Operator:

Good morning, and welcome to MRV's 3Q13 results conference call for analysts and investors, to discuss the results of the 3Q13. Today with us are Mr. de Souza, CEO, Mr. Corrêa, CFO, Mrs. Simão, Chief Investor Relations Officer, and Mr. Mazer, IR Executive Manager.

We would like to inform you that this event is being recorded, and that during the Company's presentation all participants will be connected in listen-only mode. Later we will begin the Q&A session only for analysts and investors, when further instructions will be given. Should you require the assistance of an operator during this conference call, please press *0.

Today's live webcast may be accessed through the Internet on MRV's Investor Relations website.

Before proceeding, we would like to mention that any forward-looking statements that may be made during this conference call relating to the Company's business outlook, financial and operational targets, are base on the assumptions and beliefs of the management and on information currently available. They involve risks, uncertainties, and assumptions, and have to do with events in the future, which depend on circumstances that may or may not occur. Investors should understand that general economic conditions, industry conditions, and other operating factors may affect the future performance of MRV and lead to results which differ materially from those expressed in such forward-looking statements.

I would now like to turn the conference over to Mr. Rubens Teixeira de Souza, CEO, who will begin the presentation. You may proceed, Sir.

Rubens Menin Teixeira de Souza:

Good afternoon to all. Once again, I would like to thank you all for being here, for attending our call to discuss the results of the 3Q13. I would like to convey three key messages, which are the most relevant to better understand what the Company is going through now.

The first key message has to do with cash flow. I saw that some analysts and the market were surprised with our cash flow of R$212 million, but the cash flow should be even higher.

We have lost R$50 million approximately because of the bank strike, which compromised our performance at the end of September. In normal conditions, the cash flow should be R$250 million. However, it is a very robust cash flow.

What I want to highlight is that there are two ways to analyze cash flow: first are the companies, which sell real estate and do other actions to have positive cash flow; and Our position that I call a comfortable cash flow. It is very good when the Company can grow, and invest, and has a positive, healthy cash flow. And this is how we see MRV in the quarters to come, a very strong cash generator, at a comfortable level, without compromising its activities. This has to do with the Company's maturity and the maturity of our investments.

Today, in the industry in Brazil, very few companies have achieved this position. There are very few companies which enjoy the same condition that we do. We feel comfortable in the quarters to come because of this comfortable cash flow position.

And I would like to talk about our expansion into other geographic locations. MRV started to expand to different geographies in 1994. We have been working on that for 20 years. This is not something to be done overnight or in a hasted manner. This is the fruit of our strategic thinking. MRV's team travels throughout Brazil, we know the markets very well. We are very different from companies that want to expand in two or three years into other geographies.

Some people challenge or question our geographic expansion, because they may not understand our business so well. This is one of our major competitive advantages, that is, we have paid all the costs that we have to pay to be able to expand and be present in large cities. We have made mistakes, but today we are present in different locations in Brazil, and MRV may be the only company in Brazil that operates with quality in different locations.

And what does it mean for the Company? We do not think about going back, we are going to reap the fruit of this growth strategy. We are going to see in our presentation that competition is less than us. Other companies grew and then shrunk, and they left us alone in this market, which is good, it is not bad at all. It is bad for the market, but it is very healthy for MRV. It takes sometimes three to four years for companies to go back to markets that they have abandoned. It is expensive. So, what we see is that the market will be very comfortable for MRV, and this is what we do best. We are going to have a very relevant competitive advantage.

And the third point I wanted to highlight in this conference is the following: our 2011 figures were better than the figures of 2013, but at that time, the scenario was very clear. 2013 is the best year for MRV, because we have been able to consolidate the Company. We have three years going forward already in our portfolio. What do I mean by that? More than 90% of our works are contracted with the financial agency for Caixa Econômica Federal three years. Most of it has been sold with very good margins, and the launches will be very consistent.

