Date of payment of dividend	/	/	/

**3.6. Dividends recorded in the retained profit reserve or prior years' reserves**

Not applicable.

**3.7. Indebtedness level**

<b>12.31.2014</b>	
Amount of debt of any nature (in R\$ thousand)	2,502,030
Indebtedness level <sup>(1)</sup>	1.31
Net debt (net cash) / Total Shareholders' equity <sup>(2)</sup>	24.18%

<sup>(1)</sup> Current liabilities plus non-current liabilities divided by shareholders' equity.

<sup>(2)</sup> Net debt is composed of the balance of loans plus intercompany payables less cash and cash equivalents, and financial instruments. Net debt is not a Brazilian GAAP measure and other companies may calculate net debt differently than we do. We use this indicator as it best reflects our leverage level.

**3.8. Our obligations by nature and maturity date**

As of December 31, 2014

<b>R\$ thousand</b>	<b>Less than 1 year</b>	<b>More than 1 year and less than 3 years</b>	<b>More than 3 years and less than 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Secured guarantee	518,126	546,528	3,993	0	1,068,647
Unsecured debts	474,957	928,482	29,944	0	1,433,383
<b>Total</b>	<b>993,083</b>	<b>1,475,010</b>	<b>33,937</b>	<b>0</b>	<b>2,502,030</b>

**3.9. Other material Information**

All material information relating to this subject matter was disclosed in the items above

## 4. Risk factors

### 4.1. Risk factors that may affect the decision to invest in securities issued by us

#### a) Risks related to our company

#### **A substantial portion of the funds to finance our low-income residential developments and our clients comes from the CEF and BB.**

The real estate developments and the acquisition of units by our customers are mainly financed by bank loans, in particular those granted by Caixa Econômica Federal (CEF) and Banco do Brasil (BB). As a government-owned financial institution, CEF and BB are subject to greater political interference and may suffer changes in the method for extension of credit currently in force, thereby reducing the availability and/or benefits of the terms and conditions for extension of financing. Moreover, the suspension, interruption or slowdown of CEF's or BB's activities' in approving our projects, extending financing to our customers and monitoring the development of our construction projects, among other activities, could negatively affect our operations.

The construction and the client financing use mostly the resources from the FGTS (Government Severance Indemnity Fund for Employees), a fund created by the Brazilian Federal Government in order to protect the dismissed employees without valid reason, in which employers deposit in bank accounts at CEF on behalf of its employees, the amount equivalent to 8% of the salary of each employee. It is managed and has rules established by a Board of Trustees chosen by the Federal Government, so its parameters may be changed and adversely affect the housing sector and, consequently, the Company.

Furthermore, our growth is partially linked to the availability of housing credit by public financial institutions. The activity requires significant amounts of working capital, so the suspension, interruption or significant change on this availability could negatively affect the estimate of growth of our business and affect the development of future activities.

#### **The market value of our land may decrease, which may adversely affect our results of operations.**

We maintain a land bank for our future developments. The attractiveness of the areas in which our land is located may decrease significantly from the time of their acquisition to the time when such parcels are actually developed due to market or economic conditions (constructions nearby the projects that affect the area's attractiveness). A decrease in the market value of our land may adversely affect the results of the sales of our developments which may adversely affect our operations.

#### **The loss of members of our senior management or the inability to attract and retain additional senior management personnel could have a material adverse effect on our business, financial condition and results of operations.**

Our ability to maintain a competitive position largely depends on the services of the senior management. Most of the Company's management team has worked with us since the beginning of the operations and has long experience in the real estate industry, particularly in the low-income residential development segment. In addition, because their compensation is partly linked to the market price of our common shares, their interests are aligned with our performance. Not all of these people are subject to long term employment contract or non-competition clause, so we cannot assure that we will be successful in attracting new personnel and retaining the current qualified senior management personnel to assist us in our growth. The loss of services of any of the members of the senior management team or the inability to attract and retain additional senior management personnel could have a material adverse effect on our business, financial condition and results of operations.

#### **Our business may be adversely affected if we are not able to obtain the necessary licenses and/or authorizations for our developments in due time.**

All land already acquired or yet to be acquired by us to be further developed or commercialized, or financed by financial institutions, are subject to obtaining certain licenses, authorizations and registrations as required by the municipalities regulatory agencies, appropriate real estate registries and other regulatory agencies.

If we are unable to obtain these registrations related to any of the projects in due time, our business may be adversely affected and experience delays and, eventually, cancellations in our projects.

Among the pending registrations, we have: (i) registrations filed, pending approval from the competent authority; (ii) registrations pending minor approvals regarding the construction projects.

#### **We may be unable to sustain or increase our historical growth rate.**

We have experienced rapid growth, as well as a strong geographic expansion of our operations. We intend to expand our activities in the markets where we operate at a more moderate pace. However, we may be unable to increase or maintain similar growth rate in the future, and our results of operations in the last periods or years may not indicate our future performance.

Our internal growth has placed and is expected to continue to place a substantial strain on our business, particularly our productivity, administrative, operational and financial resources and internal controls. Additional growth and expansion in our

existing markets may further strain our resources and will depend substantially on our ability to implement and manage the expansion of these resources. If we are not able to rapidly and adequately respond to such expansion, our operating and, consequently, financial results may be adversely affected.

**Our growth may require additional capital, which may not be available or, if available, may not be on terms acceptable to us.**

Our operations require significant working capital. We may be required to seek additional capital, whether from sales of equity or debt securities or additional bank loans for the growth and development of our business. We cannot assure you that additional capital will be available or, if available, whether it would be on terms acceptable to us. Failure to access additional capital on terms acceptable to us may restrict the growth and development of our business, results of operations and, consequently, the market price of our common shares.

**Pre-sales revenue and cost recognition may be adjusted**

The pre-sales revenue of our units sold is recorded based on the accounting method of financial evolution, which is given by the ratio between the incurred cost and the estimated cost (percentage of completion method – POC). Since the estimated cost may be reviewed during construction, there may be revisions due to higher estimated costs and / or reduction of revenue previously recorded generating a negative impact in the financial results.

**Register of Employees**

The “Register of Employers with workers in conditions analogous to slavery” is regulated by the Interministerial Ordinance nr. 2, published on May 12, 2011. However, the Interministerial Ordinance does not predict the procedure for defining “conditions analogous to slavery” and does not inform the rules of inclusion and exclusion of the Register.

In the face of the lack of clarity and objectivity of the Ordinance that governs the operation of the “Register of Employers” the risk of inclusion in such Register and consequent suspension of new financing exists for the period the Company remains in it.

**b) Risks related to the direct or indirect controlling shareholder or controlling group**

**The Company does not have a controlling shareholder or a controlling group with more than 50% of its voting capital, which can lead to alliances between shareholders, conflicts between shareholders, among other events related to the absence of a controlling shareholder or a controlling group with more than 50% of its voting capital**

The Company does not have a shareholder or a controlling group with the absolute majority of its voting capital. In Brazil, there is not an established practice of publicly-held company with no identified controlling shareholder. However, in its better understanding, alliances or voting agreements between shareholders may occur, which could cause the same effect of having a controlling shareholder. If a controlling group is formed and it begins to have the Company's decisory power, the Company may suffer sudden and unexpected changes in its corporate and strategic policies, including the replacement of its board of directors. Moreover, the Company can be more vulnerable to hostile controlling acquisition attempts and conflicts arising from that.

The absence of a controlling shareholder or a controlling group with more than 50% of the Company's voting capital (i) also means that there is no guarantee that the Company's proposed strategy or business plan will be maintained. A shareholder or a shareholder group that begins to exercise the controlling power, can, in the future, significantly change the business and activities courses, which may adversely impact the Company's shares or debentures prices; and (ii) may difficult certain decision processes in a consequence of not obtaining the minimum quorum required by law to some deliberation. In such case, the Company and its minority shareholders may not use the same protection given by the The Brazilian Corporation Law against abuses of other shareholders and, as a consequence, may have difficulty in obtaining the amends of the caused damages. Any sudden or unexpected change in the board of directors' team, the corporate policy or strategic direction, attempt of controlling acquisition or any dispute among shareholders concerning its respective rights, may adversely affect the Company.

**c) Risks related to the shareholders**

**Holders of our common shares may not receive any dividends or interest on shareholders' equity.**

According to our By-laws, we must pay our shareholders at least 25.0% of our annual net income as dividends or interest on shareholders' equity, as calculated and adjusted under Brazilian Corporate Law. Our Bylaws allows the payment of interim dividends based on (i) our semiannual balance sheet or (ii) retained earnings or revenue reserves recorded in the last annual or semiannual balance sheet. The Company may also pay interest on shareholders' equity, under the limitations set forth by applicable law. The interim dividends and the interest on shareholders' equity declared in each year may be included as the minimum mandatory dividend in connection with the results for the year when such dividends were distributed. This adjusted net income may be capitalized, used to absorb losses or otherwise retained as allowed under Brazilian Corporate Law, and may not be made available for payment as dividends or interest on shareholders' equity. Although we have paid extraordinary dividends in

2014, for the fiscal year of 2013, we may eventually suspend the mandatory distribution of dividends in any particular fiscal year if our board of directors informs our shareholders that such distribution would be inadvisable in view of our financial condition.

**The volatility and lack of liquidity of the Brazilian securities markets may adversely affect the ability of investors to sell our common shares at the desired price and time.**

The Brazilian securities market is substantially smaller, less liquid, more concentrated and generally more volatile than major international securities markets. BM&FBOVESPA had a total market capitalization of R\$ 2.24 trillion as of December 31, 2014 and an average daily trading volume of R\$ 6.7 billion in 2014. The ten most actively traded stocks in terms of trading volume accounted for approximately 51% of all 362 shares traded on BM&FBOVESPA as of January 31, 2015. These market characteristics may substantially limit your ability to sell our common shares at the price and time you wish and, as a consequence, could adversely affect the market value of our common shares.

Furthermore, the market price of the shares issued by the Company may change for various reasons, including the risk factors informed in this Reference Form, for reasons related to the Company's operational and financial performance, and for national and international macroeconomic reasons, that cannot be controlled by the Company.

**We may raise additional capital in the future through the issuance of equity securities, which may result in dilution of the interests of our shareholders.**

We may need to raise additional funds in the capital market, through the issuance of shares and/or public and private placement of securities convertible into shares. The raise of additional funds through the public issuance of shares, which may be obtained with the exclusion of the preemptive rights of our current shareholders, may dilute the percentage interests of investors in our common shares.

**d) Risks related to the subsidiaries and affiliates**

The Company invests in special purpose vehicles together with other Brazilian homebuilders. The inherent risks in special purpose vehicles include potential bankruptcy in its special purpose vehicles societies and the possibility of arising of economical or commercial interest conflicting or incompatible between the Company and its partners. In the case of a special purpose vehicles partner doesn't match its obligations or become financially incapable of handling its statements of necessary capital placement, the Company may have to make additional investment or provide additional services to compensate the lack of capital placement by the partner. Furthermore, the shareholders of one special purpose vehicle may be responsible for obligations in determined areas, including, fiscal, labor, environmental and consumer matters. Such events, in the case of occurrence, may adversely impact the Company's business.

**e) Risks related to the suppliers**

**Delays or technical difficulties with our real estate projects that are beyond our control may have a material adverse effect on our reputation and our business as well as expose us to civil liability.**

We acquire materials directly from manufacturers or, whenever necessary, from their representatives. Installation and assembly services are among the provided services and they are outsourced. As a result, the timely completion and quality of our developments depend on factors that are beyond our complete control, including, but not limited to, the quality and timeliness of the delivery of the materials supplied for use in our projects and the technical skills of outsourced professionals and workers. Unforeseen problems or delays in the construction of our developments may have an adverse effect on our reputation, our relationship with clients and negatively impact our business and operating results. These are the reasons why there is a consistent supplier's selection.

However, pursuant to Article 618 of the Brazilian Civil Code, we are required to warrant our customers against structural problems in our developments in accordance with legal deadlines, and we may be called to make good these warranties. In this event, there is a robust provisioned resource to avoid relevant adverse effects in our financial condition and operational results.

**An increase in the price of materials can push construction costs**

Despite of negotiating prices to be fixed for a certain periods directly with suppliers, there may be price increase in materials, consequently increasing production costs. This risk is higher for commodities and materials subject to controlled prices. The main items that cause an increase of materials' prices are: high variation of the Dollar, the price of metals, energy and resin and the wage increases in many industries.

Additionally, we are subject to adjustments based on several indexes and also to changes in tax laws, such as tax rate changes or establishment of new taxes that can increase construction costs, pushing up the final cost of our product, making the sale process harder or decreasing our profitability.

f) Risks related to the customers

**We are subject to risks normally associated with providing financing.**

The financial institutions do not usually finance 100% of the unit's value, as a consequence of that, the client contracts the financing of this difference directly with the Company, the so called "*pro-soluto*". Even if the *pro-soluto* represents a very small part of the total business volume, we are subject to the risks normally associated with providing financing, including the risks of increases in inflation rates, defaults in principal and interest payments and the risk of increases in the cost of our funding, and in this case the absence of real warranty. In the event there is an increase in the number of clients in default and/or an increase in the cost of our funding, our financial situation and operating results can be adversely affected.

Under Brazilian law, in the event of a post-delivery default under an installment sales contract, we have the right to initiate proceedings to collect the amounts due, subject to certain limitations. But, if the buyers default, we may not be able to recover the total amount outstanding on its respective sales contract, which may have a material adverse effect on our operational results, whether it is small.

In addition, we and other real estate companies raise funds in the market at various rates and indices and we may not be able to pass on such rates to our customers to the extent our financings are based on different indices. The divergence of rates and maturities between our sources of financing and loans we provide our customers could adversely affect our cash flow and our financial performance.

**Lack of resources availability to acquire housing units and / or increase on interest rates that can affect consumer's purchasing power**

The lack of funds availability to finance housing units to individuals in the market and / or the increase on interest rates of the mortgages may affect the consumer's purchasing power to finance a housing unit, reducing the demand for residential units or increasing sale cancellations, affecting the operational and financial results of the Company.

g) Risks related to the Brazilian real estate industry

**We are exposed to risks associated with the purchase, development, construction and sales of real estate.**

We engage in the purchase of land parcels, development, construction and sale of low-income residential developments and intend to continue to engage in such activities. However, there are risks that generally affect the real estate industry, such as interruptions in supplies and volatilities in the prices of construction materials and equipment, lack of high quality labor, variations in supply and demand for developments in certain areas, labor strikes and changes in zoning and environmental regulations, our activities are specifically affected by the following risks:

- economic conditions in Brazil may adversely affect the growth of the real estate industry as a whole, particularly in the segment in which we operate, through economic slowdowns, interest rate, inflation and unemployment increases, exchange rate fluctuations and political instability, among other factors;
- The operational cycle, from the land acquisition to the end of construction, with the final approvals, is too long, increasing the Company's exposure to economic uncertainties that can affect the consumers appetite, constructions costs, manpower and materials availability.
- we could be prevented in the future, as a result of new regulations or market conditions, from indexing our accounts receivable to certain inflation rates, as currently permitted, possibly making a project unfeasible in economic or financial terms;
- the level of purchaser interest in a newly launched project or the sales price per unit necessary to sell all units may be lower than expected, resulting in the project failing to reach its anticipated profitability and/or the total value of all units to be sold;
- in the event of bankruptcy or significant financial difficulties of a major company in the real estate industry, the real estate market could be adversely affected, which may cause customers to lose confidence in other companies operating in this industry, including us;
- we may be affected by local or regional real estate market conditions such as the oversupply of low-income residential developments in the regions in which we operate or may operate in the future P;
- purchasers may have a negative perception of the security, convenience and attractiveness of our developments and the areas in which they are located;
- increases in operating costs, including the need for capital improvements, insurance premiums, real estate taxes, changes in the real estate tax legislation and public tariffs may affect our profit margins;
- we may be negatively affected by the scarcity of well located land parcels, or by an increase in the prices of well located land parcels, for use in our construction projects in the regions where we currently operate or may operate in the future;
- real estate development opportunities may disappear or be reduced;
- interruptions in the supply of construction materials or equipment;

- the construction and sale of development units may not be completed on schedule, resulting in increased construction costs or the rescission of sales contracts; and
- changes in credit concession policies may affect the amount of granted finances to housing purchasers.

The occurrence of any of the above risks may have a material adverse effect on our activities, financial condition and results of operations.

**The real estate industry in Brazil is highly competitive, and we could lose our position in the market in certain circumstances.**

Nowadays we perceive low competition in the places where we operate. However, the real estate industry in Brazil is highly competitive and fragmented and does not have high entry barriers restricting new competitors from entering the market. The main competitive factors in the real estate development business include availability and location of land parcels, price, funding, design, quality, reputation and partnerships with developers. A number of residential developers and real estate companies compete with us in terms of seeking land parcels for acquisition, obtaining financial resources for development and in finding prospective purchasers. Other companies, including foreign companies, with alliances with local partners, have become active in the real estate development business in Brazil, further increasing competition, especially in the low-income residential development segment due to its large potential for growth.

To the extent that one or more of our competitors initiates a very successful marketing or sales campaign and, as a result, their sales increase significantly, our business could be materially and adversely affected. If we are not able to respond to such pressures as promptly and effectively as our competitors, our financial condition and results of operations could be materially and adversely affected.

Moreover, certain competitors may have access to better financial resources than us and, accordingly, may be able to withstand periods of crisis in the real estate market with less difficulty than us.

**The scarcity of available financing for low-income residential developments, the change in current financing policies of income residential developments and/or the increase in interest rates may adversely affect the ability or willingness of prospective purchasers to finance their purchases.**

Purchasers of residential low-income real estate properties generally rely on borrowings to finance their purchases. The lack of financing resources available in the market, changes in policy for the financing of residential low-income real estate properties and/or increasing interest rates may inhibit the ability or willingness of buyers to finance their purchases. The CMN has frequently charged the amount of funds that banks are required to make available for real estate financing—in particular, to the Brazilian Real Estate Finance System (Sistema Financeiro de Habitação), or SFH. If the CMN restricts the amount of such funds that are available for real estate financings in the future or raises market interest rates, the scarcity of available financing or the increase in interest rates would likely adversely affect the ability or willingness of potential purchasers to finance their purchases, thus reducing the demand for our residential real estate developments, as well as for large residential community developments. Any reduction in purchaser demand may have a material adverse effect on our business, financial condition and results of operations.

**h) Risks related to the Brazilian real estate industry regulation**

**Our business is subject to extensive regulation, which could, in case of change, adversely affect our business.**

The Brazilian real estate industry is subject to extensive building, zoning and environmental regulation by various federal, state and municipal authorities, which affect land acquisition and development and construction activities through zoning restrictions and license requirements, as well as consumer protection laws and regulations. We are required to obtain the approval of various governmental authorities for our development activities, and new laws or regulations could be adopted, enforced or interpreted in a manner that could adversely affect our results of operations.

Our operations are also subject to Brazilian federal, state and municipal environmental laws and regulations. These environmental laws may result in delays, may cause us to incur substantial compliance and other costs and may prohibit or severely restrict residential development and construction activities in environmentally sensitive regions or areas.

If regulations governing the Brazilian real estate industry as well as environmental laws become more restrictive, our results of operations could be materially adversely affected.

**Increases in existing tax rates or the creation of new taxes during the term of our sale contracts could materially adversely affect our financial conditions and results of operations.**

In the past, the Brazilian government frequently increased tax rates, created new taxes and changed the tax system. In the event the Brazilian government increases tax rates or creates new taxes on the purchase and sale of real estate during the term of our sale contracts, our financial conditions and results of operations could be materially and adversely affected to the extent that we cannot amend the agreements in order to pass through such increased costs to our customers. In addition, an increase in or the



creation of new taxes on the purchase and sale of real estate that are passed on to consumers may increase the final price to our customers, thereby reducing the demand for our properties and/or affecting our margins.

### Changes in accounting rules adopted in Brazil

With the approval of Law 11638/2007, amended by Law 11941/2009, it was introduced new accounting rules applicable to real estate development entities in Brazil with to converge to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB).

The financial statements are prepared in accordance with IFRS applicable to real estate development entities in Brazil, as approved by the CPC, CVM and CFC, and all the statements issued by CPC. These rules include Instruction OCPC 04 - Application of Technical Interpretation ICPC 02 to the Brazilian Real Estate Development Entities – with regard to the recognition of revenues and costs and expenses from real estate development operations during the construction cycle (percentage of completion method – POC).

On January 01, 2013, became effective, and then adopted by the Company, the Statement CPC 19 (C2) for Business in Conjunction (IFRS 11), in which was removed the option to consolidate jointly controlled entities using the proportional consolidation form. Thus, from this date, these projects have been recognized in the consolidated balance by the equity method. The first application of CPC 19 (R2) made the comparative balances for previous years were restated for comparative purposes.

In this process of convergence to IFRS, in addition to accounting statements already issued, it is expected that CPC is going to issue new statements in the future, which may materially affect our operational results, changing the method that we will prepare our future statements and, consequently, the basis of calculation of dividends to be distributed. These events are beyond the Company's control and cannot be predicted.

#### i) Risks related to foreign countries

The Company does not operates in foreign countries.

### Developments and the perception of risk in other countries, especially emerging market countries and the United States, may adversely affect the market price of Brazilian securities.

The market price of securities of Brazilian companies is affected to varying degrees by economic and market conditions in other countries, particularly other Latin American and emerging market countries, Eurozone countries and the United States. Although economic conditions in these countries may differ significantly from economic conditions in Brazil, investors' reactions to developments in these other countries may have an adverse effect on the market price of securities of Brazilian issuers. Crises in other emerging market countries may diminish investors' interest in securities of Brazilian issuers, including our common shares, mainly because the great majority of our outstanding shares are held by foreigners.

In the past, the adverse development of economic conditions in emerging markets resulted in a significant flow of funds out of the country and a decrease in the quantity of foreign capital invested in Brazil.

Any of these factors could adversely affect the market price of our common shares, and could also make it more difficult for us to access to the capital markets and finance our operations in the future on acceptable terms, or at all.

## 4.2. Estimates of reduction or increase in the exposure to material risks

Our policy is to continuously analyze the risks to which we are exposed and that may affect our business, financial condition and results of operations. We are continuously monitoring changes in the macroeconomic and industry scenario that may affect our activities by means of monitoring of the main performance indicators, such as GDP, inflation index, granted financings and unemployment rate.

Regarding the control of costs and project budgetings, the Company developed a software called "MRV Obras" ("MRV Projects") that is used in every construction site, interfacing with SAP software, to manage all the process related to each project, such as, construction progress, budget at activity level, workforce management, materials' requests previously defined in the budget composition, among others. With this software, we can closely monitor the costs and construction progress, and we can monitor with more rigor and agility eventual budget and construction schedule deviations.

As for the risk of our clients default, we adopt a strict credit evaluation model, in which we do not register the unit sale if the client represents a potentially high debt risk. Besides that, those clients who constitute the *pro-soluto*, sign a term of renegotiation and debt confession. And we have also implemented the simultaneous sales project (SICAQ / SAC), in which the eventual default risk of the client is evaluated by the bank that will finance the unit to the client, even before the sale registration. If the client is not approved by the bank standards, a unit sale is not registered by the Company. In this model, besides having a better analysis of the client, the client grants its mortgage with the bank faster, decreasing the possibility of cancelling the unit sale for an eventual noncompliance of the client profile between the date of the sale and the effective unit financing.

Regarding our talent retention model, for more than ten years, we have maintained a partnership model with our key executives and employees that seeks to retain talented people and encourage an internal culture in which the interests of our shareholders, executives and key employees are aligned. Since our initial public offering in 2007, we have not lost any of our key executives to

our competitors. Besides contributing to the development of a highly efficient business model, we believe that the adoption of programs (such as Profit Sharing, with deployed goals from the Chief Executive Office to teams level, and the Company's Stock Option Program, that reaches broadly our management team), creates the right incentive to other employees to constantly improve our operations and, consequently, its professional performances.

As for the possibility of a decrease in land prices for future developments, the Company has a committee made up of representatives of the Real Estate Development, Commercial and Production areas to evaluate the listed lands to be acquired. This committee does the technical and commercial detailed analysis of the land and the project that would be feasible in that area. The land acquisition will be confirmed only after the committee approval.

We adopt a high level of control with respect to our suppliers in order to prevent any kind of material effect on our activities. The Company has developed a Supply team, specialized and with deep supplier market knowledge for the acquisition of the main raw materials used in our activity. It is integrated into our Production team, and also has under its responsibility contracting equipment and services and the strategic and value-added services

Moreover, according to the Article 618 of the Civil Code, we provide warranty in accordance with legal dealines over structural problems in our developments as a way of mitigating non-controlable risks due materials supply. We help future inhabitants of the projects in the condominium implementation, promoting the delivery of the projects to the clients, condominium constitution, election of the landlord and the fiscal committee and training to preventive maintenance (common area and units) and management of the condominium.

We invested a lot in the quality area, which monitors since the beginning of the construction until the key delivery to the client. This area established standards for inspection, handling, identification and storage of materials, grants the organization of the construction sites, avoid waste, maintain the integrity of the materials before and during the application of the material and enables the correct use of them. Inspection and conference services guarantee the compliance with the specific requirements for each phase, avoid delays and increased cost of the project, and reduce the maintenances services after the construction completion. Furthermore, we have implemented an inspection checklist that is executed before the delivery of the unit to the client in order to guarantee the compliance with the requirements and client's needs after the service has finished. And the "Quality Squad", a team composed by the construction team, was created to follow the client inspection and its role is to guarantee that the units are in good conditions to be delivered.

In order to certify our operational and, as a consequence, projects quality, the Company has the following certificates: 1) ISO 9001 – 2008: systems of quality management; 2) PBQP-H SIAC Level A: Brazilian Program of Housing Quality and Productivity; 3) OHSAS 18001 - Occupational Health and Safety, that establishes rigorous standards of occupational health and safety management in companies; and 4) ISO 14001 – Environmental Management, that establishes rigorous standards of environmental management. With these certifications the Company reinforces its engagement with sustainable development, quality, processes and competition.

Over the past 35 years building low-income residential projects, we consolidated our market position, becoming a reference in the segment and in the areas where we operate. MRV brand is recognized throughout Brazil and the quality of our products is considered a differential by our clients, an advantage over its competitors.

It is also important to highlight the Company's controls related to the conditions and safety of the construction sites and lodgements. The process of hiring employees and building contractors follow a strict administrative and legal procedure. Besides complying with the rules, procedures and legislation related to the business, the Company promotes social and educational campaigns, offers continuous training to its employees and implements qualification and literacy schools at the construction sites. The Company frequently inspects its construction sites and prepare photographic reports and integrated electronic record. We developed the "Pódio", a corporate social network to register and monitor our sites and lodgements where there are employees and service providers accommodated by the Company's labor security area. It is possible to file photographic reports, evaluations and comments. The corporate team of the labor security area tracks all posts, setting deadlines for adjustments, guiding and ensuring that the lodgements are in proper use conditions.

We adopt a strict financial and cash management policy. We are exposed to credit availability to finance our projects' construction with concentration in two banks (Caixa Econômica Federal and Banco do Brasil), so the Company holds a robust balance of cash and cash equivalents, always at a comfortable level to conclude its ongoing projects during shortage credit availability. And the Company has been working to shorten its receivables cycle, speeding up the client transferring to the banks, and, as a consequence, decreasing its working capital needs. Since its foundation, the Company has always taken a conservative cash management.

We have not currently identified any increase or reduction of the Company's exposure to the risks described in section 4.1.

#### **4.3. Legal, administrative and arbitration proceedings to which we and our subsidiaries are parties are material to our business and are not subject to confidentiality obligation**

We and our subsidiaries are parties to lawsuits of a civil, tax, labor and environmental nature, as well as to administrative proceedings, which are not subject to confidentiality obligation.

The amount of the contingency related to each lawsuit may not represent the amount provisioned, taking into account the method for definition of provision adopted. We determine the amount provisioned based on an evaluation of the likelihood of loss, classified as probable, possible or remote. This classification is carried out after analysis of the facts and fundamentals claimed in the initial procedural document and the defense's allegations, the pleading in view of the factual and actual status, the jurisprudence with respect to similar cases, in addition to the opinion of internal and external lawyers in charge of the conduction of each lawsuit. Provisions are made only for those losses deemed probable.

We understand that our provisions for legal and administrative proceedings are sufficient to cover any probable losses. Based on the opinion of outside counsel, we have provisioned R\$ 49.05 million for estimated losses as of December 31, 2014.

We do not believe that any pending legal or administrative proceedings, if decided against us or any companies formerly part of the MRV Group, would have a material adverse effect on our financial condition or results of operation.

##### **I) Tax proceedings**

As of December 31, 2014, we and our subsidiaries were parties to 288 legal and administrative tax proceedings. The total amount involved in such proceedings is approximately R\$ 6.06 million, of which the majority (50.34%) was related to lawsuits concerning municipal taxes payable by the committed buyers of the units. As of December 31, 2014, R\$ 35,580.57 were provisioned, relating to tax proceedings in which the estimate of loss was probable, based on the opinion of our legal advisors. None of these proceedings, taken individually, is financially material. The other legal and administrative proceedings have not been provisioned due to the favorable opinion of our legal advisors.

There is no material tax proceeding.

##### **II) Labor proceedings**

As of December 31 2014, we and our subsidiaries were parties to approximately 3,983 labor proceedings (legal and administrative). We can be held joint liable in connection with 65% of our lawsuits. The total amount involved in these proceedings is approximately R\$ 43.98 million, of which R\$ 43.37 million was related to labor claims. Regardless of such fact, based on a conservative opinion, we provisioned, as of December 31, 2014, R\$ 18.89 million, concerning the 548 labor claims for which the estimate of loss was probable, based on the opinion of our legal advisors in the labor area. None of these proceedings, taken individually, is financial material. The remaining labor claims have not been provisioned due to the favorable opinion of our legal advisors. The primary subject matters involved in connection with such claims are: vicarious liability, payment of severance amounts, payment of overtime, indemnification for work-related accidents and salary differences.

Of the 3,983 labor proceedings, 863 refer to Notices of Infraction registered by the Ministry of Labor and Employment. The Company clarifies that it presents defense for each infraction and appeals, administratively, of each notice judged as subsistent. Yet, prevailing the proceedence of the Notice, a proposal is made aiming at its nullifying.

##### **III) Civil proceedings**

As of December 31, 2014, we were party to approximately 20,121 civil proceedings, appearing as an author in 909 demands. The majority of the proceedings in which we were the defendant consist of lawsuits challenging the terms of customers' agreement, injunction for delivery of keys, collection actions, indemnification, undue repetition, payment allocation and execution. For 2,200 civil proceedings, among those stated above, we provisioned as of December 31, 2014, R\$ 30.12 million. None of these proceedings, taken individually, is financially material. The remaining civil proceedings have not been provisioned.

There is no material civil proceeding.

##### **IV) Environmental proceedings**

There is no material environmental proceeding that may affect the Company's activities.

**4.4. Legal, administrative and arbitration proceedings to which we and our subsidiaries are parties, are not subject to confidentiality obligation and which adverse parties are managers or former managers, controlling shareholders or former controlling shareholders or investors of the issuer or the issuer's controlling shareholders**

We and our subsidiaries are not parties to legal, administrative and arbitration proceedings which adverse parties are managers or former managers, controlling shareholders or former controlling shareholders or investors of the Company or its subsidiaries.

**4.5. Relevant legal proceedings subject to confidentiality**

We and our subsidiaries do not have material confidential proceedings in which we and our subsidiaries are parties and which have not been disclosed above.

**4.6. Repeated or related legal, administrative and arbitration proceedings, based on similar legal facts and causes of action, to which we or our subsidiaries are parties, are not subject to confidentiality obligation and are jointly material to our business**

We and our subsidiaries do not have repeated or related legal, administrative and arbitration proceedings, based on similar legal facts and causes of action, which are not subject to confidentiality obligation and which are jointly material, in addition to the legal or administrative proceedings described in item 4.3 above.

**4.7. Other material contingencies**

Not applicable.

**4.8. Information on the rules of the country of origin of the foreign issuer and rules applicable in the country where the securities issued by the foreign issuer are held in custody**

Not applicable.

## 5. Market risks

---

### 5.1. Market risks to which we are exposed, including with respect to foreign exchange and interest rate risks:

We are exposed to market risks related to our operating activities.

The real estate industry is affected by the economic conditions of Brazil. The demand for new residential units is influenced by a number of factors, including employment levels, short- and long-term interest rates, the availability of mortgage financing, consumer confidence, government policies, demographic factors and, to a lesser extent, changes in property taxes, energy costs, condominium expenses and federal income tax regulation. Furthermore, the launch of new units is influenced by the zoning restrictions, government policies, cost and availability of land, various construction and sales costs, availability of construction financing and home supplies from competitors, among other factors. During periods of economic downturns, clients and investors normally postpone the housing acquisition and, consequently, decrease the demand for real estate in Brazil. These factors may adversely affect our sales.

Considerable economic and political uncertainties exist that could have adverse effects on consumer buying behavior, construction costs, availability of labor and raw materials and other factors affecting the real estate industry in general. In addition, increases in interest rates may affect the availability of financing to the purchasers of real estate and, as a consequence, decrease the demand for real estate in Brazil.

Inflation has also had, and may continue to have, effects on our financial condition and results of operations. Substantially all of our operating expenses are denominated in reais and the suppliers and service providers generally attempt to increase their prices to reflect Brazilian inflation.

Among the main risks, we may point out the risks described below. In addition, see item 4.1 hereof for additional information.

*The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This influence, as well as Brazilian political and economic conditions, may adversely affect us.*

The Brazilian government intervenes in the Brazilian economy and occasionally makes significant changes in policy and monetary, tax, credit and tariff regulations. The Brazilian government's actions to control inflation and other policies and regulations have involved, among other measures, increases in interest rates, changes in tax policies, price and salary controls, obstruction of access to bank accounts, currency devaluations, capital controls and limits on imports. We may not foresee and we do not have control over the measures and policies the Brazilian government may adopt in the future. Our activities, financial condition, operational results and perspectives may be adversely affected by changes in policy or regulations involving or affecting factors, such as:

- interest rates;
- inflation;
- liquidity of lending markets and domestic capital;
- expansion or contraction of the Brazilian economy, according to GDP growth rates;
- water and / or energy shortages;
- social and political instability;
- Monetary policy;
- exchange controls and restrictions on remittances outside Brazil;
- exchange rate fluctuations;
- tax policies; and
- other political, social and economic developments in or affecting Brazil.

Uncertainty over whether the Brazilian government will implement changes in policies or regulations affecting these or other factors in the future may contribute to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets and securities issued abroad that are supported by Brazilian issuers. Therefore, such uncertainties and other future developments in Brazilian economy may have adverse consequences on our business and operating results.

*Inflation rise and efforts by the Brazilian government to curb it may contribute significantly to economic uncertainty towards Brazil and could adversely affect our business and the market price of our common shares.*

Brazil has in the past experienced extremely high rates of inflation. Inflation, along with the Brazilian government's measures to curb inflation and speculation about possible governmental measures to be adopted, has had significant negative effects on the Brazilian economy, contributing to economic uncertainty in Brazil and heightened volatility in the Brazilian securities markets. More recently, the annual rate of inflation, as measured by the General Market Price Index, or IGP-M, has decreased from 20.1% in 1999 to -1.71% in 2009 and risen again 11.32% in 2010, 5.09% in 2011, 7.81% in 2012, 5.52% in 2013 and 3.67% in 2014. The Brazilian government's measures to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and reducing economic growth. As a result, interest rates have fluctuated

significantly. For example, the official interest rates in Brazil at the end of 2006 to 2014 as set by the Brazilian Committee on Monetary Policy, or COPOM, were 13.25%, 11.25%, 13.75%, 8.75%, 10.75%, 11.00%, 7.25%, 10.00% and 11.75%, respectively.

Future measures to be taken by the Brazilian government, including interest rate adjustments, intervention in the foreign exchange market and actions to adjust or fix the value of the Brazilian real may increase inflation. In the event of an increase in inflation, we may not be able to adjust the prices we charge our clients to offset the effects of inflation over our cost structure, which could increase our costs and reduce our net operating margin.

*Exchange rate instability may adversely affect the Brazilian economy and the market price of our common shares.*

As a result of inflationary pressures, the Brazilian currency has seen significant fluctuations in relation to the U.S. dollar and other foreign currencies during the last four decades. Throughout this period, the Brazilian government has implemented various economic plans and utilized a number of exchange rate policies, including sudden devaluations, periodic mini-devaluations, during which the frequency of adjustments has ranged from daily to monthly, floating exchange rate systems, exchange controls and dual exchange rate markets.

For example, between 2000 and 2002, the real depreciated 49% against the U.S. dollar. It appreciated from 2003 through 2007, 100%. In 2008, as a result of the worsening global financial and economic crisis, the real depreciated 25% against the U.S. dollar, closing at R\$2.356 for US\$1.00 on December 31, 2008. In 2009 and 2010, the real appreciated 41% against the U.S. dollar. On December 31, 2010, the exchange rate between the real and the dollar was R\$1.6704 to US\$1.00. Between 2011 and 2012 there was a depreciation of 18%, closing at R\$2.05 for US\$1.00, on December 31, 2012. In 2013 the dollar appreciated again regarding the Real and, in December 2013 the currency had risen 14% and was worth R\$2.34. With the uncertainties regarding the Brazilian economic and political environment, due to the presidential election held on October, 2014, the Real continued to depreciate when compared to Dollar, closing at R\$ 2.68 to US\$ 1.00. We cannot assure that the real will not depreciate or appreciate against the U.S. dollar in the future.

Fluctuations of the real relative to the U.S. dollar could create additional inflationary pressures in Brazil and lead to increases in interest rates, which could negatively affect the Brazilian economy as a whole, and the market price of our common shares.

*The global economic crisis may adversely affect the Brazilian economic growth or limit the Company's access to the financial market and, as a consequence, damage our business and financial condition.*

The world economic crisis and the global financial system instability have been affecting, and may continue to negatively affect, the Brazilian economic growth. The current financial crisis reduced the liquidity and credit availability to the business financing permanence and expansion all over the world. The recent and substantial losses in the global stock markets, including Brazil, may cause a long term global recession or depression.

As a result of the global economic crisis, the Company's ability to access the stock or credit markets may be limited in a moment the Company needs or wants to access these markets, which would harm its reaction to adversal economical and market conditions. The global economic crisis may affect the Company's current creditors, clients or its suppliers' ability to meet the contracted deliveries on time, causing their inability to meet their obligations with the Company. In the case the global economic crisis worsens, it may harm the Company's demand for apartments and its ability to finance its future growth.

*Interest rates and Inflation Indices fluctuations may raise the Company's debt payment cost, negatively affecting our financial condition*

On December 31, 2014 the Company had, among other obligations, R\$ 1,646 million in loans, financing and debentures subject to CDI and R\$ 852 million subject to Reference Rate (TR).

These indices, especially CDI, significantly floted last year in a response to the Brazilian economy's expansion or contraction, the inflation, the Brazilian government policies, among other factors. A significantly increase in any of these interest rates or indices, particularly the CDI rate, may adversely affect the financial income or expense and its financial performance.

*Foreign exchange risk*

The Company and its subsidiaries do not have foreign currency-denominated assets or liabilities, so the Company understands the the risks regarding foreign currency variation are not relevant. But, the depreciation of the Real compared to the Dollar can adversely affect the economy as a whole, the demand for housing units, because of the possibility to pressure inflation, and increase the materials' costs, mainly commodities.

*Credit risk*

We are exposed to credit risk related to the installments financed directly with the Company (*pro-soluto*), since the majority of our clients do not have credit profile to finance 100% of the unit price with the financial institution. But it is assessed as very low, because the client pays the majority of the amount during the construction phase, it is representative compared to our account receivables and, historically, it has very low default rates. On December 31, 2014, the *pro-soluto* amounted R\$ 545 million, which

represents 7.1% of the Company's account receivables. Therefore, on December 31, 2014, 2013 and 2012 no allowance for doubtful accounts was recognized.

## 5.2. Our policy for management of market risks, purposes, strategies and instruments:

Our risk management policy aims to reduce or mitigate the market risks.

### a) Risks for which we seek protection

The Company seeks protection to liquidity and capital risks and default.

Regarding the capital and liquidity risks, we manage cash liquidity together with the disbursements and future collections. The Company is managed, since its foundation, through cashflow management and all decisions related to cash are based in a minimum cash standard established by the Management, which is established using different assumptions and stress scenario forecasts.

The default risk is minimized by the Company through the implementation of the simultaneous sales project (SICAQ/SAC), as mentioned in item 4.2 of this form, in which the sale registration is linked to the mortgage approval to the client by the financial institution. Additionally, the Company is reducing its operational cycle in order to minimize its exposure to inflation and, as a consequence, the financial cycle is reduced and the capital structure is optimized, accelerating receivables collection and decreasing leverage.

The labor internalization and higher investments in training and capacity allowed improvements in productivity and lower performance's discrepancies among construction sites, besides lower execution risks.

### b) strategy of hedge

The adopted strategy hedge strategy was the creation of a multidisciplinary organizational structure, whereby the Board of Directors and the Risks and Compliance committee evaluates whether the actions performed are taken in order to abide by the policies adopted, always with the intent of mitigating any risk to the business without the use of derivative financial instruments.

### c) instruments used for purposes of hedge

The main financial instruments used are banks and cash, loans raisings for our working capital and financing the developments in construction and the issuance of debentures among others

### d) Criteria used for risk management purposes

The main criteria adopted by the Company for risk management purposes are:

The Chief Officers periodically revises the Company's capital structure. As part of this revision, the Chief Officers consider the capital cost, the assets liquidity, the risks associated to each capital class and the Company's debt level.

The Chief Officers seek to keep debt level according to its loan, financing and debentures contracts (below 65%). In more challenging macroeconomic periods, the Company acts in order to maintain a robust cash and cash equivalent balance and lower leverage.

The liquidity risks management is done through the financial reports analysis and cash flow forecasts, including stress analysis.

And, the Company has strict control of its operations, monitoring online the budgets and schedules of each construction site.

### e) financial instruments with different hedging purposes

There are no financial instruments with different purposes than hedging.

### f) Organizational structure for risk management control

The Company's risk management is done through the Board of Directors, the Risk and Compliance Committee and the Financial Committee, under financial reports analysis and cash flow forecasts.

The Risk and Compliance Committee is composed of two Directors and three Chief Officers.

The Board of Directors and the Risk and Compliance Committee map and control risks through the 'Risk Management and Internal Audit' area and through financial reports.

g) adequacy of the operational structure of internal controls for purposes of verification of the efficiency of the policy adopted
--

The Board of Directors and the Risk Committee map and evaluate risks through the 'Risk Management and Internal Audit' team. The Committees duties are to evaluate and monitor Company's risk exposures, monitoring and supervising the risk management process.

Furthermore, the Risks Management and Internal Audit area periodically valuates and tests the adherence of the controls used to mitigate risks, reporting the tests' results and the flaws identified to the Risks and Compliance Committee and Chief Officers. Additionally the activities performed by the Management and Internal Audit area are reported to the Board of Directors in all of its ordinary meetings.

Due to the structure presented on item 5.2 above, the Company believes these measures are effective to mitigate the risks.

### **5.3. Significant changes in the main market risks or the risk management policy with respect to the last fiscal year**

There were no significant changes in the main market risks, as well as the risk monitoring policy adopted by us in the last fiscal year.

### **5.4. Other material information**

All material information relating to this subject matter was disclosed in the items above.



## 6. Issuer's history

---

### 6.1 / 6.2 / 6.4. Incorporation and duration period of the Company and date of registration at CVM

- a. Date: May 31, 2006
- b. Corporate form: Organized as a publicly-held company
- c. Country of incorporation: Brazil
- d. Duration period: Indefinite
- e. Date of registration at CVM: 07/13/2007

### 6.3. Brief History of the Company

The MRV group was founded in 1979 by Rubens Menin Teixeira de Souza, Mario Lucio Pinheiro Menin and Vega Engenharia Ltda., with the incorporation of MRV Serviços de Engenharia Ltda. in the city of Belo Horizonte, in the state of Minas Gerais, with the aim to build and develop residential real estate projects. Two years after incorporation, Vega Engenharia Ltda. withdrew from MRV Serviços de Engenharia. In the following year, we delivered our first houses, and, in 1981, we delivered our first buildings in Belo Horizonte.

The Cruzado monetary plan, implemented by the Brazilian government in 1986, had a positive effect on our operations. During this time, we had a small land bank and the price of the real estate properties in our land bank increased abruptly as a result of new demand. In the same year, we began offering financing to our customers.

Consequently, we were able to continue to expand our operations. By the early 1990s, we had attained a significant market share in the city of Belo Horizonte and began exploring new markets to expand into. In 1993, we introduced our "finishing kits," a product that gave our customers additional finishing options for their residential units.

In 1994, we also opened our first sales office in the city of Belo Horizonte, and, in 1995, we began to expand our activities outside of the city of Belo Horizonte, developing and building projects in the city of Uberlândia, in the state of Minas Gerais. In 1996, MRV Empreendimentos was incorporated, and we began operations in the city of Americana, in the state of São Paulo. In 1997, we began sponsoring sports, especially volleyball, to market our brand and our real estate developments. Shortly thereafter, in 1999, MRV Construções was incorporated, and we began to operate in the south of Brazil, initially in the cities of Londrina and Curitiba, in the state of Paraná.

Continuing our strategy, in 2000 we launched a financing plan that enabled our customers to finance their purchases in fixed installments. This financing option provided an affordable means of payment and an opportunity to plan investments, which contributed to the improvement of our results. In this same year, we began our first investments in the city of São Paulo and, in 2003, we launched our *Spazio* and *Village* product lines.

In 2006, a new stage in our history has begun and we expanded our activities to the city of Goiânia, in the state Goiás, increasing the number of cities in which we operate to 28. We began the restructuring of the MRV group in the same year. On May 31, 2006, we were incorporated in order to simplify the Group's structure and we started to control MRV Construções e a MRV Empreendimentos.

In 2007, we completed our restructuring, which included the admission of Autonomy as our shareholder and the consolidation of our company as an operating company, active in the low-income residential real estate development segment. In 2007, we continued to increase our geographical diversification, expanding our operations to 54 additional cities.

On July 13, 2007 our registration with the CVM as a publicly held corporation was approved under nº 02091-5. On July 20, 2007, we concluded our initial public offering and, as from July 23, 2007, our shares began trading on BM&FBOVESPA's *Novo Mercado* segment.

The offering, consisting of a total of 45,900,000 common shares, raised gross proceeds of \$1,193,400,000.00. We allocated the net proceeds from that offering to the acquisition of land and to the development of construction and development projects already underway.

In 2007, we purchased participation in the capital stock of Prime and Blás, both companies are active in the affordable housing segment. Moreover, in 2008, we signed a letter of intent with CEF through which we became the CEF's first representative in the real estate industry. Through the partnership, we began to provide services of receiving and analyzing residential financing proposals, making financing to their customers more efficient and faster.

In June 2008, we, together with Autonomy Investimentos, incorporated MRV LOG, with ownership interests of 65% and 35%, respectively. The corporate purpose of this company is to act in the real estate development segment with a focus in the development and leasing of distribution centers, industrial condominiums, hubs and logistics condominiums (developments to be leased to logistics and transportation companies that will lease part of the warehouse space and divide the common areas into dining halls, restaurants, sleeping areas, support areas, etc.).

In March 2009, we increase our international visibility and access to foreign investors through the launch of the program American Depositary Receipts (ADRs), level 1 in the U.S. market OTC (Over-The-Counter). In December of that year, MRV's ADRs began trading on the highest category of OTC (Over-the-Counter) in the United States, the Premier International OTCQX. The OTCQX market is the first category of trading on the OTC market in the United States. Companies focused on investor use the OTCQX platform qualitatively controlled to provide investors transparent negotiation, information of higher quality, and easy access through their brokers, intermediaries regulated in the United States. The innovative platform<sup>1</sup> OTCQX provides companies and their shareholders a level of market services previously only available on a stock exchange in the United States.

In July 2009, we concluded the primary offering of 24.3 million shares (before split) at the BM&FBovespa with the price of R\$ 24.50 per share (before split), totaling R\$ 595 million (R\$ 570 million, net of commissions). Funds raised are earmarked for land acquisition, incorporation of new developments, construction of projects launched and maintenance of working capital.

In December 2009, we made the split of all of our common shares (MRVE3) in a 3:1 ratio. This operation provided greater liquidity for our shares and consequently greater and easier access for investors in general.

Due to growth of the trading volume of our stock, as of January 2010, our share MRVE3 became part of the Bovespa Index (IBovespa) the most important<sup>2</sup>, indicator stock performance of Brazilian market, made up of stocks with highest negotiability, participation in financial volume and presence in the trading session.

On July 15, 2011, the current shareholders of LOG together with Starwood Capital Group signed an Investment Agreement for the issuance of 62,650,009 common shares to be issued by LOG, totaling R\$ 350 million, being R\$ 250 million as Starwood's part and R\$ 100 million for the current shareholders of LOG, of which R\$ 63,050 as the Company's part. In August and October of 2011 the installment of the agreement of R\$ 140,000 and R\$ 210,000, respectively, were paid. After these payments the Company's part decreased to 42.03% from 63.05%.

At the shareholders meeting held in January 2012 the change of the corporate name and corporate brand of the former MRV Logística e Participações S.A. to LOG Commercial Properties e Participações S.A. ("LOG") was approved. This amendment aims to reflect the company's business and to strengthen its strategy as commercial and industrial property builder.

Urbamais was founded in July, 2012 by our Company, with the goal to develop large urban areas in a sustainable way for residential and/or mixed products. Clear lines were drawn to segregate the companies of the Group, setting Urbamais' business apart from LOG's and MRV's. The Company's nature itself and the business focus are different, suppressing potential interest conflicts.

On May 17, 2013, the current shareholders of LOG together with Bradesco BBI signed an Investment Agreement for the acquisition of 36,945,672 common shares to be issued by LOG, totaling R\$ 278 million, being R\$ 150 million for the current shareholders and R\$ 128 million as part of FIP Multisetorial Plus ("FIP MPLUS"). FIP MPLUS is a private equity fund managed by Bradesco BBI. After these payments the Company's part decreased to 37.87% from 42.03%. The completion of this transaction is subject to specific customary conditions, including approval of the Administrative Council for Economic Defense - CADE.

In June 2013, the funds were paid in. 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\$22,681, net of operating expenses, recognized in the income statement, in line item 'Other operating income'.

In November, 2013, LOG CP has obtained the register of Publicly Held Company category "b" by CVM.

MRV hit record of pre-sales in 2014, reaching R\$ 6.0 billion, as a result of the market position achieved by the Company and, mainly, by the recognition of MRV brand all over the country, which is considered synonymous with quality.

Currently, we – MRV Engenharia e Participações S.A. – are present in 132 cities and 19 Brazilian states and the Federal District, are a publicly held corporation, organized for an indefinite period and duly registered with the CVM, headquartered in Belo Horizonte in the state of Minas Gerais, located at Avenida Professor Mario Werneck, 621, and which purpose consists of: (i) management of own assets; (ii) development, construction and sale of own or third-party properties; (iii) provision of engineering services relating to the qualifications of the technical employees; and (iv) participation in other companies as partner or shareholder.

<sup>1</sup> Source: <http://www.otcqx.com/qx/int/overview>

<sup>2</sup> Source: <http://www.bmfbovespa.com.br/indices/ResumoIndice.aspx?Indice=IBOVESPA&idioma=pt-br>

**6.5. Main corporate events****2012**

- a) Event: the transformation of the company Amazonas Park Incorporações SPE LTDA. into URBAMAIS PROPERTIES E PARTICIPAÇÕES S.A.
- b) Main business conditions: initial contribution of R\$ 2.990 million of the estimated R\$ 50 million capital, of which the Company holds 60%.
- c) Shareholders: MRV Engenharia e Participações S.A.
- d) Results in corporate structure: Not applicable
- e) Corporate structure before and after the event:

	Before	After
MRV Engenharia e Participações S.A.	60,00%	60,00%
Executives	40,00%	40,00%
	<b>100,00%</b>	<b>100,00%</b>

**2013**

- a) Event: Issuance of 36,945,672 ordinary shares by LOG Commercial Properties e Participações S.A.;
- b) Main business conditions: Price: Capital increase of R\$ 278 million;  
Payment method: I R\$ 128 million as FIP Multisetorial Plus' part and R\$ 150 million for the current shareholders of LOG.
- Pending approval by regulatory agencies: The completion of this transaction is subject to specific customary conditions, including approval of the Administrative Council for Economic Defense - CADE.
- c) Shareholders: LOG Commercial Properties e Participações S.A and FIP MPLUS
- d) Results in corporate structure: MRV's interest in the capital of LOG Commercial Properties decreased from 42.03% to 37.87%.
- e) Corporate structure before and after the event:

	Before	After
MRV Engenharia e Participações S.A.	42.03%	37.87%
Starwood Capital do Brasil	33.33%	30.03%
Other	24.64%	22.20%
FIP MPLUS	0.00%	9.90%
	<b>100.0%</b>	<b>100.0%</b>

**6.6. Bankruptcy requests based on material amount and judicial or extrajudicial recovery requests**

There was no bankruptcy request based on material amount or judicial or extrajudicial recovery request by the Company.

**6.7. Other material information**

All material information relating to this subject matter was disclosed in the items above.

## 7. Issuer's activities

### 7.1. Summarized description of the activities developed by us and our subsidiaries

#### Business Purpose:

*Development and Construction Activities:* We focus on the activities of real estate development and construction. Our operations involve the following stages: (i) identification, evaluation and acquisition of land parcels; (ii) obtaining government licenses, permits and approvals; (iii) sales and marketing; (iv) construction; and (v) providing financing and other services to our customers.

The Company is focused, since its foundation, in building low-income residential projects oriented to middle class population.

#### Companies of the group:

MRL Engenharia e Empreendimento S.A.: joint controlled company that operates in the low-income residential segment, mainly focused in the States of Rio de Janeiro. The Company holds 37.65% of MRL.

Prime Incorporações e Construções S.A.: joint controlled company that operates in the low-income residential segment, mainly focused in the Midwest region. The Company holds 60.00% of Prime.

LOG Commercial Properties S.A.: Through our joint controlled, we focus in the construction and leasing of industrial and logistic condominiums, besides the development of commercial properties such as shopping centers, strip malls and offices. The Company holds 37.87% of LOG.

Urbamais Properties e Participações S.A.: a controlled company focused in the development and commercialization of plots and urbanized areas at residential, commercial and industrial allotments with sustainable planning. A Company holds 60% of Urbamais.

#### Operating Markets and Geographic Diversification:

The real estate industry in Brazil, both in development and construction activities, is highly fragmented. The State of São Paulo is one of the main Brazilian economic centers, concentrating the largest real estate construction industry in Brazil. According to the IBGE, the estimated São Paulo's GDP was R\$1,409 billion in 2012, which represented 32% of Brazil's total GDP. Therefore, São Paulo is the state with the greatest capacity to absorb real estate supply.

The table below shows the estimated GDP of our markets in 2012:

State	2012 - R\$ million	%
São Paulo	1,408,904	32.1%
Rio de Janeiro	504,221	11.5%
Minas Gerais	403,551	9.2%
Rio Grande do Sul	277,658	6.3%
Paraná	255,927	5.8%
Santa Catarina	177,276	4.0%
Distrito Federal	171,236	3.9%
Bahia	167,727	3.8%
Goiás	123,926	2.8%
Pernambuco	117,340	2.7%
Espírito Santo	107,329	2.4%
Ceará	90,132	2.1%
Mato Grosso	80,830	1.8%
Maranhão	58,820	1.3%
Mato Grosso do Sul	54,471	1.2%
Rio Grande do Norte	39,544	0.9%
Paraíba	38,731	0.9%
Alagoas	29,545	0.7%
Sergipe	27,823	0.6%
Piauí	25,721	0.6%
Others	231,383	5.3%
<b>Brasil</b>	<b>4,392,094</b>	

Source: IBGE

We operate in the states of Rio Grande do Sul, Santa Catarina, Paraná, São Paulo, Rio de Janeiro, Minas Gerais, Espírito Santo, Goiás, Mato Grosso, Mato Grosso do Sul, Alagoas, Bahia, Ceará, Maranhão, Paraíba, Pernambuco, Piauí, Rio Grande do Norte, Sergipe, as well as in the Federal District.

We are active in a total of 132 cities: Águas Claras (DF), Americana (SP), Aparecida (SP), Aparecida de Goiânia (GO), Aracaju (SE), Araçatuba (SP), Arapongas (PR), Araraquara (SP), Araras (SP), Araucária (PR), Barra dos Coqueiros (SE), Barretos (SP), Bauru (SP), Belford Roxo (RJ), Belo Horizonte (MG), Betim (MG), Birigui (SP), Botucatu (SP), Cabedelo (PB), Cabo de Santo Agostinho (PE), Cajamar (SP), Camaçari (BA), Camaragibe (PE), Cambé (PR), Campina Grande (PB), Campinas (SP), Campo Grande (MS), Campo Limpo Paulista (SP), Campos dos Goytacazes (RJ), Canoas (RS), Cariacica (ES), Caruaru (PE), Catanduva (SP), Caxias do Sul (RS), Ceilândia (DF), Contagem (MG), Cotia (SP), Cuiabá (MT), Curitiba (PR), Duque de Caxias (RJ), Feira de Santana (BA), Ferraz de Vasconcelos (SP), Fortaleza (CE), Franca (SP), Gama (DF), Goiânia (GO), Gravataí (RS), Guarulhos (SP), Hortolândia (SP), Indaiatuba (SP), Itaboraí (RJ), Itajaí (SC), Itú (SP), Jaboatão dos Guararapes (PE), Jacareí (SP), Jaraguá do Sul (SC), João Pessoa (PB), Joinville (SC), Juiz de Fora (MG), Jundiaí (SP), Lagoa Santa (MG), Lauro de Freitas (BA), Limeira (SP), Londrina (PR), Macaé (RJ), Maceió (AL), Maracanaú (CE), Marília (SP), Maringá (PR), Mauá (SP), Mirassol (SP), Mogi das Cruzes (SP), Mogi Guaçu (SP), Montes Claros (MG), Natal (RN), Niterói (RJ), Nova Lima (MG), Novo Hamburgo (RS), Olinda (PE), Ourinhos (SP), Palhoça (SC), Parnamirim (RN), Paulínia (SP), Pindamonhangaba (SP), Piracicaba (SP), Planaltina (DF), Poá (SP), Ponta Grossa (PR), Porto Alegre (RS), Presidente Prudente (SP), Recife (PE), Resende (RJ), Ribeirão Preto (SP), Rio Claro (SP), Rio das Ostras (RJ), Rio de Janeiro (RJ), Salto (SP), Salvador (BA), Santa Bárbara D'Oeste (SP), Santo André (SP), São Bernardo do Campo (SP), São Carlos (SP), São Gonçalo (RJ), São José (SC), São José de Ribamar (MA), São José do Rio Preto (SP), São José dos Campos (SP), São José dos Pinhais (PR), São Leopoldo (RS), São Luís (MA), São Paulo (SP), Sapucaia do Sul (RS), Serra (ES), Sertãozinho (SP), Sete Lagoas (MG), Sorocaba (SP), Sumaré (SP), Suzano (SP), Taguatinga (DF), Tatuí (SP), Taubaté (SP), Teresina (PI), Uberaba (MG), Uberlândia (MG), Valparaíso de Goiás (GO), Várzea Grande (MT), Vespasiano (MG), Viana (ES), Vila Velha (ES), Vitória (ES), Vitória da Conquista (BA), Votorantim (SP).

According to the IBGE, in 2012, these cities represented 49% of Brazilian GDP and approximately 37% of the Brazilian population estimated for 2014.

## 7.2. Operating segments

### a) Products and services sold

#### Real Estate Development and Construction

For more information, see item 7.3 hereof.

### b) Revenue from the segment and participation in the issuer's net revenues

The Company used to release the real estate development and logistics segments until the end of 2012. After adopting the new wording of CPC 19 (R2), the Company stopped to proportionally consolidate the logistics segment, represented by the joint controlled LOG Commercial Properties S.A.. So, the consolidated financial statements release only the real estate development segment.

<b>Net Revenue (R\$ thousand) <sup>(1)</sup></b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Real estate development.....	3,803,808	3,870,608	4,186,185
<b>Total .....</b>	<b>3,803,808</b>	<b>3,870,608</b>	<b>4,186,185</b>

<b>Participation in Net Revenue (%)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Real estate development.....	100%	100%	100%
<b>Total .....</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(1) For further information, see item 10.1 (h), "Financial Information", of this Reference Guide.

## c) Income or loss resulting from the segment and participation in the issuer's net revenues

<b>Net Income (R\$ thousand) <sup>(1)</sup></b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Real estate development.....	527,566	423,084	720,211
<b>Total .....</b>	<b>527,566</b>	<b>423,084</b>	<b>720,211</b>

<b>Participation in Net Income (%)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Real estate development.....	100%	100%	100%
<b>Total .....</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(1) For further information, see item 10.1 (h), "Financial Information", of this Reference Guide.

### 7.3. Products and services

## a) Characteristics of the production process

#### Identification, evaluation and acquisition of land

We focus our initial efforts on studying and understanding demographic, social and economic trends to identify the needs of each prospective market in which we operate upon launching of our products.

We seek to acquire land that shows potential to appreciate in value as a result of increasing demand driven by previously identified economic, social and demographic trends. The acquisition of appropriate land parcels is essential to the profitability of our developments.

We generally identify opportunities for acquiring land parcels through specialized real estate agents, land owners interested in partnering with a company with knowledge and experience in the industry, or through other real estate companies.

We have a multidisciplinary team responsible for preparing such feasibility studies. Each potential acquisition of land is subject to financial review to determine if we will obtain a sufficient return on the capital invested in the proposed real estate development. For such purpose, we evaluate the ownership of the property to determine whether it meets the minimum requirements for the type of project we plan to develop and, carry out the legal due diligence and a review of relevant technical data.

We also use market research to identify potential buyers and local builders, common characteristics of the developments in the area, market supply and demand, as well as the average income and population profile of the region.

We also consider in the selection of lands for construction of the real estate developments the feasibility and time frame for obtaining all licenses and other regulatory permits required to develop the project.

The actual acquisition of land is generally conditioned on obtaining all necessary licenses and regulatory permits before the execution of the purchase. Typically, however, the initial down payment and the pre-construction costs are not recovered if all approvals are not obtained and the purchase is not concluded.

The final decision regarding the acquisition of a specific land bank is taken by an internal committee. This committee meets every week. At least two members of this committee are part of the team that visits the location of the land.

We acquire properties through purchase agreements or exchange agreements. In an exchange agreement, the seller of the land receives a certain number of units to be built on the property or a percentage of the revenue obtained from the sale of the units in the development. Through an exchange agreement, we reduce our capital needs and increase our rate of return on the capital employed in our developments.

We make significant investments in the acquisition of land and intend to build in all lands acquired. Although we plan to develop all acquired land, subsequent events may prevent construction or make construction economically unviable.

#### Obtaining government licenses, permits and approvals

The process of obtaining municipal, state and federal approvals takes between 22 months on average. The various approvals required include building, planning and environmental permits; obtaining these approvals can be particularly burdensome in Brazil.

We seek to obtain all material licenses necessary for our real estate developments, in light of the development stage of each project.

## Construction

The management and oversight of the construction of our developments is the responsibility of our technical team, which the Company believes to have an extensive experience in low-income residential real estate developments, as it has always being focused in training talents and professional development at all levels of its organization structure. Our management and oversight of construction work is focused on guaranteeing quality and cost control, mastering all stages in the development process and meeting contracted deadlines.

Part of the construction work is performed by contractors with long-term relationships with MRV group. The service providers' companies are selected on the basis of experience and personal and professional references. These companies are qualified and have specialized employees and they are remunerated according to productivity. As a consequence, we are able to leverage their efficiency and increase productivity, especially because of the standardization of our products. With that, we are able to increase our productivity, as well as reduce the execution time of our projects with quality. Despite of the contractors' importance, we increased our own labor force stake at our construction sites over the past years. These workers are also remunerated by productivity. The aims of this change are to mitigate risks, continuously improve productivity and decrease turnover. With this change, the Company was able to reach higher productivity levels, which can be stated comparing the number of built units to the number of employees at construction sites, and invest more in training.

Moreover, the Company believes that the demand for our products is high and it is increasing. We developed partnerships with certain construction companies that are selected comparing their experience and knowledge of the low-income residential segment development, regardless of the geographic area in which they operate. In the selecting partners process, we also take into consideration whether the partner's experience is compatible with our methods, standards of excellence and costs. In addition, we can also establish technical assistance agreements with the construction companies. In such partnerships, we maintain control over land selection, development operations, sales and construction management. We also proportionately contribute funds to the development.

It is important to highlight that MRV is responsible for monitoring and managing the construction sites, the quality standards and structure are also established by MRV, as well as the use and monitoration through "MRV Obras" system.

