Interim Financial Statements (ITR)

LOG Commercial Properties e Participações S.A.

Interim Condensed Separate and Consolidated Financial Statements for the Quarter Ended June 30, 2017 and Report on Review of Condensed Interim Financial Statements

LOG Commercial Properties e Participações S.A.

Interim Condensed Financial Statements (ITR)

June 30, 2017

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Report on review of quarterly information - ITR

To the Shareholders and Officers of
LOG Commercial Properties e Participações S.A.
Belo Horizonte - MG

Introduction
We have reviewed the accompanying individual and consolidated interim financial information of LOG Commercial Properties e Participações S.A. ("Company"), contained in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2017, which comprise the balance sheet as of June 30, 2017 and the related statements of income and comprehensive income for the three and six-month periods then ended, and the statements of changes in equity and cash flows for the six-month period then ended, including the explanatory notes.

Company's management is responsible for the preparation of the individual interim financial information in accordance with CPC 21 (R1) - *Demonstração intermediária*, and consolidated financial information in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with specific rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of quarterly information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review
We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade*, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Conclusion on the individual and consolidated interim financial information prepared in accordance with CPC 21 (R1)
Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of the quarterly information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Conclusion on the consolidated interim financial information prepared in accordance with IAS 34
Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the quarterly information referred to above is not fairly presented, in all material respects, in accordance with IAS 34 applicable to the preparation of the quarterly information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added
The individual and consolidated interim financial information related to the statements of value added (SVA) for the six-month period ended June 30, 2017, prepared under the responsibility of Company's management, presented as supplementary information by IAS 34, have been subject to the same review procedures performed in connection with the review of the quarterly information of the Company. To form our conclusion, we evaluated whether these statements are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - *Demonstração do Valor Adicionado*. Based on our review nothing has come to our attention that causes us to believe that the statements of value added above, were not prepared, in all material respects, consistently with the individual e consolidated interim financial information taken as a whole.

Corresponding amounts
The corresponding amounts relating to the individual and consolidated balance sheets as of January 1, 2016 (Derivative from financial statements for the year ended at December 31, 2015) and December 31, 2016 and the individual and consolidated statements of income and comprehensive income for three and six-month period and statements of changes in equity, cash flows and value added (supplementary information) for six-month period ended June 30, 2016, presented for comparative purposes which have been restated as a result of the matters described in Note 2, were previously audited and reviewed, respectively, by other independent auditors who issued an unmodified report dated August 8th, 2017.

Belo Horizonte, August 8th,2017

KPMG Auditores Independentes
CRC SP-014428/O-6 F-MG
Original report in Portuguese signed by
Marco Túlio Fernandes Ferreira
Accountant CRC MG-058176/O-0

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Separate / Balance Sheets – Assets
(In thousands of Brazilian reais – R$)

Code	Description	Current Quarter 6/30/2017	Previous year 12/31/2016
1	Total assets	2,511,463	2,541,222
1.01	Current assets	54,319	164,412
1.01.01	Cash and cash equivalents	26,627	40,190
1.01.03	Receivables	10,137	11,216
1.01.03.01	Trade receivables	10,137	11,216
1.01.06	Recoverable taxes	6,015	5,327
1.01.06.01	Recoverable current taxes	6,015	5,327
1.01.07	Prepaid expenses	5,972	5,262
1.01.08	Other current assets	5,568	102,417
1.01.08.03	Other	5,568	102,417
1.01.08.03.01	Investments securities	5,568	102,417
1.02	Noncurrent assets	2,457,144	2,376,810
1.02.01	Long-term assets	115,697	110,605
1.02.01.03	Receivables	3,128	4,315
1.02.01.03.01	Trade receivables	3,128	4,315
1.02.01.06	Deferred taxes	96,210	90,014
1.02.01.06.01	Deferred income tax and social contribution	96,210	90,014
1.02.01.07	Prepaid expenses	594	570
1.02.01.09	Other noncurrent assets	15,765	15,706
1.02.01.09.03	Recoverable taxes	14,347	14,658
1.02.01.09.04	Other	862	475
1.02.01.09.05	Investments securities	556	573
1.02.02	Investments	2,340,011	2,264,710
1.02.02.01	Investments in subsidiaries and jointly controlled entities	1,902,983	1,830,040
1.02.02.01.02	Investments in subsidiaries	1,644,606	1,582,820
1.02.02.01.03	Investments in jointly controlled entities	258,377	247,220
1.02.02.02	Investment property	437,028	434,670
1.02.03	Property and equipment	1,436	1,495
1.02.03.01	Property and equipment in use	1,436	1,495

Separate / Balance Sheets – Liabilities and Shareholder's Equity

(In thousands of Brazilian reais – R$)