In the next three years, the scenario is clear. Margin today is the lowest margin for the next few years, we do not see margins declining because of cost pushes of competition; the trend is upwards for our margins. I am not saying how much the margin is going to grow, but margins are going to grow in the next three years. There is going to be moderated growth in our activities, and the Company is organized and can grow in a sustainable manner. Because of all these factors, we are in a comfortable position for the next three years. Let us bear in mind geographic expansion, we have a very good structure for that, positive cash flow, and growing margins, with all these projects already in our portfolio.

That is how I see the market, that is how I see MRV. We feel optimistic, but we are very realistic also. We are going to talk a little bit more about the figures, and I would like to turn the floor over to Leonardo to continue the presentation.

Leonardo Guimarães Corrêa:

Good afternoon to all. There is a presentation on the site. If you are following that presentation, I am going to give you some more details on slide four. I would like to highlight the operational stability of 2012. Until 2012, we were focusing on growing, and this of course has drained a lot of energy from the Company. From 2012 onwards we have been focusing on margins and cash generation.

We are going to serve the same number of cities, basically that will be the number; we might add one or two more cities. The number of construction sites operated at the same time is going to be what it is now; the number of production headcount is more or less stable. We have gained some productivity, so this figure has decreased a little bit whilst maintaining the same production volume. The number of built units, we are working at a cruise speed, so to speak, at 40,000 units per year; and the pre-sales, the contracted sales are also given in net terms. These sales will continue at the same level; it might grow a little bit, but you will not see the growth that you saw between 2007 and 2010.

We have a brand that is recognized nationwide, we have teams in all of these cities, and we will continue to do more of the same, and it is very expensive to penetrate a market, to penetrate a city and then leave it. It drains a lot of energy from a company to setup a team, to have everything working properly. This has a value for any company.

Moving on to slide five, I wanted to say a little bit more about operational stability, but focusing on expenses. Our selling expenses have been declining in terms of Reais. If you look at that relative to the contracted sales, and if you link that to inflation, you will see that our commercial efforts are now more effective, and that has to do with the repetition. When we do more of the same, we gain productivity, we are able to implement improvements, and the same for G&A expenses, which have been stable relative to the same quarter of last year. Next year we intent to maintain G&A stable, despite the natural increase because of inflation, and the pass through of inflation to the sellers, but we are working to reduce G&A.

Our business includes some real estate developments, but it has a lot to do with construction and execution. And I draw your attention here, where we compare that to high-income real estate development, development counts a lot more in that segment. But in the low-income segment, execution at the right cost and being able to build and execute everything at the right cost is extremely important, especially with the scale that we have, the number of sites, the number of clients we are serving.

We have to look at quality, we have to focus on sustainability, on the satisfaction of our clients. These are very important parameters for us and they have been incorporated into everything that we do, our teams work together and this will bring us productivity gains.

Moving on to slide six, we see the results of this effort. Cash generation is a result of our effort. When you buy the land at the right price, you sell, you build right, cash generation is the result of all this effort. The level of transfers is already given. We are going to continue to transfer more than 10,000 units per quarter. We have reached this level in some quarter; this figure could grow, and with more stable operations we will see consistent and healthy cash generation in the quarters to come.

There may be volatility quarter on quarter, but that is the level that we should see for some quarters. In some quarters we are going to see more cash generation than the EBITDA or the net income because for a long time we invested in working capital to grow and now to recover that cash.

Moving on to page seven, I would like to highlight our model. Our model is *crédito associativo*, which is our great financial tool. And I would to say that Banco do Brasil and Caixa Econômica Federal share, especially Caixa's share, Caixa has been improving its operations, has been investing a lot for a long time. The market was a bit weary about Caixa's ability to work on all the transfers, but we have seen the results. They have improved a lot, the volume has grown a lot, and we have been able to do the transfers and close the cycle.

You see a decrease in relation through net debt over equity ratios, we had an informal target given by the Board of having net at 30% of the shareholders' equity. We are almost there, and the question will be what we are going to do with those funds.