Our construction process is highly standardized and mechanized and we use structural masonry in the majority of our sites. The main benefits from the standardization of our construction process are our cost control optimization, with subsequent reduction of operating costs and more agility in the execution of our projects. Additionally, the investment in equipments, such as cranes, and the inclusion of new construction methods, such as lifted slab, made our construction sites more industrialized and productive. The adoption of an input procurement process with strict quality and supplier selection standards also constitutes an important element for the standardization of our construction process and guarantee of quality of our products.

In order to improve the construction processes, the Company has been implementing new construction methods in some areas. The aluminium molds have been standing out in our construction sites, with positive results regarding term and costs and it has enabled higher efficiency of our operational cycle. This construction method is increasingly being spreaded through the areas where the Company operates and is enabling better management and planning.

Moreover, we have maintained a level A certification from the Brazilian Program for Housing Quality and Productivity (*Programa Brasileiro da Qualidade e Produtividade do Habitat*), or the PBQP-h, since 2001, which guarantees strict quality control for our developments. We ensure quality control through the use of procedural guides that describe in detail each stage of the construction process. We maintain control over technical aspects of the infrastructure and superstructure work by adhering to the standards of the Brazilian Association of Technical Standards (*Associação Brasileira de Normas Técnicas*), or the ABNT.

## Insurances

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 (R\$ thousand)
- Construction insurance (engineering risk)	- Coverage during construction, compensation arising from damage to the work, such as fire, lightning, theft, among other specific coverages of facilities and assemblies on the insured site.	7,268,893
- Multirisk insurance	- Coverage after construction completion, compensation arising from damages such as fire, lightning, tornado, electrical damage and broken windows.	1,395,452
- Civil liability	- Guarantee to indemnify up to the maximum sum insured, the amounts at which the Company may be civilly responsible concerning reparations for personal unintentional injury and / or property damage to third parties.	66,300

Items	Type of coverage	Insured amount (R\$ thousand)
- Constructor insurance guarantee	- Guarantees to the project's financing agent the construction completion in the event of technical and financial unavailability of the Company.	696,174
- Various risks insurance	- Guarantee to the financial agent, compensation arising from damages from equipment that are subject of ongoing Finame/ Leasing contracts	2,000
- Civil responsibility – D&O (Managers)	- Coverage for moral damages to the Company's management (D & O).	80,000
- Car insurance	- Indemnify the Company amounts resulting from damage to covered vehicles, such as theft, collision, property and body damage and passengers.	710
- Lenders insurance	- Insures the Company the receipt of actual property price in the event of death of borrower.	1,921
- Company group life and collective injuries insurance	- Bodily injury involuntarily caused to employees, contractors, interns and engineers.	983,502
- Residential	- Compensation to the Company regarding the covered events occurred in leased residential properties, such as electrical damages, fire, lightening, windstorm, etc.	3,941
- Corporate	- Compensation to the Company regarding the covered events occurred in leased commercial properties such as electrical damages, fire, windstorm, etc.	6.000
- Aviation	- Compensation to the Company regarding losses occurring in the aircraft hulls, risks to be covered, such as expense reimbursements and legal responsibilities that may be required due to the use of aircraft insurance.	35,972
- Lessor guarantee insurance	- Insures the receipt of leases, real estate tax (IPTU), and CAM fees by the lessor if not paid by the lessee.	10,817
- Legal guarantee	- Guarantee to the policy beneficiary the payment of the full debt in dispute, referring to distributed action or to be distributed before one of judicial courts. Guarantee hired to replace the judicial deposit.	94,353
- Infrastructure	- Ensure to Municipalities the implementation of infrastructure projects that are required for the licensing procedures of projects under construction.	2,137
- Real property delivery insurance	- Guarantee to swappers the delivery of units that were subject of the contract agreed between the parties .	681,157

The risks from the production process are informed on item 4.1 and 10.2 of this form.

#### b) Characteristics of the distribution process

##### Sales and marketing

Our developments are sold by our own team of 4,4 thousand brokers, of which 1,1 thousand operate in internet sales. We also hire outside brokerage companies, which have outsourced brokers exclusively dedicated and trained to sell our developments. We believe it is important to maintain our own sales team focused exclusively on the sale of our projects to develop strong relationships with our current customers and to attract new ones. We believe these factors make our sales strategy more efficient and higher compliance with the Company's strategies.

Our sales strategy also includes:

- Our website is the most visited among the homebuilders in Brazil (according to alexa.com ranking), with a total of 2.2 million visits per month. In this same period, our 1,100 online brokers attended an average 2,7 thousand people in a daily basis through our online chat and email. Our web sales channel is a great success, representing around 30% of our contracted sales this year.
- With an active and relevant participation in social networks, we have the biggest fanpage of the real estate segment of Brazil (according to Socialbakers), with over 2.1 million fans on Facebook, and 200,000 followers on Twitter and about 13.7 million views of our Youtube videos.
- We continuously conduct market research regarding the profile of our customers and maintain updated databases with the demographics, income profile, age and other details of our customers. We use this database for identifying land, developing our products and implementing our sales strategy.
- Direct marketing. Our direct marketing team manages a database of potential customers and directly markets our products to such customers through telemarketing, mail, e-marketing and corporate marketing. In addition to generating business, this department assists in our planning by identifying the socio-economic and cultural profiles of our customers, as well as their preferences.



- Relationship sales. We conduct campaigns to benefit customers who recommend new buyers, and give even a discount for the buyer. These campaigns give us a very satisfactory return.
- Innovative nationwide marketing campaigns. Given the geographic scope of our operations, that is highly standardized, we are able to adopt innovative nationwide marketing strategies, which results in lower publicity costs per unit.
- Sports advertising. Since 1996 we have promoted our brand through sports advertising. Until 2004, we sponsored the Minas Tênis Clube women's volleyball team, which helped bring national attention to our "MRV" brand. From 2004 to the end of 2007, we sponsored the Clube Atlético soccer team, and in 2008 we began to sponsor the Vasco da Gama soccer team. In 2012 we sponsored Bruno Senna and a major F1 team, besides two great national soccer teams, Sport Clube Recife and again Clube Atlético Mineiro. The Company prioritizes supporting teams with great identification in the areas where it operates. Currently we sponsor Atletico Mineiro, the Goytacaz Football Club, and tennis players Bruno Soares and André Sá.

#### Customer financing

The availability of financing for potential customers, especially during construction, is of fundamental importance to our business. A few years ago, we had to finance a significant amount of our sales because of the lack of resources for real estate financing in Brazil.

But some changes in the financial system structure and, especially, in the legislation were essential to stimulate the real estate financing in Brazil. The main change was after the enactment of the Federal Law 9514 from 1997, which addressed the real estate financing and created the fiduciary title of real estate, since the existing guarantees had low effectiveness. This Law gave greater assurance to financing banks, because the property entitlement is transferred to the lender, and the borrower has the simple direct ownership of the property along the financing period, which enabled a faster process of property recovery by the lender. As a result, the banks increased the real estate financing supply and the purchase power to acquire housing units. Nowadays the amount of the unit that is financed directly with the Company is not significant when compared to our business.

Commercial banks and CEF returned to offer mortgages to clients, after the scarcity of liquidity in the past. This new supply changed the financial conditions and the internal rate of return of the new projects.

The new plans offered by commercial banks, the client pays significantly lower amounts before delivery of the units, generally a maximum of 30.0% of the purchase price. While we receive a lesser portion of the purchase price from customers before delivery of units, as soon as we complete construction and provide customers with the applicable occupancy permit, we receive the outstanding balance in full.

Commercial banks are also providing a considerable amount of credit to finance the project's construction, supplying and complementing the necessary cash to build the projects. This credit supply can reach approximately 40% of the units' sales value.

The greater availability of financing allows us to move at a faster pace through a typical construction cycle. Our construction processes are standardized and generally require short construction periods. By decreasing construction time, we are able to increase the internal rate of return for our projects and, therefore, for our Company. In addition, by shortening the construction cycle, we benefit our customers, which, for a shorter period, will have to pay for their currently residence, mainly rented, as well as we contribute for the payment of the future property.

There are three financing methods available to our clients: direct financing, commercial bank financing and Crédito Associativo.

#### Crédito Associativo - CEF/BB

Pursuant to the Crédito Associativo model, financial product offered by CEF and BB, the customer grants its mortgage with the bank during construction phase. The amount financed by the bank is transferred to our Company in accordance with the evolution of the project's construction. We receive up to 95% of the sale price during construction, decreasing our working capital needs, and the remaining 5% are transferred after obtaining the final permits. In addition, this financing method is linked to the construction financing, which is more interesting in terms of cash flow and credit risk, being the type of financing most used by our Company.

#### Commercial Bank financing

In this financing method, the client finances the unit price with the bank after the final permits. After that, the customer finances the outstanding balance directly with financial institutions, who pay the remaining balance in cash to us. In some projects, the credit approval by the financial institution is not automatic. The financial institution evaluates the customer's credit and the value of the property, which is subject to a mortgage or a conditional assignment to secure payment of the financing.

We believe that bank financing offers advantages both to the customer and to us. On one hand, customers can use their FGTS deposits to pay part of the outstanding balance on the property and obtain a longer repayment period at a lower interest rate from the financial institution. On the other hand, we benefit from increased liquidity, reduced credit risk from customers and reduced time in managing receivables.

Direct financing

The majority of our clients cannot finance 100% of the unit price, so we receive a down payment from the customer when the sale is agreed, the difference between the unit price and the amount financed, with the remaining portion of the purchase price payable in monthly installments directly to the Company.

In addition, installments are adjusted monthly in accordance with the INCC index, until the delivery of the units. After keys delivery, installments are adjusted on a monthly basis according to the IGP-M, plus interest.

Historically, we have had a low default rate. We believe that this low default rate is a result of the following actions: (i) our continued collection efforts; (ii) the several renegotiation options offered to those customers facing financial difficulties; (iii) the transfer of possession to the buyer only after analysis of payment records; (iv) the use of guarantors/cosigners for the delivery of units in longer sales plans and/or sales plans with periodical adjustments; and (v) after August 2006, only delivering financed units which are subject to conditional assignment (sales financed by us).

In addition, we rely on our experience with customers in our segment in determining which customers are eligible for financing. We have a big team of professionals dedicated to this activity. The sale is only registered if the customer meets our risk and security parameters, based on a credit analysis with the Credit Protection Service, or the SPC, and other internal mechanisms, in addition to the banks approval under the simultaneous sales process (SICAQ/SAC). Default is monitored and any renegotiation can include repossession of the property in case its possession has already been transferred to the customer. Finally, we also protect ourselves by selling to a broad cross-section of customers in diverse geographic locations.

c) Characteristics of the operating markets: (i) participation in each one of the markets; (ii) competitive conditions in the markets

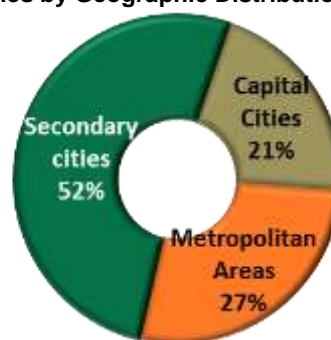
(i) Participation in each one of the markets

The Company operates in 132 cities in 19 states and the Federal District. We have broad geographic diversification, which is considered one of our greatest competitive advantages and most of our operations are outside capital cities, focusing in the metropolitan area and secondary cities, areas with lower competition.

Below, see our contracted sales by state in 2014:

<b>State</b>	<b>R\$ million</b>	<b>%</b>
São Paulo	2,526.8	42.1%
Minas Gerais	815.0	13.6%
Rio de Janeiro	570.5	9.5%
Paraná	388.4	6.5%
Rio Grande do Sul	258.8	4.3%
Bahia	240.5	4.0%
Espírito Santo	204.5	3.4%
Pernambuco	145.6	2.4%
Goiás	133.1	2.2%
Paraíba	123.8	2.1%
Santa Catarina	114.8	1.9%
Mato Grosso	114.6	1.9%
Rio Grande do Norte	76.5	1.3%
Ceará	70.8	1.2%
Alagoas	64.4	1.1%
Distrito Federal	50.8	0.8%
Mato Grosso do Sul	47.3	0.8%
Sergipe	47.0	0.8%
Maranhão	12.1	0.2%
<b>Total</b>	<b>6,005.4</b>	

**Pre-sales by Geographic Distribution (units)**

(ii) Competition conditions in markets

The real estate development and construction industry in Brazil is very competitive. The market is fragmented and no single company has a significant share of the national market.

We have two types of competitors: companies that are already listed on the BM&FBOVESPA and small local companies. Companies in the first group are mainly located in large cities and the majority have entered the mid-high-income residential segment. Companies in the second group have low levels of capitalization, limited access to financing and lower operational level, so they are our competitors at specific regions or cities. In our view, this competitive edge will tend to decrease in value over time. In addition to government's efforts, we believe that real estate financing is a strong factor in the development and sales process. The financing costs are easily offset by our scale and industrial production features. A large scale and financing also allow us to have easy and low-cost access to credit, thereby resulting in a lower cost to our customer.

In the coming semesters, we expect less aggressive competition from traditional homebuilders listed on BM&FBOVESPA in our segment, since part of these companies focus their operations in different segments and concentrate their projects mainly in big cities, such as capital cities, which is not the Company's focus.

The projects' control, with technology and advanced processes allowed us to maintain our strategy of geographic diversification, focusing our operations in regions and cities with strong growth and lower competition in the low-income segment.

We believe that our efficiency, specific experience and continuous improvement may be able to maintain and / or increase our competitiveness.

The main factors that distinguish us from competitors include price, location, availability and terms of financing, finishing standards, quality of construction materials, reputation and our track-record of meeting construction deadlines.

#### d) Potential seasonality

In general, the real estate market in our segment does not have a set fluctuation pattern along the year. There are fewer visits to sales stands during school holidays and specific periods, such as the World Cup in 2014. But this effect reaches all the companies of the industry.

#### e) Main inputs and raw materials

##### (i) Relationship with Suppliers

In the construction of our projects, a relevant part of the direct costs is coming from the building materials, which caused the Company to develop a Supply team, specialized and with deep supplier market knowledge for the acquisition of the main raw materials used in our activities. The supply team acts directly with construction teams and monitor the construction process in the sites, providing great synergy and increasing the process efficiency. They are also responsible for hiring equipments and strategic and value-added services (foundation, demolitions, earthworks, paving, electric grids, etc.). In 2014 accounted for 50% of the construction expenditure. The centralization of our purchasing process contributes to less variation in the final cost of the projects.

##### (ii) Possible dependence on few suppliers

Our Supply team does not have exclusivity agreements with any supplier, and researches the market constantly. Our average payment term was approximately 45 days in 2014. Because of the standardization of our products and the simultaneous development of several projects in the cities we operate, we are able to achieve economies of scale in the acquisition of raw materials and contracting of services. In 2014 this economy amounted R\$ 12.9 million.

We have a wide list of suppliers, selected on rigid criteria, and agreements are negotiable to ensure timely deliveries, product quality within technical specifications and warranties, and better commercial terms. We classify our suppliers into national, regional or local, in order to standardize inputs used in the construction process and, obtain the service, which protect us from relying on any one supplier. In 2014, we did business with 8,940 suppliers, in a total volume of R\$ 1.42 billion.

##### (iii) Possible volatility of inputs price

We highlight 250 items, representing approximately 63% of our costs of materials, equipment and strategic services on which we make a monthly monitoring. With the suppliers of these groups of goods, we make strategic negotiations and agreements at national, regional or local level. This ensures greater stability and uniformity in prices and quality of the products, and great negotiating power in the purchase, generating great results.

#### **7.4. Relevant clients (responsible for more than 10% of the Company's total net revenue)**

No client is responsible for more than 10% of the Company's net revenue. The real estate market is extremely diluted.

## 7.5. Relevant effects of the state regulation on the Company's activities

a) need of governmental authorizations for the exercise of the activities and historical relationship with the public administration of such authorizations

The exercise of the Company's activities is not subject to governmental authorizations, except for the specific licenses and authorizations of each of our developments. Historically, we have always obtained successfully the governmental authorizations necessary for the development of our projects.

### Regulation related to real estate activities

The current regulation of the real estate industry includes such matters as real estate development, zoning restrictions and environmental laws. The Brazilian Civil Code governs matters relating to real estate development projects, as well as the ownership of real estate. As a general rule, the Brazilian Civil Code requires that transactions relating to the sale of real estate, as well as the assignment, transfer, change or waiver of real estate rights, must be made by means of a public deed, except for transactions related to the SFI and the SFH and certain other exceptions provided by law. Each of these transactions must also be registered with the proper Real Estate Registry office.

### Real estate development

Real estate development activities are regulated by Federal Law 4591, of December 16, 1964, the Real Estate Development Law, which defines real estate development as the activity performed to foster the construction and development of real estate projects, for total or partial sale, in the form of buildings or otherwise composed of units.

The developer's main duties are: (i) to register the real estate development with the Real Estate Registry office; (ii) to sale the Units upon the effective registration with the Real Estate Registry office, indicating in all advertisements and sales contracts the registration number of the development; (iii) to assure the construction of the development; (iv) to transfer title to the unit; and (v) to register the construction blueprints along with the joint ownership agreement with the proper Real Estate Registry office. The developer may establish a deadline of up to 180 days for the sale of the real estate development, and may withdraw from the development before this deadline, but this deadline should not exceed the term for the validity of the respective registration or, however the case may be, the respective revalidation.

The construction of the development may be contracted and paid for by the developer or by purchasers of the units. The Real Estate Development Law provides for two systems of construction: (i) construction under contract and (ii) construction under management.

Construction under contract is arranged with either a fixed price, established before the construction begins, or an adjusted price, which varies according to an index determined by the contracting parties.

In a construction under management, the purchasers of the units pay the total costs of the development through monthly proportional installment payments. Therefore, the purchase and sales agreements do not set forth the unit sales price.

### Assets for appropriation

Law No. 10,931, of August 2, 2004, created a special tax system related to assets for appropriation. Under this system, land parcels and structures built on it, financial investments in the land and any other assets and rights with respect to the land are apportioned to benefit that development's construction and the delivery of the units to the purchasers, and are thus segregated from the developer's remaining assets. Accordingly, appropriated assets have no connection with the other properties, rights and obligations of the developer, including other assets previously appropriated. In addition, the appropriated assets can only be used to secure debts and obligations related to the respective development. The appropriated assets will not be affected in the event of the developer's bankruptcy or insolvency.

In the event of a developer's bankruptcy or insolvency, joint ownership of the development may be instituted by a resolution of the purchasers or by judicial order. The joint owners of the development then decide whether to proceed with the project or liquidate the assets for appropriation.

### Real estate credit policy

The real estate industry is highly dependent on the availability of credit. The Brazilian government real estate credit policy significantly affects the availability of funds for real estate financing, and consequently the supply and demand for real estate units.

The real estate credit market in Brazil is extremely regulated, and the funds for financing in this industry are derived mainly from the FGTS, and from the mandatory investment of a portion of the deposits from savings accounts.

The FGTS is a mandatory contribution equivalent to 8.5% of the payroll of the employees in accordance with the employment relationship set forth in the CLT, the Decree-Law 5452, of May 1, 1943. Caixa Econômica Federal is the entity in charge of the management of funds under the FGTS.

Financing can be granted through the (i) SFH, which is regulated by the Brazilian government; and (ii) mortgage portfolio system, under which financial institutions may freely negotiate the financing conditions.

#### Housing finance system (SFH)

Law No. 4380, of August 21, 1964, created the SFH with the purpose of facilitating the acquisition of residential real estate units, in particular by the low-income population. The SFH is funded by the FGTS and a portion of the deposits from savings accounts.

The main requirements to obtain financing for the acquisition of a home are as follows:

- The financed real estate must be exclusively for the use of the purchaser;
- The maximum sales price of the units must be R\$750,000, for housing units in the states of São Paulo, Rio de Janeiro and Minas Gerais and in the Federal District, and R\$ 650,000 in the other states;
- The borrower cannot own title or rights for a residential property in the same city;
- The maximum cost for the purchaser, including interest, commissions and other financial charges but not insurance, cannot exceed 12.0% per year;
- In case of a balance at the end of the negotiated period, the payment term may be extended for a period equivalent to one-half of the period originally established; and
- The purchaser must provide one of the following security interests: (i) a first mortgage on the financed asset; (ii) a conditional sale agreement related to the financed asset; (iii) a first mortgage of another property of the purchaser or of a third party; or (iv) other guarantees, as established by the financial agent.

#### Mortgage portfolio system

The SFH funds derive from the FGTS and deposits in savings accounts. However, not all funds derived from savings accounts are allocated to the SFH. At least 65.0% of savings deposits must be used for real estate financing, as follows:

- 80%, at least, for residential financing within the SFH; and
- the remainder for real estate financing contracted at market rates, including housing financing transactions.

This remaining balance, intended for financing granted at market rates, comprises the mortgage portfolio used by banks for the granting of real estate financing. Since the financial institution uses its own funds to grant financing, the terms and conditions in these cases may be negotiated more freely than the for SFH financing, allowing financing of real estate properties with higher prices. Consequently, the rates and amounts of these types of financing are usually higher than those of the SFH financing, ranging from 12.0% to 14.0% per year, adjusted for inflation based on the TR index.

#### Real estate finance system (SFI)

Law No. 9514, of November 20, 1997, as amended, created the SFI and established rules for the assignment, acquisition and securitization of real estate credits. This system seeks to develop primary (loans) and secondary (trading of securities backed by receivables) markets for the financing of real estate units by means of the creation of advantageous compensation conditions and special instruments for the protection of creditors' rights. The new rules also permitted capitalization of interest and monetary adjustment less than yearly for transactions over 36 months, both of which were previously prohibited.

Real estate sales into installments, leasing or other financing in general may be negotiated with non-financial institutions under the same conditions permitted by authorized entities under the SFI. In these cases, non-financial entities are authorized to charge compound interest rates greater than 12.0% per year.

The following types of collateral are applicable to financing granted through the SFI: (i) mortgages; (ii) conditional assignment of credit rights from sales contracts; (iii) pledge of credit rights resulting from sales contracts or rental of real estate; (iv) conditional assignment of real estate; and (v) antichresis.

Finally, amongst the matters covered by Law No. 9514, of November 20, 1997, we emphasize the securitization of real estate credits. This Law created a specific system for this type of securitization, with specific characteristics, such as the conditional sale system, making the structure less expensive and more attractive.

The securitization of credits in the context of the SFI is made through real estate securitization companies, which are non-financial institutions formed as stock companies and registered with CVM as publicly-held companies. Such companies have the objective of acquiring and securitizing real estate credits through the issuance of Real Estate Receivable Certificates, or CRIs, as well as other marketable securities (debentures, notes, among others) backed by real estate credits.

CRIs are securities issued exclusively by real estate securitization companies as a promise of payment in cash. CRIs are backed by real estate credits that can be freely negotiated. The main characteristics of these securities are: (i) issuance in book-entry

form; (ii) payment in installments; (iii) fixed or floating interest rates; (iv) monetary adjustment; (v) registration and negotiation through centralized systems of custody and financial settlement of private securities; (vi) possibility of a trust system, linking real estate credits to the respective CRIs issued (thus constituting segregated assets similar to those under the assets for appropriation system in real estate development); and (vii) establishment of a floating charge on the issuer's assets.

#### Municipal regulation

We describe below the municipal legal aspects of our main markets.

#### Municipality of São Paulo

The Zoning Law governs the parceling, use and occupation of land in the municipality of São Paulo. It sets forth technical and urban planning requirements for parceling, and establishes that the splitting and separation of tracts of land will be subject to the prior approval of the São Paulo municipal government. Moreover, this zoning law describes the types of allowed uses of the land and their respective characteristics by dividing São Paulo into areas of use with fixed locations, limits and boundaries

Municipal Law No. 16050, of July 31, 2014, approved the Master Plan and created the Planning System of the Municipality of São Paulo, being governed by a number of municipal decrees. The Master Plan is the guiding tool for planning development in the urban areas of the municipality and is used as a reference by all public and private agents acting within the municipality. It establishes the strategic goals and general guidelines for urban construction, the objectives and guidelines for differentiated areas of planning, and the instruments for their implementation. In addition to the Master Plan, municipal planning is also regulated by Articles 182 and 183 of the Federal Constitution and by Federal Law No. 10,257, of July 10, 2001, known as *Estatuto da Cidade* (the Cities Act). In addition, Law No. 11,228, of September 25, 1992, approved the Code of Works and Construction, which is regulated by Municipal Decree No. 32,329, of September 23, 1992. Municipal Decree No. 32,329 governs administrative and executive procedures and states the general and specific rules to be followed in the planning, licensing, execution, maintenance, and use of public works and construction within real estate projects with respect to the real estate within the municipality of São Paulo, and also provides for sanctions and fines applicable in cases of noncompliance with these rules.

#### Municipality of Belo Horizonte

The municipality of Belo Horizonte is subdivided into large zones. Each zone has general urban parameters, common to any type of development. These parameters are regulated by Municipal Laws No. 7,165 and No. 7,166, both of August 27, 1996 (Master Plan and Use of Land Law, respectively), Law No. 8.137/00 and Law No. 9959, of July 20, 2010, which modifies Laws No. 7165/96 and No. 7166/96, in the Law No. 9725/09 (Construction Code) and in the decree No. 13.842/10 (Regulates the Law 9725/09 – Construction Code)..

The particular aspects of certain regions, with different urban and tax regulations according to the characteristics of each zone, have been considered in Areas of Special Regulations (ADEs).

The differences between each zone are based on the potential for growth and the demands for environmental or landscape preservation and protection.

The Municipal Secretary of Urban Regulation is mainly responsible for (i) giving instructions and enforcing the legislation concerning urban activities in the municipality; and (ii) ensuring urban quality of life of the population of Belo Horizonte by using updated urban planning techniques.

#### Municipality of Rio de Janeiro

Complementary Law 111 of February 1, 2011, provides for the Urban and Environmental Policy of the City and establishing the Master Plan for Sustainable Urban Development in the city of Rio de Janeiro.

This plan has a term of 10 years, establishing the rules and procedures related to urban policy in the municipality of Rio de Janeiro. This plan established guidelines and tools for the execution of urban policies and programs with the purpose of meeting the social needs of the city.

The zoning parceling, use and occupation of land laws of the municipality of Rio de Janeiro govern the use of land in the city and address urban zoning, use of areas, development activities, and types and conditions of developments in relation to each zone established by the regulations.

#### Municipality of Campinas

The rules applicable to the use and occupation of the land in the municipality of Campinas are established in the (i) Master Plan of the Municipality of Campinas (Law No. 15, of December 27, 2006); (ii) Construction Code (Law No. 9, of December 23, 2003); (iii) Land Use and Occupation Law (Law No. 6,031, of December 29, 1988); (iv) Municipal Laws No. 10,850, of June 7, 2001, and No. 9,199, of December 27, 1996, which provide for the environmental protection areas and the urban management plan of the Barão Geraldo district and (v) Decrees nº 17.503 of January 30 of 2012, that outlines about the approval of land parcelling for housing purposes in the public administration sphere and disciplines compliance of "Plano de Estruturação Urbana da Região

Centro-Sul" and nº 18306 of March 25 ,2014, that outlines over the procedures for environmental licensing of developments and activities that have local impact in the Secretaria Municipal de Meio Ambiente de Campinas sphere.

The Municipal Secretariat of Housing is responsible for establishing policies aimed at offering housing to the low-income population. COHAB (*Companhia de Habitação Popular de Campinas*) is responsible for the planning, development and sale of residential units as well as financing, all of which are specifically directed towards the low-income population, according to the regulations set by the municipal, state and federal governments.

On a municipal and regional level, the Municipal Secretariat of Housing acts as financial agent and sponsor of the SFH, being responsible for applying the national housing policy and for implementing other programs related to residential financing, with the purpose of reducing the housing deficit

On July 7, 2005, the Municipal Secretariat of Urban Planning - SEMURB was created to be in charge of the approval of architectural and urban projects on private land through the establishment of rules, issuance of licenses for the use and monitoring of development projects.

b) issuer's environmental policy and costs incurred for compliance with environmental regulation and, however the case may be, other environmental practices, including the adhesion to international environmental protection standards:

We are in compliance with applicable environmental legislation and rules and we operate accordingly in all stages of the project and construction of our developments. We have not adhered to any specific rule or international standard in connection with the environmental protection.

Continuously focused on the sustainable growth, we adopted certain practices to increase our commitment with the environmental protection. In this regard, we stimulate the development of projects and new technologies which contributes for the waste reduction, the logical usage of natural resources and the use of proper materials not to damage the environment.

In compliance with environmental legislation, when we acquire the land where we intend to develop our projects, we seek to consider all necessary and applicable environmental aspects, focused on the existing springs, vegetation and localization of this land as regards to the preservation areas in the place.

In addition, the implementation of the real estate developments usually results in leveling of the ground, as well as, in many cases, the removal or cutting of vegetation. These activities depend on the previous authorization by the environmental bodies. As a condition to issue such authorizations, such bodies may require compensatory measures, such as, for example, the plantation of new trees and even the acquisition of forest areas with extension at least equivalent to the affected areas. The non-authorized modification in these areas or the removal or cutting of protected trees represents environmental violation and subjects the infractor to civil, administrative and criminal claims.

We develop and construct projects in several states in Brazil. Each member state is supported by the Environmental Secretariat or Environmental Agency and we comply with all requirements before these bodies, from the purchase of the land to the final licensing of the projects. The environmental bodies have adopted, over the years, more severe measures as regards to the management of environmental matters and we have successfully complied with these measures.

In this sense, our developments, the projects of which are already approved, were properly licensed. As regards to the developments under approval, the environmental projects are in progress.

We estimate that the cost incurred for the compliance with the environmental regulations, as requested in connection with some developments, corresponds to approximately 1.7% of the development's total sales value.

Our activities are subject to environmental rules, as described below.

#### Environmental licenses and authorizations

Brazilian environmental legislation, under Law No. 6938, of August 31, 1981 ("Law no. 6938/81") and its respective changes in Law Nº 12651 of May 25, 2012, determines that the installation, construction, extension and operation of projects that in any way cause or could cause degradation of the environment are contingent upon obtaining previous licensing of the competent environmental agency. And the licenses issued must be renewed periodically, which must be requested with a minimum advance of 120 (one hundred twenty) days of the expiration date, so that this is automatically extended until the ultimate manifestation of the competent environmental agency.

Therefore, the environmental licensing process, which is governed by the Environment National Council (CONAMA) Resolution 237, of December 19, 1997 ("CONAMA Resolution nº 237/1997"), is divided in three parts, being each license subject to the issuance of its previous license: (i) preliminary permit; (ii) building permit, and (iii) operating permit. In addition, an environmental permit is required when any part of the development is changed or expanded.

CONAMA Resolution nº 237/1997 additionally establishes that the state environmental agency has the responsibility over the environmental projects licensing whose impacts are restricted to its territory, as well as imposing the conditions, restrictions and

plausible control measures. It is up to Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis (IBAMA) the competence to proceed to the licensing of developments and activities of significant environmental impact in regional or international scopes, as well as the city competent organs with the local impact projects' licensing.

Notwithstanding the application of fines, there can also be penalties that include orders to cease work or to deactivate or demolish a project, among others. Moreover, in accordance with Decree 6514, of July 22, 2008 and its changes in the Decree Nº7719 of April 11, 2012, these penalties also apply if the developer fails to comply with the terms of the environmental permit.

On 09/12/2011 the Complementary Law Nº 140, which poses regulations for the Union's, States' and Cities' action regarding administrative matters originated from the exercise of common jurisdiction. This Law aims at the protection of the environment and fighting pollution in any form, as well as the preservation of the forests, fauna and flora.

The CL nº 140/2011 establishes goals to be met by Public Entities regarding the environment conservation, harmonizing policies and administrative actions in a way to avoid conflict of assignment/competence, thus delimiting the responsibility of each Public Entity

We seek to properly maintain our development's environmental permits. The construction and maintenance of our developments' sales may suffer delays on obtaining environmental licenses or even due to inability on our part to comply with the requirements established by environmental agencies in the process of environmental licensing.

The implementation of real estate developments normally implies moving soil as well as often cutting vegetation. These activities are contingent upon prior authorization by the pertinent environmental agencies. In order to issue authorizations and these agencies may require the adoption of compensatory measures, such as planting of new trees and the acquisition of forest areas with size at least equivalent to the affected areas. Unauthorized actions in regulated areas, or the cutting or pruning of protected trees, are an environmental crime and would subject the responsible party to civil, administrative and criminal sanctions.

We seek to obtain all the necessary environmental permits for the development of our activities. The absence of licenses or permits from the competent environmental agencies for potentially polluting activities subject the offender to criminal and administrative sanctions that may culminate in fines, as well as the responsibility of repairing the environmental damage in the civil sphere. However, it is relevant to highlight that the maximum fine is only imposed when the irregular conduct implies severe environmental damage.

#### Technical Federal Registry

The Federal law nº 6,938/1981, and its changes in Law Nº 12651 of May 25, 2012, which regulates the National Environmental Policy imposed the Technical Federal Registry ("CTF") of IBAMA as an environmental promotion instrument. Individuals or Companies that dedicate themselves to activities that may potentially be polluting or extraction, production, transport and commerce of potentially environment harmful products, as well as products and subproducts of fauna and flora, such as civil construction are subject to register in the CTF.

In accordance to the Federal law nº 6,938/1981 the absence of register at the CTF subjects the entrepreneur to penalties.

We seek to obtain, and to keep up to date, the necessary IBAMA registers for the conduction of our activities.

In the various CNPJs that MRV has for each branch or jointly controlled entity, we are classified as "classified" at IBAMA for the obtention of the CTF, as:

#### **Developed Activities:**

<b>Category</b>	<b>Activity:</b>
22 – Civil Construction	8 – Other Construction
20 - Use of Natural Resources	9 – Consumption of wood, timber or charcoal

#### Conservation units

The Federal Law No. 9985 of July 2000 regulates the creation of protected areas in the National System of Conservation Units – SNUC, comprised of the joint protected areas of federal, state and municipal governments that are divided into two groups: Integral Protection Area Units and Sustainable Use. Such legislation provides for its creation, deployment and management; well as incentives, exemptions and penalties for companies or individuals involved in the intervention or formalization of the categories of conservation units.

The Federal Decree 4340 of August 2002 regulating articles of Law No. 9,985, of which providing for compensation for significant environmental impact. As Article 31 of the decree, for purposes of environmental compensation, the environmental license agency establishes the degree of impact from the environmental studies carried out during the licensing process, in which these impacts are considered negative, unmitigated and subject to risks that may compromise the quality of life of a region or damage natural



resources. The percentage of environmental compensation shall be established gradually from half percent of the total estimated cost for the implementation of the project, considering the magnitude of the impacts. However, there should be established under the license agencies environmental clearinghouses, composed of representatives of the agent, in order to analyze and propose the use of environmental compensation, for the approval of the competent authority, in accordance with the environmental studies conducted and defined percentages.

#### Permanent Preservation Areas

The Permanent Preservation Areas ("APPs") are areas specially protected by virtue of their environmental importance. In accordance with the Forestation Code and the State Law N° 20.922/2013 (establishes forestry politics and biodiversity protection in the State), the APPs include, among others, the surroundings of water places, water springs and top of the hills.

The removal of the vegetation and/or any intervention in area located in APPs depends on the prior authorization by the proper authority and will solely approved in cases of public services or social interests, when there is no other technical or localization alternative for the development.

Deforestation or of other native formations, as well as exploitation of any kind of native vegetation or native species planted at APPs without the corresponding authorization from the competent agency constitute an environmental administrative offense. In the terms of Decree n°6,514/2008 applies penalties per hectare or fraction. The existing APPs in our developments are preserved.

#### Water resources

In accordance with the National Water Resources Policy (Federal Law n° 9433 of January 8, 1997), the authorization for the usage of water resources is mandatory for all activities which use water locations, both for capture of water and disposal of effluents. The authorization to use the water resources is issued by the proper environmental body. These activities include the capture of water from private artesian wells.

The capture and dispersal performed without authorization subjects the individual or Company to penalties such as a warning, embargo, interdiction and fine.

#### Legal reserve

In accordance with the Forestation Code, reformed by the Law N°12.651/2012, at least 20% of the vegetation of each rural property must be allocated to environmental preservation except for those areas of Forest and cerrado located inside Legal Amazon, in which 80% and 35% of each property, respectively, must be representing the legal reserve. The APPs must not be considered, except in cases acknowledged by law upon consent of the competent environmental agency. Such area must be registered in the deed of the respective property, the usage of which must not be changed in the cases of transfers or dismembering of the area.

According to Decree n°6,514/2008 as of April 11, 2012, the non registry of legal reserve in rural property will subject the offender to warning penalty and daily fine per hectare or fraction of legal reserve.

In case the owner or rural property land owner does not meet the requirement for maintenance of the legal reserve, the Forestation Code establishes alternatives, such as: (i) reforestation through native species planting, (ii) conducting the natural regeneration of the legal reserve or (iii) compensation of the legal reserve by other equivalent area in ecological importance or extension that is part of the same ecosystem and microbasin.

#### Historical and archeological patrimony

As regards to the archeological sites and areas of historical and cultural interests, it is necessary consent of the governing body prior to any intervention. We do not have developments with archeological sites and historical and cultural interests.

#### Solid waste

According to the Solid Waste National Policy, as outlined by the Federal Law n°12,305/2010 the inadequate disposal of solid waste, as well as accidents deriving from the transportation of this waste, may be a soil and ground waters contamination factor, implying the application of administrative and criminal sanctions. Additionally, Brazilian environmental legislation establishes rules for the proper disposal of waste, including waste stemming from civil construction. Violation of these rules can result in penalties. See subitem "Environmental Liability".

CONAMA Resolution No. 307, of July 5, 2002, amended by CONAMA Resolution No. 348, of August 16, 2004, establishes criteria for management of civil construction waste, with the purpose of minimizing environmental impact. According to this rule, civil construction waste is classified into four classes, and for each class the acceptable type of disposal is defined. The rule expressly prohibits disposal of such waste in residential landfills, dumping areas, hillsides, rivers and lakes, vacant plots of land and other areas protected by law without the proper environmental license,

For cases where environmental licensing of the activity is not required, a project for management of civil construction waste ("PGRCC") must be submitted with the development project for analysis by the appropriate municipal government agency. We seek to obtain all the necessary environmental licenses for construction's waste management.

Aiming to comply with the current legislative, especially the Ordinance nº 582 of 12/05/2012 – Cities Ministry, which discusses the Conformity System of Service Companies and Civil Construction Services– SIAC, in the year of 2012 the Solid Waste Management Program in Civil Construction, was implemented. In this program, through preventive and constant actions, we seek the development of solutions on solid waste reuse and recycle, material disposal, among other procedures regarding the correct waste disposal in our construction sites.

#### Contaminated areas

The soil and/or groundwater contamination represent environmental liabilities that need to be managed carefully, since the compensation is imprescriptible. In other words, the responsibility for environmental damage is not extinguished over time. Areas considered contaminated are those in which there was proved to be pollution generated by disposal, accumulation, storing or infiltration of substances or waste, implying negative impact over the protected assets.

We develop and construct real estate development projects in certain states of Brazil. Each state has an environmental office or environmental agency. The environmental agencies have been adopting positions that are more and more stringent concerning the management of contaminated areas, including the establishment of environmental standards for improving the quality of the soil and ground water. We emphasize that, in accordance with State Law 13,577, of July 8, 2009, the State of São Paulo is the state subject to the most restrictive terms in this area, which terms determine that the legal responsible for a land, or those persons jointly deemed responsible (such as the superfiary, the holder of the effective ownership and the beneficiary), upon verification of evidences or suspected contamination, must report the matter to the proper environmental and health bodies, under the penalty of fines. It is also mentionable that the maximum charge is only imposed when there is severe damage to the environment.

In order to comply with the environmental legislation, when we acquire a tract of land we take into account all of the environmental aspects, including the possible existence of water supply basins, and other forms of vegetation. We also take into account whether the land possesses the characteristics of an area requiring preservation, so that the environmental aspects have already been considered when the time for approval of our project by the appropriate agency comes.

We stress the CONAMA Resolution 420/2009, which discusses the criteria and guiding values for soil quality as for the presence of chemicals and establishes directives for the environmental management of áreas contaminated by those substances due to antropoc activities. Changed by the Resolution 460/2013.

#### Environmental liability

Environmental liabilities may occur at three different and independent levels: (i) civil, (ii) administrative and (iii) criminal.

These three levels are different and independent because a single action by the agent may generate environmental liabilities at all three levels, with the application of three different sanctions. In addition, the non-attribution of liability at one of these levels does not necessarily exempt the agent from liability at the other levels.

#### Administrative liability

In this matter, Environmental Crimes Law ruled by Federal Decree No. 6,514/2008 provides, in article 70, that any action that violates the legal regulations of environment's use, enjoyment, promotion and recovery is considered an administrative environmental infraction.

Administrative liability for performing an action or omission of the agent that characterizes violation of any applicable rule, regardless of guilt verifying or effective occurrence of environmental damage.

The sanctions to be imposed against eventual administrative infraction may include warning, fine, product suspension, suspension of fiscal benefits and canceling or participation interruption in state banks' credit lines, besides prohibition of being hired by public agencies.

#### Civil liability

When strict civil liability is found, it means the agent's liability depends only on the determination that its act or omission caused environmental harm, regardless of the agent's fault (negligence, lack of care, or gross negligence). Environmental civil liability is therefore attributed, in principle, to the person who is directly or indirectly responsible for an activity that causes environmental harm (article 3, IV, of Law 6,938/81).

Additionally, if the activity is performed by more than one agent and it is not possible to identify each agent's contribution to the environmental harm, government agencies and the courts find joint and several liability, under which one of the agents is found

liable for the entire environmental harm, and that agent has a right of recourse against the other agents who caused the environmental harm, as set forth in article 942 of the Civil Code.

Therefore, both activities that are potentially polluting that we conduct and the hiring of third parties to provide any service at our developments, including removing vegetation and earthmoving, make us potentially liable for any environmental harm caused if the third parties do not conduct their activity in accordance with environment rules. We are not parties to any Public Civil Claim related to the environmental matter with material impact in our business.

Because of this, considering that those who compete indirectly for the occurrence of eventual environmental damage may be responsible civically, it is fundamental that a joint management of the inherent risks to all involved in the specific project development, as well as demand and control the compliance of an adequate environmental policy from its clients, in a way to minimize risks that may arise due to an eventual jointly liability.

Finally, it is mentionable that, despite there is no express reference in the law, according to the doctrine's understanding the redress pretention is not subject to prescription.

#### Criminal liability

In the Criminal sphere, any individual or Company is subject to Federal Law nº9605/1998 that may compete for the practice of certain acts considered harmful to the environment, the proving of intention or guilt (negligence, imprudence, malpractice).

In such way for the Company's criminal liability to be configured it is necessary the proving of an action or omission by it or one of its subsidiaries, and the act being framed in one of the penal types predicted by law nº9605/1998.

Moreover, the Law nº9605/1998 sets forth the possible disregard of the legal personality, as regards to the legal person responsible for the environmental violation, whenever this situation avoids the reimbursement of losses caused against the environmental quality. The restrictive penalties of the Company may be (i) total or partial activities suspension (ii) temporary establishment, construction or activity interdiction, and (iii) prohibition of hiring the Public sphere, as well as obtaining from it subsidies, subventions or donations.

c) patents, trademarks, licenses, concessions, franchises, royalties agreements deemed relevant to the development of the activities

We perform our business through the trademark "MRV Engenharia". On January 5, 2007, MRV Engenharia e Participações S.A. entered into with MRV Serviços de Engenharia Ltda. a Brand Use License Agreement, through which MRV Serviços de Engenharia Ltda. granted us, freely and exclusively, the license to use, in Brazil, the mixed brand named "MRV Engenharia", duly registered with INPI. The brand use valid license was granted for ten years as from the date of execution of the respective agreement and can not be assigned by any of the parties, except upon prior approval.

On September 03, 2013, MRV Serviços de Engenharia Ltda. filed with INPI the renewal application of the brand registration granting, to extend its term, granting the brand's ownership until 10/14/2023, and remaining valid the Brand Use License Agreement with MRV Engenharia e Participações S.A..

On August 22, 2014, the Company signed an agreement with MRV Serviços de Engenharia Ltda. for Brand Assignment and Transfer, by which MRV Serviços de Engenharia Ltda. assigned and transferred, in charging mode, the use and ownership rights of the brand to MRV Engenharia e Participações S.A..

So, in accordance with the contract, MRV Engenharia e Participações S.A. filed with INPI, on November 20, 2014, the ownership transfer request resulted from the brand assignment, in order to be the brand's owner.

Given the above, only in the event that the Company misuse the brand or fail to renew the registration in 2023, it may loose the rights related to mixed brand use.

We are the owners of a number of domain names registered in Brazil, such as "mrv.com.br", "cademeuprimeiroape.com.br", "euodeiopagaraluguel.com.br", "www.mudeipromeumrv.com.br" and "www.tourmrv.com.br".

## **7.6. Information on the countries where the Company records significantly revenues**

a) revenues from clients attributed to the issuer's country and its participation in total issuer's net revenue

The Company operates only in Brazil. Therefore, 100% of the net revenue comes from clients located in Brazil.

b) revenues from clients attributed to the other countries and its participation in total issuer's net revenue

The Company operates only in Brazil. Therefore, there are no net revenue from clients located in other countries.

c) revenues from other countries and its participation in total issuer's net revenue

The Company operates only in Brazil. Therefore, there are no net revenue from other countries.

### **7.7. Regulation of the foreign countries disclosed in item 7.6 from which the Company records significant revenues**

Not applicable, once the Company does not have revenues from foreign countries.

### **7.8. Other long-term relevant relationships with the Company**

The Company has always been supported by financial partners, being significant the number of businesses carried out with partners over the years.

Our great partners are CEF, with which we work since the beginning of the 1980's, and BB.

We are the CEF's and BB's real estate representative, as such we execute most of the necessary procedures for risk evaluation and contracting the home acquisition.

In 2010 we initiated our corporate relationship with BB – Banco do Brasil, today we are BB's biggest partner for client financing, which created a great efficiency in the processes of both construction as client financing. In the same year, we contracted our first financing.

Moreover, we have a long-term relationship with several suppliers, such as Gerdau, Votorantim, Alumasa and others.

## **CORPORATE RESPONSIBILITY**

The mission of MRV, the largest platform for low-income properties in Brazil, is to reduce the country's housing deficit by offering the best cost-benefit relationship to its customers. To achieve excellence over its 34 years of existence, MRV has always adopted the best construction, social and environmental practices.

The Company believes that in order for a sustainable development, it needs to comprehend four basic requirements: to be environmental correct, economically viable, sociably fair and culturally accepted. As such MRV is committed with environmental impacts mitigation, maintaining actions for the wellbeing and life quality of the communities where it operates. Proof of this is the numerous social-environmental initiatives that MRV continuously develops.

MRV's developments are submitted in accordance with national, state and municipal environmental policies, which mean all projects comply with environmental licensing, concerning authorizations for earthmoving and/or vegetation suppression; and regulations for disposal of waste and preservation of the soil and groundwater. All aspects are taken into consideration when acquiring the land and reflected in our projects that are submitted to the authorities for approval.

For MRV, environment is a top priority and it starts since the land choice – in order to reduce land removal and preserve its original characteristics. This thematic goes from developing phases and goes through the construction phases, always seeking the rational use of materials and natural resources.

### **Close and transparent Relationships**

Ethic and respect with all stakeholders. This is what drives our values and rules MRV's relations with all its publics, whether they are clients, employees, investors, shareholders, communities or partners. The pursuit of sustainable and environmentally correct solutions is one of the major concerns of the organization, which growth is based on the personal and professional development aiming customers' satisfaction.

Some sustainability actions promoted by the Company are:

### Social Responsibility

MRV is aware of the importance of its actions as an agent of progress and of the improvement of the life quality of its employees, their families and the community. One of the Company's social responsibility programs is the labor training, qualifying thousands of people.

MRV invests hardly in education, contributing to the illiteracy eradication at its constructions sites. We have reached the milestone of 100 literacy and qualification schools in the Project "Escola Nota 10" (Scholl Grade 10), benefiting more than 1,700 students at our sites throughout Brazil. MRV offers literacy classes (elementary school) and professional qualification at the workplace, and thus, the employees can attend the classes without displacement. Besides personal and professional growth, this project has brought other benefits to the employees, such as quality of work execution improvement and improving safety to the workers, once the higher education level supports a better safety signs understand.

With initiatives towards support and assistance, especially poor children and elderly people, MRV invests in the communities where it is present, aiming to improve the life quality of those people. In Belo Horizonte, where its headquarters are located, the Company supports, since 2009, the *Cidade dos Meninos São Vicente de Paulo*, which supports more than 5,000 underprivileged youths. With donations corresponding to the monthly minimum wage for each one of the 200 youngsters that it sponsors and the maintenance of the building in which they live in, the Company helps to ensure that, in the future, those teenagers have a profession and may become citizens. Besides that, MRV organizes and incentives charity movements which are directed at the Project and that involve their collaborators, especially in festive dates, such as the Children's Day and Christmas.

#### **Main actions developed in 2014:**

- Sponsoring the "Espaço Criança Esperança" at Aglomerado da Serra, in Belo Horizonte (MG). Alongside with the *Sindicato da Indústria da Construção Pesada do Estado de Minas Gerais (Sicepot)* and *Codeme Engenharia*, MRV will donate resources to the new facilities, which will include a five floor building with dance workshops, music, arts and culture, an auditorium and areas for psychosocial care and a library. The sports court and the pool will be reformed. The building with an área of more than 1,800 sq.m. is expected to be finished in the end of 2015, and will allow the better attendance to the more than 700 children and teenagers benefited by the *Projeto Criança Esperança* in the city.
- Renewal of the sponsorship to the *Instituto Minas pela Paz*, an organization created in 2007, from the initiative of the *Federação das Indústrias de Minas Gerais (Fiemg)* and of the largest Companies in the State. The objective of the Institute is to help the Government in the fight against violence and criminality reduction in the State. The institution stands out by elaborating, proposing and implementing viable solutions focused in public security.
- Promotion of the Campaign "Donate a scarf, donate self-esteem", one of the acts from Oink October. 352 scarfs were collected and delivered to hospitals for cancer treatment in the cities of Belo Horizonte, Serra, São José do Rio Preto, Curitiba, Ribeirão Preto, Londrina, Salvador, São Paulo, Maceió and Campinas.
- The Company settled partnership through the construction site *Parque Adorate* to allocate the revenues from the sale of wastes generated at the site to the Support Old Age Home and Social Assistance that attends 36 elderlies in Araçatuba-SP.
- MRV sponsored the 14<sup>th</sup> edition of "Jundiaí Mirim River Cleanliness", that is responsible for the water supply of Jundiaí-SP. 150 volunteers collected from the river bed and banks almost 0.5 tons of garbage.
- MRV sponsored the Special Forum Brazil-Portugal of Sustainability held in Campinas-SP. The event promoted by the Public Administration Institute headquartered in Brasília-DF and by the municipality of Campinas-SP. 250 people attended the forum, including governing authorities, international guests and entities representatives.
- Sponsorship of the 20<sup>th</sup> "Ecologic Trawler" to clean Piracicaba river. 200 volunteers from MRV collected 1,540 quilos of garbage at the river bed and banks.
- MRV's employees from João Pessoa-PB donated diapers and toys for children admitted to the ICU of the Cancer Hospital of João Pessoa.
- Employees from Londrina-PR and Cambé-PR collected 320 toys to donate to NGO Viver to transform the kid's Christmas happier.
- 20 MRV's employees from Triângulo Mineiro (MG) donated hair to the NGO Cabeleira to make wigs for kids with cancer.
- Participation on the campaign "Santa Claus in the Post Office". As in the last 10 years, the collaborators in Belo Horizonte are invited to respond to the present requests that arrive by mail. A total of 100 of the school *UMEI Águas Claras* were sponsored and received presents delivered by the collaborators themselves.

## **Trees**

For the fourth consecutive year MRV has exceeded its trees planting annual goal, reaffirming the commitment of contributing to the life quality of citizens of markets where MRV operates. In 2014, the Company planted a total of 113,892 trees.

Since implementation of trees planting goals in January 2011, MRV has planted 460,000 trees, equivalent to 276 hectares of native forest.

In 2013, Ribeirão Preto was the regional with higher number of trees planted reaching more than 34,000 seedling, followed by Rio de Janeiro with more than 18,000 and São Paulo with more than 17,000 planted trees. LOG Commercial Properties contributed to the performance planting around 2 thousand trees in 2014.

In all regions, the planting follows the governmental and Secretariats of Environment guidelines, prioritizing the use of native species that are adequate for the weather and the soil of the cities in which they were planted.

## **Urbanization**

The investment in revitalization of public squares, parks and playgrounds, sewage and water treatment stations, seedling planting and forestation, street paving and other improvements in the areas where MRV operates totaled more than R\$ 103 million in 2014. Since 2013, the Company have been promoting some works that would contribute even more to the quality of life of its clients and citizens of the cities where we operate.

The homebuilding activity generates, by definition, environmental impacts in the cities. MRV, as responsible company and aware of that, seeks to develop projects that also covers new possibilities of life quality improvement to the population.

Only in Ribeirão Preto, area that covers the city and the metropolitan area, MRV invested more than R\$ 25 million in urbanization, 24% of the amount invested in all areas. Campinas also had similar investments, equivalent to 19% of the total amount invested.

Additionally, the areas of São Paulo and Belo Horizonte were also a highlight in the investment distribution reaching the third and fourth positions, respectively.

## **Sustainable Real Estate Projects**

MRV plans and builds its projects employing elements that are fundamental for the preservation of natural resources.

- Individual water meters – The Company uses individual water meters in its projects, which reduces monthly water consumption in condominiums by up to 50%, and at its construction sites MRV uses certified timber of known origin.
- Low-flush toilets with tank – The use of toilets with coupled tanks provides excellent water savings compared to conventional toilets, helping preserve the environment. Each flush saves up to 20 liters of water compared to conventional toilets. In addition to installing low-flush toilets as standard, one of the options in our Finishing Kit is a Dual-Flush system, with offers two flush options (3 or 6 liters) depending on the specific need.
- Certified wood – Forestry certification guarantees that the wood used by the Company comes from proper production processes. This guarantee also helps MRV choose a high quality product that adds value while also being environmentally safe (selection of value chain).
- Reforestation timber – Our concern with deforestation has led us to seek wood from replanted areas, which avoids the consumption of native species from the Amazon Region. The main benefit is the use of a renewable raw material (in compliance with the sustainable production principles established by forestry certification), contributing to CO2 sequestration. 100% of the wood used in MRV's construction sites comes from controlled reforestation;
- Pergolas – in addition, to reducing timber consumption, MRV's projects only uses pergolas made of concrete.
- Debris – When it is not recycled at the construction site itself, MRV, through hiring specialized companies, appropriately dispose of the debris from its construction sites, in compliance with the environmental regulations of the municipalities and states where it operates.

- Plaster disposal – Where there are companies with technology suitable for the proper management, MRV hires them for the removal and proper disposal of plaster. After being collected, the material is sent to an ATT (Disposal and Sorting Area) for sorting and subsequent reintegration into the production process

### ***Waste Management***

MRV implemented the homebuilding waste management and have a structure responsible for proper treatment of the waste produced in many construction sites. Another initiative that has been adopted by the Company is the waste segregation in the construction site, which enables a proper destination to them. Five years ago MRV realized the need of working with waste management to reduce, reuse, recycle and treat the waste, and dispose them in a proper environmentally and legal manner. We have waste recycling at 187 construction sites and we have been able to segregate around 75%, which means that the majority of the Company's waste is segregated to a better destination.

### ***Green House Gases Inventory***

Over the last years the phenomena deriving from temperature variations or drastic changes on the landscape, as a consequence of climate change, became reality in several parts of the world. The subject of Climate Change and Carbon Strategic Management gains importance of the agenda and in the Company's strategic plan, such as MRV, which joined the ICO2 index of BM&FBovespa in 2010.

In 2014, we performed for the fourth consecutive year the green house gases inventory, quantifying our emissions based on real data from its activities and the main references for creating corporate inventories. We always review the scope of the emissions inventory, continuing the work started in previous years.

### ***Compromisso Nacional***

MRV is still the only Company in the Brazilian homebuilding sector to adhere to the National Commitment for the Working Conditions in the Construction Industry, an initiative from the federal government and the representative entities of the entrepreneurs and construction industry workers launched on March 01, 2012. The National Commitment periodically monitors the actions developed by its signatories through meetings of a permanent group that evaluates the main points of the program. The main guidelines of the National Commitment are:

- Preferential use of *SINE* ("*Sistema Nacional de Empregos*") for recruitment;
- Employees' training and qualification with a focus on literacy, raising the level of education and workforce training;
- Health and Safety with primary focus on the current legislation and implementation of additional measures to prevent more effectively the occurrence of accidents and work-related diseases;
- Presence of union representation in each construction site, expanding the dialog at all construction site level;
- Relations with the community, decreasing in the high impact sites the number of problems and discomforts that might happen to the community;

In August 2012, the Company began its works with the General Secretary of the Presidency of the Republic, the National Commitment coordinator and has already implemented the practices of the Commitment on 26 construction sites already benefiting more than 5,000.

### ***Sustainability report – GRI Standard***

In 2014 MRV published its second sustainability report according to GRI standards (Global Reporting Initiative) – base year 2013 – adapting its information to the market requirements. The report is provided in print and digital version and has comprehensive information about the Company's operation and enumerates its several activities and their corresponding performances according to the norms of GRI. The Company's commitment to be transparent in the management of its business is evident and, more than that, to provide information in the level of details needed to the various stakeholders concerned.

For the third consecutive year, in 2014 MRV published its Sustainability Report, base year 2013, second report according to GRI standards. The document incorporates some advances of GRI-G4 version, which provides wider and friendly guidelines to organizations that want to release its performance.

## Certification

MRV is a homebuilder that invests permanently in quality improvement and management of its housing units. Throughout its existence, that Company has always been in tune with the market and with the best practices. To confirm the Company's commitment with best practices, we have four certifications, as mentioned below:

Programa Brasileiro de Qualidade e Produtividade na Habitação (Brazilian Program of Housing Quality and Productivity) – PBQP-H: in november, 2011, the Company got the level A certification of PBQP-H and it was one of the first homebuilders to reach the maximum quality level. This program seeks for providing the quality and productivity improvement in the homebuilding industry, aiming to increase the competitiveness of the goods and services produced.

Certification ISO 14001 – Environmental Management: in October, 2014 the Company got the OHSAS 14001 certification that establishes rigorous standards of environmental management. ISO 14001 is a management system that the certified company develops and control requirements for relevant items in the environmental area. These procedures include the compliance with legislation, documents control, performance indicators, system analysis by top management, suppliers approval, controls to prevent pollution. MRV believes that the ISO 14001 certification further differentiates its operation improving its sustainability.

Certification ISO 18001 – Occupational Health and Safety. In October, 2014 the Company got the OHSAS 18001 certification, that establishes rigorous standards of occupational health and safety management. OHSAS 18001 consists on a management system that the certified company should follow guidelines regarding to health and safety procedures such as, planning, risk evaluation and control, training, awareness, expertise, operational control, performance measurement and safety monitoring and enhance. With this certification, the Company reinforces its engagement in building a safe and healthy environment to its workers.

Certification 9001 – 2008: Quality Management System, that aims to improve the management of a company and can be applied with other operational rules.

## MRV Institute

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.

## 7.9. Other relevant information

We have more than 35 years of experience focusing on low-income customers. We believe that our operational structure allows our operation to take advantage of market opportunities.

As from our Initial Public Offering, in July 2007, we recorded good operational and financial performance, which are confirmed by our launchings, our Contracted Sales and our net operational revenues.

R\$ billion	Launches	Contracted Sales	Net Operating Revenue
2007	R\$ 1.2	R\$ 0.7	R\$ 0.4
2008	R\$ 2.5	R\$ 1.5	R\$ 1.1
2009	R\$ 2.6	R\$ 2.8	R\$ 1.6
2010	R\$ 4.7	R\$ 3.8	R\$ 3.0
2011	R\$ 4.6	R\$ 4.3	R\$ 4.0
2012	R\$ 3.4	R\$ 4.0	R\$ 4.3
2013*	R\$ 3.5	R\$ 5.1	R\$ 3.9
2014	R\$ 4.3	R\$ 6.0	R\$ 4.2

\*The net operating revenue was adjusted due to restated information.

## 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 132 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 cancellation 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.

#### 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.

### 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 in the end of 2014).

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 received 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.

### Our strengths

We believe that we are uniquely positioned to take advantage of growth possibilities in the Brazilian real estate market. We believe our competitive strengths include:

**Extensive experience and exclusive focus on the low-income residential development segment.** We have been operating for 35 years exclusively focused on the low-income residential development segment, which encompasses a large part of the Brazilian population and demand for new housing units, so we believe that we have a unique experience in this segment. We have focused on the development of highly standardized product lines with attractive cost-benefit ratios, which we believe have been commercially well-received in regions with different housing demands. Our focus on this segment has allowed us to develop business practices that are specifically tailored to the particular needs of our targeted markets.

**Scale benefits in connection with standardized construction models and with the dilution of costs and expenses.** Over the years we have developed a modular and scalable model that allows us to simultaneously replicate a uniform construction standard in various sites. These projects are based on structures that can be efficiently adapted to local consumer preferences and can be replicated in different types of developments. This model provides us with (i) greater bargaining power with suppliers; (ii) reliability in execution and delivery deadlines; (iii) strict controls over quality at all stages of the construction process for every project; (iv) the ability to compare costs and margins in each development; (v) the ability to reduce our operational risks by spreading our activities over various different municipalities; (vi) flexibility to take advantage of different market opportunities, including those related to the size and disposition of land; and (vii) the ability to reduce our development cycle, meaning the required time period between the purchase of a land parcel and the delivery of units, which contributes to greater returns from our developments. The size of our operations allows us to dilute our costs and expenses through leverage, and contributes to a continuous increase of our margins

**Geographical diversity with significant expansion potential.** We began our activities in Belo Horizonte and are currently present in 132 cities across 19 states and the Federal District. According to data from IBGE, in 2014, 67% of the cities in which we operate have between 100,000 and 500,000 inhabitants, and 26% of the cities have over 500,000 inhabitants. We believe we have a privileged competitive position in the market in which we operate as our main competitors are local companies that do not have the same scale and market coverage as us. We have extensive knowledge of the characteristics of the markets we serve and of our competitors in the cities where we operate. In addition, we have devised processes and assembled an internal team exclusively dedicated to our expansion in the markets where we operate. We believe that this represents a significant differentiated factor, to the extent that the real estate market still follows a logical understanding in terms of geographic location, based on which the knowledge about each region is an important factor in terms of competition.

**Integrated business model.** We rely on an integrated business model, controlling all stages of development, including the search for land, the design and construction of units, sale to final customers and help them to grant their mortgages with the bank. We either use our own employees (majority) or outsource to specialized companies for construction work, which we believe gives us greater efficiency. Our specially trained internal team supervises such construction work, performing material strategic tasks. As of December 2014, our sales force included approximately 4,380 real estate brokers. In 2014, 79% of our contracted sales were made in our own stores and 30% were made through the internet, which contributed to a reduction in our sales expenses.

**Strategic land bank for low-income residential developments and ability to identify new land parcels.** As of December 31, 2014, the largest part of the forecasted projects for our land bank is eligible for participation the Minha Casa, Minha Vida program. This program intends to reduce the housing deficit of 7.2 million housing units in the low-income segment of the Brazilian population, according to the IBGE. As of December 31, 2014, our land bank totaled approximately 8.2 million square meters, which we estimate represents a potential VGV of approximately R\$ 25.8 billion<sup>3</sup>. Our capacity to acquire new land parcel rapidly and efficiently is an important advantage in our growth.

**Consolidated structure to align the interests amongst partners, directors, executive officers and employees.** For more than ten years, we have maintained a partnership model with our key executives and employees that seeks to retain talented people and encourage an internal culture in which the interests of our shareholders, executives and key employees are aligned. Since our initial public offering in 2007, we have not lost any of our key executives to our competitors. Currently, 413 of our executives and key employees receive performance-based compensation. In addition to contributing to the development of a highly efficient management, we believe that the adoption of this partnership model creates an incentive for other employees to constantly improve our operations and, therefore, their professional perspectives.

### **Our strategies**

Our main strategies are:

**Maintain our leadership in the low-income residential development segment and explore opportunities for greater credit availability.** Our business model allows us to undertake a growth process with operational quality and profitability, which is confirmed by our earnings per share and the increase in pre-sales. We plan to replicate our model and take advantage of the current increase in the availability of credit for low-income residential developments, particularly through the Minha Casa, Minha Vida program, which is an important real estate public policy in Brazil specifically aimed at the low-income population, which will create greater demand for new units. In 2014, our contracted sales were R\$ 6.0 billion, beating one more record. Our goal is to use our competitive position to effectively take advantage of these opportunities.

**Maintain our geographic diversity.** Since our initial public offering, we have gone from operating in 35 cities to 132 cities, and from 7 to 19 states. This gives us a greater geographic footprint and diversifies our risk. We plan to use our experience to continue consolidating our presence over the country and MRV brand's awareness. We believe that Brazil presents favorable opportunities in the low-income residential development segment due to its large, dispersed population and its place at the center of a major offer of credit from the sector through the *Minha Casa, Minha Vida* program.