This is a good issue to solve. And on page eight, I have two comments to make, a very brief comment about Log Commercial Properties. Log is obtaining the registration of a public company in the B category, the objective here being to have fixed income operations. Log is independent, it is going to look for its IPO. We are not going to do this quarter or next quarter. It is not a short-term thing, but that is what Log is heading to, to be independent and self-sufficient.

And Urba, at the end of the year we should give you some more figures about Urba and give you some more visibility about its operations, but the important thing is they have many projects in their portfolio. Some projects are already in the stage of discussion on marketing, on how to place the product in the market, about the launch, and this will generate further value for MRV.

We are now going to open for the Q&A session.

Rafael Pinho, Morgan Stanley:

Good morning to all. Leonardo, I have two questions, first has to do with the margin. We have seen a margin some quarters ago; there was signal that this margin would improve. There were talks about the margin recovering. This gradual recovery is taking place effectively? Could you share with us what is your expectation for the long term, for 2014 and 2015? We saw that quarter on quarter, the margin has not improved so much. What can we expect in that aspect? How much is it going to improve?

Leonardo Guimarães Corrêa:

Hello, Rafael. We have not given any guidance on sales or margins. We see the margin recovering quarter on quarter, as you said. In 2014 and 2015, as Rubens said, we are going to see a more positive scenario, margin should reach 20% and then 30% or a little bit above 30%. This is a very slow process, it is going to improve quarter on quarter, but this is a trend.

Rafael Pinho:

And what about the stability quarter on quarter? Was there something unique, something unusual, or does it have to do with the operations?

Leonardo Guimarães Corrêa:

Yes, it was a normal quarter. What happens is that we are finalizing those projects, which were sold in 2011, which had lower margins, and we are now building the project, which were launched more recently and which were sold at higher prices. Also on the side of the cost, the cost is now normal.

Rafael Pinho:

The second question has to do with cash generation. We saw cash generation at a surprising level, as you said, above what the market expected, but I am trying to reconcile this figure, and I had two questions. The first one is, you no longer have the table where you show what is included in the cash flow calculation or not, what about the sale of land and the interest at Log, is it included or not in the cash flow?

And then the transfer, when do the transfers become cash? In this quarter you transferred a lower number of units, where generation was substantially higher quarter on quarter. Is there any lag? Should I look at the transfer of the last quarter to see the cash generation of this quarter, or should this transfer be looked into the same quarter in terms of cash generation? The number of Reais in terms of cash per unit transferred does not make much sense to me.

Rubens Menin Teixeira de Souza:

I though that the cash flow would be higher, I wanted R$250 million, not R$200 million. This did not happen because of the bank strike. So, we were negatively surprised, surprise the market. But if it were R$250 million it would be even more difficult to understand. There were 15 days of strike, you see, and we have R$200 million in cash flow. So, we expected more.

Let me explain, *crédito associativo* is cumulative, you sign the contract and you always have more contracts, more receivables; so, it is cumulative. Quarter on quarter we see that this is going to grow, we are optimistic relative to that, not pessimistic. After every quarter, if you sign contracts, you get more contracts with financial agents and you get more money. This is the *crédito associativo* system. So, increasingly more, we want to have more cash, more revenues, more cash inflow. Could I explain myself clearly?

The point here, Rafael, is the following: you have to take into account that things are being accumulated as we transfer at this very high level the accumulated amount on which we receive is higher, right?

Rafael Pinho:

So, you are talking about the POC curve for *crédito associativo* backwards, right?

MRV:

Yes. IR can look at the model and try to help you with the figures, but there is nothing unusual and Log produced zero.

Rafael Pinho:

So, if the number is in the curve, I will speak to the IR people to understand it better. Thank you very much, Leonardo and Rubens. Have a nice day.

Enrico Trotta, Itaú BBA:

Good morning. Thank you very much for the presentation. I have two very brief questions. The first has to do with the cancelations. There was a reduction in the quarter in the cancelations. What do you expect in terms of cancelations in the next few quarters? Can you expect some more reductions in the number of cancelations? Can you give us some more color relative to the level of cancelations in the next 12 months?