Focus on our capital structure and the management of our financing levels. Our current capital structure has a low level of debt compared to the principal real estate development companies listed on the BM&FBOVESPA<sup>4</sup>. The decreased liquidity in the market witnessed in the last quarter of 2008, has vindicated our strategy of operation based on available cash. The current market shows that the real estate financing supply through the Minha Casa, Minha Vida program is robust. That is why we intend to reduce the use of our own capital in our developments, transferring to financial institutions and to our consumers the associated financing burdens. Therefore, we plan to increase the efficiency of our capital allocation and the profitability of our developments.

### **Relevant Contracts**

The Company does not have any relevant contracts other than those described on Item 18 of this Reference Form.

<sup>3</sup> The VGV is equivalent to the total potential Units of the launching, multiplied by the estimated average sales price of the Unit. The investors must consider that the VGV reported is an estimate and may be not reached or may be exceeded, varying, therefore, significantly as regards to the value effectively contracted, since the total Units effectively sold may be lower or greater than the number of Units launched and/or the value effectively contracted of each Unit may be lower or greater than the launching price.

<sup>4</sup> Cyrela, Gafisa, PDG, Rossi, Even,, Tecnisa, Brookfield, Rodobens, Viver, Trisul,, Direcional.

## Markets

Our operational market relates to the construction network, one of the main sectors of the Brazilian economy. In accordance with the information provided by BACEN and IBGE, the Brazilian GDP increased by 4.0% in 2006, 5.7% in 2007, 5.1%, in 2008, -0.2% in 2009 and 7.6% in 2010, 3.9% in 2011, 1.8% in 2012 and 0.1% in 2014. Nowadays, it is estimated that the subsector of construction supply represents nationally 4.9% of GDP and 21.0% of the industry sector.

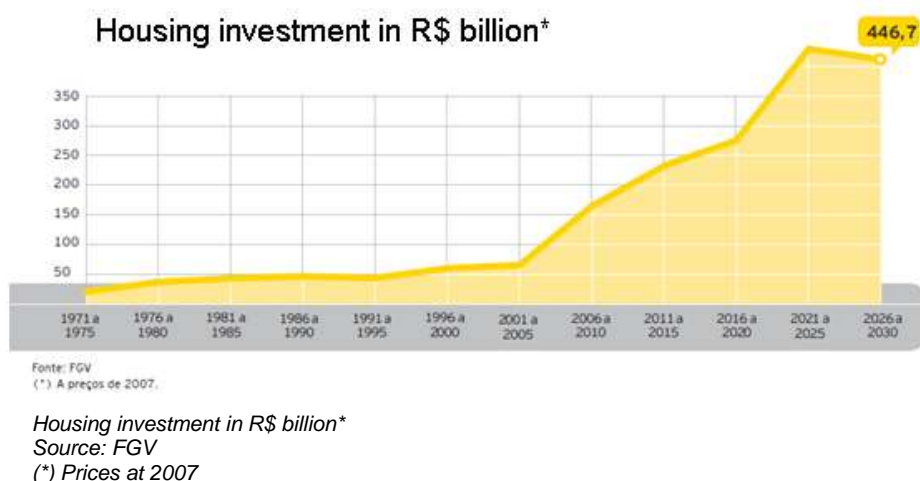
Construction	2006	2007	2008	2009	2010	2011	2012	2013	2014
%GDP	4.1%	4.2%	4.2%	4.2%	4.5%	4.9%	4.8%	6.5%	6.5
%Industry	16.5%	17.5%	17.6%	19.4%	19.6%	21.0%	21.7%	26.5%	27.8

The last available data provided by MTE on the number of companies operating in the sector refer to 2013, totaling 223,773 companies with 3,094,153 employees. 177,007 companies have up to 10 employees and only 208 companies have more than 1,000 employees.

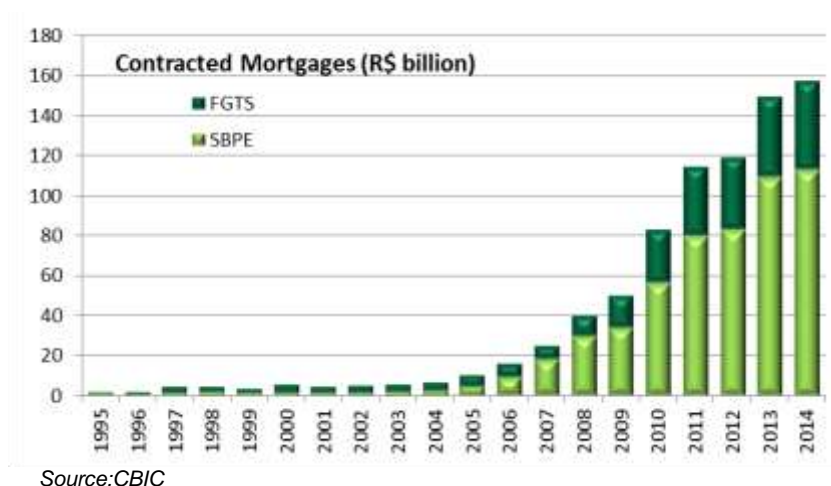
The Brazilian potential and effective real estate market has a significant size as compared to the other markets in the Latin America. Based on the research disclosed in 2012, IBGE recorded a housing deficit of 5.8 million of residences in 2012. Over the last years, Brazil recovered the real estate activities by virtue of the positive measures adopted by the Federal Government which affected directly the industry and due to the increasing availability of credit lines. However, the investments in the Brazilian real estate sector were not sufficient to meet the potential demand of the market.

According to the research performed in 2007 by Ernst & Young and FGV about the potential demand of the Brazilian real estate market, the real estate credit line will increase an average rate of 11.2% per year, from R\$25.3 billion in 2007 to an estimated value of R\$290.4 billion in 2030. Moreover, it is estimated an annual construction of approximately 1.7 million of new residences up to 2030, in view of the increase in the number of families in Brazil and the increasing housing deficit.

The graphic below shows the growth of the real estate investments in Brazil, as well as the estimated growth:



The financing of residential properties with savings accounts, in accordance with the CBIC data, totaled R\$ 113 billion and 539 thousand units financed financing in 2014. With FGTS resources, were R\$ 44 billion and 486 thousand financed units.



The repressed demand for housing, the availability of financing for real estate financing resulting from the government program *Minha Casa, Minha Vida* (for further information, see item “*Minha Casa, Minha Vida Program*”) in general contribute to a heightened demand for real estate properties.

#### Factors that affect the real estate market

##### Macroeconomic factors

Real estate properties are assets with high value and, in general, are a significant portion of family wealth. The purchase of a real estate unit depends, to a great extent, on the availability of long-term financing. Accordingly, the performance of the real estate construction industry is influenced by several macroeconomic factors, such as inflation, interest rates, GDP growth, per capita income, unemployment level and consumer confidence.

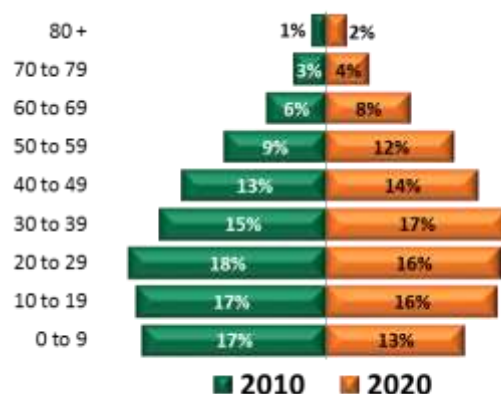
The interest rates have an influence on consumption decisions made by individuals and on investment decisions made by companies. Because such rates influence the liquidity of many forms of payment, the control of interest rates directly affects the demand for long-term assets and consumer goods, and consequently the acquisition of real estate properties. Inflation and the measures intended to combat inflation usually result in a decrease in the income of the population and, consequently, in a reduction of economic activity. Increases in inflation rates affect the real estate industry to the extent they reduce economic activity, and consequently, consumption and investments. In addition, changes in inflation indices, in particular the INCC and the IGP-M indexes, which are generally used to adjust construction costs and installment receivables from sales of units, also affect the profitability of the real estate industry.

##### Demographic and socio-cultural factors

Several factors create a high potential demand for residential real estate units in Brazil. These factors include the growth of the Brazilian population, the young average age of the population (as regards to the total population), the rise in life expectancy, the decline in the number of individuals per household, and the socio-cultural preference for home ownership.

According to the IBGE, Brazil's population increased from 169.6 million in 2000 to 190.8 million in 2010, representing an annual growth rate of 1.2%. Historically the growth rate of the Brazilian population has been declining. From 1970 to 1980, the growth rate was 2.4%, from 1980 to 1991, the growth rate fell to 2.1%, and from 1991 to 2000, the growth rate fell to 1.6%.

The graphic below shows the age profile of the Brazilian population in 2010 and its forecast for 2022.



Source: IBGE, 2014.

The demographic dynamics and economic growth scenario with social mobility show a strong expansion in the number of households between 2010 and 2020. The growth rate of the number of households, of 1.88% a year, is nearly three times the pace of demographic expansion. So being, families will increase from 63.6 million to 79.6 million, with the formation of nearly 16 million new households in the coming 12 years - or, 1.33 million new households per year.

#### Expansion of the real estate financing

##### Overview

One of the current priorities of the Brazilian government is to promote the growth of the real estate construction industry, given the industry's ability to absorb workforce and reduce unemployment relatively quickly. The Brazilian government has therefore adopted a number of policies that we believe will heighten the demand for real estate, including:

- stimulating mortgage financing by reducing the interest paid by the Central Bank to banks on deposits not used for real estate financing under the SFH;
- increasing the availability of financing by requiring that at least 65.0% of deposits in savings accounts be used for real estate financing, with a minimum of 80.0% of the financing going to housing loans under the SFH;
- reduce the housing deficit for the population with a household income of up to 10 times the monthly Brazilian minimum wages (R\$1,395 to R\$4,650) through the program Minha Casa, Minha Vida;
- simplifying and improving enforceability of the laws governing repossession of residential real estate units in the event of default;
- providing a tax exemption for gains on the sale of a residential real estate unit when another unit is purchased within 180 days;
- reducing taxes (tax on manufactured products) on certain construction inputs and raw materials;
- reduce taxes on payroll of the industry;
- fostering new instruments to permit the securitization of real estate receivables through the exemption of income tax on gains;
- increasing the security of real estate developers through the availability of liens on properties;
- increasing the security of buyers through a special tax system, which segregates the developer's assets from the real estate development's assets; and
- requiring repayment of a mortgage even if the mortgage terms are being challenged in court.

In addition, the Brazilian government announced on September 12, 2006 a package of incentives to the real estate construction industry. The main provision of this package is the increased flexibility of the use of the TR in real estate financing, which enabled, through Law 11734, of December 28, 2006 ("Law 11734"), the use of prefixed interest rates by the SFH. Moreover, Decree No. 5,892, of September 12, 2006, which amends Decree No. 4,840, of September 17, 2003, allows the use of variable installments in the housing credit. The CEF began to offer R\$1 billion *reais* in credit to developers, financing up to 85.0% of the total construction costs, while banks financed only 50.0% in the past. Furthermore, the Brazilian government decreased taxes rates from 10.0% to 5.0%. Therefore, upon enactment of Law 11734, we were able to expand our lines of credit with several financial institutions to acquire land bank and develop new projects, as well as offer new and better financing conditions to our clients.

In the end of 2012 were released two government resolutions, changing the RET (Special Taxes Regime) tax rates. The first relevant change was the increase of the unit value from R\$85 thousand to R\$100 thousand to be eligible to the RET tax rate of 1%. For the other RET eligible units, the tax rate went from 6% to 4% as of 2013.

Furthermore, the CEF and BB offer full financing to those in middle- and low-income classes for the acquisition of residential real estate units.

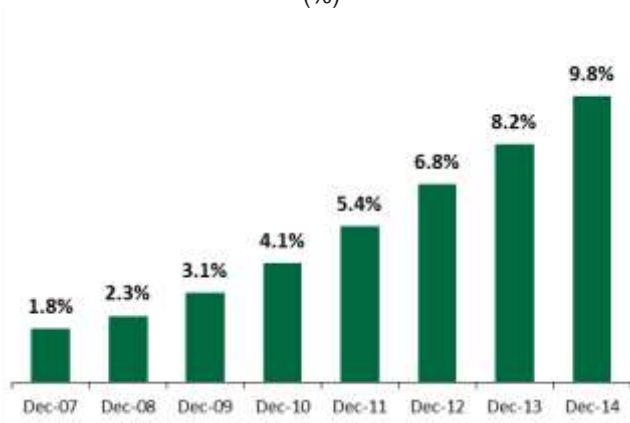
The table below describes the financing for real estate financed by the FGTS and SBPE from 2007 to 2014:

Year	Value (R\$ million)		Units	
	FGTS	SBPE*	FGTS	SBPE*
2007	6,926	18,410	329,911	196,133
2008	10,405	30,032	287,837	299,685
2009	16,035	34,017	427,587	302,680
2010	27,037	56,198	447,489	421,386
2011	34,900	79,917	473,835	492,489
2012	38,404	82,777	571,958	453,324
2013*	40,133	109,162	491,861	529,623
2014	43,961	112,904	486,229	538,565

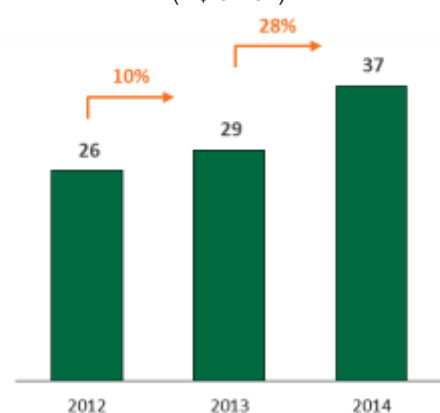
Source: BCB – dez/14 e CEF – dez/14.

Despite the improvement in the availability of credit in recent years, real estate financing is still very low in Brazil in comparison with other countries. The analysis of the housing area in other countries revealed the significant importance of the investments in the construction of new residences, maintenance and refurbishment of the properties as an essential factor for the economic growth and, mainly, for the sustainable development. These aspects contribute to the preparation of the Brazilian real estate scenarios, since such experiences represent the economic relations which contributed to some countries to be successful in this area and which indicate the potential possibilities of growth in Brazil. We noted good demographic conditions (population growth trends and current population formation), consolidation of the financing systems and favorable institutional and legal environments. Therefore, we estimate a significant increase in the real estate investment and financing levels in Brazil, as demonstrated below. Despite the strong growth in mortgage grantings in recent years, the real estate financing in Brazil is not very relevant to GDP, mainly when compared to other countries.

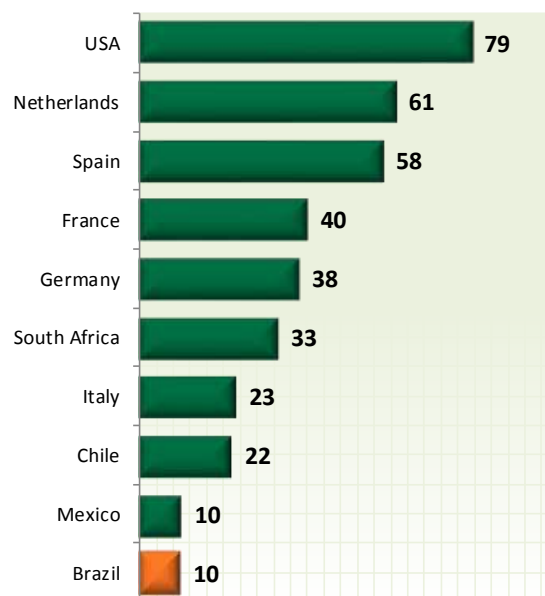
**Balance of Real Estate Financing Operations x GDP (%)**



**Mortgage Grantings (R\$ billion)**



**Mortgage - %GDP - 2014**



### **Minha Casa, Minha Vida Program**

The *Minha Casa, Minha Vida* program was created in 2009 with the aim to develop affordable housing to Brazilian families, promoting the production or acquisition of new housing units for families with monthly income up to R \$ 5,000. The program seeks to reduce Brazil's housing shortage by 14%.

	MCMV I (Apr/2009 - Dec/2010)			MCMV II (Jan/2011 - Dec/2014)		
Program Groups	Family Income	Contracted Units	Resources * (R\$ million)	Family Income	Units up to Dec./2014	Resources * (R\$ million)
Group I	Up to R\$1,395	482,741	R\$ 17,999 (OGU)	Up to R\$1,600	1,226,605	R\$ 63,158 (OGU)
Group II	From R\$1,395 to R\$2,790	375,764	R\$ 2,047 (OGU) + R\$ 2,764 (Complement) + R\$ 2.391 (Interest Subsidy)	From R\$1,600 to R\$3,275	1,224,714	R\$ 5,037 (OGU) + R\$ 10,681 (Complement) + R\$ 7,822 (Interest Subsidy)
Group III	From R\$2,790 to R\$4,650	146,623	0	From R\$3,275 to R\$5,000	307,152	0
<b>TOTAL</b>		<b>1,005,128</b>	<b>R\$ 25,201</b>		<b>2,758,471</b>	<b>R\$ 86,698</b>

\* Group II: Subsidy has contribution of 17.5% from National Treasury and 82.5% from FGTS.

- FGTS has complementary subsidies (up to R\$ 25,000 per unit) + Interest Rates subsidy.

- OGU: National General Budget.

Source: [www.cgu.gov.br](http://www.cgu.gov.br)



Through the program, the Federal Government and the FGTS allocate fund by region, subject to periodic reviews. Then, developers submit the projects to CEF's regional offices for approval, which conducts a preliminary review and authorize the launch and sale. After the analysis conclusion and minimum sales requirement verification, the Financing Agreement for Production is signed. During the construction period, CEF finances the individual borrower and the amount of these financings is deducted from the developer outstanding debt. The funds are released according to a schedule, after inspections conducted by CEF. Once the development is concluded, the developer delivers the units to the borrowers.

CEF monitors the project, measuring progress monthly on a predetermined day. Financing funds are disbursed to acquire the unit within five days after the consolidation of the sources of the funds (receivables, own funds and financing). CEF charges a Project Monitoring Fee, or TAO, of 1.5% of the installment amount.

#### Program Phases:

The first phase of Minha Casa Minha Vida program, launched in 2009, was ended in 2010. The table below indicates its final accomplishments and our participation:

MCMV 1 (2009-2010)			
	Total	MRV	%
<b>Contracted Units</b>	<b>1.005.128</b>	<b>50.384</b>	<b>5%</b>
Group I	482.741	0	0%
Groups II and III	522.387	50.384	10%

In January 2011 the changes of the price limits for the MCMV 2 framework were announced in January 2011, having a positive effect for the low-income housing segment. As leader of this segment in Brazil, the impacts on the Company's operations, though not immediate, are positive and gave us confidence in this market as well as in our continuous growth with returns above the market average.

The *Minha Casa, Minha Vida 2* had a goal of contracting 2.75 million housing units by 2014. The new rules were approved by an interim measure (MP) passed by the Senate.

Throughout 2012, with higher concentration in the second semester, several stimulus resolutions were adopted, for example a broader review of the *Minha Casa, Minha Vida* program parameters and the reduction of the Special Taxes Regime (RET) rates. Such measures stimulated the homebuilding industry, as well as reinforce the importance of the sector as a gear for the national economy. We also stress the importance of more often reviews of *Minha Casa, Minha Vida*, since the Market is dynamic and normally the updates on the rules and parameters aim to reestablish the on-going conditions, sometimes with large discrepancies.

The table below indicates the program's status and our participation.

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

#### Characteristics of the program:

##### Range 1:

The Range 1 of the program elects families with monthly income up to R\$1,600. The property value varies from R\$ 54 thousand to R\$ 76 thousand, in accordance with its location. The eligible families to this range have an exemption from financing interest and have a period of 120 months to finance the property. These families also receive subsidies up to 96% of the property value.

In this range of the program, developers submit the projects to CEF's regional offices for approval and States and municipalities register the demand and, after screening, indicate families for selection, using available information at single registry. The developers present their projects to CEF's regional units, being possible to execute the project in partnership with States, municipalities, cooperatives, social movements or independently. After analyzing, CEF hires the operation, follows the project's execution by the developer and transfer resources according to the construction schedule and, after the project completion, sells the units.

CEF monitors the project, measuring progress monthly on a predetermined day. The disbursement of financial resources for land acquisition will be carried out within 48 hours after request.



Range 2:

The Range 2 of the program elects families with monthly income up from R\$1,600 to R\$3,275. The property value varies in accordance with its location, respecting the price limit established for each city. The properties can be financed up to 30 years with interest of 5.0% per annum plus Transference Rate (TR) for families with income from R\$1,600 to R\$2,455, and 6.0% per annum plus TR for families with income from R\$2,455 to R\$3,275, and it is also possible to finance up to 90% of the property value. The buyer has also the right to receive a subsidy up to R\$25,000 in order to be assisted in the disbursement of the property, this value varies according to the monthly income of the family.

Range 3:

The Range 3 of the program elects families with monthly income up from R\$3,275 to R\$5,000. The property value varies in accordance with its location, respecting the price limit established for each city. The properties can be financed up to 30 years with interest of 7.6% per annum plus Transference Rate (TR), and it is also possible to finance up to 90% of the property value. In this range the buyer does not have the right to receive subsidy in order to be assisted in the disbursement of the property.

The Range 2 and 3 of the program are conducted by the following parameters:

- 1- The funding can be done either by *CEF* or by *Banco do Brasil* (BB) under the following conditions:
  - CEF: Up to 90% of the property value in the Constant Amortization System (SAC System), and up to 70% of the property value in Price table.
  - BB: Up to 90% of the property value in the Constant Amortization System (SAC System), and up to 80% of the property value in Price table.
- 2- The property price should respect a limit that varies in accordance with the region and the size of the city.

Region/ Number of Inhabitants	Price limit
Metropolitan Zones of São Paulo, Rio de Janeiro e and Federal District	R\$ 190,000
Municipality with 1 million or more inhabitants	R\$ 170,000
Municipality with more than 250,000 inhabitants	R\$ 145,000
Municipality with 50,000 million or more inhabitants	R\$ 115,000
Other cities	R\$ 90,000

- 3- The subsidies that the buyer has the right to receive in order to assist the payment of part of the property varies according to the buyer's family income, as follows:

Metropolitan Zones of São Paulo, Rio de Janeiro e and Federal District	From R\$ 1,600.01 a R\$ 1,643.00	= 62,209.3 – 23,2558R
	From R\$ 1,643.01 a R\$ 1,690.00	= 58,957.4 – 21,2765R
	From R\$ 1,690.01 a R\$ 1,708.00	= 89,942.8 – 39,6111R
	From R\$ 1,708.01 a R\$ 2,790.00	= 54,131 – 18.6443R
	From R\$ 2,790.01 a R\$ 3,275.00	= R\$ 2,113.00
Municipality with 1 million or more inhabitants	From R\$ 1,600.01 a R\$ 2,325.00	= 52,931 - 21,8568R
	From R\$ 2,325.01 a R\$ 3,275.00	= R\$ 2,113.00
Municipality with more than 250,000 inhabitants	From R\$ 1,600.01 a R\$ 2,325.00	= 39,847 - 16,3202R
	From R\$ 2,325.01 a R\$ 3,275.00	= R\$ 1,902.00
Municipality with 50,000 million or more inhabitants	From R\$ 1,600.01 a R\$ 2,325.00	= 33,767 - 13,8415R
	From R\$ 2,325.01 a R\$ 3,275.00	= R\$ 1,585.00
Other cities	From R\$ 1,600.01 a R\$ 2,325.00 V	= 28,159 – 11,6567R
	From R\$ 2,325.01 a R\$ 3,275.00	= R\$ 1,057.00

Construction financing

The purpose of the construction financing in the program is to provide companies with financing to develop infrastructure, internal and/or external, including paved roads, sewage and electricity installation. This financing will be provided with funds from the National Secretary of the Treasury, for the development of real estate residential projects financed by BB and CEF.

The maximum amount of the financing is 100.0% of the total cost of the infrastructure, connected to the development of real estate projects financed by BB or CEF, and in accordance with the company's repayment capacity.

The funds will be released according to a schedule approved by BB or CEF. The first installment will be released in when the contract is executed, but this installment is limited to 10.0% of the total financing.

## 8. Economic Group

### 8.1. Economic Group

#### a) Direct and indirect controllers and

Direct shareholder	Nationality	CNPJ/CPF	Number of common shares	Shareholding interest
Rubens Menin Teixeira de Souza	Brazilian	315.836.606-15	157,841,284	35.14%

#### b) Subsidiaries and associated companies

Equity interest	2014	2013	2012
<b><u>Subsidiaries</u></b>			
<b><u>Companies</u></b>			
MDI Desenvolvimento Imobiliário Ltda.	100,00%	100,00%	100,00%
MRV Construções LTDA.	95,00%	0,00%	0,00%
Urbamais Propriedade e Participações S.A.	60,00%	60,00%	60,00%
<b><u>Silent Partnerships (SCP) / Specific purpose (SPE)</u></b>			
Urbamais Propriedade e Participações S.A.	60,00%	0,00%	0,00%
SCP An.Fontana Meride	75,00%	75,00%	75,00%
SCP Apipucos	60,00%	60,00%	60,00%
SCP Área Cabo	60,00%	60,00%	0,00%
SCP Área Cone	60,00%	60,00%	0,00%
SCP Área Frigorífico	99,00%	99,00%	0,00%
SCP Área Zé Pires	65,00%	65,00%	0,00%
SCP Azzurro	99,00%	99,00%	99,00%
SCP Bangu	70,00%	70,00%	70,00%
SCP Barcas	75,00%	75,00%	0,00%
SCP Barreto 1	70,00%	70,00%	70,00%
SCP Barreto 3	70,00%	70,00%	70,00%
SCP Barreto 4A - Mar	70,00%	70,00%	70,00%
SCP Barreto 4B	70,00%	70,00%	70,00%
SCP Barreto 5	70,00%	70,00%	70,00%
SCP Belle Fiori	65,00%	65,00%	65,00%
SCP Belle Luna	65,00%	65,00%	65,00%
SCP Belle Stanza	65,00%	65,00%	65,00%
SCP Belle Stella	65,00%	65,00%	65,00%
SCP Bello Solares	65,00%	65,00%	65,00%
SCP Bello Valle	65,00%	65,00%	65,00%
SCP Belo Mare	65,00%	65,00%	65,00%
SCP Benedito Cohatra	100,00%	100,00%	100,00%
SCP Bosque Da Figueira	80,00%	80,00%	80,00%
SCP Bosque Verde	80,00%	80,00%	80,00%
SCP Botanique	65,00%	65,00%	50,00%
SCP Bq Oliveir,Ing	80,00%	80,00%	80,00%
SCP C.Lu/C.El/C.Vi/Cas	99,00%	99,00%	99,00%

Equity interest	2014	2013	2012
SCP Cadiz/Es.Vil/Car	97,00%	97,00%	97,00%
SCP Copamig	65,00%	65,00%	0,00%
SCP Dede Expedicionário	60,00%	60,00%	60,00%
SCP Esp Campo Cruze	99,50%	99,50%	70,00%
SCP Festeggiare Club	79,20%	79,20%	79,20%
SCP Fortune Reside	60,00%	60,00%	60,00%
SCP Giemac	35,00%	35,00%	35,00%
SCP Green Tow Cond	70,00%	70,00%	70,00%
SCP Japonês	100,00%	100,00%	100,00%
SCP Jardim Jasmim	65,00%	65,00%	65,00%
SCP Jubileu/Estrela	70,00%	70,00%	70,00%
SCP Laguna Beach	75,00%	75,00%	75,00%
SCP Linha Azul	70,00%	70,00%	70,00%
SCP Lon-Res.V.Bela	99,00%	99,00%	99,00%
SCP Magarça	35,00%	35,00%	35,00%
SCP Manchete	35,00%	35,00%	35,00%
SCP Mar Azulli E Ma	70,00%	70,00%	70,00%
SCP Milan Vizinho	70,00%	70,00%	70,00%
SCP MRV Lcg Area Redondo	75,00%	75,00%	75,00%
SCP MRV Md Aurora	50,00%	50,00%	50,00%
SCP MRV Md Canal Life	50,00%	50,00%	50,00%
SCP MRV MDI Campo Feeval	99,00%	99,00%	99,00%
SCP MRV MRL Area Cortês	65,00%	65,00%	65,00%
SCP MRV MRL Area Da Mala	65,00%	65,00%	65,00%
SCP MRV MRL Area Glauter	65,00%	65,00%	65,00%
SCP MRV MRL Mariano	65,00%	65,00%	65,00%
SCP P. Fontana Di Roma	99,00%	99,00%	99,00%
SCP Palm Beach	75,00%	75,00%	75,00%
SCP Park Sun Coast	75,00%	75,00%	75,00%
SCP Parque Abrant	50,00%	50,00%	50,00%
SCP Parque Das Flores	75,00%	75,00%	75,00%
SCP Parque Fonatana	99,50%	99,50%	99,50%
SCP Parque Horizon	98,00%	98,00%	98,00%
SCP Parque Monte Cristal	77,50%	77,50%	77,50%
SCP Parque Monte Fiore	77,50%	77,50%	77,50%
SCP Parque Operetta	98,00%	98,00%	0,00%
SCP Parque Ouro Velho	75,00%	75,00%	75,00%
SCP Parque Porto	99,50%	99,50%	68,00%
SCP Parque Rubis	99,00%	99,00%	99,00%
SCP Parque San Pet	99,00%	99,00%	99,00%
SCP Parque Uniplaza	70,00%	0,00%	0,00%
SCP Parque Vila Da Costa	75,30%	75,30%	75,30%
SCP Parque Vila De	97,00%	97,00%	97,00%
SCP Parque Villado	75,00%	75,00%	75,00%
SCP Parque Villadorata	75,00%	75,00%	75,00%

Equity interest	2014	2013	2012
SCP Parque Viva Jacaraípe	75,00%	75,00%	75,00%
SCP Parque Viva Joara	75,00%	75,00%	75,00%
SCP Parque Vivaldi	75,50%	75,50%	75,50%
SCP Pista De Skate	65,00%	65,00%	65,00%
SCP Plv Top Life Natal	99,50%	99,50%	75,00%
SCP Pontes Rialto	99,00%	99,00%	88,00%
SCP Porquinha	60,00%	60,00%	60,00%
SCP Porto Atlantico	99,50%	99,50%	65,00%
SCP Porto Cristal	99,50%	99,50%	72,00%
SCP Porto Farroupilha	99,50%	99,50%	65,00%
SCP Porto Guaíba	99,50%	99,50%	69,00%
SCP Porto Leon	99,00%	99,00%	99,00%
SCP Porto Lucena	99,50%	99,50%	99,50%
SCP Porto Mediterran	99,50%	99,50%	65,00%
SCP Porto Pacífico	99,50%	99,50%	65,00%
SCP Pq Bem Te Vi	33,50%	33,50%	33,50%
SCP Pq Buritis	99,00%	99,00%	99,00%
SCP Pq Das Araras	33,50%	33,50%	33,50%
SCP Pq Das Gaivotas	33,50%	33,50%	33,50%
SCP Pq Diamantine	99,00%	99,00%	99,00%
SCP Pq. Fonte dos Pássaros	75,00%	75,00%	0,00%
SCP Pq Ideale/Faci	75,00%	75,00%	75,00%
SCP Pq La Ter/Sz Orien/V	98,00%	98,00%	98,00%
SCP Pq Porto Flora	99,00%	99,00%	99,00%
SCP Pq Porto Polaris	99,00%	99,00%	99,00%
SCP Pq Puer.Madero	99,50%	99,50%	99,50%
SCP Pq Rec P Beija Flor	34,00%	34,00%	34,00%
SCP Pq Rec Pas (Rouxinois)	34,00%	34,00%	34,00%
SCP Pq Recreio	35,00%	35,00%	35,00%
SCP Pq Riach Borbol	99,00%	99,00%	99,00%
SCP Pq Riach Pedra	99,00%	99,00%	99,00%
SCP Pq Riacho das Conchas	99,00%	99,00%	99,00%
SCP Pq Rivoli	33,50%	33,50%	33,50%
SCP Pq Sabia	33,50%	33,50%	33,50%
SCP Pq Sunset	75,50%	75,50%	75,50%
SCP Pq Veran./Primav	75,00%	75,00%	75,00%
SCP Pq Vila D'Oro	98,00%	98,00%	98,00%
SCP Prt.Planalto	99,50%	99,50%	70,00%
SCP Puerto Colon	99,50%	99,50%	99,50%
SCP Punta Del Leste	75,00%	75,00%	75,00%
SCP Rec Andorinhas	33,50%	33,50%	33,50%
SCP Resid. Jangadas	75,00%	75,00%	75,00%
SCP Residencial Essenza	75,00%	75,00%	75,00%
SCP Residencial Pq	75,00%	75,00%	75,00%
SCP Residencial Barcas	75,00%	75,00%	75,00%

Equity interest	2014	2013	2012
SCP Residencial Veleiro	75,00%	75,00%	75,00%
SCP Retiro Da Serra	35,00%	35,00%	35,00%
SCP Retiro Dos Pinheiros	35,00%	35,00%	35,00%
SCP Riac Ouro	99,00%	99,00%	99,00%
SCP Riazor-S.Patr.	99,00%	99,00%	99,00%
SCP S. Fig Franca	80,00%	80,00%	80,00%
SCP Sader	65,00%	65,00%	65,00%
SCP Saint Tropez	75,00%	75,00%	75,00%
SCP San Etienne	99,15%	99,15%	99,15%
SCP São Pedro	50,00%	50,00%	50,00%
SCP Saragozza	99,00%	99,00%	99,00%
SCP Spazio Acropolis	99,00%	99,00%	99,00%
SCP Spazio Amalfi	99,00%	99,00%	99,00%
SCP Spazio Amaretto	99,00%	99,00%	99,00%
SCP Spazio Arboreto	98,00%	98,00%	98,00%
SCP Spazio Avignon	99,00%	99,00%	99,00%
SCP Spazio Belo Campo	33,50%	33,50%	33,50%
SCP Spazio Campell	99,00%	99,00%	99,00%
SCP Spazio Campo das Nascentes	98,00%	98,00%	98,00%
SCP Spazio Castellon	99,00%	99,00%	0,00%
SCP Spazio Chamoni	99,00%	99,00%	99,00%
SCP Spazio Das Aroeiras	98,00%	98,00%	98,00%
SCP Spazio Fasano	99,00%	99,00%	99,00%
SCP Spazio Florian	80,00%	80,00%	80,00%
SCP Spazio Illumin	99,00%	99,00%	88,00%
SCP Spazio Jardim	99,00%	99,00%	99,00%
SCP Spazio Las Palmas	99,00%	99,00%	0,00%
SCP Spazio Matisse	99,00%	99,00%	99,00%
SCP Spazio Monreal	99,50%	99,50%	99,50%
SCP Spazio Monterrei	99,00%	99,00%	99,00%
SCP Spazio Montever	99,00%	99,00%	99,00%
SCP Spazio Orizzon	97,00%	97,00%	97,00%
SCP Spazio Portote	99,50%	99,50%	65,00%
SCP Spazio Rarit	98,00%	98,00%	98,00%
SCP Spazio Renasce	97,00%	97,00%	97,00%
SCP Spazio Rennes	70,00%	70,00%	70,00%
SCP Spazio Reserva Imperial	71,00%	71,00%	0,00%
SCP Spazio Resplendor	99,00%	99,00%	99,00%
SCP Spazio Rimini	70,00%	70,00%	70,00%
SCP Spazio San Cristovan	98,50%	98,50%	98,50%
SCP Spazio San Telmo	80,00%	80,00%	80,00%
SCP Spazio Sunrise	76,00%	76,00%	76,00%
SCP Spazio Tenerife	76,50%	76,50%	0,00%
SCP Spazio Tibet	99,50%	99,50%	74,50%
SCP Spazio Tifany	99,50%	99,50%	75,00%

Equity interest	2014	2013	2012
SCP Spazio Total Life	99,50%	99,50%	74,00%
SCP Spazio Upside	99,00%	99,00%	99,00%
SCP Spazio Vanguardia	75,00%	75,00%	75,00%
SCP Spazio Vila Da Serra	75,30%	75,30%	75,30%
SCP Spazio Vintage	75,00%	75,00%	75,00%
SCP Spz Mirafiori	99,00%	99,00%	99,00%
SCP Spz Nimbus Res.	75,00%	75,00%	0,00%
SCP Spz Nimbus Res.Club	75,00%	75,00%	75,00%
SCP Sz Macaé Buena Vista	70,00%	70,00%	70,00%
SCP Sz C. Alvorada	98,00%	98,00%	98,00%
SCP Sz Caravaggio	98,00%	98,00%	98,00%
SCP Sz Chateaubria	99,00%	99,00%	99,00%
SCP Sz Jd. Do Tren	98,00%	98,00%	98,00%
SCP Sz R.Dou/R.Tej/Ver	97,00%	97,00%	97,00%
SCP Sz VI Serra	75,30%	75,30%	75,30%
SCP Tintoretto	99,50%	99,50%	75,50%
SCP Tomba Pq. Filipinas	75,00%	75,00%	75,00%
SCP Treville	99,50%	99,50%	76,00%
SCP Uber-The Palm	99,50%	99,50%	99,50%
SCP Via Light 2	65,00%	65,00%	65,00%
SCP Vila Aurora	75,30%	75,30%	75,30%
SCP Vila Da Prata	75,00%	75,00%	75,00%
SCP Vila Esmeralda	99,00%	0,00%	0,00%
SCP Vila Natal	60,00%	60,00%	60,00%
SCP Vila Platina	75,00%	75,00%	75,00%
SCP Vila Vivaldi	75,50%	75,50%	75,50%
SCP Villa Bella	99,00%	99,00%	0,00%
SCP Village Chateaux	97,50%	97,50%	97,50%
SCP Village Chateaux Victoria	99,00%	99,00%	99,00%
SCP Village Chopin	99,00%	99,00%	99,00%
SCP Village Córsega	99,00%	99,00%	99,00%
SCP Village Salerno	99,00%	99,00%	99,00%
SCP Village Sarriá	99,00%	99,00%	99,00%
SCP Village Supreme	99,00%	99,00%	99,00%
SCP Village Tendence	99,50%	99,50%	99,50%
SCP Vitalittá	75,00%	75,00%	75,00%
SCP Vitta Club	80,00%	80,00%	80,00%
SCP Vlg Anchieta	99,10%	99,10%	99,10%
SCP Vlg Chateaux L	98,50%	98,50%	98,50%
SCP Vlg Sar/Sz Sol/Vlg	99,00%	99,00%	99,00%
SCP Vlg Tempus	99,50%	99,50%	76,00%
Forte Independ (Premier) SPE Ltda.	50,00%	50,00%	50,00%
Botanique SPE Ltda.	65,00%	65,00%	100,00%
Camp Life Res SPE Ltda.	99,50%	99,50%	99,50%
Camp Life Res SPE Ltda.	99,00%	99,00%	99,00%

Equity interest	2014	2013	2012
Campo Colorato SPE Ltda.	98,00%	98,00%	98,00%
Campo Das Acacias Incorp. SPE Ltda.	99,00%	99,00%	0,00%
Campo das Hortências SPE Ltda.	99,00%	99,00%	0,00%
Campo Del Rey Inc SPE Ltda.	98,00%	98,00%	98,00%
Campo Di Bourb SPE Ltda.	98,75%	98,75%	98,75%
Campo Di Braga SPE Ltda.	99,50%	99,50%	99,50%
Campo Di Itali SPE Ltda.	99,50%	99,50%	99,50%
Campo Di Orleans Inc SPE Ltda.	99,00%	99,00%	99,00%
Campo Dos Band SPE Ltda.	98,50%	98,50%	98,50%
Campo Lazio SPE Ltda.	99,75%	99,75%	99,75%
Campo Rizzi In SPE Ltda.	99,00%	99,00%	99,00%
Casa Pueblo Incorpo SPE Ltda.	97,00%	97,00%	97,00%
Casa Pueblo Incorpor SPE Ltda.	97,00%	97,00%	97,00%
Century SPE Ltda.	70,00%	70,00%	70,00%
Curcurana SPE LTDA.	60,00%	0,00%	0,00%
Evidence Condomínio SPE Ltda.	99,00%	99,00%	99,00%
Fontane Di Roma SPE LTDA.	50,00%	50,00%	50,00%
Forte Iracema SPE LTDA.	60,00%	60,00%	60,00%
Forte Meireles SPE Ltda.	60,00%	60,00%	60,00%
Forte Mucurip SPE LTDA.	52,00%	52,00%	50,00%
Forte Parang I SPE Ltda.	50,00%	50,00%	50,00%
Fortune li Inc SPE Ltda.	60,00%	60,00%	60,00%
Four Seas Club SPE Ltda.	50,00%	50,00%	50,00%
Four Seasons 3 SPE Ltda.	52,00%	52,00%	50,00%
Four Seasons I SPE Ltda.	50,00%	50,00%	50,00%
Inspiratto Res SPE Ltda.	52,00%	52,00%	50,00%
Julliard Inc L SPE Ltda.	99,00%	99,00%	99,00%
Lagune Marap. I SPE Ltda.	60,00%	60,00%	60,00%
LDI SPE Ltda.	0,04%	0,04%	1,00%
Macaé Dub SPE LTDA.	65,00%	0,00%	0,00%
Md Pe Jd Ipes In SPE Ltda.	60,00%	60,00%	60,00%
Md Pe Life SPE Ltda.	60,00%	60,00%	42,00%
Md Pe Pq Das SPE Ltda.	60,00%	60,00%	42,00%
MD Pe MRV Veneza Constr. SPE Ltda.	50,00%	60,00%	0,00%
Md Rn MRV Novas Fron SPE Ltda.	50,00%	50,00%	50,00%
Md Rn MRV Novas Nações SPE Ltda.	50,00%	50,00%	50,00%
Md Rn MRV Pq N SPE Ltda.	50,00%	50,00%	50,00%
Md Rn Nova Avenida Construções SPE Ltda.	50,00%	50,00%	50,00%
Monte Santo Inc SPE Ltda.	65,00%	65,00%	65,00%
MRL MRV Li In SPE LTDA.	65,00%	65,00%	65,00%
MRL MRV Lii I SPE LTDA.	65,00%	65,00%	65,00%
MRL MRV Xxxi SPE LTDA.	65,00%	65,00%	65,00%
MRL MRV Xxxii SPE LTDA.	70,00%	70,00%	70,00%
MRL MRV Xxxv SPE LTDA.	70,00%	70,00%	70,00%
MRL MRV Xxxvi SPE LTDA.	65,00%	70,00%	0,00%

Equity interest	2014	2013	2012
MRL MRV Xxxvi SPE LTDA.	65,00%	65,00%	65,00%
MRL MRV Xxxvi SPE LTDA.	65,00%	65,00%	70,00%
MRL Xxxvii Inc. SPE Ltda.	65,00%	65,00%	65,00%
MRV Ancona li SPE LTDA.	99,50%	99,50%	75,00%
MRV Lcg Es V Incorpo SPE Ltda.	75,00%	75,00%	75,00%
MRV Magis I Inc. SPE Ltda.	60,00%	60,00%	60,00%
MRV Magis li Incorpo SPE Ltda.	62,00%	62,00%	62,00%
MRV Magis lii Incor SPE Ltda.	99,50%	99,50%	54,26%
MRV Magis Iv SPE Ltda.	99,50%	99,50%	99,50%
MRV Magis Ix Inc SPE Ltda.	55,00%	55,00%	53,00%
MRV Magis Vi SPE Ltda.	55,00%	55,00%	53,00%
MRV Magis Vii G SPE Ltda.	99,50%	99,50%	50,00%
MRV Magis X Incorpor SPE Ltda.	100,00%	100,00%	100,00%
MRV Magis Xi Incorp. SPE Ltda.	100,00%	100,00%	100,00%
MRV Magis Xii Inc. SPE Ltda.	100,00%	100,00%	100,00%
MRV Magis Xiv Incorp SPE Ltda.	62,00%	62,00%	62,00%
MRV Magis Xv Inc. Sp SPE Ltda.	100,00%	100,00%	100,00%
MRV Md Cidade Nova I SPE Ltda.	60,00%	60,00%	60,00%
MRV Md Collem Pe SPE Ltda.	60,00%	60,00%	42,00%
MRV Md Jardim Dos Alecrins SPE Ltda.	60,00%	60,00%	60,00%
MRV Md Lagoa Do Naut SPE Ltda.	60,00%	60,00%	60,00%
MRV Md Lagoa I Incor SPE Ltda.	60,00%	60,00%	60,00%
MRV Md Lagoa Olhos SPE LTDA.	60,00%	60,00%	60,00%
MRV Md Novo Jaboatao SPE Ltda.	60,00%	60,00%	60,00%
MRV Md Pe Jd Coqueiros SPE Ltda.	60,00%	60,00%	60,00%
MRV Md Portal Da Aid SPE Ltda.	60,00%	60,00%	60,00%
MRV Md Vila Antunes SPE LTDA.	60,00%	60,00%	60,00%
MRV Md Vila Das Amor SPE Ltda.	60,00%	60,00%	60,00%
MRV Md Vila Das Cast SPE Ltda.	60,00%	60,00%	60,00%
MRV Md Vila das Figueiras SPE Ltda.	60,00%	60,00%	60,00%
MRV Md Vila Das Parr SPE Ltda.	60,00%	60,00%	60,00%
MRV Md Vila Das Qua SPE Ltda.	60,00%	60,00%	60,00%
MRV Md Vila Das Videiras Inc SPE LTDA.	60,00%	60,00%	60,00%
MRV MDI Ba I SPE Ltda.	75,00%	75,00%	99,00%
MRV MDI Castanheira SPE LTDA.	65,00%	99,00%	99,00%
MRV MDI Ce I Incorp. SPE Ltda.	99,00%	99,00%	99,00%
MRV MDI Ce li Inc. SPE Ltda.	99,00%	99,00%	99,00%
MRV MDI Ce lii Incor SPE Ltda.	99,00%	99,00%	99,00%
MRV MDI Ce Iv Incorp SPE Ltda.	99,00%	99,00%	99,00%
MRV MDI Ce V Incorp. SPE Ltda.	99,00%	99,00%	99,00%
MRV MDI Ce Vi Incorp SPE Ltda.	99,00%	99,00%	99,00%
MRV MDI Df I SPE Ltda.	65,00%	65,00%	99,00%
MRV MDI Df I SPE Ltda.	65,00%	99,00%	99,00%
MRV MDI Es I E1 SPE Ltda.	75,00%	75,00%	75,00%
MRV MDI Go li SPE Ltda.	65,00%	65,00%	65,00%



Equity interest	2014	2013	2012
MRV MDI Go V SPE Ltda.	65,00%	65,00%	65,00%
MRV MDI Go Vi SPE Ltda.	65,00%	65,00%	65,00%
Mrv Mrl JF Copa Inc SPE LTDA.	65,00%	0,00%	0,00%
MRV MDI Mt li SPE Ltda.	58,00%	65,00%	65,00%
MRV MDI Mt V SPE LTDA.	65,00%	65,00%	99,00%
MRV MDI Pe I SPE Ltda.	60,00%	60,00%	60,00%
MRV MDI Pe Leonardo SPE Ltda.	99,00%	99,00%	99,00%
MRV MDI Pe Michelang SPE Ltda.	60,00%	60,00%	60,00%
MRV MDI Pe Principe SPE Ltda.	50,00%	50,00%	50,00%
MRV MDI Pe Van Gogh SPE Ltda.	60,00%	60,00%	60,00%
MRV MDI Rj lx SPE Ltda.	65,00%	65,00%	65,00%
MRV MDI Rs I Inc SPE Ltda.	99,50%	99,50%	70,00%
MRV MRL Camp Nou Inc SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL li (Kdb) SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Iii Inc SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Iv Inc SPE Ltda.	99,00%	99,00%	97,00%
MRV MRL lx Inc SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Jardim De Gotemburgo SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Jardim De Hanover SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Jardim De Viena SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Jardim Do Sol SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Jardim Do Triunfo SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Jardim Jovita SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL L Incorp. SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Liii Inc SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Lv Incorp. SPE Ltda.	65,00%	65,00%	65,00%
MRV MRL Lvi Incorp SPE Ltda.	65,00%	65,00%	65,00%
MRV MRL Lx Incorp. SPE Ltda.	65,00%	65,00%	65,00%
MRV MRL Lxi Incor SPE Ltda.	65,00%	65,00%	65,00%
MRV MRL LXXI Inc. SPE LTDA.	65,00%	0,00%	0,00%
MRV MRL LXXX Inc. SPE LTDA.	99,00%	0,00%	0,00%
MRV MRL LXXXII Inc. SPE LTDA.	99,00%	0,00%	0,00%
MRV MRL Novol X SPE Ltda.	35,00%	35,00%	35,00%
MRV MRL Novolar SPE Ltda.	35,00%	35,00%	35,00%
MRV MRL Novolar I In SPE Ltda.	35,00%	35,00%	35,00%
MRV MRL Rj I Pq SPE Ltda.	70,00%	70,00%	70,00%
MRV MRL Rj Lxxiv Inc SPE Ltda.	65,00%	65,00%	65,00%
MRV MRL Rj Praia I SPE LTDA	65,00%	65,00%	0,00%
MRV MRL Rj2 Inc SPE Ltda.	65,00%	65,00%	65,00%
MRV MRL Rj3 Incorporacoes SPE LTDA.	65,00%	65,00%	65,00%
MRV MRL Rj4 Incorporacoes SPE LTDA.	65,00%	65,00%	65,00%
Mrv Mrl RJ5 SPE LTDA.	65,00%	0,00%	0,00%
Mrv Mrl RJ6 SPE LTDA.	65,00%	0,00%	0,00%
MRV MRL RJ7 SPE LTDA.	65,00%	0,00%	0,00%
MRV MRL Ro Lvii Incorporacoes SPE Ltda.	65,00%	65,00%	65,00%

Equity interest	2014	2013	2012
MRV MRL Sao Ricardo SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Via Light 2 SPE Ltda.	65,00%	65,00%	65,00%
MRV MRL X Inc SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Xi Inc SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Xii Inc SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Xiii SPE Ltda.	97,00%	97,00%	97,00%
MRV MRL Xix Inc SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Xi Incorp SPE Ltda.	65,00%	65,00%	65,00%
MRV MRL Xli Incorpor SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Xliii Inc Sp SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Xlix Incorpor. SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Xlvii Incorpor SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Xvi Incorpor SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Xvii Inc SPE Ltda.	98,00%	98,00%	98,00%
MRV MRL Xxi Incorpor SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Xxix Incorpor SPE Ltda.	65,00%	65,00%	65,00%
MRV MRL Xxv Inc SPE Ltda.	99,00%	99,00%	99,00%
MRV MRL Xxvi Incorporo SPE Ltda.	70,00%	70,00%	70,00%
MRV MRL Xxvii Inc. SPE Ltda.	65,00%	65,00%	65,00%
MRV MRL Xxviii Incor SPE Ltda.	65,00%	65,00%	65,00%
MRV MRL Xxx Incorpor. SPE Ltda.	65,00%	65,00%	65,00%
MRV MRL Xxxii Inc. SPE Ltda.	97,00%	97,00%	97,00%
MRV MRL Xxxiv Incorpor SPE Ltda.	70,00%	70,00%	70,00%
MRV MRL Xxxix Incorpor SPE Ltda.	65,00%	70,00%	70,00%
MRV Pe Vila Natal Co SPE Ltda.	60,00%	60,00%	60,00%
MRV PRIME Campo Grande Parte A SPE LTDA.	65,00%	65,00%	65,00%
MRV PRIME Campo Grande Parte B SPE LTDA.	65,00%	65,00%	65,00%
MRV PRIME Go Iii Inc SPE Ltda.	65,00%	65,00%	65,00%
MRV PRIME I Incorpor SPE Ltda.	58,00%	65,00%	65,00%
MRV PRIME Ii SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME Iii Inc. SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME Iv Inc SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME Ix Inc SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME Jardim Semin.Lote B SPE LTDA.	65,00%	65,00%	65,00%
MRV PRIME Jardim Seminário Lote A SPE LTDA.	65,00%	65,00%	65,00%
MRV PRIME Lote C Tamandare CG SPE LTDA.	65,00%	65,00%	65,00%
MRV PRIME Lt A Tamandare Cg Inc SPE LTDA.	65,00%	65,00%	65,00%
MRV PRIME Luis Parte B Inc. SPE LTDA.	65,00%	65,00%	65,00%
MRV PRIME Morada do Campo SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME MT I Inc. SPE LTDA.	65,00%	0,00%	0,00%
MRV PRIME Parque Cha SPE Ltda.	65,00%	65,00%	65,00%
MRV PRIME Paulista Costa E Silva Sp SPE Ltda.	65,00%	65,00%	65,00%
Mrv Prime Projeto MT B Incorpor. SPE LTDA.	65,00%	0,00%	0,00%
Mrv Prime Projeto MT C Incorpor. SPE LTDA.	65,00%	0,00%	0,00%
Mrv Prime Projeto MT D Incorpor. SPE LTDA.	65,00%	0,00%	0,00%

Equity interest	2014	2013	2012
Mrv Prime Projeto MT e Incorp. SPE LTDA.	65,00%	0,00%	0,00%
Mrv Prime Projeto MT F Incorp. SPE LTDA.	65,00%	0,00%	0,00%
Mrv Prime Projeto MT G Incorp. SPE LTDA.	65,00%	0,00%	0,00%
Mrv Prime Projeto MT H Incorp. SPE LTDA.	65,00%	0,00%	0,00%
MRV PRIME Rio Formoso A SPE Ltda.	65,00%	65,00%	0,00%
MRV PRIME Rio Formoso B SPE Ltda.	65,00%	65,00%	0,00%
MRV PRIME Rio Formoso C SPE Ltda.	65,00%	65,00%	0,00%
MRV PRIME Sem. Ms Lado A SPE LTDA.	65,00%	65,00%	65,00%
MRV PRIME V SPE Ltda.	98,00%	98,00%	98,00%
MRV PRIME Vi Inc. SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME Vii Inc SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME Viii Inc SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME X Inc SPE Ltda.	98,00%	98,00%	98,00%
MRV PRIME Xi SPE Ltda.	97,00%	97,00%	97,00%
MRV PRIME Xii SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME Xiii Inc SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME Xiv Incorp SPE Ltda.	97,00%	97,00%	97,00%
MRV PRIME Xv SPE Ltda.	58,00%	65,00%	65,00%
MRV PRIME Xvii SPE Ltda.	65,00%	65,00%	65,00%
MRV PRIME Xviii Inc SPE Ltda.	98,00%	98,00%	98,00%
MRV PRIME Xx Inc. Sp SPE Ltda.	97,00%	97,00%	97,00%
MRV PRIME Xxi Inc SPE Ltda.	65,00%	65,00%	65,00%
MRV PRIME Xxii Incor SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME Xxiii Inco SPE Ltda.	97,00%	97,00%	97,00%
MRV PRIME Xxiv Inc. SPE Ltda.	98,00%	98,00%	98,00%
MRV PRIME Xxix Incor SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME Xxv Inc Sp SPE Ltda.	65,00%	65,00%	65,00%
MRV PRIME Xxvii Inc SPE Ltda.	65,00%	65,00%	65,00%
MRV PRIME Xxviii In SPE Ltda.	97,00%	97,00%	97,00%
MRV PRIME Xxx Incorp SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME Xxxi Incor SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME Xxxii Inco SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME Xxxiv Inco SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME Xxxv Inc SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME Xxxvii In SPE Ltda.	99,00%	99,00%	99,00%
MRV PRIME Xxxviii In SPE Ltda.	99,00%	99,00%	99,00%
Novolar II SPE Ltda.	65,00%	65,00%	35,00%
Novolar RJ VI SPE Ltda.	65,00%	65,00%	35,00%
Novolar RJ VII SPE Ltda.	65,00%	65,00%	35,00%
Novolar RJ VIII SPE Ltda.	65,00%	65,00%	35,00%
Nautilus Inc SPE Ltda.	75,00%	75,00%	75,00%
Paladium SPE Ltda.	99,50%	99,50%	99,50%
Palazzo Di Spagna In SPE Ltda.	99,50%	99,50%	99,50%
Panoramic SPE Ltda.	99,00%	99,00%	99,00%
Parati Luis Parte C Incorp. SPE LTDA.	65,00%	0,00%	0,00%

Equity interest	2014	2013	2012
Parque Aeroporto SPE LTDA.	65,00%	0,00%	0,00%
Parque Alamo Incorp. SPE Ltda.	99,00%	99,00%	99,00%
Parque Álamo SPE Ltda.	99,00%	99,00%	0,00%
Parque Apoema Inc SPE Ltda.	97,00%	97,00%	97,00%
Parque Arcos Da Lapa SPE Ltda.	99,00%	99,00%	99,00%
Parque Arpoador Inc SPE Ltda.	99,00%	99,00%	99,00%
Parque Arpoador SPE LTDA.	99,00%	0,00%	0,00%
Parque Atlanta Inco SPE Ltda.	99,00%	99,00%	99,00%
Parque Atlanta SPE LTDA.	99,00%	0,00%	0,00%
Parque Austin Incorp SPE Ltda.	99,00%	99,00%	99,00%
Parque Austria SPE LTDA.	99,00%	0,00%	0,00%
Parque Avalon Incorp SPE Ltda.	97,00%	97,00%	97,00%
Parque Casa De Bilba SPE Ltda.	97,00%	97,00%	97,00%
Parque Casa De Malag SPE Ltda.	97,00%	97,00%	97,00%
Parque dos Cantos SPE LTDA.	99,00%	0,00%	0,00%
Parque Fremont Inc SPE Ltda.	99,00%	99,00%	99,00%
Parque Genova Incorp. SPE Ltda.	99,00%	99,00%	0,00%
Parque Genova SPE LTDA.	97,00%	0,00%	0,00%
Parque Guarani SPE Ltda.	70,00%	70,00%	70,00%
Parque Ilha Do Sol I SPE Ltda.	99,00%	99,00%	99,00%
Parque Jamile SPE Ltda.	99,75%	99,75%	99,75%
Parque Jardim das Tulipas SPE LTDA.	99,00%	0,00%	0,00%
Parque Lagoa Bella SPE Ltda.	65,00%	65,00%	0,00%
Parque Lince Inc. SPE Ltda.	99,00%	99,00%	99,00%
Parque Lombardia Incorp. SPE Ltda.	99,00%	99,00%	0,00%
Parque Lombardia SPE LTDA.	97,00%	0,00%	0,00%
Parque Los Alpes Inc SPE Ltda.	99,00%	99,00%	99,00%
Parque Paladino Incorp. SPE Ltda.	99,00%	99,00%	0,00%
Parque Paradiso Inc SPE Ltda.	97,00%	97,00%	97,00%
Parque Paris Incorpo SPE Ltda.	97,00%	97,00%	97,00%
Parque Paris SPE LTDA.	99,00%	0,00%	0,00%
Parque Patagonia Inc SPE Ltda.	99,00%	99,00%	99,00%
Parque Perola Do Oriente SPE Ltda.	99,00%	99,00%	99,00%
Parque Petropolis In SPE Ltda.	70,00%	70,00%	70,00%
Parque Piaget SPE Ltda.	99,00%	99,00%	0,00%
Parque Piazza Bellin SPE Ltda.	99,00%	99,00%	99,00%
Parque Piazza Brasil SPE Ltda.	99,00%	99,00%	99,00%
Parque Piazza San Marco SPE Ltda.	99,00%	99,00%	0,00%
Parque Piazza Venezi SPE Ltda.	99,00%	99,00%	99,00%
Parque Piazza Verona SPE LTDA.	99,00%	0,00%	0,00%
Parque Pompéia Incorp. SPE LTDA.	97,00%	99,00%	0,00%
MRV PRIME XLV Inc. SPE LTDA.	99,00%	0,00%	0,00%
Parque Porto Burnier SPE Ltda.	99,00%	99,00%	99,00%
Parque Porto Cameron SPE LTDA.	99,00%	0,00%	0,00%
Parque Porto Havana SPE Ltda.	99,00%	99,00%	0,00%

Equity interest	2014	2013	2012
Parque Porto Leon SPE Ltda.	99,00%	99,00%	0,00%
Parque Porto Roland Incorp SPE LTDA.	99,00%	99,00%	99,00%
Parque Porto Valência SPE Ltda.	99,00%	99,00%	0,00%
Parque Porto Valência SPE Ltda.	99,00%	99,00%	0,00%
Parque Privilegium I SPE Ltda.	99,00%	99,00%	99,00%
Parque Privilegium SPE LTDA.	99,00%	0,00%	0,00%
Parque Reggiana Inco SPE Ltda.	99,00%	99,00%	99,00%
Parque Rio das Hortências SPE Ltda.	99,00%	99,00%	0,00%
Parque Rio Ebro SPE Ltda.	99,00%	99,00%	0,00%
Parque Rio Iguacu In SPE Ltda.	99,00%	99,00%	99,00%
Parque Rio Iguçu SPE Ltda.	99,00%	99,00%	0,00%
Parque Rio Nieva Inc SPE Ltda.	97,00%	97,00%	97,00%
Parque Rio Nilo Incorp. SPE Ltda.	99,00%	99,00%	0,00%
Parque Rio Parana In SPE Ltda.	99,00%	99,00%	99,00%
Parque Rio Salas Inc SPE Ltda.	97,00%	97,00%	97,00%
Parque Rio Sella SPE Ltda.	99,00%	99,00%	0,00%
Parque Rivoli Incor SPE Ltda.	65,00%	65,00%	33,50%
Parque Romenia Incor SPE Ltda.	99,00%	99,00%	99,00%
Parque Russia Inc. SPE Ltda.	99,00%	99,00%	99,00%
Parque Saint Benjamim Incorp. SPE Ltda.	99,00%	99,00%	0,00%
Parque Salamanca SPE LTDA.	99,00%	0,00%	0,00%
Parque Salém SPE LTDA.	99,00%	0,00%	0,00%
Parque Santa Clara Inc SPE Ltda.	99,00%	99,00%	0,00%
Parque Santa Lucia Incorp. SPE Ltda.	99,00%	99,00%	0,00%
Parque Santa Inês SPE LTDA.	99,00%	0,00%	0,00%
Parque Serra Azul SPE LTDA.	99,00%	0,00%	0,00%
Parque Solar dos Pássaros SPE LTDA.	99,00%	0,00%	0,00%
Parque Soneto SPE LTDA.	99,00%	0,00%	0,00%
Parque Trentino Inc SPE Ltda.	99,00%	99,00%	0,00%
Parque Trentino SPE LTDA.	97,00%	0,00%	0,00%
Parque Vila Imperial Inc SPE Ltda.	75,00%	75,00%	0,00%
Parque Xavantes Inc SPE Ltda.	70,00%	70,00%	70,00%
Porto Gravatai Incorporacoes SPE Ltda.	99,00%	99,00%	99,00%
Porto Marabella SPE Ltda.	99,00%	99,00%	0,00%
Porto Polaris Incorporacoes SPE Ltda.	99,00%	99,00%	99,00%
Porto Trinidad Inc SPE Ltda.	99,00%	99,00%	0,00%
Pq Alabama Inc. SPE Ltda.	99,70%	99,70%	99,70%
Pq Arkansas Inc. SPE Ltda.	99,50%	99,50%	99,50%
Pq Asteca SPE Ltda.	99,50%	99,50%	99,50%
Pq Cantos dos Canários SPE LTDA.	99,00%	0,00%	0,00%
Pq dos Cantos Bem-Ti-Vis SPE LTDA.	99,00%	0,00%	0,00%
Pq Jaborandi SPE Ltda.	99,75%	99,75%	99,75%
Pq Jambreiro Inc SPE Ltda.	99,50%	99,50%	99,50%
Pq Juno SPE Ltda.	99,25%	99,25%	99,25%
Pq Piazza Navona SPE Ltda.	99,40%	99,40%	99,40%

Equity interest	2014	2013	2012
Pq Piazza Reppub SPE Ltda.	99,60%	99,60%	99,60%
Pq Premiato SPE Ltda.	99,00%	99,00%	99,00%
Pq Rio Das Hortencia SPE Ltda.	97,00%	97,00%	97,00%
PRIME Sem. Ms Lado B SPE LTDA.	65,00%	65,00%	65,00%
PRIME Sem. Ms Lado C SPE LTDA.	65,00%	65,00%	65,00%
Prime XXXVI SPE Ltda.	99,00%	99,00%	0,00%
Prive Praia De SPE Ltda.	60,00%	60,00%	42,00%
Projeto Goiás I SPE LTDA.	65,00%	0,00%	0,00%
Projeto Goiás II SPE LTDA.	65,00%	0,00%	0,00%
Projeto Goiás III SPE LTDA.	65,00%	0,00%	0,00%
Projeto Goiás IV SPE LTDA.	65,00%	0,00%	0,00%
Projeto Goiás V SPE LTDA.	65,00%	0,00%	0,00%
Redentore SPE Ltda.	70,00%	70,00%	70,00%
Reserva Real Inc SPE Ltda.	99,00%	99,00%	99,00%
Residencial Diversão SPE LTDA.	99,50%	0,00%	0,00%
Residencial Felicidade SPE LTDA.	99,50%	0,00%	0,00%
Residencial Liberdade SPE LTDA.	99,50%	0,00%	0,00%
Resid.Veleiros SPE Ltda.	100,00%	100,00%	100,00%
Rio Ebro Inc SPE Ltda.	99,00%	99,00%	99,00%
Rio Sella Incorp SPE Ltda.	99,00%	99,00%	99,00%
RJ Praia DIII R.Ostras SPE Ltda.	65,00%	65,00%	0,00%
Saint Moritz I SPE Ltda.	98,90%	98,90%	98,90%
San Leonard In SPE Ltda.	99,00%	99,00%	99,00%
San Pietro SPE Ltda.	99,40%	99,40%	99,40%
Santo Amaro SPE Ltda.	100,00%	100,00%	100,00%
Santos Dumont SPE LTDA.	98,50%	98,50%	98,50%
Spazio Campo B SPE Ltda.	98,25%	98,25%	98,25%
Spazio Campo G SPE Ltda.	99,25%	99,25%	99,25%
Spazio Joanesbur SPE Ltda.	99,50%	99,50%	99,50%
Summer Ville SPE Ltda.	62,76%	62,76%	62,76%
Tamandare B CG SPE LTDA.	65,00%	0,00%	0,00%
Roc 1 SPE Ltda.	65,00%	65,00%	0,00%
Roc 2 SPE Ltda.	65,00%	65,00%	0,00%
Roc 3 SPE Ltda.	65,00%	65,00%	0,00%
Roc 4 SPE Ltda.	65,00%	65,00%	0,00%
Roc 5 SPE Ltda.	65,00%	65,00%	0,00%
Roc 6 SPE Ltda.	65,00%	65,00%	0,00%
Roc 7 SPE Ltda.	65,00%	65,00%	0,00%
Roc 8 SPE Ltda.	65,00%	65,00%	0,00%
Roc 9 SPE Ltda.	65,00%	65,00%	0,00%
Roc 10 SPE Ltda.	65,00%	65,00%	0,00%
Sader 1 SPE Ltda.	65,00%	65,00%	0,00%
Sader 2 SPE Ltda.	65,00%	65,00%	0,00%
Soter Antônio Parte B SPE Ltda.	65,00%	65,00%	0,00%
Vitalice Inc SPE Ltda.	50,00%	50,00%	50,00%

Equity interest	2014	2013	2012
<b><u>Joint Controlled</u></b>			
<b><u>Companies</u></b>			
LOG Commercial Properties e Participações S.A.	37,87%	37,87%	42,03%
MRL Engenharia e Empreendimentos S.A.	37,59%	37,65%	37,65%
MRPR Empreendimentos Imobiliário Ltda.	65,00%	65,00%	65,00%
PRIME Incorporações e Construções S.A.	60,00%	60,00%	60,00%
<b><u>Slitent Partnership (SCP) / (Specific purpose) SPE</u></b>			
SCP Aeroporto 2	65,00%	65,00%	65,00%
SCP Belas Ilhas	50,00%	50,00%	50,00%
SCP Belle Aqua	57,00%	57,00%	57,00%
SCP Belle Epoque	65,00%	65,00%	65,00%
SCP Bello Canto	65,00%	65,00%	65,00%
SCP Bello Cielo	57,00%	57,00%	57,00%
SCP Brisas	50,00%	50,00%	50,00%
SCP Cesário Melo	33,50%	33,50%	33,50%
SCP Chapada Dos Guimarães	58,00%	58,00%	58,00%
SCP Charme Goiabeira	58,00%	58,00%	58,00%
SCP Ecov (Arag.S. Dourada)	70,00%	70,00%	70,00%
SCP Flamboyant	69,00%	69,00%	69,00%
SCP Ilha Vitória	95,00%	95,00%	95,00%
SCP Ipadu Spazio Russeau	71,00%	71,00%	71,00%
SCP Oliveiras E Palmeiras	33,50%	33,50%	33,50%
SCP Paçuaré	33,50%	33,50%	33,50%
SCP Parque Chapada	58,00%	58,00%	58,00%
SCP Parque Rossete	33,50%	33,50%	33,50%
SCP Portal do Bosque	34,00%	34,00%	34,00%
SCP Positano	50,00%	50,00%	50,00%
SCP Pq Conquista S.	65,00%	65,00%	65,00%
SCP Reale	70,00%	70,00%	70,00%
SCP Reality E Renovare	32,00%	32,00%	32,00%
SCP Recanto das Águas	33,50%	33,50%	33,50%
SCP Recanto Das Pedras	50,00%	50,00%	50,00%
SCP Redentore	70,00%	70,00%	70,00%
SCP Regence	70,00%	70,00%	70,00%
SCP Renault	70,00%	70,00%	70,00%
SCP Richmond Cond.	70,00%	70,00%	70,00%
SCP Ritz	34,50%	34,50%	34,50%
SCP Riv Do Campo	71,00%	71,00%	71,00%
SCP Riveira do Sol E Costa	34,50%	34,50%	34,50%
SCP Rodin	75,00%	75,00%	75,00%
SCP Rossini	75,40%	75,40%	75,40%
SCP Rotterdam	75,40%	75,40%	75,40%
SCP Roy Palm,R.Star	70,00%	70,00%	70,00%

Equity interest	2014	2013	2012
SCP Royal Palms Club	70,00%	70,00%	70,00%
SCP São Pedro	70,00%	70,00%	70,00%
SCP Spazio Classique	65,00%	65,00%	65,00%
SCP Spazio Niteroi Garden	70,00%	70,00%	70,00%
SCP Spazio Recriart	70,00%	70,00%	70,00%
SCP Spz Boulevard	66,00%	66,00%	66,00%
SCP St Afonsos	66,00%	66,00%	66,00%
SCP Tingui	34,00%	34,00%	34,00%
SCP Top Life Goiania	65,50%	65,50%	65,50%
Chapada Imperi SPE Ltda.	58,00%	58,00%	58,00%
Citylife/C.Vig SPE Ltda.	65,50%	65,50%	65,50%
Colina das Palmeiras SPE LTDA.	65,00%	0,00%	0,00%
Copa Do Serrad SPE Ltda.	58,00%	65,00%	65,00%
Gi Empreend. SPE Ltda.	41,67%	41,67%	41,67%
Gran Classe In SPE Ltda.	66,00%	66,00%	66,00%
Gran Olympus SPE Ltda.	65,00%	65,00%	65,00%
MRV Md Pe Mar De Espanha SPE LTDA.	50,00%	0,00%	0,00%
MRV MDI Df I I SPE Ltda.	65,00%	65,00%	65,00%
MRV MDI Go Iv SPE Ltda.	65,00%	65,00%	65,00%
MRV MDI Ms I SPE Ltda.	65,00%	65,00%	65,00%
MRV MRL Patri Rj SPE Ltda.	33,50%	33,50%	33,50%
MRV MRL Xiv SPE Ltda.	70,00%	70,00%	70,00%
MRV MRL Xv SPE Ltda.	65,00%	65,00%	65,00%
MRV MRL Xxiii Inc. SPE Ltda.	65,00%	65,00%	65,00%
MRV MRL Xxiv Inc SPE Ltda.	65,00%	65,00%	65,00%
MRV Patrim Gal LTDA.	50,00%	50,00%	50,00%
MRV MRL Xviii SPE LTDA.	65,00%	65,00%	65,00%
MRV Prim A Goia SPE Ltda.	65,00%	65,00%	65,00%
MRV PRIME Parati Luiz SPE Ltda.	65,00%	65,00%	65,00%
MRV PRIME Pq Chap Ma SPE Ltda.	65,00%	65,00%	65,00%
MRV PRIME Seminario SPE Ltda.	65,00%	65,00%	65,00%
MRV PRIME Silc SPE Ltda.	41,67%	41,67%	41,67%
MRV PRIME Soter Ant SPE Ltda.	65,00%	65,00%	65,00%
MRV PRIME Xix Inc SPE Ltda.	65,00%	65,00%	65,00%
Parque Sevilha SPE Ltda.	65,00%	65,00%	65,00%
Pq Cast Monaco SPE Ltda.	65,00%	65,00%	65,00%
Pq Castelo De Lu SPE Ltda.	65,00%	65,00%	65,00%
Pq Chap Guimarães SPE Ltda.	58,00%	58,00%	58,00%
Pq Chapada Dia SPE Ltda.	67,00%	67,00%	67,00%
Pq Crhonos Inc SPE Ltda.	65,00%	65,00%	58,00%
Pq. Castelo De Andor SPE Ltda.	65,00%	65,00%	65,00%
Pq. Castelo De Gibraltar SPE Ltda.	65,00%	65,00%	65,00%
Pq. Castelo San SPE Ltda.	65,00%	65,00%	65,00%
Spazio Cristal SPE Ltda.	58,00%	58,00%	58,00%
Taguatinga QI SPE Ltda.	41,67%	41,67%	41,67%



Equity interest	2014	2013	2012
Top Taguatinga LI SPE Ltda.	70,00%	70,00%	70,00%
Top Taguatinga SPE Ltda.	70,00%	70,00%	70,00%
Village Gran Castel SPE Ltda.	65,00%	65,00%	65,00%

The most economic relevant companies are LOG Commercial Properties e Participações S.A., MRL Engenharia e Empreendimentos S.A, Prime Incorporações e Construções Ltda. and Urbamais Properties e Participações S.A..