And the other question has to do with *Minha Casa, Minha Vida 3*. There are news in the newspapers, we hear that conversations have begun with the Government, and what is your view in that respect? How will *Minha Casa, Minha Vida 3* impact MRV? We hear that a lot of focus will be given on the level 1 of *Minha Casa, Minha Vida*, but what is your view?

MRV:

Minha Casa, Minha Vida 3 was announced by the President, who participated actively in this process, we had meetings in Brasília, we are going to have meetings, we are involved in that. It is going to happen. We have funding from the fund and this has to be employed in *Minha Casa, Minha Vida*. Very shortly the Government should make announcements with improvement but very much what was announced before. The Government tries to improve the program.

Relative to the cancellation, this year I said we were going to be harder in terms of credit granting and the cancellations were a bit higher than our traditional averages. This was part of our forecast and I do not think this is going to change.

We feel cost low relative to the policy that we adopted because cancellations have not been a problem for us. If you cancel the contract and then kept the unit in inventory, that would be bad, but that is not a case. We get more income, more profit when cancellations happen. Many people are concerned about cancellations, but cancellations are bad only when the market is bearish.

But proof of that, I mean, the proof of that is that MRV is the company that sold the most in Brazil because we were in low-income housing. There is a greater demand, greater demand than supply, so it easy to resell. We resell fast and we get the money fast. This is what we have been doing very successfully.

Enrico Trotta:

Thank you Rubens.

Gustavo Cambaúva, BTG Pactual:

Good afternoon. I have two questions. The first one has to do with the gross margin. You said in the release that the policy is to increase prices, there is lower competition in the cities where you operate, and when we look at the gross margin I thought I would see an improvement in the gross margin, but when I purged the effect of INCC, the margin is a bit lower than the previous quarter. Did you have projects with lower margins this quarter? Was there any effect that I have not noticed?

And the second question has to do with the transfers to banks. You are working more strongly with Banco do Brasil; what is a proportion of transfers with Banco do Brasil and how much better is Banco do Brasil relative to Caixa? Is it possible to shorten the transfer cycle if you work more with Banco do Brasil then Caixa?

MRV:

We are very lucky to work with Banco do Brasil and Caixa; before it was only Caixa. Credit in Brazil has grown very strongly. Caixa does 60% and Banco do Brasil 40% of the transfers. In October it was 50% and 50%, but October is gone. It was a very good month for us in terms of transfer. But usually Banco do Brasil 60%, Caixa 40%. The operation at Caixa is very good, they have been doing it for a long time, and Banco do Brasil learned fast. They operate at an excellent level. Today the market has these two big players: Banco do Brasil and Caixa, and this is very good.

Relative to the margin, first there was an increase in the margin. You can contact our IR team. And then the margin in the 3Q was the largest one. There were less effects from the special tax regime, the REF, and so on. But here at MRV, we knew that the margin was going to drop. There is no budget overrun, no cost overrun. The margin dropped because of the selling price in the past. This compressed our margin, especially in 2011. When we increased prices and we did it gradually, there is a spreadsheet that shows that the margin is healthier, and this makes of new margins relative to old margins is not good enough. We have more products with a thinner margin then with the healthier margin. But this will change, the margin is growing.

We do not give guidance, but what I can say is that we are at the bottom in the throughs. The through was actually in the 1Q, and it has been improving quarter on quarter. We feel confident, because for the next two or three years, the margin is going to grow in a sustainable manner. You can speak with our IR team, they will explain and give you more details.

Gustavo Cambaúva:

When I deduct the effect of INCC in the process of transferring faster, I thought you would lose a little bit of the revenue of the INCC, which is stronger now in your pipeline. If you lose that, which is a big contribution to your margin gains, I thought you might be able to lose the impact of the INCC.

MRV:

Yes, when you transfer faster, this is true, you lose the INCC, but MRV is very unique. This is how we have been doing things. When the process is authorized by Banco do Brasil and Caixa, we start the construction. We start the construction before the signature. Other companies receive the authorization, they start selling, they sign, and they launch, we begin six months before.