Through our subsidiary LOG Commercial Properties, we focus in the construction and leasing of industrial and logistic condominiums, besides the development of commercial properties such as shopping centers, strip malls and offices.

MRL operates in the Low Income homebuilding segment, focused in the state of Rio de Janeiro and the city of Belo Horizonte.

Prime operates in Low Income homebuilding segment, mainly in the Brasília city and the Mid-West region.

Urbamais operates in the development and commercialization of allotments and urban areas in residential, commercial and industrial condominiums with sustainable planning.

For more information regarding these companies, please see item 7.1 of this Reference Form.

### c) Company's interest in companies comprising the group

The Company does not hold interest in companies other than the described above, on item 8.1 (b).

### d) Group's shareholding interest in the Company

Not applicable once the Company's shareholders are not societies. The Company's shareholder structure is:  
 Rubens Menin Teixeira de Souza holds 35.14% of the Company's capital stock;  
 Orbis Investment Management Limited holds 11.45% of the Company's capital stock;  
 Janus Capital Management LLC holds 5.06% of the Company's capital stock;  
 M&G Investment Management Limited holds 5.00% of the Company's stock;  
 Other shareholders holds 41.57% of the Company's capital stock;  
 Treasury shares holds 1.78% of the Company's capital stock;

### e) Companies under Common control

Not applicable once the Company does not have Companies under Common control.

Equity Interest	2014	2013	2012
Intermedium Crédito Financiamento e Investimento S.A.	70.83%	74.52%	58.63%

## 8.2. Economic group's flowchart

For further information on our shareholding interest in the economic group's flowchart, please see item above

## 8.3. Restructuring operations

<b>Operation Date:</b>	December 10, 2013
<b>Corporate Event:</b>	Other
<b>Corporate Event Description:</b>	Equity Participation Acquisition
<b>Operation description:</b>	Acquisition of 40% of the capital of Parque Torino Imóveis S.A. by our jointly controlled entity LOG CP, amounting R\$73 million, which will be paid in ten monthly installments amounted R\$7.3 million, starting on December 2013.

<b>Operation Date:</b>	May 17, 2013
<b>Corporate Event:</b>	Other
<b>Corporate Event Description:</b>	LOG CP share issuance
<b>Operation description:</b>	On May 17, 2013, the current shareholders of LOG together with Fundo de Investimentos em Participações Multisetorial Plus ("FIP MPlus") signed an Investment Agreement for the acquisition of 36,945,672 common shares to be issued by LOG, totaling R\$ 277.5 million, being R\$127,5 million as part of FIP Multisetorial Plus and R\$ 150,0 million for the current shareholders (R\$ 63,1 million by MRV).

<b>Operation Date:</b>	July 9, 2012
<b>Corporate Event:</b>	Other
<b>Corporate Event Description:</b>	URBAMAIS foundation
<b>Operation description:</b>	Transformation of the company Amazonas Park Incorporações SPE LTDA. into URBAMAIS PROPERTIES E PARTICIPAÇÕES S.A., to be engaged in the development of large urban areas for residential and/or residential/office use. The Board of Directors also approved the initial contribution of R\$ 2.990 million of the estimated R\$ 50 million capital, of which the Company holds 60%.

#### 8.4. Provide other information deemed relevant by the issuer

All relevant and applicable information on this matter was disclosed in the items above.

## 9. Relevant assets

### 9.1. Assets comprising the non-current assets deemed relevant for the development of the Company's activities:

#### a) property, plant and equipment (including those subject to rental or leasing)

The Company does not have property, plant and equipment of relevance for the development of the Companies activities.

#### b) patents, brands, concessions, franchises and IT transfer agreements

##### Registered brands (Brazil)

Holder	Trademark	Proceeding	Class	Deposit	Effective period
MRV ENGENHARIA E PARTICIPAÇÕES S.A.	MRV Engenharia	821587137	27.5.1	04/15/1999	10/14/2023
MRV ENGENHARIA E PARTICIPAÇÕES S.A.	MRV Engenharia	821587129	37/05.40	04/14/1999	10/14/2017
MRV ENGENHARIA E PARTICIPAÇÕES S.A.	MRV Engenharia	200039202	27.5.1	04/15/1999	10/14/2017

As set forth in item 7.5 (c), we entered into with MRV Serviços de Engenharia Ltda., on January 5, 2007, the Brand Use License Agreement, through which MRV Serviços de Engenharia granted us, freely and exclusively, the use license in Brazil of the mixed brand "MRV Engenharia", duly registered with INPI. The Brand Use is valid for ten years as from the date of execution of the respective agreement and must not be assigned by any of the parties to third parties, except under prior approval.

On September 03, 2013, MRV Serviços de Engenharia Ltda. renewed the brand's use license until 10/14/2023 and kept valid the Brand Use License Agreement. On August 22, 2014, we entered into MRV Serviços de Engenharia Ltda. the Brand Concession and Transfer Agreement, by which MRV Serviços de Engenharia Ltda. grants and transfer, in onerous character, the proprietary and use rights to MRV. MRV then filed with INPI, on 11/20/2014, the ownership transfer request related to the brand concession.

We believe that the chances of brand's misuse and not renewal of the license are remote. Only in the event of unauthorized use and not renew the license in 2023, MRV may loose its rights related to the use of the mixed brand "MRV Engenharia".

**c) Companies in which the Company holds interest and that are relevant for the development of the business**

For information on our Company's shareholding interest in the companies provided below, see item 8.1 (b) of this Reference Form. The market value of the shareholding interest and the respective variation were not informed because the companies below do not have shares traded in organized-over-the-counter markets. The Company did not receive dividends of the companies in which has shareholding interest over the last three periods.

Corporate name	Main place of business	Activities developed	Company	Participation (%)	CVM Registry	Equity value (R\$ thousand)	Equity Change (%)			Reason for acquisition
						2014	2014	2013	2012	
MRL ENGENHARIA E EMPREENDIMENTOS S.A.	BELO HORIZONTE, MG - BRAZIL	Civil construction	Companies - shared shareholding control	37.59%	N/A	8,389	15.80	111.00	75.10	Expand the operations in the Popular Residential Development sector in the States of Belo Horizonte and Rio de Janeiro
PRIME INCORPORAÇÕES E CONSTRUÇÕES LTDA.	BELO HORIZONTE, MG - BRAZIL	Civil construction	Companies - shared shareholding control	60.00%	N/A	-23,716	-335.00	-72.00	12.20	Expand the operations in the Popular Residential Development sector in Brasília and neighborhoods
LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.	BELO HORIZONTE, MG - BRAZIL	Implementation and management of distribution centers	Joint Controlled Company	37.87%	2327-2	550,494	96.50	53.10	2.00	Development of the real estate sector directed to the incorporation and rental of distribution centers, industrial condominiums, hubs and logistics condominiums
MDI DESENVOLVIMENTO IMOBILIÁRIO	BELO HORIZONTE, MG - BRAZIL	Management of own assets; commercialize property; and participation in other companies	Controlled Company	100.00%	N/A	10,143	21.40	130.20	-63.90	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
URBAMAIS PROPERTIES E PARTICIPAÇÕES S.A.	BELO HORIZONTE, MG - BRAZIL	Development of large urban areas	Controlled Company	60.00%	N/A	6,668	288.40	-37.40	-	Development of large urban areas for residential and/or residential/office use

## 9.2. Other relevant information

As from 2006, a number of companies and shareholding interest changed in the period analyzed. These transactions resulted from the increase in the Company's incorporation and construction activities. The creation of these new companies comprises the construction business, since this activity allows to better allocate the funds and reduce the tax burden.

### **LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A**

LOG Commercial Properties ("LOG") was established in June 2008 by our Company and by Autonomy Investimentos to operate in the real estate market for the merger and rental of distribution centers, industrial condominiums, hubs (center of companies which use our hangars to perform the transactions in certain regions) and logistics condominiums (development for rental of logistics operators – carriers – which partially rent the hangars and divide the common parts such as refectories, restaurant, dormitory and supporting facilities, among others).

As from November 2008, our Company, together with Autonomy Investimentos, became the holder of 65% and 35%, respectively, of LOG's capital stock. On November 9, 2010, a new shareholder joined LOG Commercial Properties without the other shareholders exercising their preemptive rights, and thus the Company's equity interest decreased from 65.0 to 63.05 percent.

On July 15, 2011, the current shareholders of LOG together with Starwood Capital Group signed an Investment Agreement for the issuance of 62,650,009 common shares to be issued by LOG, totaling R\$ 350 million, being R\$ 250 million as Starwood's part and R\$ 100 million for the current shareholders of LOG, of which R\$ 63.050 million as the Company's part. In August and October of 2011 the installment of the agreement of R\$ 140 million and R\$ 210 million, respectively, were paid. After these payments the Company's part decreased to 42.03% from 63.05%.

At the shareholders meeting held in January 2012 the change of the corporate name and corporate brand of the former MRV Logística e Participações S.A. to LOG Commercial Properties e Participações S.A. ("LOG") was approved. This amendment aims to reflect the company's business and to strengthen its strategy as commercial and industrial property builder.

On May 17, 2013, the current shareholders of LOG together with Bradesco BBI signed an Investment Agreement for the acquisition of 36,945,672 common shares to be issued by LOG, totaling R\$ 278 million, being R\$ 150 million for the current shareholders and R\$ 128 million as part of FIP Multisetorial Plus ("FIP MPLUS"). R\$63,050 million are from the Company.

In June 2013, the investments were subscribed. After the subscription, the Company's share went from 42.03% to 37.87%. Despite this share reduction, due to the subscription have been done at fair price, higher than the accounted equity, there was a gain of R\$22,681, net of operation costs, registered in our result in "Other operational revenues".

In 2014 In 2014, the joint controlled 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 controlled was adjusted to reflect this fair value measurement. As required by Accounting Interpretation ICPC 09(R1) – 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 income. Hence, in the second quarter of 2014, was recognized in the result of LOG a net total of R\$ 706 million related to changes in the fair value of its properties, of which R\$ 267.6 million were recorded in the Financial Statements of MRV, in the Equity Income line.

### **MRL e Prime**

Prime and Blas were acquired with the strategic purpose to improve the performance channel in the Brazilian construction market.

In November 2007, we became shareholders of Blás', through the subscription of shares, holding 49% of its capital stock. Blás operates in the low-income developments, focused mainly in the State of Rio de Janeiro and in the city of Belo Horizonte. On May 1, 2010, jointly controlled entity Blas Engenharia e Empreendimentos S.A. ("Blas") fully merged LGB Construções Ltda. ("LGB"). On the same date, the latter's name was changed to MRL Engenharia e Empreendimentos S.A. ("MRL"). Merged net assets amounted to R\$2.793 million. As a result, on this date the Company's interest in the capital of MRL Engenharia e Empreendimentos S.A. decreased from 49 to 37.73 percent.

In September 2007, we acquired, through the subscription of shares, 50% of Prime Incorporações e Construções Ltda.'s capital stock, which company operates in the Popular Real Estate Development industry, mainly in the Mid-West region. In November 2008, we increase our interest in Prime's capital stock to 60.0%.

### **MDI**

On July 1, 2009, the Company established, together with its subsidiary LOG Commercial Properties, MDI Empreendimentos Ltda., 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. The Company holds 99.90% of its shares and LOG Commercial Properties holds 0.10%.

**Urbamaís**

The Board of Directors approved on July 9, 2012 the transformation of the company Amazonas Park Incorporações SPE LTDA. into URBAMAIS PROPERTIES E PARTICIPAÇÕES S.A., to be engaged in the development of large urban areas for residential and/or residential/office use. The Board of Directors also approved the initial contribution of R\$ 2.990 million of the estimated R\$ 50 million capital, of which the Company holds 60%.

## 10. Comments from Management

### 10.1. General financial and equity conditions

#### a) General financial and equity conditions

The management understands that the Company has proper financial and equity conditions to implement the business plan and comply with its short- and long-term obligations.

The management's view is based on the following main aspects:

- Solid cash position – on December 31, 2014, the sum of our cash and cash equivalents totaled R\$ 1,372 million. Since 2010, the Company has maintained a very robust cash position, over R\$ 1 billion.
- Good financial capacity – based on the analysis of liquidity ratios, the Company has good financial capacity comparing to its obligations and has been improving the analyzed ratios, keeping liquidity ratios above 1.0x, as demonstrated in the table below:

	12/31/2014	12/31/2013	12/31/2012
General liquidity	1.76	1.75	1.65
Current liquidity	2.07	2.29	1.88
Quick liquidity	1.37	1.61	1.35

- Low leverage and conservative capital structure – on December 31, 2014, our net debt was R\$1,130 million, which represents a leverage of 24.2% of shareholders' equity, that represents a decrease of 15.3% in net debt (R\$ 1,329 million) and a 6.3 bps in leverage (30.4%) compared to December 31, 2013. When we compare net debt to EBITDA (earnings before interest, taxes, depreciation and amortization), which refers to the Company's operational cash generation, there is also an improvement: on December 31, 2013 this ratio was equivalent to 2.07x and on December 31, 2014, this ratio went to 1.31x.
- Lower working capital need due to a faster financial cycle, compared to the sector's average, and also due to the wide use of "crédito associativo" system as a financing mechanism (financing system in which the client obtains the mortgage during construction phase) of our projects and clients. Additionally, the receivables cycle (receivables / net operating revenue) of the Company has been decreasing: from 401 days on December 31, 2013, to 346 days on December 31, 2014, especially with the implementation of the "simultaneous sales" project, where the sale record and the credit analysis by the financial institution (Caixa Econômica Federal and Banco do Brasil) take place simultaneously. As a result, when the client is transferred to the bank he already has a pre-approved financing limit, speeding up the bureaucratic procedures of signing the mortgage contract.
- Lower exposure to the consumers' risk since we transferred to the banks the most part of the financing to the clients, both through the associative credit system mentioned above and the traditional bank financing. On December 31, 2014, only 7.1% of the total Company's accounts receivables refer to clients' installments paid directly to the Company (*pro-soluto*);
- Operational margins is one of the best in the industry due to: (a) expertise of 35 years and leadership in the low-income real estate sector; (b) strict control of operational costs and expenses; (c) high quality of project development; (d) expertise in land acquisition; and (e) efficient construction method with the implementation of new technologies and higher productivity.

#### b) capital structure

The current capital structure, measured mainly by the ratio between net income and shareholders' equity, provides currently conservative leverage levels, according to the Executive Officers' understanding.

The Total Company's shareholders' equity changed from R\$4,088 million on December 31, 2012 to R\$4,365 million on December 31, 2013 and to R\$ 4,673, on December 31, 2014.

Our net indebtedness has been continuously decreasing. On December 31, 2014, it was R\$ 1,130 million, compared to the net indebtedness of R\$1,329 million as of December 31, 2013 and to R\$ 1,663 million as of December 31, 2012. Our net debt to total shareholders' equity ratio was 24.2% as of December 31, 2014. On December 31, 2012, this ratio was 40.7% and on December 31, 2013, it was 30.4%.

The Company focuses on construction financing, under "crédito associativo" financing method, in its debt composition due to lower cost and lower exposure to inflation, since it is indexed to TR (reference rate). The stake of this type of financing has an important participation when compared to the Company's total debt from 29.2% on December 31, 2012, to 29.3% on December 31, 2013, and to 29.3% on December 31, 2014.

On the table below we demonstrate the Weighted Average Debt Cost of the Company on December 31, 2014:

(R\$ million)	Balance Due Dec/14	Balance Due / Total (%)	Average Cost
CDI	(1,646)	65.8%	CDI + 1.5%
TR	(852)	34.1%	TR + 8.5%
Others (fixed rate 4.5%)	(3)	0.1%	4.5%
<b>Total</b>	<b>(2,502)</b>	<b>100.0%</b>	<b>11.24%</b>

The ratios below are also monitored by the Company, showing that the debt structure is healthy and conservative:

<b>General debt</b> (Current liabilities + noncurrent liabilities) / Total Assets			
	31/12/2014	31/12/2013	31/12/2012
Current liabilities (R\$ thousand)	3,006,092	2,560,666	3,286,108
Noncurrent liabilities (R\$ thousand)	3,138,165	3,272,383	2,966,124
Total assets (R\$ thousand)	10,817,175	10,198,449	10,340,205
	<b>56.8%</b>	<b>57.2%</b>	<b>60.5%</b>

<b>Debt Composition</b> Current liabilities / (Current liabilities + noncurrent liabilities)			
	31/12/2014	31/12/2013	31/12/2012
Current liabilities (R\$ thousand)	3,006,092	2,560,666	3,286,108
Noncurrent liabilities (R\$ thousand)	3,138,165	3,272,383	2,966,124
	<b>48.9%</b>	<b>43.9%</b>	<b>52.6%</b>

There is no intention to perform any redemption of shares or quotas.

**c) payment capacity as regards to the financial obligations assumed**

The Executive Officers believe the Company has liquidity and capital resources sufficient to cover the investments, expenses, debts and other amounts to be paid over the next years, although we are not able to assure that this scenario will be maintained. The Executive Officers understand that in the event we consider necessary to raise additional resources to fund investments and acquisitions, the Company will be able to do so.

According to the Executive Officers' understanding, our financial cycle is shorter as compared to the industry's average and the wide use of the "*Credito Associativo*" makes our accounts receivables an important source of liquidity to the Company.

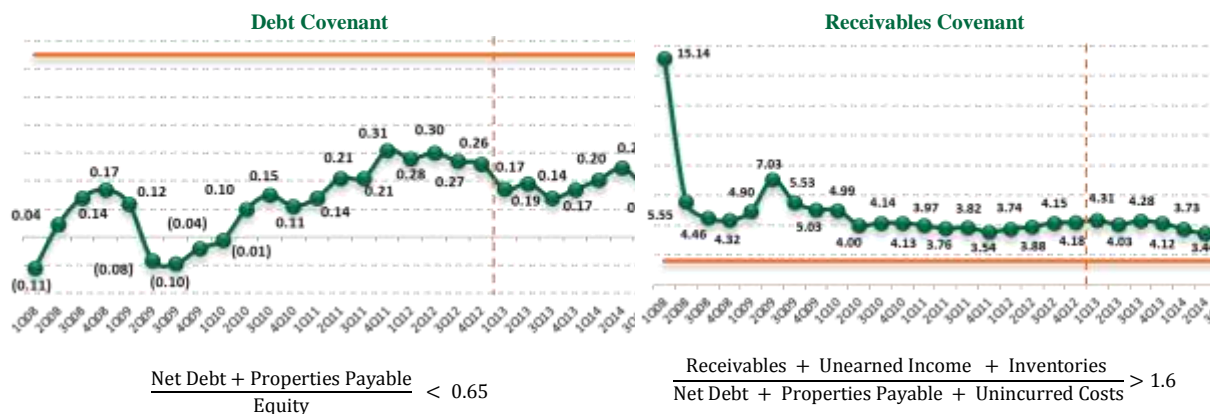
The Company is focused on operational cash generation (measured by the variation of the net debt, excluding capital increases, buyback-shares held in treasury and dividends paid, when applicable), which has lead to decrease the Company's leverage, as verified in the evolution of the ratio net debt / equity. In 2014, the Company generated R\$ 567 million of operational cash, while in 2013, the Company generated R\$ 548 million of operational cash, and in 2012 the Company burned R\$ 28 million in cash. Since 2013, the Company is prepared to continuous operational cash generation.

Another important fact to be highlighted is the financing type prioritized by the Company: construction financing in the associative credit model. In this model, the construction financing is granted to the Company that invests the resources in the project. The performed pre-sales are transferred to the banks (CEF and BB) when the client has the mortgage approved. After transferring the client, the construction financing balance used by the Company is amortized with the installments paid by the client to the bank, in accordance with the project's percentage of completion. In other words, as clients grant their mortgages (transfers) with the banks during the construction phase, the Company receives the resources monthly according the project's construction evolution. So, the need of working capital is shorter and it is possible to finish the project without a debt balance with the bank when using transferred resources.

In line with the Company's conservative management, in the end of 2014, the cash position of the Company reached R\$ 1,372 million, amount deemed enough to honour its maturities on the following 12 months, which amounts R\$ 993 million.

Finally, the Company is within the parameters required by our lenders, called covenants. In the graphics below, we show the receivables and debt covenants of the Company's debentures.





d) financing for working capital and investments in non-current assets used and e) financing for working capital and investments in non-current assets to be used to cover liquidity shortages

We raise funds through loan agreements, when necessary, which are allocated to fund our working capital needs and short- and long-term investments, as well as to maintain our cash funds at a level the Executive Officers believe to be adequate for the performance of our activities.

We raised loans, mainly through the Brazilian Housing Financing System (“*Sistema Financeiro da Habitação*” – *SFH*), which, according to the Executive Officers view, offers lower interest rates as compared to the private market, prepayment options and the possibility of transferring our debt to our clients.

Moreover, whenever necessary, we also access the capital market to issue securities, such as debentures. The Executive Officers always seek to maintain a reduced level of exposure to interest rate and foreign exchange risks.

Our indebtedness was comprised as follows for the periods indicated:

Consolidated (In R\$ thousands)	December 31		
	2014	2013	2012
Loans	2,502,030	3,017,723	3,202,194
(+) Obligations with related companies	0	0	0
(-) Cash and cash equivalents	1,217,497	1,422,595	1,385,307
(-) Marketable securities	154,699	266,059	154,029
<b>Net debt</b>	<b>1,129,834</b>	<b>1,329,069</b>	<b>1,662,858</b>
<b>Total net debt/total shareholders' equity</b>	<b>24.18%</b>	<b>30.45%</b>	<b>40.68%</b>

We decreased our leverage, reaching the lowest level since 2011. This movement is in line with the Company's conservative financial management and with a more challenging macroeconomic environment prospected for the short term.

The Company does not have significant investments in non-current assets; therefore, we do not require working capital for this purpose, according to the Executive Officers' understanding.

## f) Indebtness level and debt description

(R\$ million)	Maturity	Charges	Balance Due Dec/14
<b>Corporate Debt – CDI</b>			<b>1,645</b>
Debentures - 5th Issuance	07/2016	CDI + 1.5% p.a.	531
Debentures - 6th Issuance	05/2017	CDI + 1.5% p.a.	508
Working capital – CDI	up to 06/2018	CDI + 1.15% to 1.45% p.a.	513
CCB which backed the CRI transaction	03/2013 to 03/2015	CDI + 1.15% p.a.	93
<b>Construction Finance - TR</b>			<b>853</b>
Debentures - 4th Issuance	12/2015	TR + 8.77 p.a.	120
Construction Financing	up to 11/2019	TR + 8% to 10.5% p.a.	732
<b>Others</b>			<b>5</b>
Others	up to 04/2020	CDI + Spread and Fixed rate 4.5%	5
<b>Total</b>			<b>2,502</b>

Debentures:

1st issue

The first issue carried out on June 15, 2008 totaled R\$300,000 thousand in simple, nonconvertible debentures, in two registered, book-entry, unsecured series, with the following additional features:

(i) The nominal value of first series debentures, amounting to R\$271,400 thousand represented by 27,140 debentures, is not adjusted, and these debentures bear interest, charged on nominal value or outstanding balance, if applicable, equivalent to 100% of the accumulated change in the average daily rates of extragroup *DI Over* (one-day interbank deposits), calculated and disclosed by the *CETIP* (organized over-the-counter market for assets and derivatives), plus a spread of 1.5% per year.

(ii) The nominal value, or outstanding balance, of second series debentures, amounting to R\$28,600 thousand represented by 2,860 debentures, adjusted as from issuance based on the extended consumer price index (*IPCA*) and such adjustment is automatically added to the nominal value of second series debentures, which bear interest of 10.80% per year.

Interest on first series debentures is paid semiannually and on second series debentures annually, as from issuance date up to maturity date on June 15, 2013.

In May 2011, LOG issued simple, nonconvertible, registered, book-entry, unsecured debentures, in a single series, with unsecured guarantees (bond), with nominal face value of R\$1,000 thousand (one million Brazilian reais) amounting to, on issuance date, R\$108,000 thousand (R\$45,392 thousand for consolidation purposes), which pay equivalent to 100% of the CDI fluctuation plus spread of 2.20% per year (effective interest rate of 100% of CDI fluctuation plus 2.69% per year). These debentures mature on February 16, 2014 and interest is payable semiannually. These agreements do not contain any restrictive covenants requiring compliance with financial ratios. The Company and other LOG's shareholders guarantee the transactions. Accordingly, the balances at December 31, 2011 incorporate this first issue of this subsidiary, referring to principal (R\$45,392 thousand) and interest (R\$735 thousand) amortizable in 2014 and 2012, respectively, and unrecognized issue costs (R\$437 thousand).

2nd issue

The second issuance of 100 debentures, amounting to R\$1,000,000 and maturing within two (2) years, was made on May 25, 2009, in a single series and bears interest, charged on nominal value or outstanding balance, equivalent to 100% of the accumulated change in the average daily rates of extragroup *DI Over* (one-day interbank deposits), calculated and disclosed by the *CETIP* (organized over-the-counter market for assets and derivatives), plus a spread of 3.70% per year. This issue was paid quarterly.

3rd issue

On January 14, 2010, the Board of Directors approved the third public issuance of single series simple, nonconvertible, registered, unsecured debentures, within the authorized capital cap.

On February 1, 2010, the Company conducted the third issue of simple, nonconvertible, registered, book-entry unsecured debentures, amounting to R\$516,400 thousand represented by 51,640 single series debentures, under CVM registration number CVM/SER/DEB/2010/007.

These debentures were settled on March 10, 2010 for a total amount of R\$521,475 thousand - as adjusted by the security's unit price (UP) disclosed by the trustee - represented by 51,640 (fifty one thousand, six hundred and forty) debentures in the nominal unit value of ten thousand reais, maturing on February 1, 2014, and redeemable in two semiannual payments, on February 1, 2013 and February 1, 2014, respectively. These debentures bear interest, charged on nominal value or outstanding balance, equivalent to 100% of the accumulated change in the average daily rates of extragroup *DI Over* (one-day interbank deposits), calculated and disclosed by the *CETIP* (organized

over-the-counter market for assets and derivatives), plus a spread of 1.60% per year. Interest started to be paid on August 1, 2010.

#### 4th issue

On December 23, 2010, the Company conducted the fourth issue of nonconvertible debentures, amounting to R\$300,000 thousand represented by 300 debentures with nominal value of one R\$1,000 thousand.

These debentures mature on December 1, 2015 and will be redeemed semiannually in five installments, starting December 1, 2013. These debentures are collateralized by: (i) the investment fund of the undisbursed proceeds that will finance the projects (ii) the receivables from the sale of units that will be financed with the debentures' proceeds; (iii) the escrow accounts of each project being financed with this proceeds; and (iv) the land of each financed project. As of December 31, 2010, the only outstanding collateral was the investment fund of the undisbursed proceeds that will finance the construction of some defined projects. Additionally, this debenture bears interest charged on its nominal value or outstanding balances, when applicable, equivalent to the "*Taxa Referencial*" - TR (a managed prime rate), plus a spread of 8.25% for the funds used to finance units with a sales price equal to the price set out in a Resolution of the Severance Pay Fund ("*Fundo de Garantia por Tempo de Serviço*" - FGTS) Board or lower, and 10.25% for the funds used to finance units with a sales price higher than the price set out in a Resolution of the Severance Pay Fund (FGTS) Board. Interest will be paid semiannually, beginning June 1, 2011.

#### 5th issue

On July 15, 2011, the Company completed the fifth public issuance of simple, nonconvertible debentures, with unsecured guarantees, in a single series, amounting to R\$500,000 thousand, represented by 500,000 debentures with nominal face value of one thousand reais (R\$1,000), maturing on July 1, 2016. The nominal face value of these debentures will be repaid in two equal installments maturing on July 1, 2015 and July 1, 2016. These debentures pay interest, charged on the face value or the outstanding balance, in applicable, equivalent to the CDI rate plus spread of 1.5% per year, payable semiannually starting on January 15, 2012.

#### 6th issue

On May 3, 2012, the Company completed the sixth public issuance of simple, nonconvertible debentures, with unsecured guarantees, amounting to R\$500,000 thousand, represented by 500,000 debentures with nominal face value of one thousand reais (R\$1,000), maturing on May 3, 2017. The nominal face value of these debentures will be repaid in two equal installments maturing on May 3, 2016 and May 3, 2017. These debentures pay interest, charged on the face value or the outstanding balance, in applicable, equivalent to the CDI rate plus spread of 1.5% per year, payable semiannually.

#### 7th issue

On December 05, 2014, the Company completed the seventh public issuance of simple, nonconvertible debentures, with unsecured guarantees, amounting to R\$300,000 thousand, represented by 30,000 debentures with nominal face value of ten thousand reais (R\$10,000), with liquidation date on January 15, 2015 and maturity on December 05, 2016. The nominal face value of these debentures will be paid in single installment in the maturity date on December 05, 2016. These debentures pay interest, charged on the face value or the outstanding balance, in applicable, equivalent to 100% of CDI rate variation plus spread of 1.6% per year, payable semiannually in the months of July and December as of the issuance date.

#### CCB

On February 18, 2011, the Company issued two Bank Credit Notes ("CCB") totaling R\$240,900 thousand, which backed the transaction with Certificates of Real Estate Receivables ("CRI") issued by Brazilian Securities Companhia de Securitização on March 15, 2011. The aggregate balance of principal and interest at December 31, 2011 was R\$242,109 thousand. Costs incurred on CCB issuances totaled R\$3,895 and the balance at December 31, 2011 was R\$3,239. These funds will be used to acquire land, and the construction and development of certain housing projects. This transaction has a two-year grace period, will be amortized in nine (9) quarterly installments, with final maturity on March 16, 2015, and pays interest equivalent to interbank rate (DI), plus spread of 1.15% per year, paid on a quarterly basis. This transaction is not guaranteed by collaterals or fiduciary guarantees.

#### Working Capital

Working capital and construction financing agreements are collateralized by receivables, disposal of land, or promissory notes, some of which guaranteed by the controlling shareholders.

#### FINAME

The FINAME financing agreement refers to the purchase of an aircraft, totaling R\$5,665 thousand, through the FINAME Program. Principal will be repaid in monthly, consecutive installments, starting in May 2012 and ending in April 2020. Interest will be paid in quarterly, consecutive installments during the grace period for principal repayment (May 2012) and on a monthly basis after such grace period. This financing bears interest set at the fixed rate of 4.50% per year. The financing is collateralized by a lien in favor of the lender and a promissory note in an amount corresponding to 130% of principal.

Restrictive Clauses (Covenants):

Covenants	December 31		
	2012	2013	2014
$(\text{Net Debt} + \text{Real Properties Payable}) / (\text{Shareholders' Equity} < 0.65)$	0.26	0.17	0.19
$(\text{Receivables} + \text{Unearned Income} + \text{Inventories}) / (\text{Net Debt} + \text{Real Properties Payable} + \text{Unexpired Cost}) > 1.6 \text{ or } < 0$	4.18	4.12	3.84

Level of subordination between debts

According to debt contracts incurred by the Company, none of them has precedence over the other, even in eventual universal contest of creditors.

Whereas there is no order of precedence in the contracts of the Company's debts in the case of universal contest of creditors, the Company complies with the terms set out in the Civil Code.

## g) Limits of utilization of contracted financing

The 4<sup>th</sup> debentures issuance resources, in the amount of R\$300,000 thousand, as mentioned on item 10.01 f), are released for utilization according to the physical-financial schedule of the financed project. Until December 2014, R\$298,783 thousand were already released to the Company, with the remaining R\$1,217 thousand yet to be released.

## h) Material changes in each line of the financial statements

FINANCIAL INFORMATION

These consolidated financial statements are prepared and presented in accordance with the International Financial Reporting Standards (IFRS), applicable to real estate development entities, as approved by the Accounting Pronouncements Committee (CPC), the Brazilian Securities and Exchange Commission (CVM), and the Federal Accounting Council (CFC), and in accordance with all the individual financial statements, the Company adopted the changes in Brazilian accounting practices identified as Consolidated.

*Net operating revenue*

Our net operating revenues increased from R\$ 3,804 million in 2012, to R\$3,871 million in 2013 and to R\$ 4,186 million in 2014. This increase of 8.2% compared to 2013 is related to higher representativeness of the most recent projects, with higher prices and better margins. And the percentage of completion from the units carried over our results were more advanced, offsetting the decline in the number of units built in the year. Finally, it is worth mentioning the strong increase of 13.7% in the Company's net pre-sales in 2014.

*Cost of sold properties and services*

The cost of sold properties and services increased from R\$ 2,737 million in 2012, to R\$2,849 million in 2013 and to R\$ 3,002 in 2014. An increase of 5.4% over 2013. According to the Executive Officers' understanding, the increase resulted from inflationary adjustments of materials and services, but at a lower level than the official index that measures the evolution of the civil construction costs.

*Gross profit*

Our consolidated gross profit in 2014 reached R\$ 1,184 million, an increase of 15.9% compared to R\$ 1,021 million in 2013, due to a continuous increase in the gross margin, that grew 1.9 p.p.. In 2012, the gross profit was R\$ 1,066 million. Gross margin reached 28.3% in 2014, 1.9 bps above 2013 (26.4%). In 2012, the gross margin was 28.0%.

During 2014, we delivered a significant volume of units from projects launched in 2011, reported with 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 on the Company's results. With higher revenue recognition from recent projects and stricter cost control of older projects, the gross margin reached 30.3% in 4Q14.

It is important to highlight the increase on productivity, due to the speed of production and the Company's cost reduction through investments on training and capacitation and lower turnover of the production team.

The Executive Officers' understanding is that the level of maintenance provisions is adequate, and it is reviewed annually due to better quality control and management of the service provided.

*Selling expenses*

The Company's selling expenses increased from R\$ 251 million in 2012, to R\$ 270 million in 2013 and to R\$ 356 million in 2014. As percentage of Net Revenue the selling expenses grew from 6.6% in 2012, to 7.0% in 2013 and to 8.5% in 2014. Our selling expenses grew 32% over 2014 (in absolute value) due to the internalization of the sales force initiated in the first half of 2014. Our in-house sales force went from 2,686 brokers (69% from total) in Dec/13 to 3,624 brokers (83% from total) in Dec/14, an increase of 35%. 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 maximize the performance of our sales force's team.

Other fact that contributed to the sales expenses was the increase of marketing expenses. In the last quarter of 2014, we launched a campaign for MRV 35<sup>th</sup> Anniversary, presented by the Brazilian actor Reinaldo Gianecchini. We believe that this investment was important to oppose the challenging economic scenario and the lost of consumers confidence, reinforcing the solidity and trust in the MRV brand.

#### *General and administrative expenses (including management's fees)*

Our general and administrative expenses (including management remuneration) increased from R\$ 215 million in 2012, to R\$244 million in 2013 and to R\$ 259 million in 2014. As a percentage of our net revenue, the general and administrative expenses went from 5.6% in 2012, to 6.3% in 2013 and to 6.2% in 2014. The general and administrative expenses presented natural oscillation, especially in 4Q14, due to the payment profit sharing and stock options. The Executive Officers believe that the Company's administrative structure is assembled and able to absorb the operation's growth and we are focused on optimizing it.

#### *Other operating income and expenses, net*

Our other net operating income went from R\$ 40 million in 2012, to R\$ 39 million in 2013 and to R\$ 80 million in 2014. In 2013 this item presented gains with the capital transaction, equivalent to R\$23 million measured in the second private equity round of LOG Commercial Properties S.A. In 2014, the evolution is related to the increase in contingencies, from legal discussions about legacy projects, whose the reasons that cause it were solved and do not repeat in the new projects.

#### *Equity Income*

The equity income was R\$ 59 million in 2012, R\$ 0.2 million in 2013 and R\$ 215 million in 2014. In order to reflect the fair value of the business, LOG Commercial Properties S.A. decided to register its assets at fair value (in accordance with the CPC28), as of the second quarter of 2014, setting the value of its properties up or down, incorporating in this fluctuation the potential depreciation and/or valuation of each property. Thus, in this quarter, was recognized in the result of LOG CP a net total of R\$ 706 million related to changes in the fair value of its properties, of which R\$ 267.6 million were recorded in the Financial Statements of MRV, in the equity income account.

Additionally, since 2013 this account has been impacted by the performance of PRIME Incorporações e Construções S.A., which operates in the Mid-West region of Brazil. Its result was negatively impacted by high competition in that region and by lower than expected operational performance in some of its projects. These projects are older projects whose problems were already addressed.

#### *Financial result*

##### *Financial expenses*

Our financial expenses were R\$ 129 million in 2012, to R\$ 137 million in 2013 and to R\$ 112 million in 2014. A decrease of 18.2% compared to 2013. This decrease is related to an expressive reduction of 17% in the Company's debt along 2014, that decreased from R\$ 3,018 million to R\$ 2,502 million.

##### *Financial income*

Our total financial income increased from R\$ 91 million in 2012, to R\$129 million in 2013 and to R\$ 161 million in 2014. An increase of 25.4% compared to 2013, mainly due to the strong cash generation in the period (R\$ 567 million), increasing the average balance of financial investments with higher portfolio profitability. This increase is also explained by the increase of SELIC rate, that increase from 10% p.a. to 11.75% p.a..

In 3Q14, the Company, after revising the income statements used for the tax collection, the Company adhered for paying in installments the federal taxes/REFIS, generating a financial gain of R\$ 13.6 million.

##### *Financial income from receivables from real estate development*

Our financial income from receivables from real estate development went from R\$ 13 million in 2012, to R\$39 million in 2013 and to R\$ 62 million in 2014. An increase of 60.1% compared to 2013. This line is derived from the correction of clients' receivables of projects that has the living permits issued, which are monetary adjusted by IGP-M (inflation index). Given the increase in the amount of delivered units that were not transferred, the impact of the correction of these units was stronger.

*Income before income tax and social contribution*

Due to the reasons mentioned above, our income before income tax and social contribution went from R\$ 596 million in 2012, to R\$ 499 million in 2013 and to R\$ 815 million in 2014. An increase of 63.2% compared to 2013.

*Income tax and social contribution*

The expenses with income tax and social contribution went from R\$ 21 million in 2012, to R\$ 49 million in 2013 and to R\$ 63 million in 2014.

Two government resolutions, which were released by the end of 2012, changed the RET (Special Taxes Regime) tax rates. The first relevant change was the increase of the unit value from R\$85 thousand to R\$100 thousand to be eligible to the RET tax rate of 1%. For the other RET eligible units, the tax rate went from 6% to 4% as of 2013 and there was a tax reversion. The taxes were impacted mainly by the changes of projects that were taxed by real income and presumed profit to RET. In 2013 there was a reversion of the deferred taxes of R\$ 17 million.

Gradually, due to the framing of every new project in the RET, the Company's effective tax rate (PIS / COFINS / IRPJ / CSLL) are around 4%.

In 2014, the Company revised the income statements used for the tax collection, reviewed the process of tax calculation, promoted adjustments and opted for the adherence to the subdivision of federal tributes (REFIS). With the issuance of the Provisory Measure 651/2014, the Company was able to compensate part of its fiscal debts using its tax losses, which generated a positive result in the P&L as described below.

<b>REFIS and PM 651/2014</b>	<b>Adhering to the installment</b>	<b>Tax Credit</b>	<b>Total impact on results</b>
PIS/COFINS	(5,681)	-	(5,681)
<b>Financial Result</b>			
Financial Income	17,091	-	17,091
Financial expense net of reduction from REFIS option	(3,493)	-	(3,493)
<b>Financial Result Effect</b>	<b>13,599</b>	<b>-</b>	<b>13,599</b>
IR/CS	(2,568)	27,967	25,399
<b>Total Effect on Results</b>	<b>5,350</b>	<b>27,967</b>	<b>33,317</b>

*Net Income*

Our profit attributable to shareholders of the Company went from R\$ 528 million in 2012 (representing 13.9% of our net operating income), to R\$ 423 million in 2013 (representing 10.9% of our net operating income) and to R\$ 720 million in 2014 (representing 17.2% of our net operating income). This strong growth in net income is also resulted to the gain from LOG (R\$ 267.6 million), due to changes in the method of registering its assets.

**MAIN CHANGES IN THE BALANCE SHEET ACCOUNTS****Current assets***Cash and cash equivalents and investment securities*

The table below describes our cash and cash equivalents and investment securities for the dates indicated:

<b>Consolidated (R\$ thousands)</b>	<b>December 31</b>			<b>% Change</b>	
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2014/2012</b>	<b>2014/2013</b>
Cash and cash equivalents	1,385,307	1,422,595	1,217,497	-12.11%	-14.42%
Investment Securities – current account	154,029	266,059	154,699	0.43%	-41.86%
Investment Securities – non-current account	-	-	-	-	-
<b>Total</b>	<b>1,539,336</b>	<b>1,688,654</b>	<b>1,372,196</b>	<b>-10.86%</b>	<b>-18.74%</b>

On December 31, 2014, our cash and cash equivalents totaled R\$ 1,217 million, as compared to the R\$ 1,423 million on December 31, 2013 and R\$ 1,385 million on December, 2012. This decrease in 2014, compared to 2013, is related to the expiration of the 3<sup>rd</sup> Debenture Issuance, with interest and principal payments of R\$ 272 million, in 1Q14, payment of two remuneration installments of the 4<sup>th</sup> debenture issuance and disbursements with share repurchases amounting R\$ 229 million in the year.

*Investment Securities*

On December 31, 2014, our investment securities totaled R\$ 155 million, as compared to R\$ 266 million on December 31, 2013 and R\$154 million on December 31, 2012. The decrease compared to 2013 is resulted from the normal movements of the Company's resources.

*Receivables from real estate developments*

The table below describes our receivables from real estate developments, for the dates indicated:

Consolidated (R\$ thousands)	December 31			% Change	
	2012	2013	2014	2014/2012	2014/2013
Receivables from real estate developments	4,681,294	4,269,708	3,999,166	-14.57%	-6.34%
Discounts to present value	-19,590	-23,207	-39,202	100.11%	68.92%
<b>Total</b>	<b>4,661,704</b>	<b>4,246,501</b>	<b>3,959,964</b>	-15.05%	-6.75%
Current	2,733,147	2,294,413	2,431,918	-11.02%	5.99%
Non-current	1,928,557	1,952,088	1,528,046	-20.77%	-21.72%
<b>Total</b>	<b>4,661,704</b>	<b>4,246,501</b>	<b>3,959,964</b>	-15.05%	-6.75%

The receivables from real estate development on December 31, 2014, 2013 and 2012 were deducted based on the adjustment at present value as set forth in CPC Pronouncement 12.

On December 31, 2014, the balance of receivables from real estate developments totaled R\$3,960 million compared to R\$ 4,247 million on December 31, 2013 and to R\$ 4,662 million on December 31, 2012. This decrease of 15.1% compared to 2013 resulted from the higher efficiency in transferring Clients to the banks, especially clients from older sales, considering that a significant portion of the sales is received from the client financing transfer to the Financial Institutions.

Additionally, in 2014, we consolidated the implementation of the "Simultaneous Sales" project, a process that increases significantly the speed of transferring clients to the banks. In addition to lower cancellation risk, which postpones cash generation and decrease the account receivables, optimize the capital structure through faster and more efficient cash flow,, minimizing operational risk and reducing the financial cycle.

*Receivables from services provided*

Consolidated (R\$ thousands)	December 31			% Change	
	2012	2013	2014	2014/2012	2014/2013
Receivables from services provided	1,706	1,269	2,075	21.63%	63.51%
<b>Total</b>	<b>1,706</b>	<b>1,269</b>	<b>2,075</b>	<b>21.63%</b>	<b>63.51%</b>

On December 31, 2014, the balance of receivables from services provided totaled R\$2.1 million, an increase of 63,51% and 21,63% as compared to R\$ 1.3 million on December 31, 2013 and R\$ 1.7 million on December 31, 2012, respectively.

This line refers to the Company's receivables from administrative services provided to the joint controlled LOG, MRL and Prime and contruction services and services provided to some related parties.

*Real Estate for sale*

The balance of properties for sale is composed as follows for the dates indicated:

Consolidated (R\$ thousands)	December 31			% Change	
	2012	2013	2014	2014/2012	2014/2013
Properties under construction	1,151,196	1,192,978	1,324,132	15.02%	10.99%
Completed Units	38,805	54,878	57,232	47.49%	4.29%
Land bank	1,847,318	1,926,022	2,616,426	41.63%	35.85%
Advances to suppliers	36,658	44,880	40,990	11.82%	-8.67%
Inventories of supplies	10,670	6,659	6,690	-37.30%	0.47%
<b>Total</b>	<b>3,084,647</b>	<b>3,225,417</b>	<b>4,045,470</b>	<b>31.15%</b>	<b>25.42%</b>

On December 31, 2014, our balance of real estate for sale totaled R\$ 4,045 million, an increase of 25.42% and 31,15% compared to December 31, 2013 and December 31, 2012, mainly due to the expansion of the land acquired, through financial swap, given the business opportunities that the Company concluded in 2014. According to the Executive Officers' understanding, the land bank is already consolidated, whereas land acquisitions aim to replace launched lands as well as atypical business opportunities and the company prioritize swaps.

### Non-current assets

#### *Credit with related parties*

On December 31, 2014, our credits with related companies totaled R\$ 57 million as compared to R\$ 51 million on December 31, 2013 and R\$64 million on December, 2012. The increase of 12.8% in 2014 compared to 2013 is a result of the normal operational cycle.

#### *Property and equipment*

Our property and equipment account went from R\$ 86 million on December 31, 2012, to R\$ 80 million on December 31, 2013 and to R\$ 84 million on December 31, 2014. This account increase when compared to 2013 is mainly related to expenses for the new Company's headquarters, which started operating in the beginning of March/2015.

#### *Intangible assets*

On December 31, 2014, the balance of the intangible account totaled R\$ 77 million, compared to R\$ 48 million on December 31, 2013 and R\$ 41 million on December 31, 2012. This increase is related to the acquisition of MRV Engenharia brand amounted in R\$ 24 million, in August/2014.

### Liabilities

#### *Trade Payables*

On December 31, 2014, our trade payables balance totaled R\$242 million, an increase of 28.8% compared to the R\$ 188 million on December 31, 2013 and 0.8% when compared to R\$ 240 million on December 31, 2012. This increase resulted from the increase in the volume of properties under construction, which affected directly the supply of materials and services, according to the Executive Officers' understanding.

#### *Borrowings, financing and debentures – current and non-current*

Consolidated (R\$ thousands)	December 31			% Change	
	2012	2013	2014	2014/2012	2014/2013
Leases	10,082	5,980	1,600	-84.13%	-73.24%
Debentures	1,960,549	1,540,760	1,159,600	-40.85%	-24.74%
Bank Loans for Working Capital	51,961	417,651	512,655	886.61%	22.75%
Financing	940,278	887,111	735,281	-21.80%	-17.12%
CCB	239,324	166,221	92,894	-61.18%	-44.11%
<b>Total</b>	<b>3,202,194</b>	<b>3,017,723</b>	<b>2,502,030</b>	-21.87%	-17.09%
Current	898,548	774,692	993,083	10.52%	28.19%
Non-current	2,303,646	2,243,031	1,508,947	-34.50%	-32.73%
<b>Total</b>	<b>3,202,194</b>	<b>3,017,723</b>	<b>2,502,030</b>	-21.87%	-17.09%



Consolidated (R\$ thousands)	31/12/2014	Maturity Date	Index	Annual average spread
Debentures – 4th series – single series	120,965	12/2015	TR	8.25% - 10.25%
Debentures – 5th issuance – single series	531,657	07/2016	CDI	1.50%
Debentures – 6th issuance – single series	510,021	05/2017	CDI	1.50%
Working Capital – CDI	512,655	up to 06/2017	CDI	1.10% - 1.60%
CCB which backed the CRI transaction	93,145	03/2013 and 03/2015	CDI	1.15%
Construction financing	732,123	up to 11/2019	TR	8% - 10.5%
FINAME	3,158	up to 04/2020	Pre-fixed	4.5%
Leases	1,600			
Costs with the issuance of debentures	-3,043			
Costs with the issuance of CCB	-251			
<b>Total</b>	<b>2,502,030</b>			

On December 31, 2014, our borrowings, financing and debentures totaled R\$ 2,502 million, a decrease of 17.1% as compared to the R\$ 3.018 million on December 31, 2013 and a decrease of 21.9% when compared to the R\$3,202 on December 31, 2012.

On December 31, 2014, our debentures balance totaled R\$ 1,160 million, a decrease of 24.7% as compared to the R\$ 1,541 million on December 31, 2013 and 40.9% when compared to R\$ 1,961 million on December 31, 2012, due to the maturity of the 1<sup>st</sup> Debentures Issuance in June, 2013 and of the 3<sup>rd</sup> Debentures Issuance in February, 2014 and the amortization of two installments of the 4<sup>th</sup> Debentures Issuance, as already foreseen.

#### *Payroll and related taxes*

On 31 December, 2014, our payroll, related taxes and benefits totaled R\$ 123 million, an increase of 33.7% as compared to R\$92 million on 31 December, 2013 and of 38.0% when compared to the R\$89 million December 31, 2012. This increase was primarily due to the annual adjustment of the salaries of our employees, the provision of 13<sup>th</sup> salary and profit sharing, according to the Executive Officers' understanding.

#### *Taxes payable*

On December 31, 2014, our taxes payable totaled R\$ 50 million, an increase of 3.8% when compared to R\$48 million on December 31, 2013 and an increase of 13.7% when compared to R\$58 on December 31, 2012. This increase was mainly due to the increase of the balance of withheld third-party taxes, according to the Executive Officers' understanding.

#### *Land Payables – current and non-current*

Consolidated (R\$ thousands)	December 31			% Change	
	2012	2013	2014	2014/2012	2014/2013
Current	211,940	292,495	415,501	96.05%	42.05%
Non-current	204,086	264,361	785,874	285.07%	197.27%
<b>Total</b>	<b>416,026</b>	<b>556,856</b>	<b>1,201,375</b>	<b>188.77%</b>	<b>115.74%</b>

On December 31, 2014, land payables totaled R\$ 1,201 million, an increase of 115.7% when compared to R\$557 million of December 31, 2013 and 188.8% when compared to R\$416 million on December 31, 2012. This increase resulted from the land acquisitions volume in 2014, through financial swap, due to favorable business opportunities, according to the Executive Officers' understanding.

#### *Advances from customers – current and non-current*

Consolidated (R\$ thousands)	December 31			% Change	
	2012	2013	2014	2014/2012	2014/2013
Current	1,476,629	933,464	884,293	-40.11%	-5.27%
Non-current	199,497	576,386	639,742	220.68%	10.99%
<b>Total</b>	<b>1,676,126</b>	<b>1,509,850</b>	<b>1,524,035</b>	<b>-9.07%</b>	<b>0.94%</b>

On December 31, 2014, our advances from customers totaled R\$ 1,524 million, an increase of 0.9% when compared to December 31, 2013 and 9.7% shorter than December 31, 2012.

These increases resulted from the amounts received from the sale of the units of the developments launched and not constructed, or the receipts of which exceed the recognized revenues, reflecting the greater volume of land acquired by swap and the strategy of raising the downpayment at the selling time, aiming to improve the client's quality/commitment, according to the Executive Officers' understanding

*Accrual for property maintenance – current and non-current*

Consolidated (R\$ thousands)	December 31			% Change	
	2012	2013	2014	2014/2012	2014/2013
Current	19,026	32,853	33,733	77.30%	2.68%
Non-current	145,511	89,988	89,772	-38.31%	-0.24%
<b>Total</b>	<b>164,537</b>	<b>122,841</b>	<b>123,505</b>	<b>-24.94%</b>	<b>0.54%</b>

On December 31, 2014, our accrual for property maintenance, in view of the guarantee of five years after the completion of the development, totaled R\$ 124 million, an increase of 0.54% as compared to December 31, 2013 and 24.9% lower than December 31, 2012. This variation reflected the increase in the developments under construction for the period as well as the provisioning percentage. Due to the investments made in quality of our projects, we believe that the level of provisioning set in 2012 can be lowered because of the improvements in process efficiency that the Company had in the past three years, and therefore reduced the current provisioning level from 3% to 1.85%.

*Obligations with related companies*

As from 2007, our obligations with related companies were recorded in other accounts payable (see "Other accounts payable"). In accordance with the applicable standards for the preparation of the financial statements, our obligations with related companies were subject to disclosure in the note to the financial statements.

As from 2007, our obligations with related companies were significantly reduced mainly due to the settlement of the balances payable with MRV Serviços de Engenharia and CVG, former companies comprising the MRV Group.

*Deferred tax liabilities*

Consolidated (R\$ thousands)	December 31			% Change	
	2012	2013	2014	2014/2012	2014/2013
Current	142,986	81,223	78,791	-44.90%	-2.99%
Non-current	77,291	61,671	48,403	-37.38%	-21.51%
<b>Total</b>	<b>220,277</b>	<b>142,894</b>	<b>127,194</b>	<b>-42.26%</b>	<b>-10.99%</b>

Our deferred tax liabilities comprise temporary differences calculated based on the difference between the cash method and the accrual method of accounting. Another measure that favored the homebuilding industry were two government resolutions, which were released by the end of 2013, changed the RET (Special Taxes Regime) tax rates. The first relevant change was the increase of the unit value from R\$85,000 to R\$100,000 to be eligible to the RET tax rate of 1%. For the other RET eligible units, the tax rate went from 6% to 4% as of 2013.

In 2014, after revising the income statements used for the tax collection, the Company adhered for paying in installments the federal taxes/REFIS. With the issuance of the Provisory Measure 651/2014, the Company was able to partially compensate its fiscal debts using its tax losses, which generated a positive result in the P&L.

*Other payables*

The balance of other payables is as follows for the dates indicated:

Consolidated (R\$ thousands)	December 31			% Change	
	2012	2013	2014	2014/2012	2014/2013
Current	24,381	17,318	14,609	-40.08%	-15.64%
Non-current	18,415	13,543	16,379	-11.06%	20.94%
<b>Total</b>	<b>42,796</b>	<b>30,861</b>	<b>30,988</b>	<b>-27.59%</b>	<b>0.41%</b>

Our other payables totaled R\$ 31 million on December 31, 2014, an increase of 0.4% compared to R\$ 31 million on December 31, 2013.

*Provisions for civil, labor and tax risks*

Consolidated (In R\$ thousands)	Balance on 12/31/13	Additions	Reversals	Payments	Inflation Adjustment	Balance on 12/31/14
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
<b>Total</b>	<b>23,403</b>	<b>41,561</b>	<b>-5,106</b>	<b>-17,342</b>	<b>6,532</b>	<b>49,048</b>

The increase in provisions compared to December 31, 2013, resulted from legal discussions about legacy projects, which triggering events were solved and do not repeat in the new projects.

Based on the opinion of our legal counsel, the analyses of actions in course and historical resolutions, our administration believe that the recorded provisions for probable risks is able to cover estimated losses and the decisions for resolutions will not affect substantially the Company's equity. The tax contingencies, under liabilities, refer mainly to municipal taxes payable by the potential purchasers of the Units.

Moreover, we are party to other claims/contingencies deemed by our legal advisors with a probability of possible losses. In accordance with the Accounting Practices Adopted in Brazil, we have not recorded provisions for possible losses.

**Shareholders' equity**

On December 31, 2014, our social capital totaled R\$ 3,507 million, an increase of 9.7% as compared to the R\$ 3,198 million on December 31, 2013 and 32.3% when compared to the amount of R\$ 2,651 million on December 31, 2012, basically related to the capital increase at the E/OSM of April 30, 2014, according to the Executive Officers' understanding.

The shareholders' equity totaled R\$ 4,673 million on December 31, 2014, compared to the R\$ 4,365 million on December 31, 2013 and R\$4,088 on December 31, 2012. According to the Executive Officers understanding, this increase in 2014 is basically related to the net income of R\$ 720 million for the year.