So, when the client signs, there is less in the end of the construction, so the impact of INCC is lower than in a conventional process. Another important detail is the following: when you receive cash, you have financial income, so you lose on one side, but you gain on the other side. So, it is a little bit that we are losing to ensure we have a more robust cash position. Talk to our IR team, they will explain to you how it works. I think this is a competitive advantage.

Gustavo Cambaúva:

OK. Thank you.

Nicole Hirakawa, Credit Suisse:

Good morning to all. You talked about launches in the year, this volume was a bit lower, and you said you wanted PSV of R$1.3 billion. What has prevented a bigger volume of launches this year? You mentioned that competition is not so fierce in most cities.

And if I could go back to cancelations, you said that 4Q would see a high volume of cancelations. When do you think this cancelation metric will converge to a single digit?

MRV:

The cancelation issue is easy to answer. You will see that conversions at the end of 2014 are high single digit. We are running at two digits, this is going to drop gradually until we reach 8% or 10%. This is normal in our industry, and this will be achieved at the end of 2014.

As regards the launches, this is what I have to say: this was a strategy. We have R$1.3 billion in our portfolio of projects ready to be launched, documents are ready, everything is ready. We have not launched this project because we wanted to clear our inventory. We felt that if we launched these new projects, they would compete with the old ones. We decided to spend less and to sell our inventories. Sales were very strong and we managed to do it. The turning point for this would be the 4Q of this year.

As of 4Q and going forward, you will see launches at the historic levels, they have to be equal to sales, more or less, because we have been able to shed our inventories, we always have a minimum level of inventories, and strategically we know that now we should start launching more or less at the same level of contracted sales. What I can say is that as of the 4Q13 you will see more launches, because the inventory level is now comfortable.

Luiz Garcia, Bradesco:

Good afternoon. I have basically two questions. The first one has to do with two events that created non-recurring effects in the quarter. The first one was a capitalization of interest at R$9 million above what was recognized, and this drew my attention, because the volume of deliveries and completion of works has been above origination.

We saw the debt of funding, financing and capitalization was R$9 million above what was recognized in the cost of goods sold. Also, under non-recurring events, we saw greater financial expenses, and the release says this has to do with tariff relating to *crédito associative* and any related fees. Are these fees not associated with real estate financing, how does it work?

The second question, Leonardo, you talked about a healthy discussion about what to do with all the cash, and we saw the cash volume increase in the Company, not only because of the free cash flow, but also because of the increase in the debt relating to working capital.

Even with that cash flow, you increased working capital debt and took cash to R$1.7 billion. I just wanted to understand what we can expect on the part of the Company. I would imagine that you do not have to keep such a high level of cash, and given that the debt has a reasonable maturity term, are you going to pay out extra dividends? What will be net debt to equity ratio, is it going to be 30%, is it going to be lower? How do you see the free cash flow issue?

Rubens Menin Teixeira de Souza:

Relative to the debt, our Board defined 30% as a target of net debt over equity. We are sure that in 2014 we had many options to deal with that. We may decrease that to 20%, we may pay up the debt, we can increase dividends. Good. The Board wants that kind of scenario, of course this depends on the environment, in the Company, in the market.

We do not have to rush, people are asking us what we are going to do with the money, we do not have to rush. The world changes very fast and we are conservative. I am glad we have 30% of net debt over equity, I am glad we are generating cash, we are going to manage that. We want to make those decisions to also serve our shareholders' interests. We are not going to rush into doing anything.

As regards the financial expenses, relative to *crédito associativo* expenses, we hold meetings with the banks to try to improve processes. This has being going on for a time now. One issue is the fee. This is an expense having to do with default in Caixa ou Banco do Brasil and they debit this to the construction company. It is a process mistake, a process error. This is costing us and costing the market, but we are going to have a more active system so that we can collect this debt from the real debtors.