**Liquidity and capital resources**

Our main sources of liquidity derived from the cash generated by our operations and, when necessary, from the real estate financing and loans, which are guaranteed by land and accounts receivable. From 2007 to 2014 the expansion of our activities was financed by real estate loans and issuance of fixed income debt – debentures - in the capital market.

According to the Executive Officers' understanding, the financing and management of our cash flow are essential for our long-term activities. We seek to reduce our cash exposure for each real estate development project by adopting the following strategies: (i) swapping land for units to be built on the land or swapping land for part of the receivables from the units to be built; and (ii) financing of the construction with *SHF* proceeds. We believe that these sources will continue to be sufficient to meet our current resource needs, including investment capital, lending amortizing and working capital.

**Cash flows**

Our cash flows from the investment operating activities and financing activities in 2012, 2013 and 2014 are described below:

Consolidated (R\$ thousands)	December 31			% Change	
	2012	2013	2014	2014/2012	2014/2013
Net cash used in operating activities	257,954	568,892	603,526	133.97%	6.09%
Net cash used in investment activities	-126,179	-170,262	96,665	-176.61%	-156.77%
Net cash used in financing activities	463,306	-361,342	-905,289	-295.40%	150.54%
<b>Increase (decrease) in cash and cash equivalents</b>	<b>595,081</b>	<b>37,288</b>	<b>-205,098</b>	<b>-134.47%</b>	<b>-650.04%</b>

In 2014, we recorded a decrease in our cash of R\$ 205 million resulting mainly from debt amortization that have matured along the year, deleveraging the Company, and from repurchase of shares, according to the Executive Officers' understanding.

**Investments**

In 2014, we invested R\$55 million, in 2013 were R\$ 41 million and in 2013 were R\$ 55 million, in property and equipment and intangible assets and investment property, to the building of commercial stands and acquisition of software licenses.

**Transactions not registered in the financial statements**

Currently, our operating revenues are recorded in the statement of income based on the percentage of completion of each development, being this percentage determined based on the total cost of the respective developments. In view of this accounting practice, at the end of each period, we have unrecorded gross operating revenues from sales transactions of properties already contracted, as regards to the properties not concluded yet. For further information, see item 10.8.

**Quantitative and qualitative evaluation of the market risks**

We are exposed to market risks inherited to the normal course of our activities. These market risks may affect the value of our financial liabilities and our equity condition. In 2014, we had no financial liabilities at amounts considered relevant against our assets and activities, according to the Board of Directors' understanding.

*Interest rates*

Our revenues and expenses may be affected by the changes in interest rates due to the effects of these changes against the following accounts: (i) receivables from real estate development; (ii) interest expenses from debt instruments at floating rates; and (iii) interest revenues generated from the cash and cash equivalents and financial investments.

*Liquidity*

We manage our liquidity risk based on our cash flows, by keeping a solid capital structure and low leverage levels. Moreover, our assets and liabilities levels are continuously monitored by our management.

*Foreign exchange*

Our operational results may also be affected indirectly by foreign exchange variations. Although almost all of our revenues are expressed in Brazilian reais, some of our inputs, such as cement and steel, are products with specific prices at the international market. Therefore, foreign exchange variations may affect the prices of these products. Moreover, the devaluation of the Brazilian real against the US dollar may result in additional inflationary pressures in Brazil and increase the interest rates. On the other hand, the devaluation of the Brazilian real against the US dollar may represent high inflationary levels, which could reduce the interest rates and increase the demand in real estate industry.

**10.2. Executive officers' comments****a) Company's operational results**

Our operating revenues resulted mainly from the real estate development, construction and sales activities and include the amounts from the units sold in connection with our developments.

Our operating revenues are recorded in the statement of income based on the percentage of completion of each development, net of discounts and cancelations, in accordance with the accounting practices adopted in Brazil.

The Executive Officers believe that since 2007 our operating results have been positively affected by the increase in sales and volume of units built, reflecting the market conditions in our segment and our Company's execution capacity. In 2014, when compared to 2013, we had a 18% increase in pre-sales and a 6% decrease in built units, alongside with an increase of cancellations resulted in a 10% increase in net revenue. The strong increase in net pre-sales in the past 2 years offset the increase in built units, resulting in much higher net operating revenue.

In addition to the risks which affect the real estate market as a whole, such as the interruption of raw material supply, the price variation of raw materials and equipment, the availability of labor, the supply and demand for developments in specific regions, strikes, and environmental and zoning regulations, the Executive Officers understand that our activities are affected by the following risks:

- (i) Our ability to maintain the continuous success of our sales efforts and our ability to implement successfully our operational strategy;
- (ii) Our ability to realize our PSV;
- (iii) Changes in the laws and regulations applicable to the real estate industry, as well as the enactment of future laws and regulations on the real estate, tax or zoning matters;
- (iv) Increase in our costs and expenses, including the costs with land acquisition and construction of developments;

- (v) Changes in real estate prices, attractiveness of our developments and competition conditions;
- (vi) Our ability to transfer a portion of our receivables portfolio held by our clients at attractive rates;
- (vii) The economic, political and business scenario in Brazil, including the economic growth indices, changes in foreign exchange, interest or inflation rates;
- (viii) The effects of the international economic and financial crisis in Brazil;
- (ix) Our ability to maintain labor, products, materials and service providers available continuously and at reasonable prices;
- (x) The concession of permits and governmental authorizations for our projects and developments;
- (xi) Our indebtedness level, other financial obligations and our ability to contract loans whenever necessary and under reasonable terms;
- (xii) Credit availability and real estate credit granting policies by the public banks;
- (xiii) Interests of our Controlling Shareholder; and
- (xiv) Other risks presented in item 4.1. of this Reference Form.

The Executive Officers believe that in the event any of the risks above take place, our activities, financial condition and operational results may be adversely affected.

The Company's Executive Officers assure the intention to keep dedicated to the Real Estate acquisition, development, administration, building, sale and financing.

b) Variations in revenues attributable to changes in prices, foreign exchange rates, inflation, volumes and introduction of new products and services

The Executive Officers believe that the operating revenues may be affected by the variation in the inflation indices according to which our sales agreements are adjusted. As regards to the long-term sales agreements, our accounts receivables with clients, in most part, are adjusted as follows: (i) up to the client's bank finance sign with the financial institution (during the construction stage) by INCC, and (ii) upon the concession of the Occupancy Permit (post-construction), at the interest rate of 12.0% per year, plus IGP-M rate.

In 2014, the average sale price per square meter was 9% higher than 2013 average. See chapter 5.1 for 2014 inflation and interest indices performance.

In addition to the inflation impacts under the Company's receivables, our Executive Officers indicate that the market conditions have relevant impact, which may cause changes in the volume and sales price of new projects and significant change in the Company's revenues. Additionally, the volume of produced units in this year can cause material changes in the revenue recognition.

c) Effects from inflation, changes in the price of the main inputs and products, and foreign exchange and interest rates against the issuer's operational and financial results

According to the Executive Officers, the changes in the inflation and interest rates affect the real estate market to the extent such changes impact the economic activities, the consumption and the investment levels. Moreover, the Executive Officers believe the relative growth of the inflationary indices, specifically INCC which, in general, is the index applied to the construction costs, may affect the profitability of the real estate activities.

Currently, the Company does not have relevant exposure to foreign currencies and the exchange rate impacts indirectly, through the impact in the Brazilian economy.

See chapter 5.1 for 2014 inflation and interest indices performance.

### 10.3. Material events and effects on the Company's financial statements and results

a) Introduction or disposal of the operational segment

LOG Commercial Properties ("LOG") was established in June 2008 by our Company and Autonomy Investimentos to operate in the real estate industry focused on the development and rental of distribution centers, industrial condominiums, hubs (central units of the companies which use our hangars to centralize their operations in specific regions) and logistics condominiums (development for the rental of logistics operator companies – carriers – which rent a portion of the hangars and divide the common places, such as refectory, restaurant, room, support, among others). In November/13, LOG CP was registered as a publicly-held corporation with the Brazilian Securities and Exchange Commission ("CVM") under the "b" category.

Urbamais was founded in July, 2012 by our Company, with the goal to develop large urban areas in a sustainable way for residential and/or mixed products. Clear lines were drawn to segregate the companies of the Group, setting Urbamais' business apart from LOG's and MRV's. The Company's nature itself and the business focus are different, suppressing potential interest conflicts.

The Executive Officers believe the introduction of this operational segment will be positive for the Company's Financial Statements, following the growth of its operations and maturation of its assets. The benefits over the years will positively impact net income and the value of our assets.

b) Formation, acquisition or disposal of shareholding interest

**MRL Engenharia e Empreendimentos S.A.**

In November 2007, we became the shareholders of Blás Engenharia e Empreendimentos S.A., through the subscription of shares, with a shareholding interest of 49% in Blás' capital stock. Blás operates in the affordable housing industry, focused mainly in the State of Rio de Janeiro and in the city of Belo Horizonte.

On May 1, 2010, Blás fully merged with LGB Construções Ltda. ("LGB"). On the same date, the latter's name was changed to MRL Engenharia e Empreendimentos S.A. ("MRL"). The incorporated net assets were of R\$2,793 thousand. As a result, on this date the Company's interest in the capital of MRL Engenharia e Empreendimentos S.A. decreased from 49% to 37.73%.

In 2014, the Company had a decrease of its participation on MRL due to capital increase through call options by the employees. In virtue of this increase, the Company has gone from 37.65% to 37.59% of MRL's capital stock.

The Executive Officers believe these operations do not have relevant impacts in the Company's financial statements.

**Prime Incorporações e Construções S.A.**

In September 2007, we acquired, through the subscription of shares, 50% of Prime's capital stock, which operates in the Popular Real Estate Developments industry, mainly in the Mid-West region. In November 2008, we increased our shareholding interest in Prime's capital stock to 60.0%.

The Executive Officers believe these operations do not have relevant impacts in the Company's financial statements.

**LOG Commercial Properties e Participações S.A.**

As from November 2008, our Company, together with Autonomy Investimentos, became the holder of 63.05% and 36.95%, respectively, of LOG's capital stock.

On March 15, 2010, the 35 percent interest in LOG, previously held by Autonomy Investimentos S.A., was acquired by Conedi Participações Ltda., a company controlled by the shareholder Rubens Menin Teixeira de Souza.

On July 15, 2011, the current shareholders of LOG together with Starwood Capital Group signed an Investment Agreement for the issuance of 62,650,009 common shares to be issued by LOG, totaling R\$ 350 million, being R\$ 250 million as Starwood's part and R\$ 100 million for the current shareholders of LOG, of which R\$ 63 million as the Company's part. In August and October of 2011 the installment of the agreement of R\$ 140 million and R\$ 210 million, respectively, were paid. After these payments the Company's part decreased to 42.03% from 63.05%. In 2011, this operation resulted in an "other net revenues" gain of R\$ 65.7 million.

At the shareholders meeting held in January 2012 the change of the corporate name and corporate brand of the former MRV Logística e Participações S.A. to LOG Commercial Properties e Participações S.A. ("LOG") was approved. This amendment aims to reflect the company's business and to strengthen its strategy as commercial and industrial property builder.

On May 17, 2013, the current shareholders of LOG together with Bradesco BBI signed an Investment Agreement for the acquisition of 36,945,672 common shares to be issued by LOG, totaling R\$ 278 million, being R\$ 150 million for the current shareholders and R\$ 128 million as part of FIP Multisetorial Plus ("FIP MPLUS"). FIP MPLUS is a private equity fund managed by Bradesco BBI. After these payments the Company's part decreased to 37.87% from 42.03%. The completion of this transaction is subject to specific customary conditions, including approval of the Administrative Council for Economic Defense - CADE.

In June 2013, the investments were subscribed. After the subscription, the Company's share went from 42.03% to 37.87%. Despite this share reduction, due to the subscription have been done at fair price, higher than the accounted equity, there was a gain of R\$22,681, net of operation costs, registered in our result in "Other operational revenues".

**Urbamais Properties e Participações S.A**

Urbamais was founded in July, 2012 by our Company, participating with 60% of the capital stock.

## c) Unusual events or transactions

In the second quarter of 2014, LOG Commercial Properties e Participações S.A. decided to register its assets at fair value (in accordance with the CPC28), setting the value of its properties up or down, incorporating in this fluctuation the potential depreciation and/or valuation of each property. Hence, in 2Q14, a net total result of R\$ 706 million was recognized in LOG CP related to changes in the fair value of its properties, of which R\$ 267.6 million were recorded in the Financial Statements of MRV, in the equity income account.

**10.4. Executive Officers' comments**

## a) Significant changes in accounting practices

The Company's Executive Officers believe the financial statements for the year ended on December 31<sup>st</sup>, 2014 were elaborated according to the International Financial Reporting Standards (IFRS) applicable to real-estate development entities in Brazil as approved by CPC, CVM including technical guideline OCPC 04 – appliance of the technical interpretation ICPC 02 to the real-estate development entities in Brazil and by CPC, named IFRS, and according to the Accounting Practices Adopted in Brazil with all the pronouncements, technical interpretations and technical guidelines issued by CPC and approved by CVM.

The present accounting information must be read with our audited consolidated financial statements, regarding the fiscal year ended on December 31<sup>st</sup>, 2014, and its respective notes.

The mentioned consolidated financial statements were extracted from our financial statements, individual and consolidated, for the year ended in December 31, 2014 and 2013, and the respective financial statements, changes in equity, cash flows and value added statements for the years ended on December 2014 and 2013.

The balance sheets for the years ended in December 31<sup>st</sup>, 2014 and 2013 and respective statements of income, comprehensive income, changes in equity, cash flows and value added corresponding to those dates were audited by Ernst & Young Terco Auditores Independentes S.S. in accordance with international and Brazilian auditing rules.

**2014**

There were no expressive changes in the accounting norms of the Company, except in the joint controlled LOG Commercial Properties e Participações S.A. that changed its accounting policy on investment properties to fair value, after being initially registered at the cost method. The effects of this change are demonstrated in item 10.4 (b).

**2013**

The change in the accounting norms in 2013 was a result of new accounting pronouncements that entered into force on January 1, 2013, and that were adopted by the Company, as follows:

CPC 19 (R2) – Joint Arrangements (IFRS 11): removed the option of consolidating projects that were jointly arranged using the proportional consolidation method. Thus, as of January 1, 2013, these projects will be recognized in the consolidated balance by the equity method. There were no changes on the individual financial statements, since they were already recognized by the equity method.

CPC 45 – Divulgação de Participação em Outras Entidades (Disclosure of Interests in Other Entities) (IFRS 12): establishes the minimum disclosures for entities that hold investments in subsidiaries, jointly controlled entities, associates, or other unconsolidated entities.

The first-time adoption of CPC 19 (R2) resulted in the restatement of the previous year (2012) comparative balances for comparative purposes and as required by CPC 23 these are listed below in the item 10.4 (b) below:

**2012**

As stated above, all the accounting information in this document were obtained in the financial statements on December 31, 2013, in which the balance sheet of December 31 and January 1, 2012, the balance of the financial statements, cash flows and value added for the fiscal year of 2012 were restated for comparative purposes.

Thus, the Executive Officers believe that the the balance sheet of December 31 and January 1, 2012 and the balance of the financial statements, cash flows and value added for the fiscal year of 2012 restated on the financial statements of December 31, 2013, are comparable to the balance of the financial statements, cash flows and value added for the fiscal year of 2013.

## b) Significant effects of the changes in accounting practices:

Fiscal year ended on December 31, 2014

As mentioned in item 10.4 (a), the joint controlled LOG Commercial Properties e Participações S.A. changed its accounting policy on investment properties to the fair value method from the cost method. Accordingly, the balance of the investment in this joint controlled was adjusted to reflect this fair value measurement. In accordance with "ICPC 09 (R1) – individual, separated and consolidated financial statements and adoption of the equity income method of accounting", item 63, the Company elected to recognize the total effect of this adjustment to results from equity participation, as demonstrated below.

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

Fiscal year ended on December 31, 2013

As mentioned on item 10.04 (a) the Executive Officers inform that the financial statements for the year ended on December 31<sup>st</sup>, 2013 were elaborated considering the new accounting policies that resulted from the adoption of new pronouncements that entered into force as of January 1, 2013. Thus, for comparative matters the financial statements for the year ended on December 31<sup>st</sup>, 2012 and the initial equity of January 1<sup>st</sup>, 2012, the balance of the financial statements, cash flows and value added were adjusted, as follows:



## Consolidated

	01/01/2012			12/31/2012		
	Originally stated	Adjustments	Restated	Originally stated	Adjustments	Restated
<b>Balance sheet:</b>						
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	930,496	(140,270)	790,226	1,522,862	(137,555)	1,385,307
Receivables from real estate development	2,856,493	(274,914)	2,581,579	3,098,666	(365,519)	2,733,147
Real estate for sale	1,855,548	(156,924)	1,698,624	1,965,550	(231,156)	1,734,394
Other current assets	356,303	8,071	364,374	325,883	790	326,673
<b>Total current assets</b>	<b>5,998,840</b>	<b>(564,037)</b>	<b>5,434,803</b>	<b>6,912,961</b>	<b>(733,440)</b>	<b>6,179,521</b>
<b>Noncurrent assets</b>						
Receivables from real estate development	1,809,343	(204,072)	1,605,271	2,113,282	(184,725)	1,928,557
Real estate for sale	869,936	(8,588)	861,348	1,356,936	(6,683)	1,350,253
Receivables from related parties	65,694	1,838	67,532	61,760	2,693	64,453
Other noncurrent assets	81,922	(14,558)	67,364	120,694	15,679	136,373
Investments - interests in jointly controlled entities	-	476,621	476,621	-	553,615	553,615
Investment property	222,903	(222,903)	-	402,991	(402,991)	-
Property and equipment	77,809	(7,417)	70,392	95,466	(9,120)	86,346
Intangible assets	34,199	(3,459)	30,740	44,652	(3,565)	41,087
<b>Total noncurrent assets</b>	<b>3,161,806</b>	<b>17,462</b>	<b>3,179,268</b>	<b>4,195,781</b>	<b>(35,097)</b>	<b>4,160,684</b>
<b>Total assets</b>	<b>9,160,646</b>	<b>(546,575)</b>	<b>8,614,071</b>	<b>11,108,742</b>	<b>(768,537)</b>	<b>10,340,205</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b>Current liabilities</b>						
Trade payables	249,619	(34,824)	214,795	251,893	(11,906)	239,987
Loans, financing and debentures	532,489	(86,063)	446,426	1,004,189	(105,641)	898,548
Land payables	286,660	(24,400)	262,260	246,875	(34,935)	211,940
Advances from customers	1,234,160	(175,295)	1,058,865	1,645,535	(168,906)	1,476,629
Deferred tax liabilities	224,520	(22,578)	201,942	158,944	(15,958)	142,986
Proposed dividends	180,524	-	180,524	125,297	-	125,297
Other current liabilities	165,123	(14,588)	150,535	213,173	(22,452)	190,721
<b>Total current liabilities</b>	<b>2,873,095</b>	<b>(357,748)</b>	<b>2,515,347</b>	<b>3,645,906</b>	<b>(359,798)</b>	<b>3,286,108</b>
<b>Noncurrent liabilities</b>						
Loans, financing and debentures	2,144,517	(178,831)	1,965,686	2,678,645	(374,999)	2,303,646
Advances from customers	115,204	(11,451)	103,753	216,211	(16,714)	199,497
Provision for maintenance of real estate	130,127	(13,950)	116,177	165,783	(20,272)	145,511
Deferred tax liabilities	108,076	(7,531)	100,545	84,984	(7,693)	77,291
Other noncurrent liabilities	119,538	22,936	142,474	229,240	10,939	240,179
<b>Total noncurrent liabilities</b>	<b>2,617,462</b>	<b>(188,827)</b>	<b>2,428,635</b>	<b>3,374,863</b>	<b>(408,739)</b>	<b>2,966,124</b>
<b>Total liabilities</b>	<b>5,490,557</b>	<b>(546,575)</b>	<b>4,943,982</b>	<b>7,020,769</b>	<b>(768,537)</b>	<b>6,252,232</b>
<b>Shareholders' equity</b>						
Share capital	2,650,220	-	2,650,220	2,650,615	-	2,650,615
Reserves	772,686	-	772,686	1,151,018	-	1,151,018
Equity attributable to Company shareholders	3,422,906	-	3,422,906	3,801,633	-	3,801,633
Noncontrolling interests	247,183	-	247,183	286,340	-	286,340
<b>Total shareholders' equity</b>	<b>3,670,089</b>	<b>-</b>	<b>3,670,089</b>	<b>4,087,973</b>	<b>-</b>	<b>4,087,973</b>
<b>Total liabilities and shareholders' equity</b>	<b>9,160,646</b>	<b>(546,575)</b>	<b>8,614,071</b>	<b>11,108,742</b>	<b>(768,537)</b>	<b>10,340,205</b>

	Consolidated		
	2012		
	Originally stated	Adjustments	Restated
<b>Statement of Income:</b>			
Net operating revenue	4,265,885	(462,077)	3,803,808
Cost of properties sold and services	(3,074,431)	336,824	(2,737,607)
Gross profit	1,191,454	(125,253)	1,066,201
Operating income (expenses)			
Operating expenses	(549,837)	44,907	(504,930)
Results from equity participation	-	59,431	59,431
Operating profit before financial income (expenses)	641,617	(20,915)	620,702
Financial income (expenses)	(35,341)	10,668	(24,673)
Income before income tax and social contribution	606,276	(10,247)	596,029
Income tax and social contribution	(31,439)	10,247	(21,192)
Net income	574,837	-	574,837
Net income attributable to:			
Company owners	527,566	-	527,566
Noncontrolling interests	47,271	-	47,271
	574,837	-	574,837
<b>Statements of cash flows:</b>			
Cash flows from operating activities:			
Net income	574,837	-	574,837
Adjustments to reconcile net income to cash to cash used in operating activities:			
Results from equity participation	-	(59,431)	(59,431)
Other adjustments to reconcile net income	166,980	178,192	345,172
	741,817	118,761	860,578
Increase in operating assets	(721,843)	181,336	(540,507)
Decrease in operating liabilities:	(74,286)	12,169	(62,117)
Net cash generated by (used in) operating activities	(54,312)	312,266	257,954
Cash flows from investing activities:			
Acquisition of investment property	(162,027)	162,027	-
Other changes in investing activities	21,683	(147,862)	(126,179)
Net cash used in investing activities	(140,344)	14,165	(126,179)
Cash flows from financing activities:			
Net cash generated by financing activities	787,022	(323,716)	463,306
Increase in cash and cash equivalents, net	592,366	2,715	595,081
Cash and cash equivalents			
At the beginning of the year	930,496	(140,270)	790,226
At the end of the year	1,522,862	(137,555)	1,385,307
Increase in cash and cash equivalents, net	592,366	2,715	595,081
<b>Statement of value added:</b>			
Revenues	4,665,531	(650,458)	4,015,073
Cost of properties sold and services: materials, land, electricity, outsourced services and other	(2,897,582)	448,796	(2,448,786)
Gross value added	1,767,949	(201,662)	1,566,287
Depreciation and amortization	(27,853)	4,412	(23,441)
Net value added generated by the company	1,740,096	(197,250)	1,542,846
Wealth received in transfer:			
Results from equity participation	-	59,431	59,431
Financial income	112,724	(8,669)	104,055
Total value added for distribution	1,852,820	(146,488)	1,706,332
Value added distributed:			
Personnel	447,912	(56,673)	391,239
Taxes, charges and contributions	359,775	(46,873)	312,902
Lenders and lessors	470,296	(42,942)	427,354
Shareholders:			
Dividends	125,297	-	125,297
Earnings retained in the year	402,269	-	402,269
Noncontrolling interests	47,271	-	47,271
Value added distributed	1,852,820	(146,488)	1,706,332

c) exceptions and emphasis paragraph included in the auditor's opinion

## 2014

The Executive Board informs that the financial statements for the year ended in December 31<sup>st</sup>, 2014 were audited by Ernst & Young Auditores Independentes S.S.. The Executive Officers understand that the report reflects the standard norm for developers and homebuilders in Brazil, since the auditor's opinion was issued following the guidance of technical communicate IBRACON which is the Brazilian Independent Auditors Institute, guidances to be adopted by all real-estate development entities.

Basically, we inform that the audit report mentions that the financial statements developed in accordance with accounting practices adopted in Brazil and with IFRS applicable to real-estate development entities, additionally considering the guidance OCPC 04 edited by CPC, which deals with revenue recognition of this sector and involves subjects related to the meaning and application of the concept of continuous risk transference, benefits and units' sales control. The auditor's opinion is not safeguarded due to these matters.

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

#### **2013 and 2012 (restated)**

The Executive Board informs that the financial statements for the year ended in December 31<sup>st</sup>, 2013 were audited by Ernst & Young Auditores Independentes S.S.. The Executive Officers understands that the report reflects the standard norm for developers and homebuilders in Brazil, since the auditor's opinion was issued following the guidance of technical communicate IBRACON which is the Brazilian Independent Auditors Institute, guidances to be adopted by all real-estate development entities.

Basically, we inform that the audit report mentions that the financial statements developed in accordance with accounting practices adopted in Brazil and with IFRS applicable to real-estate development entities, additionally considering the guidance OCPC 04 edited by CPC, which deals with revenue recognition of this sector and involves subjects related to the meaning and application of the concept of continuous risk transference, benefits and units' sales control, as well as highlights the restatements of values correspondent to the fiscal year of 2013, as a result of the accounting norms change, which entered into force on January 1, 2013. The auditor's opinion is not safeguarded due to these matters.

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, 2013 and 2012, and its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

### **10.5. Company's main accounting policies**

#### General Comments

The Executive Board understands that the critical accounting practices are important to describe the Company's financial condition and operational results and require difficult, subjective or complex judgments, often due to the need to make estimatives about the effect of questions with inherent uncertainty. As the number of variables and premises which affect the possible uncertainties future resolution increase, the judgements become more subject and complex. To understand how administration evaluates future events, including variables and premises inherent to the estimatives, besides the sensitivity of such evaluation regarding varied circumstances, the critical accounting principles were identified.

Basically the critical accounting policies are due to the fact that they involve estimatives and assumptions of the Board of Directors best assumptions, based on historical experience, among which (i) total projects budgeted cost to revenue to be recognized; (ii) loss assumption in accounts receivable realization; (iii) swapped land sale's price assumption and expectation of beginning of project to real state for sale and development; (iv) assumptions for conclusion of lawsuits for provisions for civil, labor and tax risks, and (v) estimate of spending on property maintenance. Moreover, the complexity of calculation in the determination of current and deferred taxes (PIS, COFINS, income tax and social contribution), depending on existing schemes in the Company and subsidiaries such as real income, deemed income and the special taxation - RET, and depending on a cash basis tax adopted for the calculation of current taxes, and the accrual basis of accounting adopted which involves calculation of deferred taxes.

The Executive Officers understand different use of premises may significantly change the Copany's Financial Statements.

In preparing our financial statements our Executive Officers use estimates and premises in their best judgments and based on our accounting records and other factors considered relevant, which affect the amount of assets and liabilities presented, as well as the revenues, cost and expenses values. The liquidation of the transactions involving these estimates can result in different values from the presented in the financial statements.

The Executive Officers revises its estimates and premises at least, once a year. The effects from these revisions are recognized in the period when the estimates are revised if the revision affects at least this period if the revisions affect only this period, or also in further periods if the revisions affect both current and future periods.

#### **Recognition of revenues and costs**

The policies adopted for calculating and recognizing income and recording the amounts in the line items 'Revenue from real estate development', 'Properties for sale', 'Receivables from real estate development', and 'Advances

from customers' follow the procedures and standards established by Guidance 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) Operating revenues are allocated to profit or loss as construction progresses, as the incidental risks and rewards are transferred on a continuously basis. Accordingly, we adopt the percentage of completion method ("POC") for each project, i.e., revenue is recognized as construction progresses. Under this method, contract revenue is matched with cost incurred as compared to total budgeted costs of the related projects on contracted sales. The land and construction costs inherent to the related developments from sold units are allocated to the result when incurred;
  - (ii) Operating revenues calculated according to item (i), 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 performed, regardless of the term for receiving the amount established by contract, and revenue is measured at the fair value of the consideration receivable.
- Interest adjustment 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 based on management's evaluation of possible losses on the realization of receivables. No allowance for doubtful accounts was recognized as at December 31, 2014, 2013 and 2012, considering that the credit risk was evaluated as "very low" due to guaranteed claiming of the units in case of clients' default.

#### ***Estimates on value of bartered land***

For land swaps, 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 and were classified as inventory units, in counterpart of advances from customers in the passive, at the moment of risks assumption and sales project definition. For those transactions the same criteria of appropriation applied for real estate development prevail.

#### **Expectation of Real estate for sale and development**

The division of short and long term for the real estate for sale is performed due to the expectation of launchings of the projects and the estimated construction curve.

#### ***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 certain that reimbursement will be received and the amount can be reliably measured.

#### ***Accrual for property maintenance***

The accruals for the expected cost of property maintenance of are recognized in the income statement using the same criterion for the allocation of real estate development revenue, 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.

#### ***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. When current and deferred taxes result from the initial accounting of a business combination, the tax effect is accounted for upon the recognition of the business combination.

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

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 Group company based on the prevailing tax rates.

The Company determines the Income Tax (IRPJ) and social contribution (CSLL) based on real income, assumed income or segregated estates with RET ("Special Tax Regime") as detailed below:

- Real Income

Adopted by the Company and some of its subsidiaries. Under this taxation system, each company's income for income tax is calculated based on the tax rate of 15%, plus 10% surtax on income exceeding R\$240, and the social contribution is calculated based on the tax rate 9% on taxable income, and consider the tax losses compensation and negative basis of social contribution, limited to 30% of the taxable income in each fiscal year.

- Assumed Income

Adopted by some subsidiaries. On this system, the results for IRPJ and CSLL purposes of each Company was calculated by putting the defined rates for these actives (which are 8% and 12%, respectively) under the revenue. Over the assumed result, the applied rates of were the income tax and social contribution rates valid on the date each fiscal year ended (15% plus an additional of 10% for income higher than an annual R\$240 for income tax and 9% for social contribution).

- Special Tax Regime (RET)

Adopted by some projects of the Company and subsidiaries. As permitted by Law 12024 of August 27, 2009, which amends Law 10931/2004 that created the RET, it was elected to subject these 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.

##### Deferred taxes

Deferred income tax and social contribution ("deferred taxes") are fully recognized, as prescribed by CPC 32 and ("IAS12") 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 tax bases (and laws) in effects on the date the financial statements were prepared and applicable when the related income tax and social contribution were performed.

Deferred tax assets are recognized only to the extent that 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 period, and when it is not 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 sales

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% for deemed income, 2.08% under the RET, and 0.53% under the RET - PMCMV contracts.

**10.6. Internal controls adopted to assure the preparation of the reliable financial statements**

a) level of efficiency of such controls, indicating the possible weaknesses and measures adopted to resolve them

The Executive Officers believe that the level of efficiency of the internal control adopted to assure the preparation of the financial statements is fully adequate. As regards to the construction projects, which are the Company's main item in terms of costs, our managers closely and continuously perform the physical and financial monitoring of the costs of each individual project. Our main management tool is SAP, which is an integrated system, the main features of which are the integration of all operations and tracking devices.

Our systems (SAP, inclusive) do not have technical imperfections. There is a continuous work of Governance, Risk and Compliance (GRC), which promotes the revision of set rules and the adoption of improvements, so that identified needs are immediately addressed.

We currently have automatic controls implemented by market tools, for example, Risk Management from Módulo, risk management tools from SAP itself (GRC) to increase the efficiency of access controls, already in use and in constant improvement to increase the efficiency on control of critical accesses (SAT) and segregation of functions (SOD). Together with a well-known international consulting company, we have recently revised our Risk Matrix, used by the GRC of the group MRV, in order to update it accordingly to the market best practices. We also have an internal auditing department, responsible for anti-fraud control, acting directly in the processes, covered by a confidential channel connected to our employers and suppliers reporting risky situations and contributing to mitigate the risks in all areas.

The Company continuously seeks for new technologies and the personal development of its associates, as well as invests in its internal controls in order to further improve them.

The following item provides some recommendations on the controls provided by the independent auditor.

b) weaknesses and recommendations on the internal controls included in the independent auditor's report

Our auditors did not developed their work aiming to issue comments on our internal controls. The objective of their work was to issue comments on the Financial Statements. However, linked with the audit of the financial statements of December 31 ,2013, our auditors issued a "Comment Letter" indicating the following recommendation:

**Internal policy for cancellation registration**Auditors' comments:

It was recommended to define an internal policy that defines an event ("trigger") for the accounting record of performed sales cancellations, since the lack of formalization of an internal policy can result in cancellations records out of the correct base-period. And, it was said that some sales from cancellations were executed at a lower price compared to the original transaction price. Therefore, it was recommended to analyse if it is necessary to constitute provision for cancellations in the coming fiscal years.

Management Comments:

The Company understands that such recommendation are not adequate for this process, since it is the Company's best interest to recover its clients, without raising the risk of its business. The Company takes several actions before performing a cancellation, such as: the offer of changing units to a more affordable one, in cases that the client is having difficulties to grant the mortgage and/or settle the originally purchased unit. Additionally, the Company carefully analyzes the reasons behind the cancellations: analyzes the clients' conditions (eg. Available income, size of the risk to be undertaken, possibility of claiming additional warranties – guarantees), the deadline for keys' delivery, among others. We understand that this process must be annalitycal, with diferent sollutions for each case, if necessary. There may be cases, as mentioned above, in which the resale value is lower than the original sale, but, on average, the resale price is higher than the original price, adjusted by inflation.

**10.7. Aspects related to possible public offerings for the distribution of marketable securities**

a) allocation of the proceeds from the offering

The proceeds from our initial public offering of shares carried out in 2007 were intended to land acquisition for incorporation and construction, as well as projects' development and construction. The proceeds from our public offering of shares in 2009 were or are still being allocated projects construction.

The proceeds from the 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> Debenture issuances were intended to:

- 5th issuance: lengthening of the debt profile and / or cash recomposition of the Company;
- 6th issuance: lengthening of the Company's debt profile;
- 7th issuance: lengthening of the Company's debt profile through the payment of short-term debt and / or reinforce the Company's working capital.

The proceeds from the Company's issuances were or are still being allocated in accordance with proposals for allocation disclosed in the issuances' prospectuses and / or deeds.

b) in the event of significant deviations between the effective allocation of the proceeds and the proposals for allocation disclosed in the prospectuses of the respective distributions.

There were no significant deviations in connection with the allocation of the funds presented in our initial public offering of shares carried out in 2007 and the public offering of shares carried out in 2009, as well as the proceeds from the first, second, third, fourth, fifth, sixth and seventh issuance of debentures.

c) in the event of deviations, the reasons for such deviations

Not applicable.

#### 10.8. Material items not recorded in the Company's financial statements

a) the assets and liabilities held by the Company, directly or indirectly, not included in the balance sheet (including leasing, assets and liabilities, receivables portfolios on which the company is subject to risks and responsibilities, indicating the respective liabilities, agreements for the future purchase and sale of products or services, construction agreements not terminated and future loan agreements)

Currently, the operating revenues are recorded in the statement of income based on the proportional percentage of conclusion of each development, being such percentage measured in view of the total cost of the respective developments. Based on this accounting practice, at the end of each period, we have balances of Gross Operating Revenues to be recorded from the sale of properties already contracted, as regards to the properties not concluded, which were disclosed in the notes to the financial statements.

b) other items not recorded in the financial statements

There is no material item not recorded in our Consolidated Financial Statements.

#### 10.9. As regards to each one of the items not recorded in the financial statements indicated in item 10.8

a) how such items change or may change the revenues, expenses, operational results, financial expenses or other items of the Company's financial statements

The unrecognized revenues affect or may affect the operating revenues based on the expansion of such developments.

b) nature and purpose of the operation

Not applicable.

c) nature and value of the obligations assumed and of the rights generated on behalf of the issuer in connection with the operation

R\$ thousand	12-31-2014	12-31-2013	12-31-2012
Gross Operating Revenues not recorded	3,697,634	3,172,485	2,782,944

#### 10.10 Company's main business plan elements

a) investments (including the quantitative and qualitative description of the investments in progress and estimated investments, financing sources of relevant investment and divesture in progress and estimated divesture)

i. Quantitative and qualitative description of ongoing and expected investments

In 2014 and 2013 we invested R\$ 55 million and R\$ 41 million, respectively, in property and equipment and intangible assets, mainly allocated to the construction of sales stands and acquisition of software. In 2012 were invested R\$ 55 million.

ii. Investment funding sources

The financing of our investments in property and equipment and intangible assets was funded through own and third parties resources.

iii. Ongoing and expected relevant divestments

No significant divestures were performed in 2014, 2013 and 2012.

In the Executive Officers' understanding there are no estimated significant investments or divestures for the next years. The investments are aimed at maintaining operating conditions consistent with the operation, showing no significant changes in operating and financial results of the Company.

b) acquisitions already disclosed of blueprints, equipment, patents or other assets which may materially affect the Company's production capacity

Not applicable.

c) New products and services

Not applicable.

#### 10.11. Other factors which affected significantly the operational performance and were not identified or commented on the other items of this section.

All material and applicable information on this matter was disclosed in the items above.



## 11. Projections

### 11.1. The projections must indicate

From 2013, the Company decided to no longer provide guidance on margins or sales. We decided the change after several studies and benchmarks, in our and other sectors, both in domestic and international markets, which found that the vast majority of companies does not provide guidance. The company thinks this is especially a reason for a very long cycle industry like ours, in the case of MRV of four years. To manage a long cycle, but being directed by a specific quarter, in our view, cannot be the best combination.

#### a) Projection purpose

Financial and operational indicators, as described in item 11.1(d).

#### b) Projected period and effective period of the projection

The projections indicated in item 11.1(d) were disclosed, effective for one year.

#### c) Projection assumptions, including the indication of which projections can be affected by the management of the issuer and which are not under control

The projections disclosed by our Company are based on the expectations of our management about our future business, considering mainly:

- The performance of the national and international economy mainly as regards to the inflation, interest rate, employment level and GDP growth;
- The market and real estate market in general, such as competition, availability and land price, among others;
- The period for authorization of the projects and regulation of the real estate industry;
- The financing availability for the Company and final consumer; and
- The governmental incentives and programs for the housing industry;

All assumptions indicated above are subject to changes out of the Management's control.

In the event of significant change in the abovementioned assumptions, the projections may be reviewed.

#### d) Values of the indicators in connection with the projection

Guidance 2010	Original (3Q09)		Ratified (1Q10)		1 <sup>st</sup> Revision (3Q10)	
	Min,	Max,	Min,	Max,	Min,	Max,
Contracted Sales (%MRV) (R\$ million)	3,700	4,300	3,700	4,300	3,700	4,300
Adjusted Ebitda Margin (%)	25.0%	28.0%	25.0%	28.0%	26.0%	29.0%

Guidance 2011	Original (1Q11)	
	Min,	Max,
Contracted Sales (%MRV) (R\$ million)	4,300	4,700
Adjusted Ebitda Margin (%)	25.0%	28.0%

Guidance 2012	Original (1Q12)	
	Min,	Max,
Contracted Sales (%MRV) (R\$ million)	4,500	5,500
Adjusted Ebitda Margin (%)	24.0%	28.0%

**11.2. In the event of disclosure, during the last three years, of projections on the evolution of the indicators**

a) indicate which projections will be replaced for new projections included in the form and which projections are repeated in the form

The projections indicated in item 11.1 (d) were fully disclosed through notice to the market, public conferences with analysts and investors and quarterly reports, among others.

The projections indicated in item 11.1 (d) were not changed.

The Company does not provide projections / guidance for any operational and financial indicator since 2013.

b) as regards to the projections related to the periods already elapsed, compare the projected information with the effective performance of the indicators, clearly indicating the reasons for the deviations in the projections

Guidance 2010	Original (3Q09)		Ratified (1Q10)		1st Revision (3Q10)		Performed
	Min,	Max,	Min,	Max,	Min,	Max,	
Contracted Sales (%MRV) (R\$ million)	3,700	4,300	3,700	4,300	3,700	4,300	3,753
Adjusted Ebitda Margin (%)	25.0%	28.0%	25.0%	28.0%	26.0%	29.0%	26.3%

Guidance 2011	Original (1Q11)		Performed
	Min,	Max,	
Contracted Sales (%MRV) (R\$ million)	4,300	4,700	4,322
Adjusted Ebitda Margin (%)	25.0%	28.0%	26.0%

Guidance 2012	Original (1Q12)		Performed
	Min,	Max,	
Contracted Sales (%MRV) (R\$ million)	4,500	5,500	4,005
Adjusted Ebitda Margin (%)	24.0%	28.0%	19.0%

The projection for the Adjusted EBITDA Margin for the year 2012 was not achieved.

The projection for Pre-sales for the year 2012 was not achieved.

The Company clarifies that did not reach the projected sales for the year 2012 due to a combination of factors: 1) Deterioration of the Brazilian economy, when compared to the expectations at the end of 2011. The forecast for 2012, according to Focus Newsletter - Market Report of the Central Bank of Brazil from December 30, 2011, was an increase of 3.3% of Brazil's GDP in 2012 and on December 28, 2012 the Focus Newsletter published a new forecast for GDP growth in 2012 of 0.98%. 2) The Company had earlier in the year, in line with measured inflation by the INCC, an expectation of a minimum price correction of the MCMV program at an earlier date than actually happened. 3) Finally, the Company started to be more selective in its launches to optimize inventory management.

The Company clarifies that did not reach the projected Adjusted EBITDA Margin for the year 2012 due to a combination of factors.

In 2012, the Adjusted EBITDA Margin was compressed compared to previous years due to several reasons, among which we can highlight:

- I. Signature of a Conduct Adjustment Agreement (TAC) at Campinas worth R\$31 million in 1Q12;
- II. Higher efficiency of "crédito associativo", reducing monetary revenues together with higher cost inflation exposure (higher efficiency of "crédito associativo" has a negative impact on the gross margin. However, it has a positive impact on cash flow and net margin);
- III. Company's change in the delivery process aiming to exceed its clients' expectations, has incurred additional costs at the final construction and delivery phases;
- IV. Investments on improvements and monitoring of labor conditions in our construction sites and lodgings (own and sub-contractors') aiming to be a national reference in social and labor relations;
- V. According to CPC 17 and 30, revenue recognition of the homebuilding industry follows the POC (Percentage of Completion) methodology and, therefore, confers a heavier weight to projects commercialized in previous periods and that are still under construction. In MRV, older projects have lower profitability than the newer projects; and
- VI. Due to less sales, as mentioned above, SG&A expenses were not diluted.

c) as regards to the projections related to the periods in progress, inform whether the projections are valid on the form delivery date and, however the case may be, explain why such projections were disregarded or replaced

There are no projections related to the period in progress. The Company does not provide projections / guidance for any operational and financial indicator since 2013.

## 12. General Meeting and Management

### 12.1. Company's administrative structure, in accordance with its bylaws and internal regulation

#### a) Responsibilities of each body and committee

The Company's management is exercised by the Board of Directors and the Executive Board. Moreover, we are supported by advisory committees which work together with the Board of Directors.

#### **Board of Directors**

The Board of Directors shall have at least 5 (five) and at most 7 (seven) members, all of them shareholders of the Company, elected by General Assembly, whose terms of office shall be unified and have a duration of 2 (two) years, as of the date of election, reelection being allowed.

The Board of Directors shall have 1 (one) Chairman and 1 (one) Vice-Chairman, who shall be elected by absolute majority of votes from those attending, during the first meeting of the Board immediately after the investment into office of such members, or whenever such offices become vacant.

The Board of Directors primary purpose is towards providing general directives regarding the Company's business, as well as controlling and supervising its performance thereof, particularly deciding on the following matters: (a) to approve of and/or to make any alterations to the Company's Business Plan; (b) to approve of the yearly operational and investment budgets and supervision of their performance; (c) to appoint and to dismiss members of the Executive Directors / Chief Officers and to determine their powers, duties and pay; (d) to control the Executive Directors' / Chief Officers' management; to examine, at any time, the Company's books and documents; to demand information on agreements consummated or about to be consummated, and any other matters with respect to the chief officers management; (e) to summon General Assemblies of Shareholders when deemed to be appropriate; (f) to express its opinion on the management's report and the Executive Directors' / Chief Officers' accounts and to submit the Company's Financial Statements for approval by the General Assembly of Shareholders; (g) to decide on any business transacted with parties related to the shareholders; (h) to decide on acquisition of, disposal of and/or encumbrance on any interest in capital stock, except the constitution of corporations which are Controlled by the Company and which have been constituted as a corporation with the specific purpose to implement one or more of the Company's real estate projects (i) to decide on divestiture of or encumbrance on, in any way, of any of the Company's real estate property, the value of which exceeds R\$30,000,000.00 (thirty million Reais); (j) to decide on divestiture of or encumbrance on, in any way, of any of the Company's other assets, the value of which exceeds, in one or more such operations of the same kind during a period 12 (twelve) months, the amount of R\$2,000,000.00 (two million Reais); (l) to hire employees whose yearly pay exceeds the amount of R\$500,000.00 (five hundred thousand Reais); (m) to consummate agreements with service rendering companies whose yearly pay exceeds the amount of R\$2,000,000.00 (two million Reais); (n) to grant and to obtain loans, financings and/or factoring or securitization of receivables, the value of which exceeds the amount of R\$30,000,000.00 (thirty million Reais); (o) to appoint and dismiss the independent auditors, who shall be required to be registered with the Securities and Exchange Commission and shall perform the yearly auditing of the Company with quarterly reviews; (p) to issue common non-stock-convertible debentures without face value, the manner of subscription or placing thereof and the kind of debentures to be issued, their pay, terms of payment for interest thereon, share in profits and reimbursement bonus of such debentures, if any, as well as term and conditions of maturity, amortization or redemption of such debentures; (q) to acquire shares issued by the Company for cancellation or remaining in treasury, as well as on their re-sale or re-placement on the market, in compliance with the regulations issued by CVM and other applicable legal provisions; (r) to hire the financial depositing entity to render services with regard to the book entry shares; (s) to issue debt securities on the international market and of common, non-stock-convertible debentures without lien, for public or private distribution, as well as on the terms and conditions of such issue; (t) to issue commercial papers for public distribution in Brazil or abroad, as well as on the terms and conditions of such issue; (u) to propose to the General Assembly the declaration of interim and intercalary dividends, as well as interest on the stock, pursuant to the Law of Business Corporations and other applicable laws; (v) to manifest about any share acquisition public offering which have, as object, the Company's share issuance through previous reasoned opinion, released in up to 15 (fifteen) days of the public offering notice publication, which must contain, at least (i) the share acquisition public offering convenience and opportunity regarding the common shareholder concern and their securities liquidity; (ii) the share acquisition public offering repercussion over the Company's interests; (iii) the strategic planning released by the provider regarding the Company; (iv) other subjects the Board of Directors consider relevant, as well as the required information of the CVM's applicable established rules; and (w) to identify three companies specializing in economical valuation to prepare the Company's shares valuation report in the case of public offering acquisition to cancellation of the Company's registration as a publicly-held company or withdrawal from the New Market.

#### **Executive Board**

The Board of Executive Officers shall consist of up to ten (10) Officers, whether shareholders or not, subject to election and removal on any time by the Board of Directors and / or Chairman, of which one (1) Chief Executive Officer Region I, one (1) Chief Executive Officer Region II, one (1) Chief Financial Officer, one (1) Chief Investor Relations Officer, one (1) Chief Legal Officer, one (1) Chief Commercial Officer, one (1) Chief Production Officer, one (1) Chief Real Estate Credit Officer, one (1) Chief Real Estate Development Officer and one (1) Chief

Management and Shared Service Center Officer, all elected and removable by the Board of Directors on any time, being allowed the position accumulation.

The Executive Board is responsible for the management of corporate business in general and the performance, for this purpose, of all acts required or appropriate, except those for whose responsibility, whether pursuant to law or to these Bylaws, lies with the General Assembly or the Board of Directors. In the performance of their duties, the Chief Officers may carry out all transactions and do all acts of ordinary management required to obtain the aims of their office, pursuant to the provisions of these Bylaws as to manner of representation, competence for doing certain acts, and the general guidelines for business determined by the Board of Directors, including deliberating on and approving of investment of resources, compromising, waiving, assigning rights, confessing debts, making agreements, signing commitments, contracting obligations, consummating contracts, purchasing, disposing of and encumbering effects and real estate, render escrow, sureties and guarantees, issuing, endorsing, escrowing, discounting, drawing and guaranteeing securities in general, as well as opening, operating and closing accounts in credit establishments, according to the legal restrictions and those set forth in these Bylaws. Additionally, the Executive Board is responsible for: (a) complying with and causing to comply with these Bylaws and the resolutions of the Board of Directors and the General Assembly; (b) submitting, yearly, to the appreciation of the Board of Directors, the Management Report and the accounts of the Executive Board, together with the report from the independent auditors, as well as the proposal for allocation of profits cleared during the last fiscal year; (c) preparing and submitting, to the Board of Directors, the Company's plans of business, operations and investments, including strategies for implanting such business and those with respect to entering new business; (d) deciding on any matter which is not sole responsibility of the General Assembly or of Board of Directors; (e) preparing and submitting, to the Board of Directors, the Company's strategic planning, the plans, programs and budgets for investments and operations, whether half-yearly, yearly or multiannual; (f) submitting to the Board of Directors the opportunities for investment and business which exceed the range of competence of each executive office; (g) approving hiring or promotion of employees to be invested in positions with management attributions, or their dismissal; (h) approving filing of suits or judicial actions for taxes or compensation or those which due to their consequences or contingencies involved are deemed to be of great relevance to the Company, according to the terms of the Shareholders' Agreement; (i) preparing and submitting during each fiscal year, to the Board of Directors and the General Assembly, the Yearly Management Report and the Company's Financial Statements and propose allocation of the income of such fiscal year; (j) authorizing the creation and extinction of branches, establishments, storage places and offices which the Company maintains within the national territory and abroad; (k) granting leaves of absence to the chief officers and appointing a substitute officer to assume the pertaining attributions of such officers during their period of absence; (l) deciding on all matters within the range of competence of the chief officers, as long as there is a vacancy, and on all other ones which could not be settled by the respective chief officers and which do not constitute matters of sole responsibility of the Board of Directors or the General Assembly; and (m) submitting to the Board of Directors the list of names of such employees as shall be invited to take part in the Stock Option Program respecting the yearly global amount of options already granted by the General Assembly for such fiscal year.

### **Executive Committees**

The Executive Committees shall operate in accordance with the Company's needs and its respective internal regulations and shall have roles and objectives defined by the Chairman of the Board of Directors who is also responsible for the veto right. The Board of Directors may constitute other Committees, in accordance with the Company's interests and needs for the business. The members of the Executive Committees shall be elected by the Company's Board of Directors, with mandatory participation in every Executive Committee of at least 1 (one) Chief Executive Officer.

In the General Extraordinary Meeting held on February 20, 2015, the shareholders approved the establishment of the following Executive Committees:

- (a) Risks and Compliance Committee;
- (b) Governance, Ethics and Sustainability Committee;
- (c) Human Resources Committee;
- (d) Commercial and Real Estate Financing Committee;
- (e) Real Estate Development Committee;
- (f) Production Committee.

In the meeting of the Board of Directors held on May 08, 2015 were approved the regulations of the following Committees: Risk and Compliance, Governance, Ethics and Sustainability and Human Resources. In the meeting of the Board of Directors held on May 20, 2015, were approved the regulations of the following Committees: Commercial and Credit, Real Estate Development and Production. The members of all Committees were elected in the meeting of the Board of Directors held on May 08, 2015.

The Risk and Compliance Committee will be composed by, at least, 3 (three) and, not exceeding, 10 (ten) effective members, and the other Committees will be composed by, at least, 3 (three) and, not exceeding, 5 (five) effective members. Members election will occur, preferentially, in the Board of Directors meeting that elects the Chief Officers, with term of 2 years, reelections allowed. It is mandatory the participation of the Chairman and 1 (one) of the Chief Executive Officers. Additionally, the Company's Chairman shall preside the Committee activities.

The Committees must submit to the Board of Directors recommendations about its competent issues and report its activities periodically to them. And the Committees must monitor the execution of its recommendations, periodically meeting with the Chief Officers and managers of the Company

#### Risk and Compliance Committee

The Committee's duties are: (i) evaluate and monitor Company's risk exposures, monitoring and supervising the risk management process; (ii) follow, require and ensure the strict implementation, by the Company, its administrators, employees and service providers, related to (a) all laws and regulations applicable to the business and activities, including, among others, rules and regulations of Securities and Exchange Commission ("CVM") and BM&FBovespa Novo Mercado regulation; and (b) Company's rules and internal manuals, among which: Conduct and Ethics Code, Relevant Act or Fact Disclosure Policy and Shares Trading Policy; (iii) ensure the adequacy, strengthening and operation of Company's systems and internal controls, aiming reduce, exterminate and/or mitigate existing risks and prevent potential risks, presenting improvement recommendations of policies, practices and procedures; (iv) disseminate the risk management culture and Company's internal controls, in order to ensure the strict compliance of all laws, rules and regulations applicable; (v) evaluate received complains and formally communicate to the Administration any suspect of: (a) non-respect of legal rules, regulatory and internal, that endanger Company activities, business, reputation and operational results; (b) frauds by Company employees or outsourced to activities or assets of the Company; (vi) issue recommendations about potential conflict interest situation among Company's related parties when deems necessary or by request from Company Board of Directors, Chief Executive Officers or Managers.

Members: Rubens Menin Teixeira de Souza, Rafael Nazareth Menin Teixeira de Souza, Eduardo Fischer Teixeira de Souza, Leonardo Guimarães Corrêa and Maria Fernanda Nazareth Menin Teixeira de Souza Maia.

#### Governance, Ethics and Sustainability Committee

The Committee's duties are: (i) ensure and disseminate the Company's commitment to management based on the pillars of corporate governance, sustainability and corporate ethics, including, but not limited to: (a) information transparency, (b) equity, (c) accountability, (d) corporate responsibility, (e) eradication of child labor, forced or compulsory (f) combating discrimination practices, under any conditions, (g) prevent moral and sexual harassment, (h) enhance diversity, (i) combating all forms of corruption, (j) environmental conservation, (k) monitoring and implementation of the guidelines of Institute MRV Association; (ii) promote continuous improvement of governance practices adopted by the Company, recommending new practices and / or proposing changes to existing practices; (iii) ensure the effective operation of the Board of Directors and its assistance committees, as well as promote good relationship between the Board of Directors, Chief Officers, shareholders and other stakeholders of the Company; (iv) coordinate the annual agenda of meetings of the Board of Directors and its assistance committees, and do quarterly meetings with each committee Secretary seeking to ensure the works' organization and progress and the periodic reporting to the Board of Directors; (v) periodically review, discuss and propose changes to the Bylaws, Internal Regulations of the assistance committees, the Company's Conduct and Ethics Code, as well as other documents, policies and internal rules of the Company related to governance, conduct and ethics; (vi) guarantee a regular training agenda about conduct and ethics to management and employees of the Company, and participate of the main trainings; (vii) review and discuss misconduct and / or ethical principles that are identified, reporting relevant deviations to the Board of Directors; (viii) monitor social, environmental and economic indicators of the Company and propose goals, actions and programs of corporate sustainability, periodically monitoring and evaluating the results from such goals, actions and programs; (ix) Discuss, propose and update the social-environmental policies and guidelines of the Company.

Members: Rubens Menin Teixeira de Souza, Rafael Nazareth Menin Teixeira de Souza, Eduardo Fischer, Teixeira de Souza, Júnia Maria de Sousa Lima Galvão and Maria Fernanda Nazareth Menin Teixeira de Souza Maia.

#### Human Resources Committee

The Committee's duties are: (i) evaluate and propose improvements to people development, training, remuneration, benefits, incentives and talents retention methods; (ii) evaluate and propose improvements to recruitment and hiring methods adopted by the Company; (iii) propose succession plans and evaluate the succession plans of employees that hold key positions in the Company; (iv) evaluate organizational climate monitoring ways; (v) evaluate potential candidates for positions of administration members and key positions in the Company; (vi) evaluate and monitor the Company's profit sharing and stock options programs.

Members: Rubens Menin Teixeira de Souza, Rafael Nazareth Menin Teixeira de Souza, Eduardo Fischer Teixeira de Souza, Júnia Maria de Sousa Lima Galvão and Levi Henrique.

#### Commercial and Credit Committee

The Committee's duties are: (i) define the commercial and real estate financing strategy of the Company, composed; among others, sales mix, pricing, team profile, market agents mix, etc; (ii) define media strategies; (iii) define real estate financing strategies.

Members: Rubens Menin Teixeira de Souza, Rafael Nazareth Menin Teixeira de Souza, Eduardo Fischer Teixeira de Souza, Eduardo Paes Barreto, Leonardo Guimarães Corrêa, José Adib Tomé Simão and Ricardo Paixão Pinto Rodrigues.

#### Real Estate Financing Committee

The Committee's duties is to define strategies of geographical expansion of the Company's activities and land acquisitions.

Members: Rubens Menin Teixeira de Souza, Rafael Nazareth Menin Teixeira de Souza, Eduardo Fischer Teixeira de Souza and Hudson Gonçalves Andrade.

## Production Committee

The Committee's duties are: (i) ensure the correct production planning and control, evaluating the several elements that need to be managed and their respective impacts, so the Company's goals can be reached; (ii) establish supplies and labor management strategies; (iii) monitor construction sites schedule; (iv) propose productivity optimization solutions; (v) ensure and propose action plans to reduce the environmental impacts of the production process, aiming to improve sustainable development practices in the sites constructions; (vi) revise and propose improvements in the sales and cost management processes, aiming the quality maintenance of the used services and products; (vii) revise and propose improvements for the production and labor training control plans; (viii) ensure the good practices maintenance in work safety; hygiene and organization in construction sites.

Members: Rubens Menin Teixeira de Souza, Rafael Nazareth Menin Teixeira de Souza, Eduardo Fischer Teixeira de Souza and Homero Aguiar Paiva.

b) date of creation of the Supervisory Board, if not permanent, and other committees

We do not have a permanent Supervisory Board.

The Human Resources Committee, Corporate Governance Committee and Clients Relationship Committee were created by our Board of Directors, at the meeting held on November 6, 2006.

The Real Estate Development Committee was created by our Board of Directors, at the meeting held on April 9, 2007.

The Risk Management Committee was created by our Board of Directors, at the meeting held on February 8, 2010.

The Ethics Committee was created by our Board of Directors, at the meeting held on June 11, 2012.

In the General Extraordinary Meeting held on February 20, 2015, the shareholders approved the establishment of the following Executive Committees:

- (a) Risks and Compliance Committee;
- (b) Governance, Ethics and Sustainability Committee;
- (c) Human Resources Committee;
- (d) Commercial and Real Estate Financing Committee;
- (e) Real Estate Development Committee;
- (f) Production Committee.

The members of all Committees were elected in the Meeting of the Board of Directors held on May 08, 2015, and their internal regulations were approved in the meetings of the Board of Directors held on May 08 and 20, 2015.

c) systems to evaluate the performance of each body or committee

There is no formal evaluation of the bodies and committees

d) as regards to the members of the Executive Board, their individual responsibilities and powers

The Chief Executive Officer Region I, in addition to the duties conferred by the Board of Directors, shall, implement the Company's business strategy in his respective regional office (Regions Midwest and Northeast, throughout the State of Minas Gerais, throughout the State of Espírito Santo and throughout the State of Rio de Janeiro), aiming at attaining the Company's growth and profitability goals: (i) define the short-term strategy and goals, (ii) define the commercial and marketing strategies, to answer for the development and implementation of commercial measures and initiatives, aiming the business development, (iii) define strategies and technology research for the Construction business divisions, as well as for the Supplies, Safety, Engineering and Technical Assistance areas, (iv) define strategies and measures to optimize the Company's funding by financial institutions, ensure the customer base's quality and enable client financing; (v) define real estate development and construction strategies, aiming the business development, in accordance with the guidelines set out by the Board of Directors; (vi) organize and supervise, in accordance with the guidelines of the Board of Directors, the implementation of the Region's activities.

The Chief Executive Officer Region II, in addition to the duties conferred by the Board of Directors, implement the Company's business strategy in his respective regional office (Regions South and throughout the State of São Paulo), aiming at attaining the Company's growth and profitability goals: (i) define the short-term strategy and goals, (ii) define the commercial and marketing strategies, to answer for the development and implementation of commercial measures and initiatives, aiming the business development, (iii) define strategies and technology research for the Construction business divisions, as well as for the Supplies, Safety, Engineering and Technical Assistance areas, (iv) define strategies and measures to optimize the Company's funding by financial institutions, ensure the customer base's quality and enable client financing; (v) define real estate development and construction strategies, aiming the business development, in accordance with the guidelines set out by the Board of Directors;

(vi) organize and supervise, in accordance with the guidelines of the Board of Directors, the implementation of the Region's activities.

Functions of the Financial Officer: In addition to the duties conferred by the Board of Directors, the Chief Financial Officer shall define the Company's financial strategies in line with the current business plans, and monitor and supervise the accounting, treasury, financial planning and investor relations processes.

Functions of the Chief Investor Relations Officer: In addition to the duties conferred by the Board of Directors, the Investor Relations Officer shall represent the Company before the Brazilian Securities and Exchange Commission, shareholders, investors, stock exchanges, Central Bank of Brazil and any other agencies governing capital market activities, and shall define strategies and measures to optimize the Company's funding and fulfill the investors' interests.

Functions of the Chief Legal Officer: In addition to the duties conferred by the Board of Directors, the Chief Legal Officer shall develop legal strategies to monitor administrative and legal proceedings, carry out the engagement and management of third-party law firms, ensure the legal safety of any and all business transacted, be held liable for any and all legal matters involving the Company.

Functions of the Chief Sales Officer: In addition to the duties conferred by the Board of Directors, the Chief Sales Officer shall define the business and marketing strategies and be held liable for the development and implementation of business measures and initiatives, aiming at the business growth.

Functions of the Chief Production Officer: In addition to the duties conferred by the Board of Directors, the Chief Production Officer shall define the technology strategies and researches for the Construction business divisions and the corporate real estate supply, safety, engineering and technical support areas.

Functions of the Chief Real Estate Credit Officer: In addition to the duties conferred by the Board of Directors, the Chief Real Estate Credit Officer shall define the strategies and measures to optimize the Company's funding with financial institutions, ensure the quality of the customer portfolio and make the customers' financing possible.

Functions of the Chief Real Estate Development Officer: In addition to the duties conferred by the Board of Directors, the Chief Real Estate Development Officer shall define the real estate development and construction strategies, aiming at the business growth, in accordance with the guidelines set out by the Board of Directors.

Functions of the Chief Management and Shared Service Center Officer: In addition to the duties conferred by the Board of Directors, the Chief Management and Shared Service Center Officer shall define the Company's administrative, human resources, customer relationship and Information Technology strategies, in line with current business plans, in accordance with the guidelines set out by the Board of Directors.

e) mechanisms for the performance evaluation of the members of the Board of Directors, committees and Executive Board

The Company's Executive Officers are annually evaluated, based on goals and indicators established from the achievement and overcoming of the Company, the area and individual goals, aligned with the strategic planning and the competition. The evaluation results have direct impact on the Executive Officers' variable remuneration. The Company's main performance indicators considered to determine the variable compensation are: Net Margin, Adjusted EBITDA Margin, Contracted Sales, Constructed Units, Client Satisfaction, Available Land Bank, Launches and Transfer to Clients.

There are no evaluation mechanisms for the Board of Directors and Committees performance.

## 12.2. Rules, policies and practices related to the general meetings

a) request periods

The Company's General Meetings are requested within, at least, 15 (fifteen) consecutive days in advance in the first call and within 8 (eight) consecutive days in advance in the second call.

b) responsibilities

The shareholders, at the general meetings, must resolve the following matters, without prejudice to the other obligations:

- Amendments to the Bylaws;
- Split-off of shares;
- Stock option plans;
- Delist from Novo Mercado;



- Selection of specialized company responsible for the determination of the Company's economic value in connection with the public offerings set forth in our Bylaws, amongst the triple list of companies indicated by our Board of Directors;
- Issuance of convertible and/or guaranteed debentures;
- Suspension of the exercise of the rights of the shareholder which was not able to comply with the obligations set forth in applicable law or our Bylaws;
- Evaluation of the assets as regards to which the shareholder intends to subscribe the shares;
- Approval of the transformation into a limited-liability company or any other type of company set forth in the Brazilian Corporate Law;
- Merger, incorporation or other company or spin-off;
- Dissolution and liquidation, election and removal of the liquidators, as well as approval of the accounts presented by the liquidators and also election of the members of the Supervisory Board, which must operate during the liquidation period; and
- Authorization of the request for bankruptcy or judicial or extrajudicial recovery.

c) addresses (physical or electronic) where the documents related to the general meeting will be at the disposal of the shareholders for analysis

Electronic: [ri.mrv.com.br](http://ri.mrv.com.br); [www.cvm.gov.br](http://www.cvm.gov.br); [www.bmfbovespa.com.br](http://www.bmfbovespa.com.br).

Physical: Avenida Professor Mario Werneck, nº 621, Belo Horizonte, Minas Gerais

d) identification and management of conflict of interests

Under applicable law, the conflict of interests are identified and managed by the Chairman of the Board of Directors, through analysis of the purpose and contra-parties of the agreement.

In the event the interests of any shareholder conflict with the subject of the day, in accordance with the Brazilian legislation, such shareholder must not vote.

In this regard, this rule is applicable to the Company, considering that, generally speaking, the shareholders, whose interests conflict with the subject of the day, must not vote.

Moreover, the Company has a Related Parties Trading Policy, in which criteria were established on conflicts of interest between its shareholders and managers. As a matter of this subject is identified, the Management shall immediately manifest their conflict of interest. Additionally, they shall leave the discussions over the matter and abstain themselves from voting. If requested by the President of the Board of Directors or the President Director, according to each case, those managers may partially participate in the discussion, aiming at proportioning more information on the operation and the related parts. In such case, they shall leave by the end of the discussion, including the voting process of the matter.

And, it is important to highlight that the Company's Bylaws foresees, in article 50, the mandatory arbitration court installation before the Arbitration Panel of the Market, to solve any and all disputes or controversies that may arise among the Company, its shareholders, managers and member of the fiscal council (if installed), related to or arising from, in particular, the application, validity, efficiency, interpretation, violation and its results, of the provisions stated in the Law of Business Corporation, the Bylaws, the rules edited by the National Monetary Council, by the Central Bank of Brazil and by CVM, as well as in all other regulations applicable to the operation of capital markets in general, additionally to those stated in the New Market Regulation, de Arbitration Rules of the Arbitration Panel of the Market and the New Market Participation Agreement.

e) request of proxies by management for the exercise of the voting right

The Company accepts the vote of the shareholders' representative provided that such representative was duly established and the proxy includes the vote to be granted.

f) formal procedures necessary for acceptance of the proxies granted by the shareholders, indicating whether the issuer accepts proxies granted by the shareholders through electronic media

The shareholder may be represented at the General Meeting by an attorney-in-fact appointed in less than 1 (one) year, which is a shareholder, administrator, lawyer, financial institution or administrator of the investment funds representing the members. To attend to the General Meeting, the shareholder must deliver to the Company, on the date of the respective meeting, the respective proxy, duly regularized under applicable law and in accordance with these Bylaws, in the event of representation of the shareholder. The shareholder or the legal representative must attend to the General Meeting with the documents to confirm his/her identity. The Company does not accept proxies granted by shareholders through electronic media.

g) maintenance of forums and pages in the Internet directed to receive and share the shareholders' comments on the subjects covered at the meetings

The Company does not have forums and pages in the Internet directed to receive and share the shareholders' comments on the subjects covered at the meetings. However, the Company has open communication means with its analysts and shareholders through the Investor Relations' website (<http://ri.mrv.com.br>) and email ([ri@mrv.com.br](mailto:ri@mrv.com.br)) used to clarify doubts and any other type of information regarding the Company.

h) live and/or audio transmission of the meetings

The Company does not use the system of live and/or audio transmission of the meetings. However, the Company is evaluating ways to make the meetings access easier.

i) systems directed to allow the inclusion, in the subject of the day, of the proposals presented by the shareholders

There are no systems to allow such inclusion. The Company may allow such requirements, according to the legal and regulamental disposals. The Company's Investor Relations communication mean, as indicated on item 12.2 (g) of this reference Form, receives investors and shareholders requests and forwards them to the qualified institutions. The Company understands that the legal instruments and shareholders communication channel are sufficient to meet the needs related to General Meetings participation.

### 12.3. Dates and newspapers for disclosure

Fiscal Year	Publication	Newspaper - UF	Date
12/31/2014	Financial statements	Official Gazette of the State of Minas Gerais - MG	03/20/2015
		Hoje em Dia - MG	03/20/2015
		Estado de São Paulo - SP	03/20/2015
	Notice to the shareholders about the available financial statements	Official Gazette of the State of Minas Gerais - MG	03/06/2015
		Hoje em Dia - MG	03/06/2015
		Estado de São Paulo - SP	03/06/2015
	Request of the general meeting which analyzed the financial statements	Official Gazette of the State of Minas Gerais - MG	04/15/2015
		Hoje em Dia - MG	04/15/2015
		Estado de São Paulo - SP	04/15/2015
12/31/2013	Financial statements	Official Gazette of the State of Minas Gerais - MG	03/27/2014
		Hoje em Dia - MG	03/27/2014
		Estado de São Paulo - SP	03/27/2014
	Notice to the shareholders about the available financial statements	Official Gazette of the State of Minas Gerais - MG	03/14/2014
		Hoje em Dia - MG	03/14/2014
		Estado de São Paulo - SP	03/14/2014
	Request of the general meeting which analyzed the financial statements	Official Gazette of the State of Minas Gerais - MG	04/02/2014
		Hoje em Dia - MG	04/02/2014
		Estado de São Paulo - SP	04/02/2014
	Minutes of the general meeting which analyzed the financial statements	Official Gazette of the State of Minas Gerais - MG	05/07/2014
		Hoje em Dia - MG	05/03/2014
		Estado de São Paulo - SP	05/03/2014
12/31/2012	Financial statements	Official Gazette of the State of Minas Gerais - MG	04/12/2013
		Hoje em Dia - MG	04/12/2013
		Estado de São Paulo - SP	04/12/2013
	Notice to the shareholders about the available financial statements	Official Gazette of the State of Minas Gerais - MG	03/15/2013
		Hoje em Dia - MG	03/15/2013
		Estado de São Paulo - SP	03/15/2013
	Request of the general meeting which analyzed the financial statements	Official Gazette of the State of Minas Gerais - MG	04/13/2013
		Hoje em Dia - MG	04/13/2013
		Estado de São Paulo - SP	04/13/2013

Fiscal Year	Publication	Newspaper - UF	Date
	Minutes of the general meeting which analyzed the financial statements	Official Gazette of the State of Minas Gerais - MG	05/03/2013
		Hoje em Dia - MG	05/03/2013
		Estado de São Paulo - SP	05/03/2013

#### 12.4. Rules, policies and practices related to the Board of Directors

The Board of Directors is comprised of at least five members and at most seven members, of which 20% must be independent members, all elected at the General Meeting for two-year mandates, reelection allowed.

In the event the percentage of 20% results in a fraction in terms of number of Directors, such fraction must be rounded to the: (i) immediately number above, in the event the fraction is equivalent to or greater than 0.5, or (ii) immediately number below, in the event the fraction is lower than 0.5.

The Chairman and the Vice-Chairman of the Board of Directors are elected by the majority of the effective directors who attended to the first meeting of the Board of Directors subsequently to the entrance into office of such directors. The current members of the Company's Board of Directors are as follows:

Member	Title	Reelection date
Rubens Menin Teixeira de Souza	Chairman of Board of Directors	04/30/2015
Marcos Alberto Cabaleiro Fernandez	Vice-Chairman of Board of Directors	04/30/2015
Levi Henrique	Independent director	04/30/2015
Fernando Henrique da Fonseca	Independent director	04/30/2015
João Batista de Abreu	Independent director	04/30/2015
Marco Aurélio de Vasconcelos Cançado	Independent director	04/30/2015
Rafael Menin Teixeira de Souza	Director	04/30/2015

##### a) frequency of the meetings

Under the terms of article 17 of the Company's Bylaws, the Board of Directors will meet, ordinarily, at each three months and, extraordinarily, whenever requested by the Chairman or any of its members, upon notice in writing delivered within 5 (five) business days in advance, including the subject of the day.

In urgency, meetings of the Board of Directors may be convened by its Chairman without compliance with the deadline above, provided that all other members of the Council are unequivocally aware. The calls can be made by letter with acknowledgment of receipt, fax or by any means, electronic or otherwise, that allows proof of receipt.

Regardless of the procedures provided herein, shall be deemed a regular, a meeting attended by all directors.

##### b) if any, the provisions of the shareholders' agreement establishing restriction or limitation to the voting rights of the members of the board

Currently, there is no shareholders' agreement entered into with the Company

##### c) rules for the identification and management of conflict of interests

Under the terms of paragraph 4, of article 15, of the Company's Bylaws, the members of the Board of Directors must have good reputation and must not be elected as the member of the Board of Directors, except for the waiver of the majority of the members, the member which: (i) is in charge of other title in another company which is deemed as a competitor of the Company; or (ii) has or represents conflict of interests as regards to the interests of the Company. The voting right must not be exercised by the member of the Board of Directors if the events indicated in this paragraph are verified.

Under the terms of paragraph 5, article 15, of our Bylaws, the members of the Board of Directors may not access the information or attend to the meetings of the Board of Directors, which members have or represent conflict of interests as regards to the interests of the Company. The seats of the Board of Directors are occupied by the Independent Director and shareholders and/or representatives of the shareholders, in accordance with the Company's interests.

It is forbidden to the Directors, Officers and Members of the Committee to intervene in corporate transactions in which they have conflicting interests with the Company; as well in the deliberation that in this respect the other administrators might take. It is for the person who is subject to a conflict of interest to declare the occurrence of such fact, if he considers that any Council decision on a particular subject on the agenda for a vote would result in benefit or that of others, with or without prejudice to the Company. The person should declare himself barred at the

time of the Board meeting or by notifying the Chairman of the Board, informing him of the reason of his barring and write in the minutes of meeting of the Council the nature and extent of his interest. After the declaration of an impediment, that person can not participate in the discussion or voting on matters in which he has a conflict of interest and should absent himself from the meeting room when the Council is discussing this matter.

The information sent to the Board by the Company or by third parties relating to the particular matter in which certain Director to declares a conflict of interest, will not be sent to such Director, officer, or member of committee, nor will he be given access to such information by other members of the participating body. Regardless of the notification referred to above, always when the Company identifies a situation where conflicts of interest might arise with a particular member with respect to any matter to be decided by the Board, the President shall notify such person so he can, within established term, speak up in this respect.

Following article 50 of MRV's Bylaws, the Company, its shareholders, Senior Managers and members of the Fiscal Council (if installed) undertake to refer to arbitration any and all disputes or controversies between them, related to or arising from, in particular, the application, validity, efficiency, interpretation, violation and its results, of the provisions stated in the Law of Business Corporation, these By-Laws, the rules edited by the National Monetary Council, by the Central Bank of Brazil and by CVM, as well as in all other regulations applicable to the operation of capital markets in general, additionally to those stated in the New Market Regulation, de Arbitration Rules of the Arbitration Panel of the Market and the New Market Participation Agreement.

#### **12.5. Commitment clause of the bylaws for resolution of conflicts amongst the shareholders and amongst the shareholders and the Company through arbitration**

In accordance with the Novo Mercado Regulation and article 50 of our Bylaws, our Company, shareholders, directors, executive officers and members of the Supervisory Board, when installed, agree to resolve, through arbitration, all and any dispute or difference amongst them, specifically related to or resulting from the application, validity, effectiveness, interpretation, violation and related effects of the provisions set forth in the Brazilian Corporate Law, our Bylaws, rules issued by CMN, BACEN and CVM, as well as the other rules applicable to the capital market in general, in addition to those included in the Novo Mercado Regulation, Arbitration Regulation of the Market Arbitration Chamber and the Novo Mercado Participation Agreement.

**12.6. Directors, executive officers and members**

a) Name	b) Age	c) Profession	d) CPF / Passport	e) Title	f) Election date	g) Investiture date	h) Mandate term	i) Other titles exercised	j) Elected by the Controller
Rubens Menin Teixeira de Souza	59	Engineer	315.836.606-15	Chairman of the Board of Directors	04/30/2015	04/30/2015	2 years	Risks and Compliance Committee, Governance, Ethics and Sustainability Committee, Human Resources Committee, Commercial and Credit Committee, Real Estate Development Committee, Production Committee	No
Marcos Alberto Cabaleiro Fernandez	63	Lawyer	139.359.336-49	Vice-Chairman of the Board of Directors	04/30/2015	04/30/2015	2 years	No	No
Rafael Nazareth Menin Teixeira de Souza	34	Engineer	013.255.636-76	Director and Chief Executive Officer – Region I	04/30/2015 and 04/07/2015	04/30/2015 and 04/07/2015	2 years	Risks and Compliance Committee, Governance, Ethics and Sustainability Committee, Human Resources Committee, Commercial and Credit Committee, Real Estate Development Committee, Production Committee	No / Board
Fernando Henrique da Fonseca	75	Economist	199.017.396-91	Independent Director	04/30/2015	04/30/2015	2 years	No	No
João Batista de Abreu	71	Economist	094.017.097-34	Independent Director	04/30/2015	04/30/2015	2 years	No	No
Levi Henrique	74	Engineer	029.704.148-72	Independent Director	04/30/2015	04/30/2015	2 years	Human Resources Committee	No
Marco Aurélio de Vasconcelos Cançado	64	Administrator	137.837.506-87	Independent Director	04/30/2015	04/30/2015	2 years	No	No
Eduardo Fischer Teixeira de Souza	41	Engineer	000.415.476-24	Chief Executive Officer – Region II	04/07/2015	04/07/2015	2 years	Risks and Compliance Committee, Governance, Ethics and Sustainability Committee, Human Resources Committee, Commercial and Credit Committee, Real Estate Development Committee, Production Committee	Board
Eduardo Paes Barretto	57	Administrator	006.078.718-06	Chief Commercial Officer	04/07/2015	04/07/2015	2 years	Commercial and Credit Committee	Board
Homero Aguiar Paiva	53	Engineer	566.916.456-34	Chief Production Officer	04/07/2015	04/07/2015	2 years	Production Committee	Board
Hudson Gonçalves de Andrade	55	Engineer	436.094.226-53	Chief Real Estate Development Officer	04/07/2015	04/07/2015	2 years	Real Estate Development Committee	Board
José Adib Tomé Simão	68	Engineer	071.004.346-53	Chief Real Estate Financing Officer	04/07/2015	04/07/2015	2 years	Commercial and Credit Committee	Board

a) Name	b) Age	c) Profession	d) CPF / Passport	e) Title	f) Election date	g) Investure date	h) Mandate term	i) Other titles exercised	j) Elected by the Controller
Júnia Maria de Sousa Lima Galvão	44	Accountant	878.532.996-72	Chief Management and Shared Service Center Officer	04/07/2015	04/07/2015	2 years	Human Resources Committee; Governance, Ethics and Sustainability Committee	Board
Leonardo Guimarães Corrêa	56	Economist	275.939.836-68	Chief Financial and Investor Relations Officer	04/07/2015	04/07/2015	2 years	Risk and Compliance Committee; Commercial and Credit Committee	Board
Maria Fernanda Nazareth Menin Teixeira de Souza Maia	35	Lawyer	040.415.096-96	Chief Legal Officer	04/07/2015	04/07/2015	2 years	Risk and Compliance Committee; Governance, Ethics and Sustainability Committee	Board

**12.7. Committee Members**

a) Name	b) Age	c) Profession	d) CPF / Passport	e) Committee (s)	f) Election date	g) Investiture date	h) Mandate term	i) Other titles exercised
Levi Henrique	74	Engineer	029.704.148-72	Human Resources Committe	05/08/2015	05/08/2015	2 years	Board of Directors
Júnia Maria de Sousa Lima Galvão	44	Accountant	878.532.996-72	Human resources and Governance, Ethics and Sustainability Committees	05/08/2015	05/08/2015	2 years	Chief Management and Shared Service Center Officer
Leonardo Guimarães Corrêa	56	Economist	275.939.836-68	Risks and Compliance and Commercial and Credit Committees	05/08/2015	05/08/2015	2 years	Chief Financial and Investor Relations Officer
Rafael Nazareth Menin Teixeira de Souza	34	Engineer	013.255.636-76	Risks and Compliance, Governance, Ethics and Sustainability, Human Resources, Commercial and Credit, Real Estate Development and Production Committees	05/08/2015	05/08/2015	2 years	Director and Chief Executive Officer – Region I
Rubens Menin Teixeira de Souza	59	Engineer	315.836.606-15	President of Risks and Compliance, Governance, Ethics and Sustainability, Human Resources, Commercial and Credit, Real Estate Development and Production Committees	05/08/2015	05/08/2015	2 years	Chairman of the Board of Directors
Maria Fernance Menin Teixeira de Souza Maia	35	Lawyer	040.415.096-96	Risks and Compliance and Governance, Ethics and Sustainability Committees	05/08/2015	05/08/2015	2 years	Chief Legal Officer
Eduardo Fischer Teixeira de Souza	41	Engineer	000.415.476-24	Risks and Compliance, Governance, Ethics and Sustainability, Human Resources, Commercial and Credit, Real Estate Development and Production Committees	05/08/2015	05/08/2015	2 years	Chief Executive Officer – Region II
Eduardo Paes Barretto	57	Businessman	006.078.718-06	Commercial and Credit Committee	05/08/2015	05/08/2015	2 years	Chief Commercial Officer
Homero Aguiar Paiva	54	Engineer	566.916.456-34	Production Committee	05/08/2015	05/08/2015	2 years	Chief Production Officer
Hudson Gonçalves de Andrade	55	Engineer	436.094.226-53	Real Estate Development Committee	05/08/2015	05/08/2015	2 years	Chief Real Estate Development Officer
José Adib Tomé Simão	68	Engineer	071.004.346-53	Commercial and Credit Committee	05/08/2015	05/08/2015	2 years	Chief Real Estate Financing Officer

**12.8. a) Resume of the directors, executive officers and members of the Supervisory Board**Board of Directors:

*Rubens Menin Teixeira de Souza – Chairman of the Board of Directors.* He was elected member of the Board of Directors on Extraordinary Shareholders Meeting on May 31, 2006, position which he holds until today. He holds a degree in civil engineering from the Federal University of Minas Gerais - UFMG, where he graduated in 1978. He is a founding partner of the MRV group in 1979 and the main executive, currently serves as Chairman of the Board of Directors. He is also a founding partner of Banco Intermedium S.A., multiple bank, and has been Chairman of its Board of Directors since its establishment in 1994, Chairman of the Board of Directors of LOG Commercial Properties SA, a commercial and industrial properties company, since its founding in 2008, and Chairman of the Board of Directors of Urbamais Properties e Participações S.A., with purpose of the development of large urban areas for residential and/or residential/office use, since its founding in 2012. In addition to MRV, he has not worked at other publicly-held companies.

*Marcos Alberto Cabaleiro Fernandez.* He was elected member of the Board of Directors on Extraordinary Shareholders Meeting on May 31, 2006, position which he holds until today. Graduated with a law degree from the Milton Campos Law School in 1981. He founded Construtora Becker Cabaleiro, civil construction company, in 1977 and CVG developer in 1986. He was Vice-Chairman of the Real Estate Market Chamber of Belo Horizonte and the Civil Construction Union from 1999 to 2002. He is a founding partner of Banco Intermedium S.A. and has been a member of its Board of Directors since the company was established in 1994, and member of the Board of Directors and Chief Executive Officer of LOG Commercial Properties SA, a commercial and industrial properties company, since its founding in 2008, and member of the Board of Directors and Chief Executive Officer of Urbamais Properties e Participações S.A., with purpose of the development of large urban areas for residential and/or residential/office use, since its founding in 2012. In addition to MRV, he has not worked at other publicly-held companies.

*Fernando Henrique da Fonseca.* He was elected member of the Board of Directors on general Shareholders Meeting on October 5, 2006, position which he holds until today. He holds a degree in economics from the Federal University of Minas Gerais - UFMG, having pursued specialized courses in the areas of finance, economics and business. He was CEO of Celulose Nipo-Brasileira S.A. (CENIBRA) from 2001 to 2011. He has more than 40 years of experience in the financial divisions of public and private companies, having held the following positions: President of the financial companies Banco Intermedium S.A., a multiple bank, and Credicon from 1994 to 2001; President of Banco Agrimisa between 1988 and 1993. Vice-President of BEMGE Bank from 1987 to 1988; President of Agrimisa Bank from 1988 to 1993; Executive Officer of Minas Gerais State Financial Policy Committee from 1983 to 1985; and Manager of the Companhia Siderúrgica Belgo-Mineira from 1967 to 1975. In addition to MRV, during his career, he worked for more three publicly-held companies: as Regional Sales Planning and Exportation Manager at Companhia Siderúrgica Belgo-Mineira between 1967 and 1975; as Vice-President at Banco BEMGE between 1987 and 1998; and as President at Banco Agrimisa between 1988 and 1993.

*João Batista de Abreu.* He was elected member of the Board of Directors on Extraordinary Shareholders Meeting on September 30, 2009, position which he holds until today. He holds a degree in Economic Sciences from the Federal University of Minas Gerais – UFMG and a master's degree from FGV. He was a professor at Escola Nacional de Engenharia (1970), in Rio de Janeiro, and at Instituto Militar de Engenharia (IME), from 1970 to 1974. He exercised the titles of Deputy Secretary-General of SEPLAN (1979), Economic Assistant Head of the Minister of Planning (1985), Executive Secretary of the Treasury Ministry (1985-1987), President of Diminas DTVM MG (1985 to 1987), Treasury State Secretary of the State of Minas Gerais (1987 to 1988) and, finally, State Chief Minister of Planning and Coordination of the President of Brazil (1988-1990). After his career at the public level, he was the President of Banco de Desenvolvimento de Minas Gerais (BDMG), from 1990 to 1991, , Vice Executive President of Banco BMG S/A from 1991 to 2009. Besides MRV, João does not have experience in any other publicly held Company.

*Levi Henrique.* He was elected member of the Board of Directors on Extraordinary Shareholders Meeting on June 1, 2006, position which he holds until today. Holds an engineering degree from the Instituto Tecnológico de Aeronáutica - ITA. After graduating, he entered Cofap S.A. (company operating in the autoparts industry) in 1959, where he reached the position of Director of the Shock Absorber Factory and remained with the company for 19 years. In 1978, he joined Eluma S.A., company operating in the steel industry, where he reached the position of Superintendent of the Non-Ferrous Division. He worked at that company for 8 years, up to 1984, and then, between 1985 and 1993, he worked as a Superintendent at LaFonte Fechaduras S.A. Between 1987 and 1990, he worked as a Superintendent at Metalpo Indústria e Comércio Ltda., a company operating in the steel industry; and between 1990 and 1993, he worked as a Superintendent at Protendit Indústria e Comércio Ltda., a company operating in the civil construction industry. He established Geminids, his business management consulting firm, in 1994, which was recently enclosed. Over the last five years, he worked at Suggar Eletrodomésticos Ltda. (2002–2006), manufacturer and seller of exhausters of kitchens and semi-automatic washing machines, as the CEO's Assistant. In addition to MRV, during his career he worked at other two publicly-held companies: as Superintendent at LaFonte Fechaduras S.A., an integral part of the holding LaFonte Participações (1985–1986) and as Superintendent of the Non-Ferrous Division at Eluma S.A. (1978–1984).



*Marco Aurélio de Vasconcelos Cançado.* He was elected member of the Board of Directors on Extraordinary Shareholders Meeting on February 20, 2015, position which he holds until today. He received a degree in business administration from Faculdade de Ciências Econômicas, Administrativas e Contábeis at FUMEC in 1974, and received a graduate degree in financial administration from Fundação João Pinheiro/Columbia University in 1975 and a specialization qualification in finance from the Wharton School of the University of Pennsylvania in 1992. He has more than 35 years of professional experience in the financial and capitals markets, having held executive positions in several institutions. He was CFO at Banco Mercantil do Brasil (2000–2007); CEO at Eletrosilex S.A., a manufacturer of metallic silicate (1998–2000); Partner and Chief Officer at MAVC – Consultoria e Participações Ltda. (2007– up to date); member of the Board of Directors at Araújo Fontes, a company operating in the corporate finance industry and mergers and acquisitions (2007– up to date). Moreover, during his career, he worked at other public companies: at Banco do Brasil as Chief Financial and Services Officer (1985-1987), at Eletrosilex as CEO (1997-1998) and MRV.(2008 – up to date) as member of the Board of Directors.

*Rafael Nazareth Menin Teixeira de Souza – Chief Executive Officer – Region I.* He was elected member of the Board of Directors on Annual and Extraordinary Shareholders Meeting on April 30, 2013, position which he holds until today. He holds a degree in civil engineering from Federal University of Minas Gerais in 2003. He joined MRV Serviços de Engenharia Ltda. in 1999, as a civil engineer intern. He has large experience in real estate homebuilding sector. During this period, he worked as site engineer, coordinator of engineering and technical director. He is member of the Board of Directors of Urbamaís Properties e Participações S.A., with purpose of the development of large urban areas for residential and/or residential/office use, since its founding in 2012. He was elected MRV's Chief Regional Officer at the meeting of the Board of Directors held on March 8, 2010, and afterwards appointed as Chief Executive Officer – Region I at the meeting of the Board of Directors held on March 27, 2014, position which he holds until today. Besides MRV, Rafael does not have experience in any other publicly held Company.

## **12.8. b) Legal and administrative claims (inclusive criminal claims) involving the management and members of the fiscal board**

I, Rubens Menin Teixeira de Souza, Chairman of the Company's Board of Directors, reelected on April 30, 2015, declare, for all legal purposes that, over the last five years, I was not subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Marcos Alberto Cabaleiro Fernandez, Vice-Chairman of the Company's Board of Directors, reelected on April 30, 2015, declare, for all legal purposes that, over the last five years, I was not subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Fernando Henrique da Fonseca, Company's director, reelected on April 30, 2015, declare, for all legal purposes that, over the last five years, I was not subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, João Batista de Abreu, Company's director, reelected on April 30, 2015, declare, for all legal purposes that, over the last five years, I was not subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Levi Henrique, Company's director, reelected on April 30, 2015, declare, for all legal purposes that, over the last five years, I was not subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Marco Aurélio de Vasconcelos cançado, Company's director, reelected on April 30, 2015, declare, for all legal purposes that, over the last five years, I was not subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Rafael Nazareth Menin Teixeira de Souza, Company's director, reelected on April 30, 2015, and Chief Executive Officer – Region I, reelected on April 07, 2015, declare, for all legal purposes that, over the last five years, I was not subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Eduardo Fischer Teixeira de Souza, Chief Executive Officer – Region II, reelected on April 07, 2015, declare, for all legal purposes that, over the last five years, I was not subject to the effects in connection with any criminal claim, plea or fine resulting

from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Eduardo Paes Barretto, Chief Commercial Officer, reelected on April 07, 2015, declare, for all legal purposes that, over the last five years, I was not subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Homero Aguiar Paiva, Chief Production Officer, reelected on April 07, 2015, declare, for all legal purposes that, over the last five years, I was not subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Hudson Gonçalves de Andrade, Chief Real Estate Development Officer, reelected on April 07, 2015, declare, for all legal purposes that, over the last five years, I was not subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, José Adib Tomé Simão, Chief Real Estate Credit Line Officer, reelected on April 07, 2015, declare, for all legal purposes that, over the last five years, I was not subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Júnia Maria de Sousa Lima Galvão, Chief Administrative Officer and Controller, reelected on April 07, 2015, declare, for all legal purposes that, over the last five years, I was not subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Leonardo Guimarães Corrêa, Chief Financial and Investor Relations Officer, reelected on April 07, 2015, declare, for all legal purposes that, over the last five years, I was not subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

I, Maria Fernanda Nazareth Menin Teixeira de Souza Maia Chief Legal Officer, reelected on April 07, 2015, declare, for all legal purposes that, over the last five years, I was not subject to the effects in connection with any criminal claim, plea or fine resulting from any administrative proceeding with CVM, as well as subject to any final and unappealable decision, at the legal and administrative levels, which resulted in the suspension or lack of qualification to exercise any professional or commercial activity.

## 12.9. Marital relationships, stable unions or relatives up to the second degree amongst directors, controlled and controllers

a) Company's directors and executive officers

Nº	Name	CPF	Title	Kinship
1A	Rubens Menin Teixeira de Souza	315.836.606-15	Chairman of the Board of Directors	Father (1º degree of consanguinity)
1B	Rafael Nazareth Menin Teixeira de Souza	013.255.636-76	Director and Chief Executive Officer – Region I	Son (1º degree of consanguinity)
1C	Maria Fernanda Nazareth Menin Teixeira de Souza Maia	040.415.096-96	Chief Legal Officer	Daughter (1º degree of consanguinity)

b) Company's directors and executive officers and directors and executive officers controlled directly or indirectly by the Company

Not applicable

c) Company's directors and executive officers or its direct or indirect subsidiaries and Company's direct or indirect controllers

Not applicable

d) Company's directors and executive officers and directors and executive officers controlled directly or indirectly by the Company

Not applicable

#### 12.10 Relations of subordination, rendering of services or control held, over the last three years, amongst the Company's directors and executive officers

Not applicable, as there is no subordination relations, service rendering or control between managers and subsidiaries of the Company, controllers and others.

a) Company controlled directly or indirectly by the Company

Not applicable

b) Company's direct or indirect controller

Not applicable

c) Company's supplier, client, debtor or creditor, or of the Company's subsidiary or parent companies, or controlled by any of these persons, if relevant

Not applicable

#### 12.11. Agreements, including insurance policies, establishing the payment or reimbursement of expenses assumed by the management

The Company contracted the Civil Liability insurance to cover the directors and executive officers, in order to assure the reimbursement to the directors and executive officers of the expenses assumed by these persons in connection with the recovery of damages against third parties or to the issuer. The coverage of the current policy amounts to R\$ 80.0 million, with a premium of R\$ 122 thousand.

The Company has not entered into any agreement in order to terminate the administrative or judicial proceedings, filed against the Company's directors and executive officers in connection with the exercise of their respective duties.

#### 12.12. Other relevant information

##### General Shareholders' Meeting

	OESM 2014	OESM 2013	OESM 2012
(i) the date of the meeting	04/30/2015	04/30/2014	04/30/2013
(ii) cases of installation on the second call	None	None	None
(iii) the quorum for each meeting	Not available	Not available	Not available

##### Posts of members of the Board of Directors

Attending to item 4.5 of the *Regulamento do Novo Mercado da BM&FBovespa - Bolsa de Valores, Mercadorias e Futuros*, we inform below the list of posts that the members of the Board of Directors occupy in the: (i) Board of Directors, (ii) Fiscal Council, (iii) Committees, and (iv) Executive bodies of other companies or entities.

Members of the Board of Directors	Title at MRV	Company	Title
Rubens Menin Teixeira de Souza	Chairman of the Board of Directors	Banco Intermedium	Chairman of the Board of Directors
	President of the Executive Committees	LOG Commercial Properties S.A.	Chairman of the Board of Directors
		Urbamais Properties e Participações S.A.	Chairman of the Board of Directors
Marcos Alberto Cabaleiro Fernandez	Vice-President	Banco Intermedium	Director
		LOG Commercial Properties S.A.	Director and CEO
		Urbamais Properties e Participações S.A.	Director and CEO
Marco Aurélio de Vasconcelos Cançado	Independent Director	MAVC – Consultoria e Participações Ltda	Partner and Chief Officer
		Araújo Fontes Ltda.	Director
Fernando Henrique da Fonseca	Independent Director	Cenibra	Director
		Camara de Florestas Plantadas do Ministerio da Agricultura	Chief Executive Officer
		Fiesp	Chief Officer
		Oji Papeis Especiais	Chairman
		ABRAF - Associação Brasileira de Produtores de Florestas Plantadas	Director
Rafael Menin Teixeira de Souza	Director and Chief Executive Officer Region I	Urbamais Properties e Participações S.A.	Director
	Member of the Executive Committees		

#### **ABRASCA (Brazilian Association of Listed Companies)**

ABRASCA Code of Self-Regulation and Good Practice of Listed Companies ("Code") establishes principles, rules and recommendations in order to contribute to the improvement of corporate governance practices in order to promote investor confidence, facilitate capital market access and reduce the cost of capital, promoting sustainability and durability of Brazilian companies, as well as the creation of long-term value.

MRV Engenharia e Participacoes SA states applying the principles and rules established in this Code, and acceded to the code on August 15, 2011, except: (as per item 1.4 of the ABRASCA Code).

#### **- Rule 5.1. -**

The Company maintains systems of internal controls and risk management systems that provide its sustainability and longevity. These internal controls allow management to monitor financial and operational processes. In the meeting of the Board of Directors held on February 8, 2010, was approved the Risk Management Committee, which had responsibility for assigning and evaluating the financial and operational risks of the Company, and setting strategies to mitigate them. In the General Extraordinary Shareholders Meeting held on February 20, 2015, was established the Risks and Compliance Committee in replacement of the Risk Management Committee, and in the meeting of the Board of Directors held on May 08, 2015, was approved its internal regulation, where the Committee's duties are to evaluate and to monitor Company's risk exposures, monitoring and supervising the risk management process. The Company is following thus, item 5.1. of the ABRASCA Code.

#### **- Rule 8.2. -**

The administration adopts procedures to control material information, including a disclosure policy for material acts or facts defined by the Board of Directors deliberated and approved by the Board of Directors of the Company on June 8, 2009. The item 3.1 of this Policy elects the Chief IR Officer as responsible for implementing and monitoring this Disclosure Policy, in order to prevent leakage and use of material or privileged information, thus following item 8.2. of the ABRASCA Code.

**Practice of Corporate Governance and the Recommendations of Brazilian Institute of Corporate Governance - IBGC**

Corporate Governance is the system whereby organizations are run and overseen. It involves relationships between the shareholders, the Board of Directors, the Officers, the independent auditors and the Fiscal Council. The main principles are: (i) Transparency; (ii) Fairness; (iii) accountability; and (iv) Corporate Responsibility.

Among the practices of corporate governance recommended by IBGC in its Code of Best Practice of Corporate Governance, we adopt, among others:

- (i) Emission of ordinary shares, exclusively;
- (ii) "One share one vote" policy;
- (iii) Clear Bylaws regarding (a) Call Notice and fulfillment of the General Meeting; (b) Board of Directors and Officers main powers; and (c) voting system, election, dismissal and terms of office of the members of the Board of Directors and Officers;
- (iv) Elaboration of annual reports regarding the Company's activities in the ended fiscal year, in comparison with the previous years and according to the international financial reporting standards;
- (v) Transparency in public disclosure of the annual administration report;
- (vi) Provision in Bylaws regarding Fiscal Council installation;
- (vii) Pertinent General meeting call and documentation, available since the date of the first call, detailing the agenda and always considering the realization of the meeting on time and date which allow the participation of the highest amount of shareholders;
- (viii) Well defined voting rules, available since the publication of the General Meeting call;
- (ix) Provision in Bylaws regarding that, in the hypothesis of the complete disposal of the controlling shareholders, the acquirer must conduct a public offer of share acquisition to all shareholders, in the same condition given to the controller (tag along);
- (x) Share dissipation (free float), aiming the securities' liquidity; and
- (xi) Conflict resolution that may arise between the Company and its Shareholders through an arbitration procedure.

### 13. Compensation of Directors and Executive Officers

#### 13.1. Compensation policy or practice of the Board of Directors, Executive Board, Supervisory Board and Audit, Risk, Financial and Compensation Committees

a) compensation policy or practice

##### Board of Directors:

The compensation policy of the Board of Directors includes a fixed monthly compensation by way of *pro-labore* and a variable compensation for the Chairman of the Board of Directors.

##### Executive Board:

The compensation of the executive officers is determined in accordance with (i) the duties and responsibilities of each one and as regards to the other executives of the real estate industry, and (ii) the collective performance of the executive management staff to meet our purpose to increase the value of our shares.

We enter into with each of our directors and executive officers the Management Agreement, which sets forth, in addition to the fixed monthly compensation, paid as *pro labore* compensation, a variable compensation subject to the performance of the director and/or executive officer and in accordance with the compliance with certain goals of the area.

Some of our executive officers were granted with stock option plans to be exercised in accordance with the terms and conditions set forth in the Stock Option Plan.

Therefore, the compensation policy of our directors and executive officers includes: (i) a basic compensation and a variable compensation, related to the goals in accordance with the title and area of the director and/or executive officer; (ii) an indirect compensation, represented by the benefits indicated in the paragraph above; and (iii) a stock based compensation, in connection with the Stock Option Plan. This policy aligns short-, medium- and long-term purposes.

##### Non-Statutory Executive Board:

The compensation of the members of the Executive Board is based on the market practices, depending on the results of our Company. The compensation practice aims at contracting and assuring the retention of the highly qualified personnel. The compensation policy of the Executive Board is based on applicable legislation, since all executive officers are contracted based on the CLT legislation, in order to determine the compensation of each executive officer. Moreover, the members of our Executive Board receive stock based compensation, in connection with our Stock Option Plan.

##### Supervisory Board:

We do not have a Supervisory Board installed currently. The compensation policy of the members of the Supervisory Board, when installed, will be determined in accordance with applicable legislation. The Brazilian Corporate Law requires that the members of the Supervisory Board receive compensation of, at least, 10% of the average amount paid yearly to the executive officers.

##### Committees:

The members of the advisory committees under the Board of Directors do not receive compensation. Only independent members of the Committees can be compensated.

MRV's compensation policy considers the three related perspectives, as follows:

- i. Employer perspective: promote the knowledge, skills and the behaviors necessary for successful business;
- ii. Employee perspective: the compensation is a portion of an attractive proposal which is understood and supported by the employee;
- iii. Cost perspective: the compensation costs are sustainable and do not affect the other investments.

b) compensation composition

##### i) Description of the compensation elements and purposes of each one:

- a. Fixed compensation: base salary (Board of Directors, statutory and non-statutory Executive Board). Purpose: recognize and reflect the value of the title internally (company) and externally (market);

- b. Short-term incentives: bonus (Chairman of the Board of Directors, statutory and non-statutory Executive Board). Purpose: compensate for the Company's goals achieved and exceeded, at the department and individual levels, aligned to budget, strategic planning and competition;
- c. Benefits: life insurance, health and odontological plan (statutory and non-statutory Executive Board). Purpose: supplement the corporate benefits;
- d. Long-term incentives: stock option plan (statutory and non-statutory Executive Board). Purpose: reinforce the retention of employees and align the interests with the shareholders as regards to the creation of value for the business in a sustainable manner in the long term.

ii) Percentage of each element in the total compensation:

- a. Board of Directors: Chairman of the Board of Directors - 48% fixed compensation and 52% short-term incentives; other members of the Board of Directors – 100% fixed compensation.
- b. Statutory Executive Board: 47% fixed compensation, 32% short-term incentives, 2% benefits and 19% long-term incentives.
- c. Non-statutory Executive Board: 68% fixed compensation, 15% short-term incentives, 4% benefits and 13% long-term incentives.
- d. Supervisory Board: We do not have a Supervisory Board installed.
- e. Committees: The members of the advisory committees under the Board of Directors do not receive compensation. Only independent members of the Committees can be compensated.

iii) Methodology for calculation and adjustment of the compensation elements:

*Board of Directors*

The compensation elements are defined at the general shareholders' meeting. The adjustments are based on market research with Brazilian companies of about the same size and different sectors. Based on that the adjustments are then analyzed by the Board of Directors and taken to General Assembly to be approved by the shareholders.

*Statutory Executive Board*

The compensation elements and its annual limits are defined at the general shareholders' meeting. The adjustments are based on market research with Brazilian companies of about the same size and different sectors. Based on that the adjustments are analyzed by the Board of Directors and taken to General Assembly to be approved by the shareholders.

*Non-statutory Executive Board*

The negotiation between the trade union of the employees of acquisition, sales, lease and property administration companies of the metropolitan area of Belo Horizonte and the civil construction employers' trade union of the State of Minas Gerais agreed an annual salary increase (percentage) to the Company's employees. As regards to the non-statutory Executive Board, this negotiation between the trade unions is followed. The Company authorized to adjust each element of the total compensation.

iv) Reasons which would justify the compensation composition:

The reason for the fact that most part of the total compensation is variable (short- or long-term) is the Company's focus on the results. Therefore, the attraction and retention strategy is also focused on the results.

c) main performance indicators considered in the determination of each compensation element

- a. Fixed compensation: no performance indicators are considered;
- b. Short-term incentives: the Company's main performance indicators considered to determine the variable compensation are: Net Margin, Adjusted EBITDA Margin, Contracted Sales, Constructed Units, Client Satisfaction, Available Land Bank, Launches and Transfer to Clients;
- c. Benefits: no performance indicators are considered;

- d. Long-term incentives: the Company's main performance indicators considered to determine the variable compensation are: Net Margin, Adjusted EBITDA Margin, Contracted Sales, Constructed Units, Client Satisfaction, Available Land Bank, Launches and Transfer to Clients.

d) compensation structure to reflect the growth of the performance indicators

- a. Fixed compensation: no performance indicators are considered;
- b. Short-term incentives: The monitoring of the indicators is performed at least monthly, and the final determination of the results is performed on the year subsequent to the year under discussion and approved by the Board of Directors. Each indicator has a specific weight which, as measured, consolidates the total variable compensation;
- c. Benefits: no performance indicators are considered;
- d. Long-term incentives: The monitoring of the long-term compensation is based on individual and collective performance criteria, generation of value to shareholders and future potential collaboration with the Company, and is approved on the subsequent year by the Board of Directors.

e) relation between the compensation policy or practice and the Company's interests

As set forth in item b (i), each compensation aspect performs a specific role in the short-, medium- and long-term. Since there is a strong relation with the results, the Company assures a sustainable compensation, without affecting any other investments.

- a. Fixed compensation: base salary (Board of Directors, statutory and non-statutory Executive Board). Purpose: recognize and reflect the value of the title internally (company) and externally (market);
- b. Short-term incentives: bonus (Chairman of the Board of Directors, statutory and non-statutory Executive Board). Purpose: compensate for the Company's goals achieved and exceeded, at the department and individual levels, aligned to budget, strategic planning and competition;
- c. Benefits: life insurance, health and odontological plan (statutory and non-statutory Executive Board). Purpose: supplement the corporate benefits;
- d. Long-term incentives: stock option plan (statutory and non-statutory Executive Board). Purpose: reinforce the retention of employees and align the interests with the shareholders as regards to the creation of value for the business in a sustainable manner in the long term.

f) Compensation supported by subsidiaries, associated companies or direct or indirect controllers

See item 13.15.

g) compensation or benefits related to corporate events

There is no compensation or benefits related to corporate events.



**13.2. Total compensation of the Board of Directors, Chief Executive Officers and Supervisory Board**

<b>Total Compensation estimated to the current fiscal year 12/31/2015 – Annual Amounts</b>	<b>Board of Directors</b>	<b>Executive Board</b>	<b>Supervisory Board</b>	<b>Total</b>
Number of members	7	9	/	16
Annual fixed compensation (R\$)	3,020,287	8,178,000		11,194,287
Salary / Pró-labore	2,333,322	6,099,387		8,432,709
Direct and indirect benefits	-	277,783		277,783
Participation in committees	-	-		-
Other	686,966	1,796,830		2,483,796
Notes – other fixed compensation	Social Security (INSS): as per the guidelines of Circular/CVM/SEP/N. 1/2014, item 13.2, the INSS amount was shown separately. The social security (INSS) is not included in the overall Management compensation proposed for approval at the Annual Shareholders' Meeting. The amounts shown in this table refer to information that is different from the overall management compensation proposed for approval at the Annual Shareholders' Meeting, given that the proposed amount does not include INSS payments made by the employer.			
Variable compensation	1,636,311	4,905,101		6,541,412
Bonus	1,636,311	4,905,101		6,541,412
Profit sharing	-	-		-
Participation in meetings	-	-		-
Commissions	-	-		-
Other	-	-		-
Post-employment benefits				
Benefits due to dismissal				
Stock based compensation	-	3,441,879		3,441,879
Observation		In 2014, according to the Executive Board restructuring, the Company now has 10 officers, 2 are co-CEO		
<b>Total compensation</b>	<b>4,656,598</b>	<b>16,520,980</b>		<b>21,177,578</b>

Total compensation of the fiscal year of 12/31/2014 – Annual amounts	Board of Directors	Executive Board	Supervisory Board	Total
Number of members	6.7	10.2	/	16.9
Annual fixed compensation (R\$)	2,724,253	7,831,459		10,556,381
Salary / Pró-labore	2,106,253	5,848,433		7,954,685
Direct and indirect benefits	-	265,166		265,166
Participation in committees	-			-
Other	618,670	1,717,860		2,336,530
Notes – other fixed compensation	Social Security (INSS): as per the guidelines of Circular/CVM/SEP/N. 1/2014, item 13.2, the INSS amount was shown separately. The social security (INSS) is not included in the overall Management compensation proposed for approval at the Annual Shareholders' Meeting. The amounts shown in this table refer to information that is different from the overall management compensation proposed for approval at the Annual Shareholders' Meeting, given that the proposed amount does not include INSS payments made by the employer.			
Variable compensation	1,521,446	4,650,954		6,172,400
Bonus	1,521,446	4,650,954		6,172,400
Profit sharing	-	-		-
Participation in meetings	-	-		-
Commissions	-	-		-
Other	-	-		-
Post-employment benefits				
Benefits due to dismissal				
Stock based compensation	-	2,269,000		2,269,000
Observation	The compensation increased compared to 2013 due to the change in the administrative structure. Number of members: (8 months x 7 members + 4 months x 6 members) / 12 months = 6.7 members	In 2014, according to the Executive Board restructuring, the Company now has 10 officers, 2 are co-CEO, as of apr/14. Number os members: (3 months x 11 members + 8 months x 10 members + 1 month x 9 members) = 10.2 members		
<b>Total compensation</b>	<b>4,246,369</b>	<b>14,751,413</b>		<b>18,997,782</b>

Total compensation of the fiscal year of 12/31/2013 – Annual amounts	Board of Directors	Executive Board	Supervisory Board	Total
Number of members	7.00	11,00	/	18.00
Annual fixed compensation (R\$)	1,152,032	7,526,712		8,678,744
Salary / Pró-labore	960,027	6,272,260		7,232,286
Direct and indirect benefits		-		-
Participation in committees		-		-
Other	192,005	1.254.452		1,446,457
Notes – other fixed compensation	Social Security (INSS): as per the guidelines of Circular/CVM/SEP/N. 1/2014, item 13.2, the INSS amount was shown separately. The social security (INSS) is not included in the overall Management compensation proposed for approval at the Annual Shareholders' Meeting. The amounts shown in this table refer to information that is different from the overall management compensation proposed for approval at the Annual Shareholders' Meeting, given that the proposed amount does not include INSS payments made by the employer.			
Variable compensation		3,992,886		3,992,886
Bonus		3,992,886		3,992,886
Profit sharing		-		-
Participation in meetings		-		-
Commissions		-		-
Other		-		-
Post-employment benefits		-		-
Benefits due to dismissal		-		-
Stock based compensation	-	2,116,000		2,116,000
Observation		The compensation increased in 2013, compared to 2012, due to profit sharing payment according to item 13.1 – b of this form.		
<b>Total compensation</b>	<b>1,152,032</b>	<b>13,635,598</b>		<b>14,787,630</b>

Total compensation of the fiscal year of 12/31/2012 – Annual Amount	Board of Directors	Executive Board	Supervisory Board	Total
Number of members	7.00	11.25	/	18.25
Annual fixed compensation (R\$)	1,084,800	6,466,800		7,551,600
Salary / Pró-labore	904,000	5,389,000		6,293,000
Direct and indirect benefits	-	-		-
Participation in committees	-	-		-
Other	180,800	1,077,800		1,258,600
Notes – other fixed compensation	Social Security (INSS): as per the guidelines of Circular/CVM/SEP/N. 1/2014, item 13.2, the INSS amount was shown separately. The social security (INSS) is not included in the overall Management compensation proposed for approval at the Annual Shareholders' Meeting. The amounts shown in this table refer to information that is different from the overall management compensation proposed for approval at the Annual Shareholders' Meeting, given that the proposed amount does not include INSS payments made by the employer.			
Variable compensation	-	220,000		220,000
Bonus	-	220,000		220,000
Profit sharing	-	-		-
Participation in meetings	-	-		-
Commissions	-	-		-
Other	-	-		-
Post-employment benefits	-	-		-
Benefits due to dismissal	-	-		-
Stock based compensation	-	1,585,000		1,585,000
Observation	(12 months x 7 members) = 84. 84/12 months = on average 7.00 members	(12 months x 11 members + 1 member x 3 months) = 135. 135/12 months = on average 11.25 members		
<b>Total compensation</b>	<b>1,084,800</b>	<b>8,271,800</b>		<b>9,356,600</b>

**13.3. As regards to the variable compensation for the last year and the current year and the compensation estimated for the current year for the members of the Board of Directors, Statutory Executive Board and Supervisory Board**

Variable compensation expected for the current fiscal year - 2015	Board of Directors	Statutory Executive Board	Supervisory Board	Total
Number of members	7	9	na	16
<b>Bonus</b>				
Minimum value established in the compensation plan	0	0	na	0
Maximum value established in the compensation plan	1,636,311	4,905,101	na	6,541,412
Estimated value established in the compensation plan in the event the goals are met	1,636,311	4,905,101	na	6,541,412
Value recognized in the statement of income (in R\$ thousand)	na	na	na	na
<b>Profit Sharing</b>				
Minimum value established in the compensation plan	-	0	na	0
Maximum value established in the compensation plan	-	0	na	0
Estimated value established in the compensation plan in the event the goals are met	-	0	na	0
Value recognized in the statement of income (in R\$ thousand)	na	na	na	na

Variable compensation – for the fiscal year ended on 12/31/2014	Board of Directors	Statutory Executive Board	Supervisory Board	Total
Number of members	6.7	10.2	na	16.9
<b>Bonus</b>				
Minimum value established in the compensation plan	0	0	na	0
Maximum value established in the compensation plan	2,050,310	5,860,569	na	7,910,879
Estimated value established in the compensation plan in the event the goals are met	2,050,310	5,860,569	na	7,910,879
Value recognized in the statement of income (in R\$ thousand)	1,521,446	4,650,954	na	6,172,400
<b>Profit Sharing</b>				
Minimum value established in the compensation plan	0	0	na	0
Maximum value established in the compensation plan	0	0	na	0
Estimated value established in the compensation plan in the event the goals are met	0	0	na	0
Value recognized in the statement of income (in R\$ thousand)	0	0	na	0

Variable compensation – for the fiscal year ended on 12/31/2013	Board of Directors	Statutory Executive Board	Supervisory Board	Total
Number of members	7.00	11.00	na	18.00
<b>Bonus</b>				
Minimum value established in the compensation plan	0	0	na	0
Maximum value established in the compensation plan	0	6,272,260	na	6,272,260
Estimated value established in the compensation plan in the event the goals are met	0	6,272,260	na	6,272,260
Value recognized in the statement of income (in R\$ thousand)	na	3,992,886	na	3,992,886
<b>Profit Sharing</b>				
Minimum value established in the compensation plan	0	0	na	0
Maximum value established in the compensation plan	0	0	na	0
Estimated value established in the compensation plan in the event the goals are met	0	0	na	0
Value recognized in the statement of income (in R\$ thousand)	0	0	na	0

Variable compensation - - for the fiscal year ended on 12/31/2012	Board of Directors	Statutory Executive Board	Supervisory Board	Total
Number of members	7.00	11.25	na	18.25
<b>Bonus</b>				
Minimum value established in the compensation plan	0	0	na	0
Maximum value established in the compensation plan	0	5,339,000	na	5,389,000
Estimated value established in the compensation plan in the event the goals are met	0	5,339,000	na	5,389,000
Value recognized in the statement of income (in R\$ thousand)	na	220,000	na	220.000
<b>Profit Sharing</b>				
Minimum value established in the compensation plan	0	0	na	0
Maximum value established in the compensation plan	0	0	na	0
Estimated value established in the compensation plan in the event the goals are met	0	0	na	0
Value recognized in the statement of income (in R\$ thousand)	0	0	na	0

**13.4. Stock-based compensation plan of the Board of Directors and Chief Officers****a. General terms and conditions**

On April 2, 2007, our shareholders at the General Meeting approved the general conditions of our Stock Option Plan and the respective regulation, comprising 4,701,723 shares, equivalent to 5% of the total shares issued by our Company on such date and established the number of options and shares to be granted, as well as the exercise conditions, including the respective terms. The exercise price of the Stock Option Plan will be equivalent to the shareholders' equity value determined by the Board of Directors on the date of acceptance and approval of each program.

Our executives and employees, including the executives and employees of our subsidiaries, directly or indirectly, may be entitled to participate in such plan. In the event the labor agreement or the mandate of the associate is terminated due to (a) request for dismissal or waiver; or (b) dismissal (with or without just cause) or removal (with or without just cause), in accordance with, however the case may be, the definition of just cause set forth in the corporate legislation or the definition of just cause set forth in the labor legislation, as applicable; the options which exercise rights (i) were not acquired, up to such date, will be cancelled; and (ii) were already acquired on such date, may be exercised within 90 days, as from the termination date of the respective labor agreement or mandate, upon notice in writing submitted to the Chairman of our Board of Directors, being understood that, upon elapse of such period, the rights will be cancelled.

On December 17, 2009, the shareholders approved at a Shareholders Meeting the amendment of the Stock Option Plan to reflect the 1:3 stock split made on that date.

On October 15, 2013, the Company's shareholders approved at an Extraordinary Shareholders Meeting the amendment of the Stock Option Plan in which the option included in the plan will correspond to the amount resulted of incidence of, at most, 5% (five percent) of the total shares corresponding to the Company's Capital according to the Company Bylaws.

**(i) Program 1**

On April 09, 2007, the "Program 1" was approved. This program involves the Company's middle management in addition to its officers and senior management, who are elected by the Company's Chief Officers and approved by the Board of Directors. The option exercise price is R\$1.004, corresponding to 2,846,687 stock options (equivalent to 8,540,061 common shares after the stock split), differentiated per participant by the number of options received and the related vesting period, of up to 7 years. This program has already been finalized.

**(ii) Program 2:**

On December 04, 2007, the "Program 2" was granted. totaling 467,400 stock options (equivalent to 1,402,200 common shares after the stock split) with exercise price of R\$10.00, differentiated by the number of options received and the related vesting period. This program involves the Company's middle management in addition to its officers and senior management, who are elected by the Company's Chief Officers and approved by the Board of Directors.. This program has already been finalized.

**(iii) Program 3:**

On March 8, 2010, a new stock option plan was approved with exercise price of R\$11.80, equivalent to 1,700,631 common shares, differentiated by the number of options received, but maintaining the same five-year vesting period. Options can be exercised within up to three years after the date of the last year. The exercise price is based on the average quotation of the Company's shares in the last 20 stock market sessions before and including May 10, 2010.

Eligibility for Program 3 includes, in addition to the executive officers, executives and managers considered key management personnel of the Company, who are elected by the Chief Officers and approved by the Board of Directors.

**(iv) Program 4:**

On June 11, 2012, a new stock option plan named "Program 4" was approved with exercise price of R\$11.56, equivalent to 1,945 thousand common shares, maintaining the same five-year vesting period. Options can be exercised within up to three years after the date of the last year. The exercise price is based on the average quotation of the Company's shares in the last 20 stock market sessions before and including August 31, 2011.

Eligibility for Program 4 includes, in addition to the executive officers, executives and managers considered key management personnel of the Company, who are elected by the Chief Officers and approved by the Board of Directors.

**v) Program 5:**

On August 20, 2013, a new stock option plan named "Program 5" was approved with exercise price of R\$5.91, equivalent to 1,521,572 common shares, with five-years vesting period. Options can be exercised within up to three years after the vesting period. The exercise price is based on the quotation of the Company's shares in the stock market session of July 05, 2013.

Eligibility for Program 5 includes, in addition to the executive officers, executives and managers considered key management personnel of the Company, who are elected by the Chief Officers and approved by the Board of Directors.

**vi) Program 6:**

On October 14, 2014, a new stock option plan named "Program 6" was approved with exercise price of R\$6.50, equivalent to 1,700,000 common shares, with five-years vesting period. Options can be exercised within up to three years after the vesting period. The exercise price is based on the quotation of the Company's shares in the stock market session of May 21, 2014.

Eligibility for Program 6 includes, in addition to the executive officers, executives and managers considered key management personnel of the Company, who are elected by the Chief Officers and approved by the Board of Directors.

Up to December 31, 2014, the Company had granted 74.1% of the total approved stock options.

**b. main plan's purposes**

The purpose of this Stock Option Plan of shares of MRV Engenharia e Participacoes SA ("Company"), established under art. 168, § 3 of Law No. 6.404/76, approved by the General Assembly of the Company, hereinafter referred to as the Plan is to stimulate growth, success and performance of the Company's corporate purposes and shareholders' interests, allowing certain executives and employees to opt to purchase shares of the Company on the terms and conditions of the Plan.

**c. plan's contribution to these purposes**

Once most part of the options is available in long term, the executive officers trend to work in the company at least up to such period and are able to obtain the results in the long term.

**d. how the plan is included in the issuer's compensation policy**

As referred to in item 13.1b, the stock option plan is one of the four groups of compensation, being a long term incentive to enhance employee retention and to align interests with shareholders in value creation for the business in a sustainable manner and in long-term.

**e. how the plan aligns the interests of the directors, executive officers and issuer in the short, medium and long terms**

The plan aligns the interests of the directors, executive officers, Company and shareholders through the benefits to the directors and executive officers in accordance with the performance of the shares issued by the Company. Through the plan, we seek to improve our management and retention of our executives, aiming at the gains resulting from our commitment with the long-term results and short-term performance. Moreover, the plan allows the Company to obtain and maintain the services rendered by specialized executives, by providing to such executive officers, as an additional advantage, the possibility of becoming the shareholders of our Company, under the terms and conditions set forth in the plan.

**f. maximum number of shares**

On April 2, 2007, our shareholders, at the General Meeting, approved the general conditions of our Stock Option Plan and its respective regulation, which plan comprises 4,701,723 options or 4,701,723 shares, equivalent to 5% of the total shares issued by our Company on such date and establishes the number of options and shares to be granted, as well as the exercise conditions, including terms.

On December 17, 2009, the shareholders approved at a Shareholders Meeting the amendment of the Stock Option Plan to reflect the 1:3 stock split made on that date. The split was also applied to the executives Stock Option Plan, so that one option of Plan 1 and 2 correspond to three ordinary shares, while one option of Plan 3 correspond to one ordinary share, totaling 14,105,169 shares post split.

On October 15, 2013, the Company's shareholders approved at an Extraordinary Shareholders Meeting the amendment of the Stock Option Plan in which the option included in the plan will correspond to the amount resulted of incidence of, at most, 5% (five percent) of the total shares corresponding to the Company's Capital according to the Company Bylaws. On December 31, 2014 this amount was equivalent to 22,456,984 shares.

**g. maximum number of options to be granted**

In accordance with the Stock Option Plan approved on the Extraordinary Shareholders Meeting held on October 15, 2013, the options included in the plan will correspond to the amount resulted of incidence of, at most, 5% (five percent) of the total shares corresponding to the Company's Capital according to the Company Bylaws.

h. conditions for the acquisition of shares

The participation in such program includes, in addition to, statutory and non-statutory, officers and managers, our medium-level managers.

Our executive officers and employees, inclusive the executive officers and employees of our subsidiaries, directly or indirectly, may be eligible to participate in such plan. The Board of Directors indicates, in accordance with such plan and for each program, those persons eligible to the options, which persons are duly invited in writing to participate in the plan.

The exercise price must be paid as determined by each program, according to the price indicated in item 13.4. (i) below. The option shall solely be exercised under the terms of the plan and each program, during the dates and periods established.

The person participating in the plan must be an active associate on the exercise date.

i. criteria to determine the acquisition or exercise price

(i) Program 1:

The exercise price of the Stock Option Plan is equivalent to the shareholders' equity value determined by the Board of Directors on the release and approval of each program, being R\$ 1.004.

(ii) Program 2:

The exercise price of the Stock Option Plan is equivalent to the shareholders' equity value determined by the Board of Directors on the release and approval of each program, being R\$ 10.00.

(iii) Program 3:

The exercise price is based on the average quotation of the Company's shares in the last 20 stock market sessions before and including May 10, 2010, being R\$ 11.80.

(iv) Program 4:

The exercise price is based on the average quotation of the Company's shares in the last 20 stock market sessions before and including August 31, 2011, being R\$ 11.56.

(v) Program 5:

The exercise price is based on the quotation of the Company's shares in the stock market session of July 05, 2013, being R\$ 5.91.

(vi) Program 6:

The exercise price is based on the quotation of the Company's shares in the stock market session of May 21, 2014, being R\$ 6.50.

Note: When Program 1 and 2 were released and approved, the Company did not yet have securities negotiated on the stock market. When Program 3, 4, 5 and 6 were released and approved, the Company did already have securities negotiated on the stock market, and as such, the criterium of price setting adopted by the Company should, necessarily, observe the stock quotes.

j. criteria for determination of the exercise period

The option can be exercised annually and each plan has its term of exercise according to the relevance of the associate and alignment with the plan's long-term purposes.

k. liquidation method

The options exercise entitle to MRV's common shares, by the exercise price. After each option exercise, the shares will be made available to the holder .

l. restrictions to the transfer of shares

The holder of the shares originally acquired in connection with the Plan must not sale, transfer or dispose such shares issued by the Company, as well as those shares acquired by virtue of bonus, split-offs, subscriptions or any other form of acquisition, provided that such rights have expired for the purchaser of the ownership of the shares in connection with the plan (referred to herein as "Shares"), for the minimum period set forth in the Invitation Letter. This transfer restrictive period only applies to the shares of program 1 being of 6 (six) months after the last exercise. Shares from Programs 2, 3, 4, 5 and 6 do not have restriction periods. The Invitation Letter is a document signed by the Company and the participant, where the exercise periods, number of options and exercise price, amongst others, are established.



The holder of the Shares also agrees not to provide such Shares in guarantee or subject such Shares to any burden or encumbrance.

The Company will include in the respective Book of Transfer of Shares the restrictions to the disposal of Shares.

Upon elapse of the restriction period above, in the event any beneficiary intends to, directly or indirectly, dispose or otherwise transfer the total or a portion of the shares to a third party, this beneficiary must notify the Company, in writing, including the name of the third party, the term, the payment conditions and the number of shares offered, as well as all information necessary for the Company to decide, within 30 (thirty) days, at most, whether the Company intends to exercise the preemptive right to acquire the shares of the beneficiary under the same terms and conditions. In the event the Company is not able to exercise the preemptive right within the above mentioned period of 30 (thirty) days, the beneficiary will be entitled to the right to sale the shares, within 90 (ninety) days as from the termination of such period, under the terms and conditions not less favorable than those offered to the Company.

m. criteria and events which, upon verification, will cause the plan to be suspended, changed or terminated

In the event the number of the shares issued by the Company is increased or decreased or in the event the shares are changed by different types or classes, as a result of stock premiums, split-offs of shares or reverse split-offs of shares, the necessary adjustments will be made to the number of Shares as regards to which the options were granted and not exercised yet. Any adjustments to the options will be performed without changing the total purchase value applicable to the portion not exercise of the option, including the adjustments corresponding to the exercise price for each share or any unit of the share in connection with the option.

The Board of Directors will establish the applicable rules for the dissolution, transformation, incorporation, merger, spin off or reorganization cases in the Company.

n. effects in connection with the removal of the director from the bodies of the issuer as regards to the rights set forth in the stock based compensation

In the event the labor agreement or the mandate of the associate is terminated due to (a) request for dismissal or waiver; or (b) dismissal (with or without just cause) or removal (with or without just cause), in accordance with, however the case may be, the definition of just cause set forth in the corporate legislation or the definition of just cause set forth in the labor legislation, as applicable; the options which exercise rights (i) were not acquired, up to such date, will be cancelled; and (ii) were already acquired on such date, may be exercised within 90 days, as from the termination date of the respective labor agreement or mandate, upon notice in writing submitted to the Chairman of our Board of Directors, being understood that, upon elapse of such period, the rights will be cancelled.

In the event of death of the beneficiary, its successors will be entitled with the right to exercise possible options not exercised, regardless of the compliance with the restriction periods related to the sale of the shares in connection with the Program and irrespective of the fact that the exercise right was not acquired, immediately and during the exercise period set forth in the Program, being understood that the number of shares to which the beneficiary is entitled is calculated based on the number of full days between the date the option was granted to the date of termination of the labor agreement or mandate, in accordance with the following formula:

$$(\text{Shares} \times D) / P = \text{Options Pro Rata}$$

*Where:*

D is equivalent to the number of full days counted as from the date the option was granted to the date of termination of the labor agreement or mandate, or waiver.

P is equivalent to the period, in days, for the exercise of the Option in accordance with the respective Program.

In the event of retirement due to contribution period or age, after 60 (sixty) year old and provided that the services are discontinued, the options which exercise right (i) was not acquired up to such date, will be cancelled; and (ii) were already acquired on such date, may be exercised within 90 (ninety) days, as from the termination date of the respective labor agreement or mandate, upon notice in writing submitted to the Chairman of our Board of Directors, being understood that, upon elapse of such period, the rights will be cancelled.