We had this debit, we had this accounted in the quarter. It is non-recurring, but we are working with the banks and this is going to be solved going forward.

I am now going to turn over to Leonardo.

Leonardo Guimarães Corrêa:

As regards this effect, this has to do with defaulting on the part of clients, from the time of transfer to banks until they receive the keys. So, in that period, when clients are transferred and they receive the key, the construction company is co-responsible, but things were not 100% established with Caixa.

We are going to work with Caixa to reduce the default rates, and we are not going to give the keys to defaulting clients. We are doing a pilot project on this process and this is a non-recurring impact, and we are going to recover this.

Luiz Garcia:

So, with the change there is going to be a cancelation and you will have no loss?

Leonardo Guimarães Corrêa:

No, cancelation is the last thing we want to do. First, we retain the keys. This is a normal correction process for R$400, R$500; so, no big deal. It is an operational issue, a process issue that we have been working with the banks to resolve. It is non-recurring.

Relative to the interest, I do not know if I got your question, but the point is: there are two types of debts; one has to do with projects, construction corporate debt. Corporate debt is shown in the income statement and accrues normally. The debts relating to projects, just as for any other company, we have to capitalize the interest and the interests are accrued in the income statement as we sell the units.

So, every quarter, and this is recurring since the Company was founded, and will continue to be so, there will always be an aggregation of the new interest of new funding for construction, and what we are writing down from previous periods. This is normal flow. I do not know if I have answered your question.

Luiz Garcia:

Yes. What is the gap of this flow? What is being sold is high level, so the gap between what you used to capitalize and what would flow to the cost, that would be very close. In this quarter we saw that there were more capitalized interests than decrease, than written down, R$9 million, so this is what called my attention. Since you are selling a lot and delivering many units, this drew my attention. Why are you capitalizing more than recognizing in the costs of goods sold?

MRV:

We have 400 projects. Not what I am writing down what we put there, we are probably writing down from other projects going back. There is volatility. I disagree with you when you say that there was an adjustment in the results. This is a normal financial flow of construction companies. It is a temporary benefit, it is not an adjustment. It is non-recurring, and in time this goes down to zero, I agree with you.

Luiz Garcia:

OK. Thank you very much.

Marcelo Motta, JPMorgan:

It is a very big question. I know lots of people have asked about the recurring gross margin, and what is the level of this gross margin, what is the level of the gross margin in the projects today? A great part of the margin today is lower, it has to do with projects that were launched in 2011, and today when you see the Company from a managerial point of view, that is not the margin that you have today in the balance sheet. What is the level of this margin? Can you give us some more color?

Rubens Menin Teixeira de Souza:

As I said, there is a spreadsheet showing the increase in selling prices relative to INCC. This means that our selling prices are above the INCC. They grew more than the INCC. But the margin does not trend the same way. We had to lower prices and now we are 5% above the old price. What we see today is that the margin that we have now in everything we launch, when this margin is not contaminated by old projects, this margin will be above 30%, but how much above 30% we cannot say. The gross margin above 30% already met our financial expenses. This is what you are going to see going forward.

Marcelo Motta:

Thank you very much.

Fred Mendes, Deutsche Bank:

Good afternoon. I would like to go back to the cash flow and the transfers to banks. Because of *crédito associativo*, has there been an improvement? First, you transferred 70% of the works completed, now you transferred 50%. Has this also explained the improvement in margins?

And then there was a gap at MRV because of launches, sale production, and transfers. This gap is now narrowing and it is now at 40,000 units. Is it the size of MRV? Is this the number of units that you consider comfortable for the Company going forward?

MRV:

First of all there has been no change in *crédito associativo*, cash generation is in line with the system. And if you transfer more, you have more revenues. So, we have a consistent cash flow generation.

Relative to your second question, about the size of MRV, MRV did something fantastic. MRV now is fully balanced. We are selling X, we are building X, we are transferring X. The Company is balanced. We now want to grow the Company in an organized manner. Today everything is in line.