**13.5. Shares or quotas directly or indirectly held in Brazil or abroad and other marketable securities convertible into shares or quotas, issued by the Company, its direct or indirect controllers, companies controlled or under common control, by members of the Board of Directors, Executive Board or Supervisory Board**

<b>MRV ENGENHARIA E PARTICIPAÇÕES S.A.</b>	<b>Shares held directly</b>	<b>Shares held indirectly</b>	<b>Total</b>
Controller	153,470,331	4,592,668	158,062,999
Board of Directors	6,116,719	195,889	6,312,608
Executive Board	5,863,376	73,979	5,937,355
	<b>165,450,426</b>	<b>4,862,536</b>	<b>170,312,962</b>

The member of the Board of Directors and the Executive Board hold the following shares of LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

<b>LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.</b>	<b>Shares held directly</b>	<b>Shares held indirectly</b>	<b>Total</b>
Controller	1	500,428	500,429
Board of Directors	5,506,909	8,343,868	13,850,777
Executive Board	4,005,026	8,343,868	12,348,894
	<b>9,511,936</b>	<b>17,188,164</b>	<b>26,700,100</b>

The member of the Board of Directors and the Executive Board hold the following shares of URBAMAIS PROPERTIES E PARTICIPAÇÕES S.A.

<b>URBAMAIS PROPERTIES E PARTICIPAÇÕES S.A.</b>	<b>Shares held directly</b>	<b>Shares held indirectly</b>	<b>Total</b>
Controller	0	25,774	25,774
Board of Directors	90,000	429,742	90,000
Executive Board	505,000	429,742	1,364,484
	<b>595,000</b>	<b>885,258</b>	<b>1,480,258</b>

**13.6. Stock based compensation recognized in the income statement of the Board of Directors and of the Statutory Executive Board**

<b>Stock based compensation in fiscal year 31/12/2014</b>	<b>Board of Directors</b>	<b>Diretoria Executiva</b>					
	<b>/</b>	<b>Program 1</b>	<b>Program 2</b>	<b>Program 3</b>	<b>Program 4</b>	<b>Program 5</b>	<b>Program 6</b>
Number of members	-	6	1	12	5	12	10
<b>Granting of Buy Options</b>							
Granting date	-	04/20/07	12/04/07	05/17/10 and 06/18/10	09/11/12	08/21/2013	10/14/2014
Number of options granted (post split)	-	0	0	0	0	0	797,244
Term in which they become exercisable	-	Up to 20-04-2014	Up to 31-12-2014	Up to 31-12-2015	Up to 31-08-2016	Up to 31-12-2017	Up to 31-12-2018
The maximum term for the exercise of the options	-	Up to 2014	Up to 2014	Up to 2018	Up to 2019	Up to 2020	Up to 2021
The restrictive term for the transfer of the shares	-	6 meses	nd	nd	nd	nd	nd
Average exercise price	-						
(a) of the options to be exercised at the beginning of the fiscal year	-	0.33	3.33	11.80	11.56	5.91	6.50
(b) of the lost options during the the fiscal year	-	nd	3.33	11.80	11.56	5.91	nd
(c) of the exercised options during the the fiscal year	-	0.33	3.33	nd	nd	5.91	6.50
(d) of the expired options during the the fiscal year	-	nd	nd	nd	nd	nd	nd
Option fair value at Granting date	-	7.74	23.51	5.25	9.43	4.22	4.00
<b>Potential dilution in case of exercising all options</b>	-	nd	nd	nd	nd	nd	0.18%

Stock based compensation in fiscal year 31/12/2013	Board of Directors	Chief Officers				
	/	Program 1	Program 2	Program 3	Program 4	Program 5
Number of members	-	6	1	12	5	12
<b>Granting of Buy Options</b>						
Granting date	-	04/20/07	12/04/07	05/17/10 and 06/18/10	09/11/12	08/21/2013
Number of options granted (post split)	-	0	0	0	0	840,926
Term in which they become exercisable	-	Up to 20-04-2014	Up to 31-12-2014	Up to 31-12-2015	Up to 31-08-2016	Up to 31-12-2017
The maximum term for the exercise of the options	-	Up to 2014	Up to 2014	Up to 2018	Up to 2019	Up to 2020
The restrictive term for the transfer of the shares	-	6 months	nd	nd	nd	nd
Average exercise price	-					
(a) of the options to be exercised at the beginning of the fiscal year	-	0.33	3.33	11.80	11.56	5.91
(b) of the lost options during the the fiscal year	-	0.33	3.33	nd	11.56	nd
(c) of the exercised options during the the fiscal year	-	0.33	3.33	11.80	11.56	5.91
(d) of the expired options during the the fiscal year	-	nd	nd	nd	nd	nd
Option fair value at Granting date	-	7,74	23,51	5,25	9,43	4,22
Potential dilution in case of exercising all options	-	nd	nd	nd	nd	0.17%

Stock based compensation in fiscal year 31/12/2012	Board of Directors	Chief Officer			
	/	Program 1	Program 2	Program 3	Program 4
Number of members	-	6	1	12	5
<b>Granting of Buy Options</b>					
Granting date	-	04/20/07	12/04/07	05/17/10 and 06/18/10	09/11/12
Number of options granted (post split)	-	0	0	0	771,787
Term in which they become exercisable	-	Up to 20-04-2014	Up to 31-12-2014	Up to 31-12-2015	Up to 31-08-2016
The maximum term for the exercise of the options	-	Up to 2014	Up to 2014	Up to 2018	Up to 2019
The restrictive term for the transfer of the shares	-	6 months	nd	nd	nd
Average exercise price	-				
(a) of the options to be exercised at the beginning of the fiscal year	-	0.33	3.33	11.80	11.56
(b) of the lost options during the the fiscal year	-	nd	3.33	11.80	nd
(c) of the exercised options during the the fiscal year	-	0.33	3.33	nd	nd
(d) of the expired options during the the fiscal year	-	nd	nd	nd	nd
Option fair value at Granting date	-	7,74	23,51	5,25	9,43
Potential dilution in case of exercising all options	-	nd	nd	nd	0.16%

### 13.7. As regards to the outstanding options of the Board of Directors and of the Statutory Executive Board

outstanding options in fiscal year 31/12/2014	Board of Directors	Chief Officers			
	/	Program 3	Program 4	Program 5	Program 6
Number of members	-	11	10	10	10
<b>Options not yet exercisable</b>					
Quantity	-	546,587	636,870	687,102	358,082
Exercise date	-	Up to 31-12-15	Up to 31-08-16	Up to 31-12-17	Up to 31-12-18
Term in which they become exercisable	-	31/12/2018	31/08/2019	31/12/2020	31/12/2021
The maximum term for the exercise of the options	-	nd	nd	nd	nd
Average exercise price	-	11.80	11.56	5.91	6.50
Option fair value at last fiscal year date	-	3.02	2.97	3.70	3.60
<b>Exercisable Options</b>					
Quantity	-	127,325	70,622	67,836	16,347
The maximum term for the exercise of the options	-	31/12/2018	31/08/2019	31/12/2020	31/12/2021
The restrictive term for the transfer of the shares	-	nd	nd	nd	nd
Average exercise price	-	11.80	11.56	5.91	6.50
Option fair value at last fiscal year date	-	3.02	2.97	3.70	3.60
Total fair value of the options at last fiscal year date	-	1,650,693	1,891,504	2,542,277	1,289,095

Observation: All plans have several intermediate dates on which small quantities, which were previously established. The majority of the options become exercisable on the last day, indicated in the table above. In Plans 3, 4, 5 and 6 exist a 3 year term to exercise the options.

### 13.8. As regards to the options exercised and shares delivered related to the stock based compensation of the Board of Directors and of the Statutory Executive Board

Exercised Options - in fiscal year 31/12/2014	Board of Directors	Chief Officers					
	/	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6
Number of members	-	5	1	0	0	1	1
<b>Exercised Options</b>							
Number of Shares	-	2,609,091	24,000	0	0	6,748	2,500
Average exercise price	-	0.33	3.33	11.80	11.56	5.91	6.50
Difference between the acquisition value and the market value	-	6.81	4.41	nd	nd	1.83	1.24
<b>Delivered Shares</b>							
Delivered Shares	-	2,609,091	0	0	0	0	0
Average purchase price	-	0.33	3.33	11.80	11.56	5.91	6.50
Difference between the acquisition value and the market value	-	6.81	4.41	nd	nd	1.83	1.24

Exercised Options - in fiscal year 31/12/2013	Board of Directors	Chief officers				
	/	Program 1	Program 2	Program 3	Program 4	Program 5
Number of members	-	5	1	1	0	0
<b>Exercised Options</b>						
Number of Shares	-	186,363	3,000	224	0	0
Average exercise price	-	0.33	3.33	11.80	11.56	5.91
Difference between the acquisition value and the market value	-	6.60	3.60	4.86	nd	nd
<b>Delivered Shares</b>						
Delivered Shares	-	186,363	3,000	224	0	0
Average purchase price	-	0.33	3.33	11.80	11.56	5.91
Difference between the acquisition value and the market value	-	6.60	3.60	4.86	nd	nd

Exercised Options - in fiscal year 31/12/2012	Board of Directors	Chief officers			
	/	Program 1	Program 2	Program 3	Program 4
Number of members	-	6	1	0	0
<b>Exercised Options</b>					
Number of Shares	-	744,975	600	0	0
Average exercise price	-	0.33	3.33	11.80	11.56
Difference between the acquisition value and the market value	-	11.97	8.97	nd	nd
<b>Delivered Shares</b>					
Delivered Shares	-	744,975	600	0	0
Average purchase price	-	0.33	3.33	11.80	11.56
Difference between the acquisition value and the market value	-	11.97	8.97	nd	nd

Observation: The numbers published in our Financial Statements and in Minutes of meetings of the Board of Directors contemplate the options and stocks of all of our employees and not only our Statutory Executive Board.

**13.9. Necessary information to understand the information disclosed in items 13.6 to 13.8 (including the pricing method of the value of shares and options)**

**a) Pricing model**

The option pricing model used by the Company is the Black-Scholes model, using the simplified assumption that dividends are paid continuously.

**b) Information and assumptions used in the pricing model, including the average weighted price of the shares, exercise price, estimated volatility, option useful life, estimated dividends and risk-free interest rate**

*Exercise Price*

**(i) Program 1:**

The exercise price of the Stock Option Plan is equivalent to the shareholders' equity value determined by the Board of Directors on the release and approval of each program, being R\$ 1.004.

**(ii) Program 2:**

The exercise price of the Stock Option Plan is equivalent to the shareholders' equity value determined by the Board of Directors on the release and approval of each program, being R\$ 10.00.

**(iii) Program 3:**

The exercise price is based on the average quotation of the Company's shares in the last 20 stock market sessions before and including May 10, 2010, being R\$ 11.80.

**(iii) Program 4:**

The exercise price is based on the average quotation of the Company's shares in the last 20 stock market sessions before and including August 31, 2011, being R\$ 11.56.

**(v) Program 5:**

The exercise price is based on the quotation of the Company's shares in the market session of July 05, 2013, being R\$ 5.91.

**(vi) Program 6:**

The exercise price is based on the quotation of the Company's shares in the market session of May 21, 2014, being R\$ 6.50.

Observation: When Program 1 and 2 were released and approved, the Company did not yet have securities negotiated on the stock market. When Programs 3, 4, 5 and 6 were released and approved, the Company did already have securities negotiated on the stock market, and as such, the criterium of price setting adopted by the Company should, necessarily, observe the stock quotes.

*Weighted average price of shares*

The Company's share price considered as basis for calculating the value of its options is the value of the shareholders' equity for Programs 1 and 2, and is based on market value for Programs 3, 4, 5 and 6, for calculating the exercise price.

*Expected volatility*

To calculate the expected volatility of Programs 1 and 2 we used the annualized standard deviation of the natural logarithms of the daily variations of the historical share price of four major companies in the industry, due to the fact that the company had no securities traded on an exchange.

To calculate the expected volatility of Program 3 we used the annualized standard deviation of natural logarithms of the daily variations of the historical price of our shares in the year 2010.

To calculate the expected volatility of Program 4 we used the annualized standard deviation of natural logarithms of the daily variations of the historical price of our shares in the year 2011.

To calculate the expected volatility of Program 5 we used the annualized standard deviation of natural logarithms of the daily variations of the historical price of our shares in the year 2013.

To calculate the expected volatility of Program 6 we used the annualized standard deviation of natural logarithms of the daily variations of the historical price of our shares in the year 2014.

*Exercise Date*

For grants of Programs 1 and 2, the deadline for exercising the option is one month from the date on which the options have become exercisable. Both programs were already fully exercised and, therefore, finalized.

For grants of Program 3, the deadline for exercising the option is up to 2018, counting for the date the options have become exercisable.

For grants of Program 4, the deadline for exercising the option is up to 2019, counting for the date the options have become exercisable.

For grants of Program 5, the deadline for exercising the option is up to 2020, counting for the date the options have become exercisable.

For grants of Program 6, the deadline for exercising the option is up to 2021, counting for the date the options have become exercisable.

*Expected dividends*

The dividend distribution rate represents the ratio of the dividend per share paid in a given period and the share price in the market. We use the simplified assumption that dividends are paid continuously at a 5% rate.

*Risk-free Interest rate*

The risk-free rates were obtained from the BM&FBovespa and refer to the Special System of Clearance and Custody (Selic) on the respective dates of grant.

c) Method adopted and assumptions assumed to consider the estimated advanced effects for the year
---

We did not incorporate the expected effects of early exercise, whereas the Stock Option Plan Stock does not include the right to early exercise, except in case of the death of the beneficiary.

d) Determination of the estimated volatility
--

To calculate the expected volatility of Programs 1 and 2 we used the annualized standard deviation of the natural logarithms of the daily variations of the historical share price of four major companies in the industry, due to the fact that the company had no securities traded on an exchange.

To calculate the expected volatility of Program 3 we used the annualized standard deviation of natural logarithms of the daily variations of the historical price of our shares in the year 2010.

To calculate the expected volatility of Program 4 we used the annualized standard deviation of natural logarithms of the daily variations of the historical price of our shares in the year 2011.

To calculate the expected volatility of Program 5 we used the annualized standard deviation of natural logarithms of the daily variations of the historical price of our shares in the year 2013.

To calculate the expected volatility of Program 6 we used the annualized standard deviation of natural logarithms of the daily variations of the historical price of our shares in the year 2014.

e) If any other characteristic of the option was considered in the measurement of the fair value
--

Not applicable, as no other characteristic of the option was considered in the measurement of the fair value

### **13.10. As regards to the effective social security plans granted to the members of the Board of Directors and Statutory Executive Board**

Not applicable, given that there are no social security plans granted to the members of the Board of Directors and Statutory Executive Board.

**13.11. Indicate, for the three last years, as regards to the Board of Directors, Statutory Executive Board and Supervisory Board, the following**

		12-31-2014	12-31-2013	12-31-2012
<b>Board of Directors</b>	Number of members	6.70	7.00	7.00
	Highest individual compensation	3,434,355	229,200	217,200
	Lowest individual compensation	132,018	132,000	124,800
	Average value of the individual compensation	633,786	164,576	154,971

		12-31-2014	12-31-2013	12-31-2012
<b>Executive Board</b>	Number of members	10.20	11.00	11.25
	Highest individual compensation	1,684,977	2,989,200	1,442,400
	Lowest individual compensation	818,321	772,938	318,000
	Average value of the individual compensation	1,446,217	1,239,600	715,716

**Notes:**

12/31/2013: the compensation increase, compared to 2012, is due to bonus payment, according to 13.1 – b of this form.

12/31/2014: the compensation increase, compared to 2013, is due to bonus payment and changes in the Company's management structure.

**13.12. Compensation systems or indemnities on behalf of statutory executive officers in the event of removal or retirement**

The Company does not have agreements, insurance policies and other instruments which structured the compensation systems or indemnities on behalf of the directors and executive officers in the event of removal or retirement.

**13.13. Percentage of the total compensation of each body and members of the Supervisory Board which are related to the controllers**

Not applicable, given that there is no compensation recognized in the Company's statement of income related to the members of the Board of Directors, Executive Board or member of the Supervisory Board which are related to the direct or indirect controllers, as set forth in the accounting rules on the matter.

**13.14. Compensation to the members of the Board of Directors, Executive Board or Supervisory Board, gathered by body, by any reason other than the title exercised**

Not applicable, given that there are no values recognized in the statement of income of the issuer as compensation to the members of the Board of Directors, Executive Board or Supervisory Board, by any reason other than the title exercised.

**13.15. Amounts recognized in the statement of income of direct or indirect controllers, companies under common control and subsidiaries of the issuer, as compensation of the members of the Board of Directors, Executive Board or Supervisory Board of the issuer, gathered by body, including the reason why such marketable securities were attributed to such persons**

The amounts recognized below were paid due to participation on the Executive Boards of the subsidiaries.

<b>Fiscal Year 2014</b>	<b>Board of Directors</b>	<b>Executive Board</b>	<b>Supervisory Board</b>	<b>Total</b>
direct or indirect controllers	899,145	7,055,540	-	7,954,685
subsidiaries of the issuer	-	458,684	-	458,684
companies under common control	-	-	-	-

<b>Fiscal Year 2013</b>	<b>Board of Directors</b>	<b>Executive Board</b>	<b>Supervisory Board</b>	<b>Total</b>
direct or indirect controllers	960,027	6,272,260	-	7,232,287
subsidiaries of the issuer	-	440,918	-	440,918
companies under common control	-	-	-	-

<b>Fiscal Year 2012</b>	<b>Board of Directors</b>	<b>Executive Board</b>	<b>Supervisory Board</b>	<b>Total</b>
direct or indirect controllers	904,000	5,389,000	-	6,293,000
subsidiaries of the issuer	-	1,391,000	-	1,391,000
companies under common control	-	-	-	-

**13.16. Provide other information deemed relevant by the issuer**

All relevant and applicable information on this item was disclosed in the items above.



## 14. Human Resources

### 14.1. Human Resources

a) Number of employees (total, per groups based on the activities performed and per geographic location):

State	ACTIVITY	12/31/2012	12/31/2013	12/31/2014
AL	Administrative	1	1	6
	Administrative – Construction	1	17	25
	Commercial	3	6	10
	Production	5	48	295
<b>AL Total</b>		<b>10</b>	<b>72</b>	<b>336</b>
BA	Administrative	24	47	33
	Administrative – Construction	20	132	89
	Commercial	16	20	0
	Production	340	571	1,078
<b>BA Total</b>		<b>400</b>	<b>770</b>	<b>1,200</b>
CE	Administrative	16	38	30
	Administrative – Construction	2	182	122
	Commercial	6	15	20
	Production	789	645	837
<b>CE Total</b>		<b>813</b>	<b>880</b>	<b>1,009</b>
DF	Administrative		83	0
	Administrative – Construction		96	19
	Commercial	3	5	109
	Production	29	178	0
<b>DF Total</b>		<b>32</b>	<b>362</b>	<b>128</b>
ES	Administrative	28	48	62
	Administrative – Construction	18	276	154
	Commercial	53	62	83
	Production	234	233	1,046
<b>ES Total</b>		<b>333</b>	<b>619</b>	<b>1,345</b>
GO	Administrative		54	0
	Administrative – Construction		53	1
	Commercial	3	5	13
	Production	327	133	3
<b>GO Total</b>		<b>330</b>	<b>245</b>	<b>17</b>
MA	Administrative		1	1
	Administrative – Construction		12	7
	Commercial		1	0
	Production	1	35	70
<b>MA Total</b>		<b>1</b>	<b>49</b>	<b>78</b>
MG	Administrative	953	1,278	1,183
	Administrative – Construction	313	639	550
	Commercial	366	331	540
	Production	1,724	785	2,152
<b>MG Total</b>		<b>3,356</b>	<b>3,033</b>	<b>4,425</b>
MS	Administrative		33	0
	Administrative – Construction		60	0
	Commercial		0	50
	Production		125	0
<b>MS Total</b>			<b>218</b>	<b>50</b>
MT	Administrative	0	29	0
	Administrative – Construction	0	77	0
	Commercial	0	0	14
	Production	53	218	0
<b>MT Total</b>		<b>53</b>	<b>324</b>	<b>14</b>
PB	Administrative	1	10	28
	Administrative – Construction	4	61	79
	Commercial	4	9	117
	Production	80	223	1,035
<b>PB Total</b>		<b>89</b>	<b>303</b>	<b>1,259</b>

State	ACTIVITY	12/31/2012	12/31/2013	12/31/2014
PE	Administrative	4	18	31
	Administrative – Construction	2	77	69
	Commercial	5	5	14
	Production	307	194	726
<b>PE Total</b>		<b>318</b>	<b>294</b>	<b>840</b>
PR	Administrative	49	176	84
	Administrative – Construction	128	196	201
	Commercial	40	40	57
	Production	570	290	899
<b>PR Total</b>		<b>787</b>	<b>702</b>	<b>1,241</b>
RJ	Administrative	71	234	34
	Administrative – Construction	1	224	384
	Commercial	71	69	82
	Production	456	340	1,580
<b>RJ Total</b>		<b>528</b>	<b>867</b>	<b>2,080</b>
RN	Administrative	12	23	36
	Administrative – Construction	14	102	66
	Commercial	7	8	12
	Production	404	246	332
<b>RN Total</b>		<b>437</b>	<b>379</b>	<b>446</b>
RS	Administrative	4	32	23
	Administrative – Construction	20	75	140
	Commercial	1	11	25
	Production	154	74	556
<b>RS Total</b>		<b>179</b>	<b>192</b>	<b>744</b>
SC	Administrative		15	1
	Administrative – Construction		21	31
	Commercial		3	7
	Production	41	21	101
<b>SC Total</b>		<b>41</b>	<b>60</b>	<b>140</b>
SE	Administrative	1	4	6
	Administrative – Construction	1	26	35
	Commercial	1	1	3
	Production	6	76	393
<b>SE Total</b>		<b>9</b>	<b>107</b>	<b>437</b>
SP	Administrative	254	714	405
	Administrative – Construction	512	1,046	1,076
	Commercial	186	220	281
	Production	1,988	957	4,413
<b>SP Total</b>		<b>2,940</b>	<b>2,937</b>	<b>6,175</b>
<b>Total MRV ENGENHARIA</b>		<b>10,656</b>	<b>12,413</b>	<b>21,964</b>

Group	12-31-2012	12-31-2013	12-31-2014
Administrative	1,347	2,838	1,963
Administrative - Construction	1,036	3,372	3,048
Commercial	765	811	1,437
Production	7,508	5,392	15,516
<b>Total MRV ENGENHARIA</b>	<b>10,656</b>	<b>12,413</b>	<b>21,964</b>

## b) Number of outsourced employees (total, per groups based on the activities performed and per geographic location)

Total employees in the construction:

Regional	12-31-2012	12-31-2013	12-31-2014
Regional Minas Gerais	2,650	1,280	400
Regional Rio de Janeiro + Espírito Santo	2,000	1,046	276
Regional São Paulo	6,563	3,185	709
Regional Centro-Oeste	1,879	1,049	248
Regional Nordeste	2,150	1,564	248
Regional Sul	1,202	766	394
<b>Total MRV ENGENHARIA</b>	<b>16,444</b>	<b>8,889</b>	<b>2,275</b>

## c) Rotation index

	12/31/2012	12/31/2013	12/31/2014
Rotation index	7.20%	12.10%	8.97%

Our rotation index is calculated as follows:

Rotation index:  $(\text{hired} + \text{dismissed})/2 / (\text{initial number} / \text{final number})/2$

## d) Exposure of the issuer to liabilities and labor contingencies

For further information, see item 4.3. of this Reference Form.

## 14.2. Relevant changes as regards human resources

The increase in the number of employees over the past years resulted from the increase in our operations since the Company's IPO. Additionally, the Company internalized employees allocated in the production and commercial areas, seeking to improve productivity, reduce turnover, reduce doubt regarding legal issues and improve our supervision and remuneration systems.

## 14.3. Compensation policies applied to the Company's employees

## a) policy of salaries and variable compensation

Our salary policy is managed internally in accordance with the structure of the areas and labor market variations. Therefore, in accordance with the internal policy of titles and salaries, in which the salary of the employees is calculated under applicable law, being comprised of fixed salary, which may be added by profit sharing.

The annual profit sharing and Company's results depend on the minimum results of the Adjusted EBITDA Margin. The margin is defined yearly in the first quarter of the year by the Executive Board and registered with the trade union.

The selling staff has differentiated compensation, including salary based on sales commission, mixed salaries (fixed and variable salaries) and profit sharing. The sales commission is determined in accordance with the number of Units sold by the brokers.

Participation in our stock option plan to purchase shares includes, besides the executive officers, directors and managers, considered key employees of the Company, who are elected by the Executive Board and approved by the Board of Directors. Each participant is given a maximum of options. The actual amount to be exercised is linked directly and proportionately to performance (goal achievement) in the program of Profit sharing - PLR.

## b) benefit policy

We offer the following benefits to our employees: life insurance, health plan, including dependents, odontological plan, meal ticket and transportation ticket.

The policy for assignment of these benefits is adopted as from the admission date, regardless of the title exercised or the registry period.

As from the admission date, all employees are entitled to meal ticket, transportation ticket, health and odontological plans (when requested and without grace period) and life insurance.

## c) characteristics of the stock based compensation plans of the employees other than directors and executive officers; (ii) exercise conditions; (iii) exercise prices; (iv) exercise terms; (v) number of shares in connection with the plan

Our employees other than directors and executive officers may be entitled to participate in our Stock Option Plan for the purchase of Shares.

## (i) Beneficiaries

Key employees, not necessarily linked to a function (can be directors, managers, supervisors, engineers, analysts, etc.) provided they are regarded as important for the company, for their knowledge and delivery capabilities.

## (ii) Exercise Conditions

Participants should follow the deadlines to exercise programs

	(iii) Exercise Price	(iv) Exercise Date	(v) Number of shares in the plan (to be exercised)	(v) Number of exercised shares in the plan (exercised)
Program 1:	R\$ 1.004	Until 2014	0	6,462,513
Program 2:	R\$ 10.00	Until 2014	0	1,224,198
Program 3:	R\$ 11.80	Until 2015	1,398,579	9,671
Program 4:	R\$ 11.56	Until 2016	1,784,912	0
Program 5:	R\$ 5.91	Until 2017	1,461,673	11,027
Program 6	R\$ 6.50	Until 2018	1,509,541	2,500

## 14.4. Relationship between the Company and the trade unions

We believe we have a good relationship with several trade unions to which our employees are affiliated in the cities where we operate. The labor agreements are renegotiated on a yearly basis and, in the main cities, we maintain direct communication channels together with the Employees' and Employers' Civil Construction Trade Unions.

We list below the trade unions which represent our employees in the annual collective agreements, including other matters such as working hours, benefits, profit sharing and approvals, in addition to the traditional collective agreements per category:

Trade Union	State	City
RP SIND. DA CONSTR CIVIL DE CAMPINAS E AMERICANA	SP	Americana
SIND DOS TRAB NAS IND DA CONT CIVIL DE ESTADO DE SERGIPE	SE	Araçaju
SP-SINDICATO DOS TRABALHADORES NAS INDUSTRIAS DA CONSTR.E DO MOB. DE ARAÇATUBA	SP	Araçatuba
SIND DOS TRAB NAS IND DA CONST E DO MOB DE ARAPONGAS	PR	Arapongas
RP SINDICATO TRAB. INDUSTRIA CONST. CIVIL DE ARARAQUARA	SP	Araraquara
RP SIND. TRAB INDUSTRIA CONST CIVIL DE BARRETOS	SP	Barretos
RP SINDICATO TRAB. INDUSTRIA CONST.E DO MOBILIARIO DE BAURU E REGIAO	SP	Bauru
BH SIND. DOS TRAB. DAS IND. CONST. BELO HORIZONTE	MG	Belo Horizonte
BH SIND. DOS TEC. ANALISTA DE SISTEMAS	MG	Belo Horizonte
BH SIND. DAS SECRETARIAS DOS ESTADO MG	MG	Belo Horizonte
BH SIND. DOS ENGENHEIROS DO ESTADO MG	MG	Belo Horizonte
BH SIND. TECNICOS DE SEGURANÇA TRABALHO	MG	Belo Horizonte
BH SSEI- SIND. EMP EM EMP DE COMPRA,VENDA,LOC E ADM IMOVEIS (CORRETORES)	MG	Belo Horizonte
SIND. DOS TRAB. DAS IND. CONST. MOBIL DE BETIM	MG	Betim
RP SIND. DA CONSTR CIVIL DO MOB. DE BOTUCATU	SP	Botucatu

Trade Union	State	City
SIND.IND.CONST.CIVIL BSB	DF	Brasília
SIND. DA IND. DA CONST E DO MOBIL DO ESTADO DA PARAIBA - CAMPINA GRANDE	PB	Campina Grande
RP SINTEGE - SIND TRAB EMPR GDES ESTRU CPS	SP	Campinas
CP SSEI- SIND. EMP EM EMP DE COMPRA,VENDA,LOC E ADM IMOVEIS (CORRETORES)	SP	Campinas
SIND DOS TRAB DAS IND DA CONT CIVIL E DO MOB DE CAMPO E NOROESTE	RJ	Campos dos Goytacazes
BH SINTICOMC - SIND. DOS TRAB. DAS IND. CONSTR. MOB. CONTAGEM	MG	Contagem
SINDICATO TRABALHADORES DA INDUSTRIA DA CONSTRUCAO CIVIL CUIABÁ	MT	Cuiaba
CR SIND. DOS TRAB. NA IND. DA CONST. E DO MOB. - CURITIBA SINTRACON	PR	Curitiba
CR SIND. DOS ENGENHEIROS DO ESTADO DE CURITIBA	PR	Curitiba
SIND DOS TRAB NAS IND DE CONST CIVIL DE FEIRA DE SANTANA	BA	Feira de Santana
CR SINDICATO DOS TRAB NA CONSTRUÇÃO E MOBILIÁRIO DE FLORIANÓPOLIS E SÃO JOSÉ	SC	Florianopolis
CE SINDUSCON - CE	CE	Fortaleza
RP SIND. DOS TRAB NAS IND DA CONSTRUÇÃO E DO MOBILIARIO DE FRANCA	SP	Franca
GO-SINDUSCON-SINDICATO DA INDUSTRIA DA CONSTRUÇÃO NO ESTADO DE GOIAS	GO	Goiânia
SP SIND DA IND E CONTRUÇÃO CIVIL DE GUARATINGUETA	SP	Guaratinguetá
SIND. TRAB IND CONSTRUÇÕES CIVIL GUARULHOS	SP	Guarulhos
SINDICATO TRABS IND CONST CIVIL MOB DE IPOJUCA & LITORAL SUL	PE	Ipojuca
SIND DOS TRAB. IND. CONT CIVIL E DO MOB E CERAMICAS DE ITU E REGIÃO	SP	Itu
SINDICATO DOS TRABALHADORES NAS INDUSTRIAS DA CONSTRUÇÃO E DO MOBILIARIO DE JACAREI	SP	Jacareí
PB - SIND. DOS TRAB. NAS IND DA CONSTRUCAO CIVIL DE JOÃO PESSOA E REGIÃO PB	PB	João Pessoa
SINDICATO DA INDUSTRIA DA CONSTRUÇÃO CIVIL DE JOINVILLE (SITICOM)	SC	Joinville
JF - SIND. DOS TRAB IND CONSTRUCAO CIVIL DE JUIZ DE FORA	MG	Juiz de Fora
CP SIND. DA CONSTR CIVIL DE JUNDIAI	SP	Jundiai
SIND DO TRABALHADORES NA IND CONST CIVIL E MONTAGEM E MANUNTENÇÃO - SINDTICCC - LAURO DE FREITAS	BA	Lauro de Freitas
SINDICATO DOS TRABALHADORES NAS INDÚSTRIAS DA CONSTRUÇÃO E DO MOBILIÁRIO DE LIMEIRA	SP	Limeira
CR SIND. TRAB. IND. CONST. E MOB. LONDRINA	PR	Londrina
MACAÉ SIND. DOS TRAB. DE PINTURA IND E DA CONSTRUÇÃO CIVIL	RJ	Macaé
SIND DOS TRAB DA IND DA CONT CIVIL E MOB DE ALAGOAS	AL	Maceió
SINDICATO DOS TRABALHADORES NAS INDÚSTRIAS DA CONSTRUÇÃO E DO MOBILIÁRIO DE MARÍLIA	SP	Marília
CP FEDERAÇÃO TRAB. IND. CONST. E MOBILIARIO DE MARINGÁ	PR	Maringá
SP SINDICATO DOS TRABALHADORES NAS IND. DA CONS. E DO MOBILIARIO DE MOGI DAS CRUZES	SP	Mogi das Cruzes
BH SIND. RURAL DE MONTE AZUL	MG	Monte Azul
SIND DOS TRAB NA IND DA CONT E MOB DO NORTE DE MINAS	MG	Montes Claros
RN-SIND.DOS TRABALHADORES NA IND.DA CONST.CIVIL E DO MOB.DO ESTADO DO RIO G.DO NORTE	RN	Natal
SINDICATO DOS TRABALHADORES NAS INDUSTRIAS DA CONSTRUÇÃO CIVIL E DO MOB. NOVA IGUAÇU	RJ	Nova Iguaçu
RP SIND. TRAB INDUSTRIA CONST CIVIL DE OURINHOS	SP	Ourinhos
RP SIND. DA CONSTR CIVIL DE PIRACICABA	SP	Piracicaba
CR SINDICATO DOS TRAB NA CONSTRUÇÃO E MOBILIÁRIO DE PONTA GROSSA	PR	Ponta Grossa
SINDICATO DOS TRABALHADORES NAS IND.CONSTRUÇÃO CIVIL PORTO ALEGRE	RS	Porto Alegre
SINDICATO DOS TRABALHADORES NAS INDUSTRIAS DA CONSTRUÇÃO E DO MOBILIARIO DE PRESIDENTE PRUDENTE	SP	Presidente Prudente
PE - SINDICATO DOS TRAB NA IN CONST CIVIL E PESADA DE PE	PE	Recife
RP SIND. TRAB INDUSTRIA CONST CIVIL DE RIBEIRÃO PRETO	SP	Ribeirão Preto
RP SSEI- SIND. EMP EM EMP DE COMPRA,VENDA,LOC E ADM IMOVEIS (CORRETORES)	SP	Ribeirão Preto
BH SIND. NACIONAL DOS AERONAUTAS	RJ	Rio de Janeiro
RJ SIND. DOS TRAB. DAS IND. CONST. RIO DE JANEIRO - SINDUSCON-RIO	RJ	Rio de Janeiro
SIND DOS TRAB NA IND DA CONST E DA MADEIRA NO EST DA BA	BA	Salvador
SINDICATO DOS TRABALHADORES NAS INDUSTRIAS DA CONSTRUÇÃO E DO MOBILIARIO DE SANTO ANDRE	SP	Santo André
SP SINDICATO DOS TRABALHADORES NAS IND. DA CONS. E DO MOB. DE SÃO BERNARDO DO CAMPO E DIADEMA	SP	São Bernardo do Campo

Trade Union	State	City
RP SIND. DOS TRAB NAS IND DA CONST E DO MOBILIÁRIO E MONTAGEM IND DE SÃO CARLOS	SP	São Carlos
SINDICATO DOS TRABALHADORES DO PLANO DA CONS. CIVIL E MOB. DE SÃO GONÇALO E REGIÃO	RJ	São Gonçalo
RP SIND. TRAB.INDUSTRIA CONST.CIVIL DE SÃO JOSÉ DO RIO PRETO	SP	São José do Rio Preto
SP SIND. DA CONSTR CIVIL DE SAO JOSE DOS CAMPOS	SP	São José dos Campos
SIND DAS IND DA CONT CIVIL E DO MOB DE ESTEIO	RS	São Leopoldo
SIND DOS TRAB NA IND DA CONST PESAD,MOB,ART DE CIM E O.ARTE DE S.LUIS,P.LUMIAR,S.J.RIBAMAR,RAPOSA E ALCANTARA	MA	São Luís Gonzaga do Maranhão
SINDICATO DOS TECNICOS DE SEGURANÇA DO TRABALHO NO ESTADO DE SÃO PAULO	SP	São Paulo
SP SIND. DOS ENGENHEIROS DO ESTADO DE SÃO PAULO	SP	São Paulo
SP SIND. TRAB IND CONSTRUÇÕES CIVIL SAO PAULO	SP	São Paulo
SP SIND. DOS ARQUITETOS E URBANISTA NO ESTADO DE SÃO PAULO	SP	São Paulo
SP SSEI- SIND. EMP EM EMP DE COMPRA,VENDA,LOC E ADM IMOVEIS (CORRETORES)	SP	São Paulo
CP SIND. DA CONSTR CIVIL DE SOROCABA	SP	Sorocaba
SINDICATO DOS TRABALHADORES NAS IND. DA CONS. E DO MOB. DE TAUBATE	SP	Taubaté
TR SIND. TRAB CONST MOB DE UBERABA	MG	Uberaba
TR SSEI- SIND. EMP EM EMP DE COMPRA,VENDA,LOC E ADM IMOVEIS (CORRETORES)	MG	Uberlândia
TR SIND. TRAB CONST MOB DE UBERLANDIA	MG	Uberlândia
SIND. DOS TRAB. DA IND. CONST CIVIL E MOB DE VESPASIANO E SÃO JOSE DA LAPA	MG	Vespasiano
ES-SINTRACONST SINDICATO DOS TRAB. DA INDUSTRIA DA CONST.CIVIL DO ESTADO DO ESP.SANTO	ES	Vitória
SINDICATO DAS INDUSTRIAS DA CONSTRUÇÃO E DO MOBILIARIO DE VOLTA REDONDA	RJ	Volta Redonda

## 15. Control

### 15.1 / 15.2. Shareholders or group of controlling shareholders

a) Shareholder	b) Country of birth	c) CNPJ	d) Number of common shares <sup>(1)</sup>	e) and f) %	g) Party to the shareholders' agreement	i) Date of the last update
Rubens Menin Teixeira de Souza	Brazil	315.836.606-15	157,841,284	35.14%	No	05/29/2015
Orbis Investment Management Limited	Bermuda		51,410,761	11.45%	No	05/29/2015
Janus Capital Management LLC	USA		22,744,500	5.06%	No	05/29/2015
M&G Investment Management Limited	England		22,469,950	5.00%	No	05/29/2015
Treasury Shares			7,979,952	1.78%	No	05/29/2015
Other Shares			186,693,237	41.57%	No	05/29/2015
<b>Total</b>			<b>449,139,684</b>	<b>100.0%</b>		

<sup>(1)</sup> The Company does not issue preference shares.

### 15.3. Distribution of the capital stock, as determined in the last shareholders' general meeting

Description	Composition based on the General Meeting held on April 30, 2015
Number of shareholders - individuals	2,627
Number of shareholders – legal entities	33
Number of institutional investors	626

Number of outstanding shares, per class and type	271,144,354	60.4%
--	-------------	-------

### 15.4. Flowchart of the Company's shareholders (not mandatory)

See items 15.1 / 15.2 for shareholders and distribution of the capital stock.

### 15.5. Information of the shareholders' agreement governing the exercise of the voting rights or the transfer of the Company's shares, filed with the Company's main place of business and to which the controller is a party

There is no shareholders' agreement filed with the Company's main place of business.

### 15.6. Relevant changes in the shareholding interest of the members of the controlling group and the Company's directors and executive officers

On December 21, 2009 the controlling shareholder sold, by auction at BM&FBovespa, 10,500,000 shares of the Company.

On December 14, 2010 the controlling shareholder sold, by auction at BM&FBovespa, 12,000,000 shares of the Company.

### 15.7. Other relevant information

All relevant information on this item was disclosed in the items above.

## **16. Related-Party Transactions**

---

### **16.1. Rules, policies and practices adopted by the Company as regards to the performance of related-party transactions (as set forth by the accounting rules on the matter)**

On May 16, 2013 our Board of Directors approved the Related Parties Trading Policy.

#### **I – PURPOSE AND SCOPE**

This present Policy aims at assuring that the decisions, especially those involving Related Parties and other potential situations with conflict of interest, are taken bearing in mind the interest of MRV ENGENHARIA E PARTICIPAÇÕES S.A. (the “Company” or “MRV”) and its shareholders. It applies to all employees and Management of the Company and its subsidiaries.

#### **II – RELATED PARTIES DEFINITION**

According to the Technical Pronouncement CPC no. 5, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) through CVM Deliberation no. 560, of December 11, 2008, the trading with related parties are described as “transfer of resources, services or obligations between related parties, regardless of any value being allocated, or not, to the transaction. For the purposes of this Policy, “Related Parties” shall be considered as those ones in this Pronouncement.

#### **III – DEFINITION OF SITUATIONS INVOLVING CONFLICTS OF INTEREST**

Within this Policy, it is defined that the potential conflicts of interest are those in which the personal objectives of the decision makers, by any reason, might not be aligned with those of the Company in specific matters.

Bearing in mind the potential conflicts of interest in those situations, MRV seeks to assure that all the decisions that may grant a private benefit to any of its managers, family members, entities or persons related to them are taken with total integrity, respecting the Company’s interest.

#### **IV – RULES FOR DECISIONS INVOLVING RELATED PARTIES OR OTHER CONFLICTS OF INTEREST**

As a matter of this subject is identified, the Management shall immediately manifest their conflict of interest. Additionally, they shall leave the discussions over the matter and abstain themselves from voting. If requested by the President of the Board of Directors or the President Director, according to each case, those managers may partially participate in the discussion, aiming at proportioning more information on the operation and the related parts. In such case, they shall leave by the end of the discussion, including the voting process of the matter

In case of any Director or Executive Director who might have potential private gains originated from a decision does not manifest their conflicts of interest, any other member of the entity he/she is a part of who has knowledge about the matter may do so

In such case, the fact that the manager did not voluntarily manifested himself or herself, is considered a violation of this Policy and of MRV’s Code of Ethics, being taken to the Ethics Committee to be assessed and to be proposed potential corrective action to the Board of Directors .

The manifestation of the situation of conflict of interest and the subsequent abstention shall be included in the meeting’s Minute.

On taking office, MRV’s Managers shall sign a document affirming that they received, read and committed themselves to follow the Related Parties Trading Policy.

#### **V – Policy alignment with the Corporation Law**

This Policy is in accordance with the demands of Law 6.404 of 1976, particularly regarding the Managers’ Duty of Loyalty towards the Company. According to article 155, the manager must loyally serve the Company, demanding that the Company’s interests always takes precedence over the decision makers’ personal ones.

Moreover, Article 156 determines that, when there are conflicts of interest it is up to the Manager to communicate the others, as well as the Board of Directors, of the conflict, therefore becoming prevented to intervene in the operation, and there shall be written in the Minute of the Board of Directors’ Meeting the nature and extension of the interest.

#### **VI – Transparency and periodical review of the Policy**

MRV shall annually make available to external audiences, information about transactions between the Company and Related Parties, in accordance with the demands of Novo Mercado and CVM’s regulations.

As a way to ensure the continuous evolution of the practices, the Ethics Committee will periodically review this Policy.



**16.2. Regarding the related-party transactions (Parent Company's balances)**

<b>Related Parties</b>	LOG Commercial Properties e Participações S.A.; MRL Engenharia e Empreendimentos S.A.; Prime Incorporações e Construções S.A.; Urbamaís Properties e Participações S.A.; Construtora Verde Grande Ltda.; MRV Serviços de Engenharia Ltda.; Expar Êxito Participações Ltda.; Intermedium Crédito Financiamento e Investimento S.A. and Partners in development of projects.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 3,246,000.00
<b>Existing balance (Reais)</b>	R\$ 573,094.80
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	No
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Companies related to MRV and to the controller
<b>Agreement subject</b>	Construction, sale and administrative support agreements. The revenue from the provision of construction services charged by the Company is calculated from 15% of the incurred cost, in case of contracts for construction, and 7.6% (Expar and CVG) and 8.5% (Serviços) of the sales price, in case of contract for sales of units and administrative support. The joint controlled, LOG, MRL and Prime, hold agreement of administrative services provision with the Company and the revenue is established by monthly payment of R\$5,500.00 by development (LOG) and a fixed monthly payment (annually readjusted) of each Company's operations multiplied by the amount executed by MRL and Prime. The revenue from Intermedium refers to the comission of business approach from 0.15% of the total of suppliers which discount their bills with the bank. The amount released at "Amount Involved" is the sum of the transactions of 2014.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	End of construction and end of sales of units
<b>Agreement purpose</b>	Services

<b>Related Parties</b>	MRV Serviços de Engenharia Ltda.
<b>Transaction Date</b>	08/22/2014
<b>Amount involved (Reais)</b>	R\$ 24,000,000.00
<b>Existing balance (Reais)</b>	R\$ 20,673,863.47
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	No
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Companies related to the controller
<b>Agreement subject</b>	Acquisition of use and ownership rights of the trademark "MRV Engenharia".
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Not applicable
<b>Agreement purpose</b>	Acquisition of use and ownership rights of the trademark "MRV Engenharia". The balance has charges calculated by the SELIC rate.

<b>Related Parties</b>	MRV Construções Ltda.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 359,865,000.00
<b>Existing balance (Reais)</b>	R\$ 27,886,747.72
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	Yes
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Companies related to the controller
<b>Agreement subject</b>	Construction Services provided for the Company and its subsidiaries.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Not applicable
<b>Agreement purpose</b>	Construction Services provided for the Company and its subsidiaries. The amount released at "Amount involved" refers to the sum of transactions of 2014.

<b>Related Parties</b>	Ancona Engenharia Ltda.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 32,499,525.41
<b>Existing balance (Reais)</b>	R\$ 20,930,678.17
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	Yes
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Partner in development projects
<b>Agreement subject</b>	Loan agreement with Ancona Engenharia Ltda.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Total amortization of balance due including charges
<b>Agreement purpose</b>	Loan agreement. The amount released at "Amount involved" refers to the maximum limit of the loan, established by the agreement between the parties.

<b>Related Parties</b>	LCG Engenharia e Representações Ltda.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 20,840,871.47
<b>Existing balance (Reais)</b>	R\$ 495,163.78
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	Yes
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Partner in development projects
<b>Agreement subject</b>	Loan agreement with LCG Engenharia e Representações Ltda.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Total amortization of balance due including charges
<b>Agreement purpose</b>	Loan agreement. The amount released at "Amount involved" refers to the maximum limit of the loan, established by the agreement between the parties. The balances are corrected by CDI + 2.01% per year.

<b>Related Parties</b>	Prime Incorporações e Construções Ltda.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 45,000,000.00
<b>Existing balance (Reais)</b>	R\$ 5,288,001.40
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	Yes
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Joint controlled Company
<b>Agreement subject</b>	Loan agreement with Prime Incorporações e Construções Ltda.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Total amortization of balance due including charges
<b>Agreement purpose</b>	Loan agreement. The amount released at "Amount involved" refers to the maximum limit of the loan, established by the agreement between the parties. The balances are corrected by CDI + 2.01% per year.

<b>Related Parties</b>	S. Figueiredo Construtora Ltda.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 8,547,759.40
<b>Existing balance (Reais)</b>	R\$ 1,566,960.97
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	Yes
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Partner in development projects
<b>Agreement subject</b>	Loan agreement with S. Figueiredo Construtora Ltda.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Total amortization of balance due including charges
<b>Agreement purpose</b>	Loan agreement. The amount released at "Amount involved" refers to the maximum limit of the loan, established by the agreement between the parties. The balances are corrected by CDI + 2.01% per year.

<b>Related Parties</b>	Seitec Serviços de Engenharia e Instalações Ltda.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 1,682,656.90
<b>Existing balance (Reais)</b>	R\$ 345,080.42
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	Yes
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Partner in development projects
<b>Agreement subject</b>	Loan agreement with Sitec Serviços de Engenharia e Instalações Ltda.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Total amortization of balance due including charges
<b>Agreement purpose</b>	Loan agreement. The amount released at "Amount involved" refers to the maximum limit of the loan, established by the agreement between the parties. The balances are corrected by CDI + 2.01% per year.

<b>Related Parties</b>	Caieiras Engenharia
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 17,276,104.13
<b>Existing balance (Reais)</b>	R\$ 465,858.87
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	Yes
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Partner in development projects
<b>Agreement subject</b>	Loan agreement with Caieiras Engenharia
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Total amortization of balance due including charges
<b>Agreement purpose</b>	Loan agreement. The amount released at "Amount involved" refers to the maximum limit of the loan, established by the agreement between the parties. The balances are corrected by CDI + 2.01% per year.

<b>Related Parties</b>	Topos Engenharia e Projetos Ltda.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 21,135,414.27
<b>Existing balance (Reais)</b>	R\$ 3,108,750.87
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	Yes
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Partner in development projects
<b>Agreement subject</b>	Loan agreement with Topos Engenharia e Projetos Ltda.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Total amortization of balance due including charges
<b>Agreement purpose</b>	Loan agreement. The amount released at "Amount involved" refers to the maximum limit of the loan, established by the agreement between the parties. The balances are corrected by CDI + 2.01% per year.

<b>Related Parties</b>	Unit Engenharia Ltda.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 9,395,038.49
<b>Existing balance (Reais)</b>	R\$ 9,395,038.49
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	Yes
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Partner in development projects
<b>Agreement subject</b>	Loan agreement with Unit Engenharia Ltda.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Total amortization of balance due including charges
<b>Agreement purpose</b>	Loan agreement. The amount released at "Amount involved" refers to the maximum limit of the loan, established by the agreement between the parties. The balances are corrected by CDI + 2.01% per year.

<b>Related Parties</b>	EBL Participações
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 1,060,800.56
<b>Existing balance (Reais)</b>	R\$ 38,922.57
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	Yes
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Partner in development projects
<b>Agreement subject</b>	Loan agreement with EBL Participações.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Total amortization of balance due including charges
<b>Agreement purpose</b>	Loan agreement. The amount released at "Amount involved" refers to the maximum limit of the loan, established by the agreement between the parties. The balances are corrected by CDI + 2.01% per year.

<b>Related Parties</b>	IMA
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 7,294,169.38
<b>Existing balance (Reais)</b>	R\$ 7,294,169.38
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	Yes
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Partner in development projects
<b>Agreement subject</b>	Loan agreement with IMA.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Total amortization of balance due including charges
<b>Agreement purpose</b>	Loan agreement. The amount released at "Amount involved" refers to the maximum limit of the loan, established by the agreement between the parties. The balances are corrected by CDI + 2.01% per year.

<b>Related Parties</b>	Habit Empreendimentos Imobiliários Ltda.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 45,235,399.10
<b>Existing balance (Reais)</b>	R\$ 2,406,560.29
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	Yes
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Partner in development projects
<b>Agreement subject</b>	Loan agreement with Habit Empreendimentos Imobiliários Ltda.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Total amortization of balance due including charges
<b>Agreement purpose</b>	Loan agreement. The amount released at "Amount involved" refers to the maximum limit of the loan, established by the agreement between the parties. The balances are corrected by CDI + 2.01% per year.

<b>Related Parties</b>	Magis Incorporação e Desenvolvimento Imobiliário Ltda.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 12,000,000.00
<b>Existing balance (Reais)</b>	R\$ 892,157.22
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	Yes
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Partner in development projects
<b>Agreement subject</b>	Loan agreement with Magis Incorporação e Desenvolvimento Imobiliário Ltda.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Total amortization of balance due including charges
<b>Agreement purpose</b>	Loan agreement. The amount released at "Amount involved" refers to the maximum limit of the loan, established by the agreement between the parties. The balances are corrected by CDI + 2.01% per year.

<b>Related Parties</b>	Construtora QBHZ Ltda.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 2,213,989.92
<b>Existing balance (Reais)</b>	R\$ 1,518,304.59
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	Yes
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Partner in development projects
<b>Agreement subject</b>	Loan agreement with Construtora QBHZ Ltda.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Total amortization of balance due including charges
<b>Agreement purpose</b>	Loan agreement. The amount released at "Amount involved" refers to the maximum limit of the loan, established by the agreement between the parties. The balances are corrected by CDI + 2.01% per year.



<b>Related Parties</b>	Moura Dubeux
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 3,248,306.95
<b>Existing balance (Reais)</b>	R\$ 3,208,148.65
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	Yes
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Partner in development projects
<b>Agreement subject</b>	Loan agreement with Moura Dubeux.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Total amortization of balance due including charges
<b>Agreement purpose</b>	Loan agreement. The amount released at "Amount involved" refers to the maximum limit of the loan, established by the agreement between the parties. The balances are corrected by CDI + 2.01% per year.

<b>Related Parties</b>	Prime Incorporação e Construções S.A.; MRL Engenharia e Empreendimentos S.A.; LOG Commercial Properties and Participações S.A.; MDI Desenvolvimento Imobiliário Ltda.; silente and specific purpose partnerships and partners in development projects.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 0.00
<b>Existing balance (Reais)</b>	R\$ 14,986,451.63
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	No
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Companies related to MRV
<b>Agreement subject</b>	Balances receivable from controlled companies and partners regarding capital contributions and advances.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Total amortization of balance due
<b>Agreement purpose</b>	The balances receivable from controlled companies and partners regarding capital contributions are not subject to financial charges and are received immediately after the collection executed by the Company. Since it is a current transaction, related to investments in projects controlled by the Company, with shareholding of controlled companies and / or partners that are under construction there are not an agreement establishing the amount or transaction limit. The investments are recorded / required during the projects' construction or whenever necessary.

<b>Related Parties</b>	Intermedium Crédito Financiamento e Investimento S.A. with MRV Engenharia e Participações S.A..
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 0.00
<b>Existing balance (Reais)</b>	R\$ 41,109,239.63
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	No
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Company related to the controller
<b>Agreement subject</b>	Bank Deposit Certificates (CDB).
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Redemption
<b>Agreement purpose</b>	Financial applications in CDB. The balances are corrected, on average, by 111.03% of CDI.

<b>Related Parties</b>	Intermedium Crédito Financiamento e Investimento S.A. with LOG Commercial Properties e Participações S.A..
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 0.00
<b>Existing balance (Reais)</b>	R\$ 45,725,275.56
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	No
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Company related to the controller
<b>Agreement subject</b>	Bank Deposit Certificates (CDB).
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Redemption
<b>Agreement purpose</b>	Financial applications in CDB. The balances are corrected, on average, by 110% of CDI.

<b>Related Parties</b>	Intermedium Crédito Financiamento e Investimento S.A. with MDI Desenvolvimento Imobiliário Ltda.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 0.00
<b>Existing balance (Reais)</b>	R\$ 14,735,219.65
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	No
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Company related to the controller
<b>Agreement subject</b>	Bank Deposit Certificates (CDB).
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Redemption
<b>Agreement purpose</b>	Financial applications in CDB. The balances are corrected, on average, by 111.16% of CDI.

<b>Related Parties</b>	Intermedium Crédito Financiamento e Investimento S.A. with Urbamais Properties e Participações S.A.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 0.00
<b>Existing balance (Reais)</b>	R\$ 2,117,272.82
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	No
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Company related to the controller
<b>Agreement subject</b>	Bank Deposit Certificates (CDB).
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Redemption
<b>Agreement purpose</b>	Financial applications in CDB. The balances are corrected, on average, by 112% of CDI.

<b>Related Parties</b>	Intermedium Crédito Financiamento e Investimento S.A. with Cabral Investimentos SPE Ltda.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 0.00
<b>Existing balance (Reais)</b>	R\$ 15,234,203.04
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	No
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Company related to the controller
<b>Agreement subject</b>	Bank Deposit Certificates (CDB).
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Redemption
<b>Agreement purpose</b>	Financial applications in CDB. The balances are corrected, on average, by 108.39% of CDI.

<b>Related Parties</b>	Intermedium Crédito Financiamento e Investimento S.A. with specific purpose companies.
<b>Transaction Date</b>	-
<b>Amount involved (Reais)</b>	R\$ 0.00
<b>Existing balance (Reais)</b>	R\$ 2,917,529.02
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	No
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Company related to the controller
<b>Agreement subject</b>	Bank Deposit Certificates (CDB).
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Redemption
<b>Agreement purpose</b>	Financial applications in CDB. The balances are corrected, on average, by 110.47% of CDI.

<b>Related Parties</b>	MRL Engenharia e Empreendimentos S.A.
<b>Transaction Date</b>	09/01/2011
<b>Amount involved (Reais)</b>	R\$ 134,012,000.23
<b>Existing balance (Reais)</b>	R\$ 134,012,000.23
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	10/31/2017
<b>Loan and debt</b>	No
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Joint controlled company
<b>Agreement subject</b>	MRV Engenharia e Participações S.A. endorsed bank credit certificates for the joint controlled MRL Engenharia e Empreendimentos S.A.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Pay off debt
<b>Agreement purpose</b>	Endorse bank credit certificates

<b>Related Parties</b>	Prime Incorporações e Construções S.A.
<b>Transaction Date</b>	09/01/2011
<b>Amount involved (Reais)</b>	R\$ 229,662,772.91
<b>Existing balance (Reais)</b>	R\$ 229,662,772.91
<b>Amount (Reais)</b>	Not possible to calculate
<b>Duration</b>	10/31/2017
<b>Loan and debt</b>	No
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Joint controlled company
<b>Agreement subject</b>	MRV Engenharia e Participações S.A. endorsed bank credit certificates for the joint controlled Prime Incorporações e Construções S.A.
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Pay off debt
<b>Agreement purpose</b>	Endorse bank credit certificates

<b>Related Parties</b>	MA Cabaleiro Participações Ltda.
<b>Transaction Date</b>	06/07/2011
<b>Amount involved (Reais)</b>	R\$ 964,000.00
<b>Existing balance (Reais)</b>	R\$ 0.00
<b>Amount (Reais)</b>	R\$ 964,000.00
<b>Duration</b>	Undetermined
<b>Loan and debt</b>	No
<b>Interest rate</b>	0.000
<b>Relationship with the issuer</b>	Company held by the director Marcos Alberto Cabaleiro Fernandez
<b>Agreement subject</b>	Floor rental in commercial building
<b>Guarantee and insurance</b>	Not applicable
<b>Termination or extinguishment</b>	Not applicable
<b>Agreement purpose</b>	floor rental in commercial building. The amount released in "Amount involved" refers to the sum of the transactions of 2014.

**16.3. Regarding single or successive transactions referred to in item 16.2 above for the last year****a) identification of the measures adopted to resolve the conflict of interests**

The Company adopts the corporate governance practices and those recommended and/or required by applicable legislation.

The Company's management bodies are responsible to approve the Company's operations, in accordance with the provisions set forth in the Bylaws. Therefore, the Company's operations, specifically those performed with related parties, were duly submitted for approval by the proper bodies, under applicable rules. In the event of possible conflict of interests between the matters under analysis and the interests of any member of our resolute bodies, the respective member must not vote, and the matter must be resolved by the other members with no relationship with the matter under discussion.

In accordance with CVM Instruction 480, from December 07, 2009, we must submit to BM&FBOVESPA, however the case may be, the information of all and any agreement entered into between our Company and our subsidiaries, associated companies, controlling shareholders, directors and executive officers and subsidiaries and associated companies of the directors, executive officers and controlling shareholders, as well as other companies comprising the same economic group with such persons, whether in law or equity, totaling, in a single or successive agreements, with or without the same purpose, in any period of one year, an amount equivalent to or greater than R\$ 50 million, or amount 1% on our shareholders' equity, whichever is the greater. This information disclosed must include the related parties and their relations with the issuer, the purpose and main terms and conditions of the agreement, if, when, how and to what extent the counterpart in the transaction, their partners or managers took part in the process and justifications of the reasons why the issuer's management considers that the transaction was in compliance with commutative conditions or forecasts proper compensatory payment.

**b) demonstrate the commutative system of the conditions agreed or proper compensation payment**

Our operations and businesses are supported by the prior evaluations of the Company's conditions and interests and are performed in accordance with the conditions contracted by the parties.

Summary of the related-party transactions (parent company)

	<b>R\$ thousand</b>
<b>Description</b>	<b>12.31.2014</b>
Clients for services rendered	573
Related-party credits (loan agreements)	56,954
Financial Investments	121,838
Other amounts to be received	14,987
Suppliers	48,561
Guarantees	363,675

Clients for services rendered

We provide administrative services to the joint controlleds LOG Commercial Properties e Participações S.A. (LOG), MRL Engenharia e Empreendimentos S.A. (MRL) and Prime Incorporações e Construções S.A. (PRIME). The agreement with LOG establishes monthly payment of R\$ 5.5 thousand 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 02, 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 completions performed for these companies.

The Companies Construtora Verde Grande Ltda. (CVG), MRV Serviços de Engenharia Ltda. (Serviços) and Expar Exito Participações Ltda. are controlled by the Company's shareholders Marcos Alberto Cabaleiro Fernandez, Lucas Cabaleiro Fernandez, Rubens Menin Teixeira de Souza and by 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 costs in the case of the construction contract, and at the rate of 7.6% (CVG) and 8.5% (Services) 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.

Revenue from the provision of construction services is calculated from 15% of the incurred cost, in case of contracts for construction, and 7.6% (Expar and CVG) and 8.5% (MRV Serviços) of the sales price, in the cases of contracts for sales of units and administrative support. The contracts are for the duration after completion of construction and upon completion of the sales of units.

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.

#### Related-party credits (loan agreements)

The loan agreements represent most part of the related-party transactions, as detailed in item 16.2. These operations were mainly performed with the purpose to allow the initial stage of the developments and are compensated based on the CDI rate plus an average of 2.01% per annum for 2014 (2.57% p.a. in 2013).

The related-party transactions described above were performed in view of the selling transactions maintained with the parties for the development of our incorporation and construction activities. We are not able to confirm that these operations would generate the same results had these transactions been carried out with non-related parties.

#### Financial Investments

The Company, its controlled entities and its jointly controlled entities possess banking credit notes at Intermedium Crédito Financiamento e Investimento S.A. (Intermedium), a Company controlled by the shareholder Rubens Menin Teixeira de Souza (Controller).

#### Other amounts to be received

Besides the loan amounts, the Company has balances receivable of controlled and partners in development projects, related to capital contributions and advances. The balances receivable of capital contributions do not incur charges and are receivable immediately after being collected by the Company.

#### Suppliers

The amounts refer to construction services provided to the Company and its subsidiaries and the acquisition of the use and property rights of "MRV Engenharia" brand.

#### Guarantees

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

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

## Capital Stock

### 17.1. General information on the capital stock

Type of capital	Authorization date	Type of shares	Number of shares	Value of Capital (R\$)
Capital stock issued	04/30/2015	Common shares	449,139,684	4,059,520,659.07
Subscribed capital stock	04/30/2015	Common shares	449,139,684	4,059,520,659.07
Paid capital stock	04/30/2015	Common shares	449,139,684	4,059,520,659.07
Authorized capital stock	04/30/2014	Common shares		3,600,000,000.00

### 17.2. Company's capital increases

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>04/27/2010</b>	Board of Directors	04/27/2010	169,200.00	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
50,760	0	50,760	0.00888888	3.33	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>04/27/2010</b>	Board of Directors	04/27/2010	4,116.40	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
12,300	0	12,300	0.0002	0.33	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>05/27/2010</b>	Board of Directors	05/27/2010	312,623.51	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
934,134	0	934,134	0.0163	0.33	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>10/01/2010</b>	Board of Directors	10/01/2010	432,002,452.39	Without share issuance	n/a	n/a

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
0	0	0	n/a	n/a	R\$ per unit



Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>12/23/2010</b>	Board of Directors	12/23/2010	105,300.00	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
31,590	0	31,590	0,0045	3.33	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>12/23/2010</b>	Board of Directors	12/23/2010	2,309.20	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
6,900	0	6,900	0,0001	0.33	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>06/16/2011</b>	Board of Directors	06/16/2011	88,900.18	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
265,638	0	265,638	0,0038	0.33	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>07/26/2011</b>	Board of Directors	07/26/2011	105,480.20	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
8,939	0	8,939	0,0045	11.80	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>10/17/2011</b>	Board of Directors	10/17/2011	300,000,000.00	Without share issuance	n/a	n/a

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
0	0	0	n/a	n/a	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>01/27/2012</b>	Board of Directors	01/27/2012	2,309.20	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
6,900	0	6,900	0,00009	0.33	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>01/27/2012</b>	Board of Directors	01/27/2012	89,700.00	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
26,910	0	26,910	0,0034	3.33	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>06/11/2012</b>	Board of Directors	06/20/2012	295,901.89	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
884,169	0	884,169	0,01116	0.33	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>06/11/2012</b>	Board of Directors	06/20/2012	2,643.20	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
224	0	224	0,0001	11.80	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>03/13/2013</b>	Board of Directors	03/13/2013	36,947.20	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
110,400	0	110,400	0,00139	0.33	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>03/13/2013</b>	Board of Directors	03/13/2013	85,500.00	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
25,650	0	25,650	0,00323	3.33	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>04/30/2013</b>	EGSM	04/30/2013	546,999,022.94	Without share issuance	n/a	n/a

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
0	0	0	n/a	n/a	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>05/16/2013</b>	Board of Directors	05/16/2013	73,965.74	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
221,013	0	221,013	0.0023	0.33	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>05/16/2013</b>	Board of Directors	05/16/2013	3,400.00	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
1,020	0	1,020	0.00011	3.33	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>05/16/2013</b>	Board of Directors	05/16/2013	4,861.60	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
412	0	412	0.00015	11.80	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>01/27/2014</b>	Board of Directors	01/27/2014	371,560.00	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
111,468	0	111,468	0.011	3.33	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>01/27/2014</b>	Board of Directors	01/27/2014	45,229.23	Private Underwriting	value per share equivalent to the exercise price of the call option	Cash

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
7,653	0	7,653	0.0014	5.91	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>04/30/2014</b>	Board of Directors	04/30/2014	308,970,455.44	Without share issuance	n/a	n/a

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
0	0	0	n/a	n/a	R\$ per unit

Deliberation Date	Deliberation	Issuance Date	Issuance Value (R\$)	Type of increase	Criteria to determine issuance price	Payment form
<b>04/30/2015</b>	Board of Directors	04/30/2015	552,315,127.30	Without share issuance	n/a	n/a

Common (units)	Preferential (units)	Total (units)	Underwriting / Previous Capital	Issuance Price	Factor Price
0	0	0	n/a	n/a	R\$ per unit

### 17.3. Split-offs, reverse split-offs and bonus

Not applicable since there were no Split-offs, reverse split-offs or bonuses over the last three years.