And this is nice. We are going to grow, we want to continue to grow, but instead of selling 100 and building 50, we are going to grow 40, 45, building, selling, everything in line. That is why I say 2013 is the best year for MRV. The Company is completely balanced.

And we do not want to do anything different. We want to grow; there is more demand than supply. The market wants us to grow, and we are going to grow. We do not want our margin to deteriorate, we do not want to decrease prices. There is plenty of room to grow. Not as fast as we grew in the past, we do not want that, but to grow in a sustainable manner at all levels; sales, transfers, constructions, deliveries, and so on. The Company is very balanced now.

Fred Mendes:

So, just for me to understand the cash flow, do you have an average term? Maybe you are transferring clients with 50% of the works completed? Is this done to reduce the chances of these clients not being able to participate in the process? Can you give us some more color about it?

MRV:

When you work with *crédito associativo* you try to transfer as soon as possible, if you have 1,000 apartments, the first 200 you transfer in the first month, and you do so until the end of the works. The average transfer does not change. Our objective is to transfer as soon as possible. We lose a little bit in the INCC, but we gain financial revenues. That is our strategy.

Eduardo Silveira, Banco Espírito Santo:

Good afternoon to all. I have just one more question. Can you give us more color about other expenses? I think that is the gain from the Log land, it has to do with these R$-22 million? In the 2Q we had a positive effect, so what does this line has to do with that?

Leonardo Guimarães Corrêa:

The gain from Log was under the equity method, not under other expenses. Other expenses include contingencies, tax contingencies, and also some expenses relating to real estate financing. This should continue at the same level, maybe a lit bit lower, but that is the figure, it should remain flat.

Rubens Menin Teixeira de Souza:

Eduardo, the gains from Log are recurring. Log is going well, it is profitable. We are going to see gains every quarter. These are recurring, and we expect to see these recurring gains every quarter.

Eduardo Silveira:

I totally agree that the gains are recurring, but that was the sale of the land.

Rubens Menin Teixeira de Souza:

No, the sale of the land was accounted under the equity method, ok?

Nicole Hirakawa, Credit Suisse:

If I may ask two questions, two very brief questions. What was the impact on the gross margin? There was a positive impact of the resale of those units you were talking about, 16% gain? And then I was looking here the R$9 million interest in capitalized interest in the inventory did not go through the P&L and that figure was R$6 million in the previous quarter. I just wanted to make sure it is business as usual.

Leonardo Guimarães Corrêa:

In the financial part, it is business as usual. In some quarters this figure is going to be positive, in other quarters the figure is going to be negative, depending on the flow, on what has been sold, on the capitalized interest. This is business as usual. It is very difficult to say that next quarter it is going to be +5 or -5. I mean, there are a lot of transactions that have to be accounted for. This is business as usual. In the long term, all the financial expenses will go through the P&L.

Nicole Hirakawa:

It was really small, wasn't it?

Leonardo Guimarães Corrêa:

Yes, exactly. What is our business? We take up loans for production from Caixa and Banco do Brasil. This is diverted during the construction works, then as we transfer clients to banks, we start to amortize these loans, I mean, we capitalize the interest and then the interest flows through the P&L. This is business as usual, 100%.

Rubens Menin Teixeira de Souza:

Nicole, let me tell you something. The impact on the gross margin on resale, I mean, we do not have this data here. I do not want to give you some inaccurate figure. There is an impact, but not much. If you think in terms of monthly figures, it is not that much, but there is a minor impact. I will try to find out and our IR team will contact you, OK?

Operator:

The Q&A session is now ended. I would like to turn the floor over to Mr. Teixeira de Souza for his final remarks. You may proceed, Sir.

Rubens Menin Teixeira de Souza:

Thank you very much again for participating. I see that this scenario is more and more interesting, our interaction with you has been very good, and this makes us very happy. We are going to interact more and more with you and your participation is extremely important. Thank you very much.

Operator:

Thank you very much. The conference call to discuss the results of the 3Q of MRV is now ended. Have a nice afternoon.