### 17.4. Regarding the issuer's capital decreases

Deliberation Date	Decrease Date	Decrease Value (R\$)	Common (units)	Preferential (units)	Total (units)	Decrease/ Previous Capital	per share (R\$)
<b>06/11/2012</b>	06/11/2012	0.00	884,393	0	884,393	n/a	0.00
<b>01/27/2014</b>	01/27/2014	0.00	6,000,000	0	6,000,000	n/a	0.00
<b>06/02/2014</b>	06/02/2014	0.00	14,081,659	0	14,081,659	n/a	0.00
<b>10/14/2014</b>	10/14/2014	0.00	14,000,000	0	14,000,000	n/a	0.00

#### **17.5. Other relevant information**

We understand that there is no other relevant information related to the composition of our capital stock, specifically as regards to the capital increases and decreases, as well as split-offs, reverse split-offs or bonus.

## 18. Marketable securities

### 18.1. Rights of each class and type of shares issued

Species	common shares
Tag along	100%
Dividend right	<p>In accordance with the Bylaws and Brazilian Corporate Law, the holders of the shares issued by the Company are entitled to receive dividends or other distributions carried out as regards to the shares issued by the Company, proportionally to their shareholding interest in the capital stock.</p> <p>Under the terms of article 33, paragraph 4, of our Bylaws, our shareholders are entitled with the right to receive mandatory annual dividends of at least 25% of our net income for the year, less or plus the following values: (i) amount allocated to the legal reserve; (ii) amount allocated to the reserve for contingencies and reversal of these reserves established in prior years; and (iii) amount from the reversal of the unrealized revenue reserve established in prior years, as set forth in article 202, item II, of Brazilian Corporate Law.</p>
Voting right	Full
Conversion into another class or type of share	No
Capital reimbursement rights	Yes
Description of the Capital reimbursement rights	<p>In the event of liquidation of the Company, the shareholders will receive the payments related to the capital reimbursement, proportionally to their shareholding interest in the capital stock, upon the payment of all Company's obligations.</p> <p>The shareholders who do not agree with certain resolutions at the general meeting may withdraw from the Company, upon reimbursement of the value of the shares based on the equity value, as set forth in Brazilian Corporate Law. In the event the Company's shares (i) are liquid, that is, comprise the BM&amp;FBOVESPA's general index or an index of any other stock exchange, as determined by CVM; and (ii) are diluted in the market in a way that the controlling shareholders, parent company or other companies under common control hold less than 50% of the shares, the shareholders will not be entitled with withdrawal rights in the following cases: (a) Company's merger; (b) Company's merger into another company; and (c) comprising a group of companies.</p>
Lock-up agreements	No
Right to participate in the public offering in connection with the disposal of the shareholding control	<p>In accordance with the Novo Mercado Regulation, the Company's shareholding control, both through a single transaction and successive transactions, must be contracted under the suspensive or resolute condition that the purchaser is obligated to perform the public offering for the acquisition of the other shares held by the other Company's shareholders, in order to assure the same conditions provided to the selling controlling shareholders. A declaration must be submitted to BM&amp;FBOVESPA including the price and the other conditions of the disposal of the Company's shareholding control.</p> <p>This offering is also required in the event of assignment of the rights for subscription of shares or rights related to marketable securities convertible into shares, which would result in the disposal of the Company's shareholding control and, in the event of disposal of shareholding control of a company which holds the shareholding control over the Company, in this case, the selling controlling shareholders must report to BM&amp;FBOVESPA the value attributed to the Company in connection with such disposal and attach the supporting documents to confirm such value.</p> <p>As set forth in Brazilian Corporate Law and the Novo Mercado Regulation, in the event of the disposal of the Company's shareholding control, all holders of the common shares must be entitled with the right to include their shares in the public offering for the acquisition of shares, which offering must be performed by the respective purchaser, as well as to receive 100% of the value paid per share with voting right, comprising the control block.</p>
Conditions to change the rights assigned in connection with such marketable securities	<p>In accordance with the Brazilian Corporate Law, neither the Company's Bylaws nor the resolutions at the general meeting may prohibit the shareholders from exercising the following rights: (i) profit sharing; (ii) participate, in the event of liquidation of the Company, in the distribution of any remaining assets, proportionally to their interest shareholding in the capital stock; (iii) inspect the Company's management, in accordance with Brazilian Corporate Law; (iv) preemptive right in the subscription of future capital increases, except for certain cases set forth in the Brazilian Corporate Law; and (v) withdraw from the Company in accordance with the cases set forth in the Brazilian Corporate Law.</p>
Other relevant characteristics	There are no additional relevant characteristics.

## **18.2. Statutory rules limiting the voting rights of significant shareholders or obligating such shareholders to perform the public offering**

In accordance with the Novo Mercado Regulation, the disposal of the Company's Control, directly or indirectly, whether by one single transaction or by a series of successive transactions, shall be carried out on suspensive or resolutive conditions that the buyer undertakes to tender a public offer for acquisition of all further shares held by the other shareholders, in compliance with the terms and conditions provided in the current law and in the New Market Regulation, so that they may be accorded the same treatment as given to the Selling Controlling Shareholder.

The public tender offer referred to in article 38 of the Company's bylaws shall be required: (i) whenever there has been a remunerated assignment of subscription rights for shares and other securities, or rights related to securities convertible into shares, resulting in disposal of the Company's Control; and (ii) whenever there has been the disposal of a controlling interest in a company that holds the Company's Control; in this case, the Selling Controlling Shareholder shall advise BM&FBOVESPA of the value ascribed to the Company under the aforesaid disposal transaction, attaching supporting documentation in this regard.

The Selling Controlling Shareholder or the Group of Selling Controlling Shareholders shall not transfer title to their shares nor shall the Company make annotation of any transfer of shares to the Buyer, until the latter signs the Statement of Consent from Controlling Shareholders referred to by the New Market Regulations. The Company shall not make annotation of any transfer of shares to any the buying shareholder or to those shareholder(s) who may hold the Power of Control, until the latter sign(s) the Statement of Consent from Controlling Shareholders referred to in the New Market Regulation. No Shareholders' Agreement which provides on the exertion of Power of Control may be filed at the Company's headquarters until its signatories subscribe the Statement of Consent.

Whoever acquires the Power of Control by means of a private share purchase agreement entered into with the Controlling Shareholder, whatever the volume of shares involved, shall be required to: (i) tender the public offer referred to in article 38 of the Company's By-Laws; (ii) pay, in the terms described as follows, the amount equivalent to the difference between the value of the public offer and the amount paid for the acquired stock in the 6 (six) months prior to the date of acquisition of the Power of Control, properly updated until the payment date. The amount shall be distributed between everyone who sold Company's shares in the trading session the Buying Shareholder made acquisitions, relative to daily net sales of each person, being BM&FBovespa's responsibility to operationalize the distribution, according to its regulations; (iii) take the actions necessary to restore the minimum Free Float of 25% (twenty five percent) within the 6 (six) months after the acquisition of Control.

In the event the shareholders in General Extraordinary Assembly decide on (i) the Company's delisting from the New Market so that its securities may be registered from trade outside the New Market or (ii) a corporate reorganization whereby the resulting company will not have its securities listed on the New Market between 120 (one hundred and twenty) days beginning in the General Shareholders Meeting which approved the reorganization, the Controlling Shareholder shall tender a public offer for acquisition of the shares held by the other shareholders of the Company. The minimum offer price shall be equal to the Economic Value determined in the appraisal report, pursuant to article 44 of these By-Laws, in compliance with the applicable legal rules and regulations.

The delisting of the New Market due to noncompliance with the Rules of the New Market is conditioned to the effective public offer for acquisition of shares, at least, by the shares' Economic Value, to be defined in valuation report as described on Article 44 of this Bylaws, according to the applicable laws and regulations.

Any Buying Shareholder who reaches, directly or indirectly, an interest in the Float equal to or over 10% (ten percent) of the Company's stock capital, and who wishes to make a new acquisition of outstanding shares, shall be required to (i) transact each new acquisition on BM&FBOVESPA, not being allowed private business transactions or on the over-the-counter market; (ii) before each new acquisition, inform in writing the Company's Chief Officer for Investor Relations about the number of outstanding shares they intend to purchase, at least 3 (three) business days prior the actual acquisition.

In the event the Buying Shareholder does not comply with the requirement imposed in this article, the Company's Board of Directors shall convene a General Extraordinary Assembly, in which the Buying Shareholder may not vote, to decide on suspension of the Buying Shareholder's rights inherent to the shares bought in breach of the requirement imposed by this article, as provided in article 120 of the Law of Business Corporations.

**18.3. Exceptions and suspensive clauses related to the equity or political rights set forth in the Bylaws**

Our Bylaws sets forth the following restrictions related to the equity or political rights:

Exclusion or reduction of the preemptive right

In accordance with paragraph 3, Article 6, of our Bylaws, at the discretion of the Board of Directors, the preemptive right may be excluded or the exercise period may be reduced as regards to the issuance of common shares, debentures convertible into common shares and subscription bonus, the placement of which is performed upon the (i) sale in stock exchange or public subscription; or (ii) exchange of shares, in connection with the public offering for acquisition of the shareholding control, under the terms of applicable law, within the authorized capital stock.

Members of the Board of Directors

In accordance with paragraphs 4 and 5, of Article 15 of our Bylaws, the members of the Board of Directors must have good reputation and a person must not be elected a member of the Board of Directors, except for the express waiver of the majority of its members, the person that: (i) is in charge of companies considered competitors of the Company; or (ii) has or represents interests conflicting with the Company's interests. The voting rights must not be entitled by the member of the Board of Directors in the event the cases mentioned above take place subsequently. Moreover, the member of the Board of Director must not have access to the information or participate at the meetings of the Board of Directors, as regards to matters to which such member has or represents interests conflicting with the Company.

Shareholders

In accordance with the caput of Article 48 of our Bylaws, any purchasing shareholder holding, directly or indirectly, outstanding shares equivalent to or greater than 10% (ten percent) of the Company's capital stock, which shareholder intends to perform a new acquisition of the outstanding shares, such shareholder will be obligated to carry out such acquisition in accordance with article 46 of the Bylaws.

In accordance with sole paragraph, Article 48, in the event the purchasing shareholder is not able to comply with the obligations set forth in such article, the Company's Board of Directors will request the Extraordinary General Meeting, at which the purchasing shareholder may not vote, in order to resolve about the suspension of the purchasing shareholders' right in connection with the shares acquired in violation against the obligation set forth in article 48 of the Company's Bylaws, in accordance with article 120 of the Brazilian Corporate Law.

**18.4. The trading volume and the minimum and maximum quotations of marketable securities traded in the stock exchange or organized over-the-counter market, in each of the quarters over the last three years**

Trading on BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros

The quotation below was adjusted on a retroactive basis to reflect the split-off of shares in December 2009 (in R\$)

Quarter ending	Volume (R\$)	Maximum	Minimum
<b>2012</b>			
03/31/2012	5,038,821,587	15.49	10.75
06/30/2012	4,121,786,534	13.80	7.82
09/30/2012	4,128,653,976	12.84	9.19
12/31/2012	2,680,732,744	12.75	9.81
<b>2013</b>			
03/31/2013	3,551,494,635	12.99	8.24
06/30/2013	2,499,030,241	9.96	5.91
09/30/2013	2,519,803,306	7.48	5.98
12/31/2013	2,053,810,580	10.94	8.33
<b>2014</b>			
03/31/2014	2,157,943,153	9.17	6.88
06/30/2014	2,124,047,057	8.40	6.46
09/30/2014	1,446,254,346	9.85	6.93
12/31/2014	1,224,820,786	9.01	6.83



**18.5. Other marketable securities (other than shares)****1st Debentures Issuance**

<b>a) Identification:</b>	1st issuance of simple debentures
<b>b) Number:</b>	30,000
<b>c) Value:</b>	R\$ 300 million
<b>d) Issuance Date:</b>	June 15, 2008
<b>e) Lock-up agreement:</b>	None
<b>f) Conversion into shares:</b>	Not applicable

**g) Advanced redemption:**

The Issuer may, at its exclusive discretion, upon approval at the Board of Director's Meeting, perform, at any time, the offering for the advanced redemption of the debentures, fully or partially, addressed to the debentureholders of the 1st series, to the debentureholders of the 2nd series, or to the debentureholders of both series, being assured to all debentureholders of each series the same conditions to accept the redemption of the debentures held as regards to the other debentureholders of the same series.

The offering of the advanced redemption will be performed as follows:

The value to be paid to the debentureholders in connection with the advanced redemption offering will be equivalent to the nominal value, or nominal value balance, however the case may be, plus (i) the earnings payable and not paid up to the redemption date; and (ii) possible redemption premium to be offered to the debentureholders of each series, at the exclusive discretion of the issuer

**h) In the event the marketable securities are considered as debt**

- i) **Maturity date:** June 15, 2013

*Accelerated Maturity*

The debentures may mature in advance under the case of non-compliance, by the issuer, with any obligation related to the debentures. One of which is the failure to maintain the financial indices determined and reviewed on a quarterly basis by the Fiduciary Agent:  $(\text{Net Debt} + \text{Real Properties Payable}) / (\text{Shareholders' Equity} < 0.65)$ ; and  $(\text{Receivables} + \text{Unearned Income} + \text{Inventories}) / (\text{Net Debt} + \text{Real Properties Payable} + \text{Unexpired Cost}) > 1.6$  or  $< 0$ .

- ii) **Interest**

*1st series*

Adjustment: the face value of 1st series debentures shall not be adjusted.  
Interest: DI (interbank deposit rate) plus spread of 1.5% per year.

*2nd series*

Adjustment: IPCA (extended consumer price index)  
Interest: 10.80% per year

- iii) **Collateral** No  
iv) **Species** Unsecured  
v) **Restrictions:** See comments above on accelerated maturity  
vi) **Trustee:** Oliveira Trust Distribuidora de Títulos e Valores Mobiliários S.A.. The trustee's compensation shall be R\$3,250.00 per quarter, adjusted based on IGP-M (general market price index).

**i) Conditions for changes to debentures' rights**

All debenture holders are entitled to one vote, in person or represented by proxy. Matters shall be decided by majority of those present and voting, except matters for which there is a quorum established by law or indenture

- Resolve, by mutual agreement with the issuer, the new adjustment parameter for debentures in the event of discontinuance, temporary unavailability or lack of determination of DI and/or IPCA for more than 10 consecutive days after the expected date for their determination and/or disclosure or even in case of discontinuance or impossibility of their use under legal provision or judicial order, for which quorum shall be 75% of total debentures outstanding;

- Non-declaration of accelerated maturity of debentures in the hypotheses outlined in items (i), (ii), (iii), (ix), (xi) and (xii) of clause 5.1.1 of the indenture, for which quorum for approval shall be 75% of debentures outstanding;
- Call for Meeting of Debenture Holders, for which quorum shall be 10% of debentures outstanding;
- Merger or consolidation with third parties or spin-off and/or issuer's corporate restructuring, for which quorum shall be at least 75% of 1st series debentures and 75% of 2nd series debentures outstanding;
- Changes in interest rate, type, duration, maturity and amortization, as well as changes in conditions for automatic acceleration of maturity and/or provisions regarding quorum specified by indenture, shall be approved by debenture holders representing at least 95% of debentures outstanding; and
- Other changes, including, but not limited to, changes to characteristics and conditions of debentures and issue, shall be approved by debenture holders representing at least 75% of debentures outstanding.

#### **i) Other significant characteristics**

*Debenture Interest Payment Date:* 1<sup>st</sup> series debentures pay interest semiannually and 2<sup>nd</sup> series debentures pay interest annually, starting from issue date to maturity date. 2nd series debentures interest is paid on face value.

*Amortization:* The face value of debentures is payable by the issuer in 3 equal, annual, consecutive installments from the end of the 36th month beginning on the issue date.

*Discretionary acquisition:* The issuer may at any time acquire debentures outstanding for a price not higher than the face value or the face value balance, if applicable, plus interest computed on a pro rata basis from the issue date to the effective acquisition date, in accordance with paragraph 2 of article 55 of Corporate Law. The acquired debentures may be cancelled, held in treasury or placed again in the market.

*Number of Debentures:* 30,000, being 27,140 Debentures of the 1st Series and 2,860 of the 2nd Series.

## **2nd Debentures issuance**

**a) Identification:** Simple, nonconvertible debentures

**b) Quantity:** 100

**c) Amount:** R\$100 million

**d) Issue date:** May 25, 2011

**e) Circulation restrictions:** None

**f) Convertibility:** Not applicable

**g) Possibility of early redemption:** No

#### **h) When securities are debt instruments**

i) **Maturity date:** May 25, 2011

##### *Accelerated Maturity*

The debentures may mature in advance under the case of non-compliance, by the issuer, with any obligation related to the debentures. One of which is the failure to maintain the financial indices determined and reviewed on a quarterly basis by the Fiduciary Agent: (Net Debt+Real Properties Payable)/(Shareholders' Equity < 0.65); and (Receivables + Unearned Income + Inventories)/ (Net Debt+ Real Properties Payable + Unexpired Cost) >1.6 or < 0.

ii) **Interest** CDI + 3.7% per year

iii) **Collateral** Properties

iv) **Species** Not applicable

v) **Restrictions:** See comments above on accelerated maturity

vi) **Trustee:** Planner Trustee DTVM Ltda. The trustee's compensation is R\$4,000.00 per quarter, adjusted based on the IGP-M

#### **i) Conditions for changes to debentures' rights**

Changes in interest rate, type, duration, maturity and amortization, as well as changes in conditions for automatic acceleration of maturity and/or provisions regarding established quorum shall be approved by debenture holders representing at least 95% of the debentures outstanding. Other changes, including, but not limited to, changes in characteristics and conditions of debentures and issue shall be approved by debenture holders representing at least 75% of the debentures outstanding.

#### **j) Other significant characteristics**

*Interest Payment Date:* quarterly

*Amortization:* 5 quarterly, consecutive installments starting May 25, 2010

*Discretionary acquisition:* The issuer may at any time acquire debentures outstanding for a price not higher than the face value or the face value balance, if applicable, plus interest computed on a pro rata basis from the issue date to the effective acquisition date, in accordance with paragraph 2 of article 55 of Corporate Law. The acquired debentures may be cancelled, held in treasury or placed again in the market.

### **3rd Debentures issuance**

**a) Identification:** Simple debentures

**b) Quantity:** 51.640

**c) Amount:** R\$516 million

**d) Issue date:** February 1, 2010

**e) Circulation restrictions:** None

**f) Convertibility:** Not applicable

#### **g) Possibility of early redemption:**

After the 18th month, counted from the date of issue the Issuer shall be entitled to promote early redemption of the Debentures, in whole or in part ("Provision for Early Redemption") by (a) determination of its board of directors (b) publication of notice to debenture holders to be widely published in advance, at least 30 days from the date of redemption, stating: (i) the effective date for early redemption and payment of debenture holders, (ii) if the redemption will be total or partial, and in this case, the procedure for partial redemption, as paragraph 1 of Article 55 of the Corporations Act, and (iii) the amount payable to debenture holders as a result of early redemption. The amount payable to debenture holders as a result of the Provision for Early Redemption will be equal to the Nominal Value or balance of the Face Value, if any, plus (i) remuneration calculated on a pro rata basis from the Issue Date or the last date of payment of remuneration, as appropriate, until the actual date of redemption and (ii) the redemption premium of 0.75% on volume of debentures redeemed, calculated pursuant to the Issue Deed.

#### **h) When securities are debt instruments**

i) **Maturity date:** February 1, 2014

##### *Accelerated Maturity*

The debentures may mature in advance under the case of non-compliance, by the issuer, with any obligation related to the debentures. One of which is the failure to maintain the financial indices determined and reviewed on a quarterly basis by the Fiduciary Agent:  $(\text{Net Debt} + \text{Real Properties Payable}) / (\text{Shareholders' Equity} < 0.65)$ ; and  $(\text{Receivables} + \text{Unearned Income} + \text{Inventories}) / (\text{Net Debt} + \text{Real Properties Payable} + \text{Unexpired Cost}) > 1.6$  or  $< 0$ .

ii) **Interest** CDI + 3.7% per year

iii) **Collateral** No

iv) **Species** Unsecured

v) **Restrictions:** See comments above on accelerated maturity

vi) **Trustee:** Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários Planner Trustee DTVM Ltda.  
The trustee's compensation is R\$4,000.00 per quarter, adjusted based on the IGP-M.

#### **i) Conditions for changes to debentures' rights**

The deliberations to be taken in a debenture holders meeting, should be approved by debenture holders, representing at least 75% of the outstanding Debentures.

The deliberations of the meeting of debenture holders on (i) changes in the conditions of the Debentures, including, among others, remuneration, type, duration, maturity, amortization, early redemption, prepayment, quorums and (ii) authorizations or permits (waivers) with respect to obligations of the Issuer shall obtain approval of debenture holders representing at least 95% of the outstanding Debentures.

#### **j) Other significant characteristics**

*Interest Payment Date:* quarterly

*Amortization:* 5 quarterly, consecutive installments starting May 25, 2010

*Discretionary acquisition:* The issuer may at any time acquire debentures outstanding for a price not higher than the face value or the face value balance, if applicable, plus interest computed on a pro rata basis from the issue date to the effective acquisition date, in accordance with paragraph 2 of article 55 of Corporate Law. The acquired debentures may be cancelled, held in treasury or placed again in the market.

### **4th Debentures issuance**

**a) Identification:** Simple, nonconvertible debentures

**b) Quantity:** 300

**c) Amount:** R\$300 million

**d) Issue date:** December 23, 2010

**e) Circulation restrictions:** Yes

#### **f) Restriction descriptions:**

The Debentures may only be traded by qualified investors in accordance with CVM Instruction 409, from August 18, 2004, after 90 (ninety) days of their subscription or acquisition by each qualified investor, in accordance with Article 13 from CVM Instruction 476.

**g) Convertibility:** No

#### **h) Possibility of early redemption:**

The Debentures may be fully or partially redeemed and/or amortized in advance, and the anticipated partial amortization, if it occurs, shall comprise 100% of the outstanding debentures, restricted to 95% of the Face Value or the balance of the Face Value, at any time.

#### **i) When securities are debt instruments**

**i) Maturity date:** December 1, 2015

##### *Accelerated Maturity*

The debentures may mature in advance under the case of non-compliance, by the issuer, with any obligation related to the debentures. One of which is the failure to maintain the financial indices determined and reviewed on a quarterly basis by the Fiduciary Agent:  $(\text{Net Debt} + \text{Real Properties Payable}) / (\text{Shareholders' Equity} < 0.65)$ ; and  $(\text{Receivables} + \text{Unearned Income} + \text{Inventories}) / (\text{Net Debt} + \text{Real Properties Payable} + \text{Unexpired Cost}) > 1.6$  or  $< 0$ .

**ii) Interest** TR + 8.25%-10.25% per annum

TR + 8.25% per year, for the portion of the proceeds from the 4th Debenture Issue not released for Company use, equivalent to the balance of the Settlement Account, as defined in the Indenture, or for the portion to be used to finance the housing units of the Financed Projects, representing a sales price lower than or equal to that established by Resolution 460/04 issued by the Board of Trustees of the Government Severance Indemnity Fund (FGTS) for those units falling within the area parameters established for Low Income Housing; and

TR + 10,25% per year for the portion of the proceeds from the 4th Debenture Issue used to finance the housing units of the Financed Projects, representing a sales price above that established by Resolution 460/04 issued by the Board of Trustees of the Government Severance Indemnity Fund (FGTS) for those units falling within the area

parameters established for Low Income Housing, but equal to or lower than the maximum value permitted for financing housing units through the Housing Finance System (SFH) ("Remuneration").

iii) **Collateral** Additional Guarantees

iv) **Species** Unsecured

v) **Restrictions:** See comments above on accelerated maturity

vi) **Trustee:** Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda. The trustee's compensation is R\$ 42,000.00 per year, adjusted based on the IGP-M.

#### **j) Conditions for changes to debentures' rights**

The deliberations to be taken in a debenture holders meeting, should be approved by debenture holders, representing at least 2/3 of the outstanding Debentures.

The deliberations of the meeting of debenture holders shall obtain approval of debenture holders representing at least 90% of the outstanding Debentures; on remuneration, payment dates, renegotiation or default.

#### **k) Other significant characteristics**

*Interest Payment Date:* the Remuneration will be paid in 10 six-monthly installments, the first after 6 months after the issuance date, calculated pro rata temporis since the date of Issue, and the last at maturity.

*Amortization:* Payment of the Nominal Value of the Debentures will be in 5 successive six-monthly installments, the first installment being on the 36th month, and the final payment on the 60th, both counting from the issuance date

### ***5th Debentures issuance***

**a) Identification:** Simple debentures

**b) Quantity:** 500,000

**c) Amount:** R\$500 million

**d) Issue date:** July 15, 2011

**e) Circulation restrictions:** None

**f) Convertibility:** Not applicable

**g) Possibility of early redemption:** No

No early redemption of the Debentures, except in case of no agreement between the Company and the Debenture holders regarding the replacement rate in case of extinction, temporary unavailability or absence of verification of the DI rate.

#### **h) When securities are debt instruments**

i) **Maturity date:** July 1, 2016

##### *Accelerated Maturity*

The debentures may mature in advance under the case of non-compliance, by the issuer, with any obligation related to the debentures. One of which is the failure to maintain the financial indices determined and reviewed on a quarterly basis by the Fiduciary Agent: (Net Debt+Real Properties Payable)/(Shareholders' Equity < 0.65); and (Receivables + Unearned Income + Inventories)/ (Net Debt+ Real Properties Payable + Unexpired Cost) >1.6 or < 0.

ii) **Interest** CDI + 1.5% per year

iii) **Collateral** No

##### *Additional Guarantees*

The debentures will be guaranteed by the fiduciary assignment of credit rights from the sale of housing units from residential construction projects ("Receivables") whether they are financed by the proceeds from the Debentures ("Financed Project") or not; and by the fiduciary sale under guarantee of accounts linked to the 4th Issue and to the

permitted investment of the proceeds from said issue and the proceeds from the payment of the Receivables; and by the fiduciary sale under guarantee of the sites of the Financed Projects, except those Financed Projects which will be funded by the Caixa Econômica Federal through from Crédito Associativo ("Additional Guarantees").

- iv) **Species** Unsecured
- v) **Restrictions:** See comments above on accelerated maturity
- vi) **Trustee:** SLW CORRETORA DE VALORES E CÂMBIO LTDA. The trustee's compensation is R\$12,000.00 per year, adjusted based on the IGP-M.

#### **i) Conditions for changes to debentures' rights**

The deliberations to be taken in a debenture holders meeting, should be approved by debenture holders, representing at least 75% of the outstanding Debentures.

The deliberations of the meeting of debenture holders on (i) changes in the conditions of the Debentures, including, among others, remuneration, type, duration, maturity, amortization, early redemption, prepayment, quorums and (ii) authorizations or permits (waivers) with respect to obligations of the Issuer shall obtain approval of debenture holders representing at least 95% of the outstanding Debentures.

#### **j) Other significant characteristics**

*Interest Payment Date:* the Remuneration will be paid in six-monthly installments, the first on January 1th, 2012.

*Amortization:* Payment of the Nominal Value of the Debentures will be in 2 equal installments, the first installment being on the 48th month, and the final payment on the 60th, both counting from the issuance date

### ***6th Debentures issuance***

- a) Identification:** Simple debentures
- b) Quantity:** 500,000
- c) Amount:** R\$500 million (R\$1,000 each)
- d) Issue date:** May 3, 2012
- e) Circulation restrictions:** None
- f) Convertibility:** Not applicable
- g) Possibility of early redemption:** No

#### **h) When securities are debt instruments**

- i) **Maturity date:** May 3, 2017

##### *Accelerated Maturity*

The debentures may mature in advance under the case of non-compliance, by the issuer, with any obligation related to the debentures. One of which is the failure to maintain the financial indices determined and reviewed on a quarterly basis by the Fiduciary Agent:  $(\text{Net Debt} + \text{Real Properties Payable}) / (\text{Shareholders' Equity} < 0.65)$ ; and  $(\text{Receivables} + \text{Unearned Income} + \text{Inventories}) / (\text{Net Debt} + \text{Real Properties Payable} + \text{Unexpired Cost}) > 1.6$  or  $< 0$ .

- ii) **Interest** 1<sup>st</sup> series: CDI + 1.50% per year  
2<sup>nd</sup> series: CDI + 1.55% per year
- iii) **Collateral** No
- iv) **Species** Unsecured
- v) **Restrictions:** See comments above on accelerated maturity
- vi) **Trustee:** Oliveira Trust Distribuidora de Títulos e Valores Mobiliários S.A.. The trustee's compensation shall be R\$5,500 per annum, adjusted based on IGP-M (general market price index).

#### **i) Conditions for changes to debentures' rights**

For the deliberations of a debenture holders meeting, every debenture holder is entitled to one vote, in person or represented by proxy. The deliberations to be taken in a debenture holders meeting, should be approved by debenture holders, representing at least 75% of the outstanding Debentures.

The deliberations of the meeting of debenture holders on (i) changes in the conditions of the Debentures, including, among others, remuneration, type, duration, maturity, amortization, early redemption, prepayment, quorums and (ii) authorizations or permits (waivers) with respect to obligations of the Issuer shall obtain approval of debenture holders representing at least 95% of the outstanding Debentures.

#### **j) Other significant characteristics**

*Interest Payment Date:* the Remuneration will be paid in six-monthly installments up to maturity date, the first on November 3, 2012.

*Amortization of the 1<sup>st</sup> Series:* Payment of the Nominal Value of the Debentures will be in 2 annual, equal and sequent installments, starting from the end of the 4<sup>th</sup> year

*Amortization of the 2<sup>nd</sup> Series:* Payment of the Nominal Value of the Debentures will be in 2 annual, equal and sequent installments, starting from the end of the 5<sup>th</sup> year

*Number of Debentures:* 500,000, being 500,000 Debentures of the 1st Series and 0 of the 2nd Series.

### **7th issuance Debentures**

**a) Identification:** Simple, nonconvertible debentures

**b) Quantity:** 30,000

**c) Amount:** R\$300 million (R\$10,000 each)

**d) Issue date:** December 05, 2014

**e) Maturity date:** December 05, 2016

**f) Circulation restrictions:** Yes

#### **g) Restriction descriptions:**

The Debentures may only be traded by qualified investors in accordance with Article 4 from CVM Instruction 476 and with Article 109 from CVM Instruction 409, from August 18, 2014, after 90 (ninety) days from the subscription or acquisition by each qualified investor, in accordance with article 13 from CVM Instruction 476.

**h) Convertibility:** No

**i) Possibility of early redemption:** No

#### **j) Characteristics of the Securities:**

i) Maturity date:

December 05, 2016

Accelerated maturity: The Debentures may mature in advance in the event of noncompliance, by the Company, of obligations related to the Debentures, in accordance with the Issuance Deed concluded between the Company and the Trustee. Among other events of early maturity provided in the Issuance Deed, the failure to maintain the financial indices determined and reviewed on a quarterly basis by the Fiduciary Agent:  $(\text{Net Debt} + \text{Real Properties Payable}) / (\text{Shareholders' Equity} < 0.65)$ ; and  $(\text{Receivables} + \text{Unearned Income} + \text{Inventories}) / (\text{Net Debt} + \text{Real Properties Payable} + \text{Unexpired Cost}) > 1.6$  or  $< 0$ .

ii) Interest CDI + 1.60% per year

iii) Collateral No

iv) Species Unsecured

v) Restrictions: See comments above on accelerated maturity

vi) Trustee: Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários. The trustee's compensation shall be R\$2,500 per annum, adjusted based on IGP-M (general market price index).

**k) Conditions for changes to debentures' rights**

For the deliberations of a debenture holders meeting, every debenture holder is entitled to one vote, in person or represented by proxy. The deliberations to be taken in a debenture holders meeting, should be approved by debenture holders, representing at least 75% of the outstanding Debentures.

The deliberations of the meeting of debenture holders on (i) changes in the conditions of the Debentures, including, among others, remuneration, type, duration, maturity, amortization, early redemption, prepayment, quorums and (ii) authorizations or permits (waivers) with respect to obligations of the Issuer shall obtain approval of debenture holders representing at least 95% of the outstanding Debentures.

**l) Other significant characteristics**

*Interest Payment Date:* the Remuneration will be paid semiannually in June and December, from the issuance date, with the first installment on June 05, 2015 up to maturity date.

*Amortization:* The Face Value will be paid in full in the maturity date.

**Promissory Notes**

**a) Identification:** Nota Promissória

**b) Quantity:** 100

**c) Amount:** R\$100 million

**d) Issue date:** March 26, 2009

**e) Circulation restrictions:** Yes. The Debentures may only be traded among qualified investors, as defined in terms of CVM 409 of August 18, 2004 ("Qualified Investor") after the expiration of ninety (90) days of their subscription or acquisition by each Qualified Investor, pursuant to article 13 of CVM Instruction 476

**f) Convertibility:** Not applicable

**g) Possibility of early redemption:**

Early redemption by the issuer with express consent of the respective holder, at the subscription date and payment of the simple debentures, not convertible into shares, with collateral, of the second issuance of the Issuer, which will be subject to public offering, with restricted distribution efforts under the CVM Instruction 476, outside of the first program of distribution of debentures of the Issuer, to be mediated by the Leading Coordinator, under the current regulations.

Regarding When the subscription/purchase of the Promissory Note, the holder has given his agreement with the terms and conditions of the Redemption, as described in the letter.

The Buyback will be made upon payment of the Par Value plus Remuneration, calculated pro rata from the Issue Date until the effective date of Redemption.

(i) If there is no issue of Debentures, the Issuer may apply the Early redemption of the Promissory Note, upon payment of the Par Value plus compensation calculated on a pro rata basis, provided that it communicates by writing with five (5) working days in advance.

**h) When securities are debt instruments**

- |      |                       |  |
|------|-----------------------|--|
| i)   | <b>Maturity date:</b> | June 24, 2009                              |
| ii)  | <b>Interest</b>       | CDI + 3.7% per year                        |
| iii) | <b>Collateral</b>     | No   |
| iv)  | <b>Species</b>        | Unsecured                                  |
| v)   | <b>Restrictions:</b>  | See comments above on accelerated maturity |
| vi)  | <b>Trustee:</b>       | /  |

**i) Conditions for changes to debentures' rights**

No provision

**j) Other significant characteristics**



In March 2009, we completed our 1st issue of promissory notes for public distribution on a restricted efforts placement basis, in conformity with CVM Instruction No. 476, in a single series, with a fixed charge over cash investments, in the total amount of R\$100.0 million, due on June 24, 2009. The promissory notes were redeemed in advance on June 23, 2009, which was the subscription and payment date of 2nd series debentures issued for public distribution on a restricted efforts placement basis under the promissory notes deed.

The promissory notes paid rates of interest on face value, equivalent to 100% of the CDI (interbank deposit rate) plus spread of 3.70% per year.

The promissory notes contained restrictive covenants requiring compliance with the same financial ratios as for the 1st issue of debentures.

## 18.6. Brazilian markets in which Company's securities are admitted for trading

The Company's shares are admitted for trading on the BM&FBOVESPA S.A.

The 1st issuance of debentures are listed for trading on the secondary market through the SND (national debenture system), managed by CETIP.

The 2nd issuance of debentures are listed for trading in the secondary market through: 1) SND managed by CETIP and 2) BOVESPAFIX and SOMAFIX, trading markets for assets managed by BM&FBOVESPA.

The 3rd issuance of debentures are listed for trading in the secondary market i) through SDT and/or SND both managed by CETIP and/or ii) through DDA and/or BOVESPAFIX, both managed by BM&FBOVESPA.

The 4th issuance of debentures are listed for trading on the secondary market through the SND (national debenture system), managed by CETIP.

The 5th issuance of debentures are listed for trading on the secondary market through the SND (national debenture system), managed by CETIP.

The 6th issuance of debentures are listed for trading on the secondary market through the SND (national debenture system), managed by CETIP.

The 7th issuance of debentures are listed for trading on the secondary market through the CETIP21 – Securities ("CETIP21"), managed by CETIP.

## 18.7. Securities admitted for trading in foreign markets

On March 17, 2009, CVM approved (under No. CVM/SER/RDR/2009/006) American Depositary Receipts (ADRs) programs abroad, with issue of Level 1 sponsored depositary receipts for trading in the United States market under the symbol "MRVNY".

Under the ADR program, Bradesco is the custodian institution for our common shares in Brazil and The Bank of New York Mellon is the depositary bank in the United States responsible for issuing depositary receipts at a ratio of one depositary receipt to two common shares.

a) country

United States of America

b) market

MRV's ADRs trade on the over-the-counter market under number CUSIP 553479106, number ISIN US5534791067 and symbol MRVNY.

c) market entity in which securities are admitted for trading

OTC Markets Group, the largest electronic trading system for intermediaries and trading technology and financial information provider for over-the-counter securities.

d) date securities were admitted for trading

Trading on the OTC started on March 31, 2009.

e) indicate trading segment, if any

MRV trades on the OTCQX.

OTCQX is the top tier of the OTC market. Exclusively for companies that meet the highest financial standards and undergo a qualitative review. Investor focused companies use the quality-controlled OTCQX platform to offer investors transparent trading, superior information, and easy access through their regulated U.S. broker-dealers. The innovative OTCQX platform offers companies and their investors a level of marketplace services formerly available only on a U.S. exchange.

f) effective date of listing in the trading market

The Company began trading on the OTCQX on December 2, 2009

g) percentage of trading amount abroad in relation to total trading amount of each class and type for last year

Volume (thousand)	2012	2013	2014
OTCQX (US\$)	\$ 60,695	\$ 17,602	\$ 1,197
BRL/USD (12/31)	2,0495,	2,3426,	2.6804
OTCQX (R\$)	R\$ 124,393	R\$ 41,235	R\$ 3,207
BM&FBovespa	R\$ 15,969,995	R\$ 10,624,138	R\$ 6,953,065
OTCQX/BM&FBovespa	0.78%	0.39%	0.05%

h) depositary shares abroad, if any, in relation to each class and type of shares

The ratio is 1 depositary share to 2 common shares.

i) depositary bank, if any

The Bank of New York Mellon is the depositary bank in the United States.

j) custodian institution, if any

Banco Bradesco SA is the custodian institution for MRV's common shares in Brazil.

## 18.8. Public offerings made by the Company or by third parties, including controlling companies and affiliated and subsidiary companies, for Company's securities

### Shares

On July 23, 2007, our shares began to trade on the *Novo Mercado* segment of the BM&FBovespa, under the symbol "MRVE3" under our primary and secondary offering of common shares. The offering was conducted in Brazil in the non-organized over-the-counter market for institutional and non-institutional investors, with placement efforts abroad, based on registration exemptions under Securities Act of 1933. The offering closing was announced on August 6, 2007, with the distribution of 45,900,000 common shares for the price of R\$26.00 per common share, totaling R\$1,193,400,000.00, as follows: (i) 41,198,277 common shares issued by the Company, amounting to R\$1,071,155,202.00; and (ii) 4,701,723 common shares issued by the Company and owned by selling shareholders, amounting to R\$122,244,798.

On June 24, 2009, we, together with Autonomy, conducted a primary and secondary offering of common shares in Brazil in the non-organized over-the-counter market for institutional and non-institutional investors, with placement efforts abroad, based on

registration exemptions under Securities Act of 1933. The offering closing was announced on July 15, 2009, with the distribution of 29,475,000 common shares for the price of R\$24.50 per common share, totaling R\$722,137,500.00, as follows: (i) 24,300,000 common shares issued by the Company, amounting to R\$595,350,000.00; and (ii) 5,175,000 common shares issued by the Company and owned by Autonomy, amounting to R\$126,787,500.00.

#### Other securities

##### *Debentures – 1st issue*

In July 2008 we introduced our debenture distribution program in the amount of up to R\$1.3 billion and concurrently there was the first issue of debentures not convertible into shares for public distribution. For further information, please refer to item 18.5 of this form.

##### *Promissory notes*

In March 2009, we completed our first issue of promissory notes of a single series on a restricted efforts basis under CVM Instruction No. 476. For further information, please refer to item 18.5 of this form.

##### *Debentures – 2nd issuance*

In June 2009, we completed our public distribution of debentures on a restricted efforts basis under CVM Instruction No. 476. For further information, please refer to item 18.5 of this form.

##### *Debentures – 3rd issuance*

In March 2010, we completed our public distribution of debentures with firm guarantee of placement under CVM Instruction No. 476. For further information, please refer to item 18.5 of this form.

##### *Debentures – 4th issuance*

In December 2010, we completed our public distribution of debentures on a restricted efforts basis under CVM Instruction No. 476. For further information, please refer to item 18.5 of this form.

##### *Debentures – 5th issuance*

In July 2011, we completed our public distribution of debentures on a restricted efforts basis under CVM Instruction No. 476. For further information, please refer to item 18.5 of this form.

##### *Debentures – 6th issuance*

In May 2012, we completed our public distribution of debentures with firm guarantee of placement under CVM Instruction No. 476. For further information, please refer to item 18.5 of this form.

##### *Debentures – 7th issuance*

In January 2015, we completed our public distribution of debentures with firm guarantee of placement under CVM Instruction No. 476. For further information, please refer to item 18.5 of this form.

#### **18.9. Tender offers for shares issued by third parties**

Not applicable.

#### **18.10. Other material information**

No other information considered material.

## Buyback Plans and Treasury Shares

### 19.1. Provide the following information about issuer's stock buyback plans

a) Date	Repurchase period	Available Reserves and Profits (R\$)	Species	Class	Estimated Quantity (units)	% of approved in relation to total in circulation	Approved acquired quantity	Weighted average price	Quote factor	% acquired
07/09/2012	08/10/2012 / 08/09/2014	686,778,000	Common	/	9,730,000	3.30	7,495,100	6.89	R\$/unit	77.00
03/17/2014	03/18/2014 / 03/17/2015	774,348,000	Common		15,000,000	5.17	15,000,000	6.96	R\$/unit	100.00
06/02/2014	06/03/2014 / 06/02/2015	774,348,000	Common		20,000,000	7.15	18,314,500	7.54	R\$/unit	91.57
03/16/2015	06/03/2015 / 06/02/2016	826,347,000	Common		12,000,000	4.12	0	0	R\$/unit	0.00

b. with respect to each plan

#### BUYBACK PLAN 2012-2013

other important characteristics:

(1) the operations will be carried out on the stock exchange at market prices and will be brokered by SANTANDER CCVM S/A with head office at Avenida Presidente Juscelino Kubitschek, 2.041, 2.235 part – 24th floor – São Paulo/SP; CREDIT SUISSE BRASIL S.A. CTVM with head office at Avenida Brigadeiro Faria Lima, 3.064 13th floor - São Paulo/SP; BRADESCO S.A. CTVM with head office at Avenida Paulista, 1.450 7th floor - São Paulo/SP; BTG PACTUAL CTVM S.A. with head office at Avenida Brigadeiro Faria Lima, 3.729 10th floor - part - São Paulo/SP; ITAÚ CV S/A with head office at Avenida Brigadeiro Faria Lima, 3.400 10th floor - São Paulo/SP; FLOW CCTVM, with head office at Rua Joaquim Floriano, 100 conjunto 121 - São Paulo/SP or H.H. PICCHIONI S.A. CCVM with head office at Avenida Bernardo Monteiro, 1.539 – Belo Horizonte/MG; without any reduction in the capital stock, using the funds available in the profit or capital reserves, and are aimed at maximizing value generation for shareholders;

(2) the sum of the total price of the Shares acquired and the product of the number of shares and the respective price will not exceed the Available Reserves;

(3) Up to a maximum of 10,000,000 shares will be repurchased, deduced from the amount of shares bought back on the current Share Buyback Program between July 9, 2012 and its expiration on August 09, 2012;

(4) On June 18, 2013 the Meeting of the Board of Directors approved the extension for 365 days as of 10 August, 2013, of the Share Buyback Program approved on the Meeting of the Board of Directors on 9 July, 2012. The Board of Directors established that 8,580,000 is the maximum amount of Shares, deduced from the amount of shares bought back on the current Share Buyback Program between June 18 and its expiration on August 09, 2013.

#### BUYBACK PLAN 2014 I

other important characteristics:

(1) the operations will be carried out on the stock exchange at market prices and will be brokered by SANTANDER CCVM S/A with head office at Avenida Presidente Juscelino Kubitschek, 2.041, 2.235 part – 24th floor – São Paulo/SP; CREDIT SUISSE BRASIL S.A. CTVM with head office at Avenida Brigadeiro Faria Lima, 3.064 13th floor - São Paulo/SP; BRADESCO S.A. CTVM with head office at Avenida Paulista, 1.450 7th floor - São Paulo/SP; BTG PACTUAL CTVM S.A. with head office at Avenida Brigadeiro Faria Lima, 3.729 10th floor - part - São Paulo/SP; ITAÚ CV S/A with head office at Avenida Brigadeiro Faria Lima, 3.400 10th floor - São Paulo/SP; FLOW CCTVM, with head office at Rua Joaquim Floriano, 100 conjunto 121 - São Paulo/SP or H.H. PICCHIONI S.A. CCVM with head office at Avenida Bernardo Monteiro, 1.539 – Belo Horizonte/MG; without any reduction in the capital stock, using the funds available in the profit or capital reserves, and are aimed at maximizing value generation for shareholders;

(2) the sum of the total price of the Shares acquired and the product of the number of shares and the respective price will not exceed the Available Reserves;

#### BUYBACK PLAN 2014 II

other important characteristics:

(1) the operations will be carried out on the stock exchange at market prices and will be brokered by SANTANDER CCVM S/A with head office at Avenida Presidente Juscelino Kubitschek, 2.041, 2.235 part – 24th floor – São Paulo/SP; CREDIT SUISSE BRASIL S.A. CTVM with head office at Avenida Brigadeiro Faria Lima, 3.064 13th floor - São Paulo/SP; BRADESCO S.A. CTVM with head office at Avenida Paulista, 1.450 7th floor - São Paulo/SP; BTG PACTUAL CTVM S.A. with head office at Avenida Brigadeiro Faria Lima, 3.729 10th floor - part - São Paulo/SP; ITAÚ CV S/A with head office at Avenida Brigadeiro Faria Lima, 3.400 10th floor - São Paulo/SP; FLOW CCTVM, with head office at Rua Joaquim Floriano, 100 conjunto 121 - São Paulo/SP or H.H. PICCHIONI S.A. CCVM with head office at Avenida Bernardo Monteiro, 1.539 – Belo Horizonte/MG; VOTORANTIM CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS, com endereço na Av. das Nações Unidas, 14.171, Torre A – 14th floor

– Vila Gertrudes – São Paulo/SP, CEP: 04794-000 without any reduction in the capital stock, using the funds available in the profit or capital reserves, and are aimed at maximizing value generation for shareholders;  
(2) the sum of the total price of the Shares acquired and the product of the number of shares and the respective price will not exceed the Available Reserves;

**BUYBACK PLAN 2015**

other important characteristics:

(1) the operations will be carried out on the stock exchange at market prices and will be brokered by SANTANDER CCVM S/A with head office at Avenida Presidente Juscelino Kubitschek, 2.041, 2.235 part – 24th floor – São Paulo/SP; CREDIT SUISSE BRASIL S.A. CTVM with head office at Avenida Brigadeiro Faria Lima, 3.064 13th floor - São Paulo/SP; BRADESCO S.A. CTVM with head office at Avenida Paulista, 1.450 7th floor - São Paulo/SP; BTG PACTUAL CTVM S.A. with head office at Avenida Brigadeiro Faria Lima, 3.729 10th floor - part - São Paulo/SP; ITAÚ CV S/A with head office at Avenida Brigadeiro Faria Lima, 3.400 10th floor - São Paulo/SP; FLOW CCTVM, with head office at Rua Joaquim Floriano, 100 conjunto 121 - São Paulo/SP or H.H. PICCHIONI S.A. CCVM with head office at Avenida Bernardo Monteiro, 1.539 – Belo Horizonte/MG; VOTORANTIM CORRETORA DE TÍTULOS E VALORES MOBILIÁRIOS, com endereço na Av. das Nações Unidas, 14.171, Torre A – 14th floor – Vila Gertrudes – São Paulo/SP, CEP: 04794-000 without any reduction in the capital stock, using the funds available in the profit or capital reserves, and are aimed at maximizing value generation for shareholders;

(2) the sum of the total price of the Shares acquired and the product of the number of shares and the respective price will not exceed the Available Reserves;

**19.2. With respect to acquisition of shares held in treasury, indicate quantity, total amount and weighted average acquisition price, in tabular format, segregated by type and class**

<b>05/29/2015</b>	<b>Quantity of Common Shares (Unidades)</b>	<b>Total Value (R\$)</b>	<b>Weighted Average Price</b>
Initial	3,323,400	24,556,949.19	7.39
Acquisition	3,923,400	39,032,152.00	6.94
Alienation*	966,648	3,248,130.68	3.36
Cancellation	0	0,00	
Final	7,979,952	53,800,367.14	6.74

\*Observation: Transfer of shares held in treasury to the beneficiaries of Programs II, V and VI of the Company's Stock Options Plan.

<b>12/31/2014</b>	<b>Quantity of Common Shares (Unidades)</b>	<b>Total Value (R\$)</b>	<b>Weighted Average Price</b>
Initial	9,338,111	82,877,805.49	8.88
Acquisition	31,161,100	228,676,356.75	7.34
Alienation*	3,094,152	1,035,509.54	0.33
Cancellation	34,081,659	261,359,166.33	7.67
Final	3,323,400	24,556,949.19	7.39

\*Observation: Transfer of shares held in treasury to the beneficiaries of Program I of the Company's Stock Options Plan.

<b>12/31/2013</b>	<b>Quantity of Common Shares (Unidades)</b>	<b>Total Value (R\$)</b>	<b>Weighted Average Price</b>
Initial	5,313,011	56,487,474.96	10.63
Acquisition	4,025,100	26,390,330.53	6.56
Alienation			
Cancellation			
Final	9,338,111	82,877,805.49	8.88

<b>12/31/2012</b>	<b>Quantity of Common Shares (Unidades)</b>	<b>Total Value (R\$)</b>	<b>Weighted Average Price</b>
Initial	3,092,204	36,086,217.67	11.67
Acquisition	3,255,200	31,592,976.00	9.71

Alienation	150,000	1,748,658.05	11.66
Cancellation	884,393	9,443,060.66	10.68
Final	5,313,011	56,487,474.96	10.63

**19.3. Indicate shares held in treasury as of the last fiscal year-end, in tabular format, segregated by type and class.**

12/31/2014	Quantity of Common Shares	Acquisition Date	Weighted Average Price	% of shares in free float
Final	3,323,400	10/21/2014	7.82	1.14%

**19.4. Other material information**

No other information considered material.

## 20. Securities Trading Policy

---

### **20.1. Policy for trading of securities issued by the Company by direct or indirect controlling shareholders, members of board of directors, audit committee and any other technical or consultative committees established under bylaws**

#### a) Date of approval

April 04, 2015.

#### b) Binded parties

Officers, members of the Board of Directors, Fiscal Council and bodies with technical or advisory duties to be created by Bylaws provisions, as well as executive officers, managers, employees holding the Company shares and others who in view of title and position held at the Company, its subsidiaries or associated companies have or may have access to material information.

#### c) Principal characteristics

The Company designates the Investor Relations Officer ("IRO") as the officer liable for the execution, oversight and management of this Trading Policy and for all communication between the Company and the Brazilian Securities and Exchange Commission ("CVM") and the Stock Exchanges, as well as between the Company and the market, investors and analysts.

Doubts related to this present Trading Policy, construal of applicable rules and/or about the possibility or not of certain trades with securities issued by the Company and not provided for herein shall be clarified with the IRO.

The Personal Trading Plan means the individual plans for the trading of securities issued by the Company which may be drawn up by either Binding Party and through which these persons indicate their intention of investing with their own funds or desinvest in the long term in the Company securities.

Once observed the prohibitions, the Binding Parties are authorized to trade the Company securities, as long as the trade is based on the Personal Trading Plan, previously filed at the Company's head offices, with the Investor Relations Officer. For this effect, the Personal Trading Plan shall be filed at the company for more than thirty (30) days, including any amendments.

The Personal Trading Plan can neither be filed nor altered if there is any material act or fact pending that the interested party is aware of.

The Investor Relations Officer may refuse to file the Personal Trading Plan at the Company which disagrees with this present Policy or prevailing laws.

Personal Trading Plans shall mandatorily indicate if the plan is of investment or divestment, as well as the approximate volume of resources that the interested party plans to invest or the approximate number of securities to be traded, within validity term set forth in the Personal Plan, which cannot be less than twelve (12) months and once expired, the interested party shall submit a brief report on related development.

The securities acquired based on the Personal Trading Plan may not be sold before sixty (60) days as of the date of their acquisition. We understand that during the sixty-(60) day period, the shareholding may not be less than the amount acquired based on the Personal Trading Plan as of said acquisition.

The Binding Parties which failed to comply with any provision of this Trading Policy undertake to fully indemnify the Company and/or other Binding Parties for damages to be incurred directly or indirectly deriving from this default.

This present Policy may not be altered if there is any material act or fact pending disclosure.

#### d) Blackout periods and description of procedures adopted to monitor trading in said periods

The Company and Binding Parties may not directly or indirectly trade securities issued by the Company:

- a) In the period between the date they took cognizance of a material information until the date of its disclosure to the market. Material information means any and all information that may cause an economic impact on the Company or on the value of its shares;
- b) If there is any intention of promoting incorporation, total or partial spin-off, merger or corporate transformation or restructuring;
- c) In the period between the decision taken by the appropriate corporate body of increasing share capital, distributing dividends and paying interest on equity, bonus shares or derivatives or approving stock split and the publication of related notices or announcements;
- d) within fifteen (15) days prior to the disclosure of the quarterly financial information (ITR) and annual financial information (DFP and IAN) of the Company.

The persons below are also prevented from trading securities issued by the Company, as long as they are aware of material act or fact not yet disclosed:

- a) those maintaining business, professional or trust relationship with the Company, such as independent auditors, securities analysts, consultants and institutions composing the distribution system, who shall verify the disclosure of information before the trade of securities issued by the Company or referred thereto; and
- b) managers to leave the Company's Management before the public announcement of business or fact initiated during their managerial period within six (6) months after their withdrawal or disclosure of material fact to the market, prevailing which occurs first.

The Binding Parties shall notify the Company's Investor Relations Officer about those who had access to information referring to the Company's Material Fact not yet disclosed and shall endeavor their best efforts so that they sign the statement of adhesion to the Company's Trading Policy.

## 20.2. Other material information

The Company and Binding Parties may not directly or indirectly trade securities issued by the Company:

- a) In the period between the date they took cognizance of a material information until the date of its disclosure to the market. Material information means any and all information that may cause an economic impact on the Company or on the value of its shares;
- b) If there is any intention of promoting incorporation, total or partial spin-off, merger or corporate transformation or restructuring;
- c) In the period between the decision taken by the appropriate corporate body of increasing share capital, distributing dividends and paying interest on equity, bonus shares or derivatives or approving stock split and the publication of related notices or announcements;
- d) within fifteen (15) days prior to the disclosure of the quarterly financial information (ITR) and annual financial information (DFP and IAN) of the Company.

The prohibitions provided for in letters "a" and "b" shall no longer be effective as soon as the Company discloses the material fact to the market, unless if the stock trading may interfere with trade conditions, to the detriment of the Company's shareholders or the Company itself.

The prohibitions provided for in letters "a" and "b" shall not apply to the acquisition of treasury shares through private trading, deriving from the call option exercise pursuant to the stock option plan approved at the shareholders' meeting, as well as shall not apply to the trades based on the Personal Trading Plan, under the terms of Chapter IV hereof and Attachment II.

The Company's shares purchases under the buyback program to later sale and cancellation or to be held in treasury, do not forbid the Company and Binding Parties to trade securities issued by the Company.

For the purposes of Article 5, indirect trades means trades in which the Company or Binding parties, as appropriate, although they do not trade on their behalf, have the control and decision-making power on the trading execution.

For the purposes of Article 5 and Article 20 of CVM Instruction 358/02, indirect trades are not those conducted by investment funds to which the Binding Parties and other people mentioned herein are quota holders, as long as these are not stand-alone investment funds and fund manager's trading decisions cannot be influenced by quota holders.

The trading of securities issued by the Company by Binding Parties, during non-trading periods or in the occurrence of non-trade assumptions provided herein, may be exceptionally authorized by the Company's Executive Board, by means of written request containing the justification for such trading.

The persons below are also prevented from trading securities issued by the Company, as long as they are aware of material act or fact not yet disclosed:

- a) those maintaining business, professional or trust relationship with the Company, such as independent auditors, securities analysts, consultants and institutions composing the distribution system, who shall verify the disclosure of information before the trade of securities issued by the Company or referred thereto; and
- b) managers to leave the Company's Management before the public announcement of business or fact initiated during their managerial period within six (6) months after their withdrawal or disclosure of material fact to the market, prevailing which occurs first.

Likewise, the following persons are forbidden to trade:

- a) investment funds and portfolio managers, companies, institutions or entities to which the Binding Parties are the sole quotaholders or shareholders or in which may influence trading decisions.
- b) any legal entity directly or indirectly controlled by the Binding Parties; and
- c) any person who had access to material act or fact through any Binding Parties and persons prevented from trading, such as, but not limited to their spouses, partners and descendants.



For the purposes of item (c) above, the Binding Parties undertake to make all their spouses, partners and descendants cognizant of this present Policy.

In order to ensure the aforementioned provision, the Binding Parties shall notify the Company's Investor Relations Officer about those who had access to information referring to the Company's Material Fact not yet disclosed and shall endeavor their best efforts so that they sign the statement of adhesion to the Company's Trading Policy.

The Board of Directors shall be forbidden to resolve on the acquisition or sale of the Company shares, while the following information is not publicly known through a material fact:

- a) execution of any agreement or contract aiming the transfer of the Company's controlling interest;
- b) granting of option or proxy in order to transfer the Company's controlling interest; or
- c) the intention of promoting incorporation, total or partial spin-off, merger, corporate transformation or restructuring.

If, once approved by the Company the stock buyback program, occurs any of the events referred to, the Company shall suspend its stock trades, until related material fact is disclosed.

## **21. Information disclosure policy**

---

### **21.1. Rules, regulations or internal procedures adopted by the Company to ensure that information to be disclosed to the public is gathered, processed and published in an accurate and timely manner**

The disclosure and communication of Material Information about the Company shall be made by the Investor Relations Officer who is responsible for dissemination of material information in the most efficient manner possible, considering the political-administrative, technical, business or financial-economic interests of the Company. The Investor Relations Officer promotes the material information disclosure and communication to the market and relevant public and private agencies.

The controlling shareholders, executive officers and directors, members of the fiscal council and professionals must (i) communicate to the Investor Relations Officer any material information about the Company of which they have knowledge; (ii) ensure that all documents related to the material information are circulated with confidentiality and restricted access notice and, also, that mails or e-mails are addressed to reliable persons aware of their confidential nature, observing the Company's electronic mail security standards; (iii) communicate immediately to the Investor Relations Officer any suspicion or occurrence of information leak within their restricted and determinable environment.

The controlling shareholders, executive officers and directors, members of the fiscal council and professions who have knowledge of material information about the Company that notice, after communicating the material information to the Investor Relations Officer, the unjustified omission by the Investor Relations Officer, must communicate the Material Information in question to the CVM. Omission shall not be considered unjustified when it refers to circumstances in which, in the opinion of the controlling shareholders and the Investor Relations Officer, there are reasons to keep Material Information about the Company confidential, to protect the political-administrative, technical, business or financial-economic interests of the Company.

### **21.2. Material fact disclosure policy adopted by the Company (including procedures for keeping undisclosed material information confidential)**

Our Information Disclosure Policy was approved at the Board of Directors' meeting held on June 8, 2009, and amended by the same body on March 27, 2014.

The Investor Relations Officer must disclose the material information about the Company to the market immediately or as soon as possible (i) in any newspaper with large nationwide circulation usually used by the Company, or (ii) as accepted by CVM in the Instruction 547/2014 which modified CVM Instruction 358, in news portal with a website in the world wide web, which makes available in an area free of charges, the information in its complete form, and (iii) if deemed necessary, by any other relevant means of communication.

The disclosure of material information in the manner above may, at the discretion of the controlling shareholders and the Investor Relations Officer, be in the summary form, indicating the website where the complete material information about the Company may be obtained, with the same content as that submitted to the CVM and to the trading markets.

The disclosure of material information about the Company must occur, whenever possible, before the start or after the end of transactions on trading markets. If needed, the Investor Relations Officer may disclose the material information about the Company within the trading time on trading markets and request suspension of trading for an adequate period for information dissemination.

The Investor Relations Officers and, in the event of his unjustified omission, the controlling shareholders, members of the fiscal council and other professionals must communicate the material information about the Company to the CVM and to the trading markets, in accordance with CVM Instruction No. 358.

Until disclosure to the market as indicated above, the controlling shareholders, directors, officers, members of the fiscal council and professionals must keep confidentiality of any material information about the Company of which they have knowledge, as well must their subordinates and trustworthy third parties act in the same manner, under penalty of joint liability, in conformity with Corporate Law.

At the discretion of the controlling shareholders and officers and directors and according to the provisions of the item below, material information about the Company may not be disclosed or disclosed immediately for the purpose of protecting the political-administrative, technical, business and financial-economic interests of the Company according to article 6 of CVM Instruction No. 358.

In the hypothesis of the preceding paragraph, the following shall be considered:

- (i) the controlling shareholders or officers or directors who decide to keep confidentiality for the benefit of the Company must communicate immediately and formally to the Investor Relations Officer the fact considered material, with information necessary for correct understanding.

(ii) the Investor Relations Officer or also other officers or directors or controlling shareholders of the Company – the last two groups, through simultaneous communication to the Investor Relations Officer – may request confidentiality analysis by the CVM, provided that the request is addressed to the CVM's president in a registered envelope bearing a legend stating the mail is confidential. If the CVM decides that the material information should be disclosed, it will also determine communication to the trading markets and to the organized over-the-counter market in which securities are admitted for trading;

(iii) in any hypothesis of confidentiality of material information, with occurrence of situations that fall into the item "Unusual Situations" or when the situation goes beyond control of addressees, the Investor Relations Officer must be immediately informed and must adopt the procedures set forth in item (ii) above or immediately disclose the respective material fact, which shall not exempt the controlling shareholders and directors and officers from their responsibility for disclosure.

If (i) there is any unusual fluctuation in quotation, price or trading amount of securities or (ii) the undisclosed material information is made public, the Investor Relations Officer or the persons who have access to the material information must immediately disclose the material information in accordance with the Information Disclosure Policy of the Company and prevailing legislation.

Observing the provisions of the preceding item, the Investor Relations Officer (i) must make inquiries of persons who have access to material fact or information to determine if they have knowledge of information about MRV that should be disclosed to the market, and (ii) may request suspension of trading of securities for the period necessary for adequate dissemination of material information.

### **21.3. Officers and directors responsible for implementing, maintaining, assessing and overseeing the information disclosure policy**

The Chief Investor Relations Officer is responsible for the Disclosure Policy performance and control.

The Board of Directors may at any time, make changes to this Disclosure Policy, which shall be promptly notified by the Director of Investor Relations to its recipients, the CVM, to Trading Markets and market entities in which the securities issued by the Company are admitted to trading, being applied to all from the data of knowledge.

If a legislative amendment might alter the rules, in particular to CVM Instruction 358, this amendment will supersede the provisions of this Disclosure Policy and the Board will provide for its amendment.

### **21.4. Other material information**

All material information pertinent to this topic has been disclosed in the items above.

## **22. Extraordinary businesses**

---

### **22.1. Acquisition or disposal of any material asset not related to the normal business activities of the Company**

Not applicable, since there were no acquisitions or disposals of any material asset not related to the normal business activities of the Company.

### **22.2. Significant changes in the way of Company doing business**

No significant changes in the way of Company doing business.

### **22.3. Material contracts entered into between the Company and its subsidiaries not directly related to the operating activities**

There are no contracts entered into between the Company and its subsidiaries that are not directly related to their main activities.

### **22.4. Other material information**

All material information pertinent to this topic has been disclosed in the items above.