Code	Description	Current Quarter 6/30/2017	Previous year 12/31/2016
2	Total liabilities	2,511,463	2,541,222
2.01	Current Liabilities	336,156	309,195
2.01.01	Labor and social liabilities	2,314	2,293
2.01.01.01	Social liabilities	502	430
2.01.01.02	Labor liabilities	1,812	1,863
2.01.02	Suppliers	657	726
2.01.02.01	Domestic trade accounts payable	657	726
2.01.03	Tax liabilities	783	672
2.01.03.01	Federal taxes	727	616
2.01.03.01.01	Income taxes and social contribution	49	49
2.01.03.01.02	Other federal taxes	678	567
2.01.03.03	Municipal taxes	56	56
2.01.04	Loans and financing	323,603	296,728
2.01.04.01	Loans and financing	23,138	22,878
2.01.04.01.01	Loans and financing in domestic currency	23,138	22,878
2.01.04.02	Debentures	300,465	273,850
2.01.05	Others liabilities	8,799	8,776
2.01.05.02	Other	8,799	8,776
2.01.05.02.02	Mandatory minimum dividend payable	8,466	8,466
2.01.05.02.07	Other	333	310
2.02	Noncurrent liabilities	387,601	457,870
2.02.01	Loans and financing	346,498	416,919
2.02.01.01	Loans and financing	113,808	121,155
2.02.01.01.01	Loans and financing in domestic currency	113,808	121,155
2.02.01.02	Debentures	232,690	295,764
2.02.02	Others liabilities	41,103	40,951
2.02.02.02	Other	41,103	40,951
2.02.02.02.04	Advances - barters	40,000	40,000
2.02.02.02.05	Provisions for labor, tax and civil contingencies	605	495
2.02.02.02.06	Other	498	456
2.03	Equity	1,787,706	1,774,157
2.03.01	Paid-in capital	1,003,820	1,003,820
2.03.02	Capital reserves	2,075	1,961
2.03.02.04	Recognized options granted	2,075	1,961
2.03.04	Earnings reserve	769,063	769,063
2.03.04.01	Legal reserve	18,630	18,630
2.03.04.05	Retained profit reserve	750,433	750,433
2.03.05	Retained earnings/accumulated losses	15,966	-
2.03.06	Valuation adjustment	(3,218)	(687)

Separate / Statement of Income
(In thousands of Brazilian reais – R$)

Code	Description	4/1/2017 to 6/30/2017	1/1/2017 to 6/30/2017	4/1/2016 to 6/30/2016	1/1/2016 to 6/30/2016
3.01	Revenue from sales and/or services	4,224	8,434	4,439	9,502
3.03	Gross profit	4,224	8,434	4,439	9,502
3.04	Operating income (expenses)	5,820	12,239	6,072	11,708
3.04.01	Selling expenses	(1,326)	(2,555)	(1,248)	(2,170)
3.04.02	General and administrative expenses	(2,286)	(4,682)	(1,876)	(4,193)
3.04.04	Other operating incomes	3	20	77	77
3.04.04.02	Other operating incomes	3	20	77	77
3.04.05	Other operating expenses	(1,506)	(2,177)	(196)	(383)
3.04.05.02	Other operating expenses	(1,506)	(2,177)	(196)	(383)
3.04.06	Results from equity participation	10,935	21,633	9,315	18,377
3.05	Income before financial income and taxes	10,044	20,673	10,511	21,210
3.06	Financial income (expenses)	(5,437)	(10,903)	(3,062)	(3,831)
3.06.01	Financial income	1,868	5,847	1,403	4,258
3.06.02	Financial expenses	(7,305)	(16,750)	(4,465)	(8,089)
3.07	Income before taxes	4,607	9,770	7,449	17,379
3.08	Income tax and social contribution	3,127	6,196	1,247	1,643
3.08.02	Deferred	3,127	6,196	1,247	1,643
3.09	Net income (loss) from continuing operations	7,734	15,966	8,696	19,022
3.11	Net income (loss) for the period	7,734	15,966	8,696	19,022
3.99	Earnings per share (In Reais - R$):	-	-	-	-
3.99.01	Basic	-	-	-	-
3.99.01.01	ON	0.15209	0.31398	0.19926	0.43588
3.99.02	Diluted	-	-	-	-
3.99.02.01	ON	0.15163	0.31302	0.19855	0.43433

Separate / Statement of Comprehensive Income
(In thousands of Brazilian reais – R$)

Code	Description	4/1/2017 to 6/30/2017	1/1/2017 to 6/30/2017	4/1/2016 to 6/30/2016	1/1/2016 to 6/30/2016
4.01	Net income for the period	7,734	15,966	8,696	19,022
4.02	Other comprehensive income	(1,213)	(2,531)	-	-
4.02.01	Effect of change in relative interest in joint ventures	(1,213)	(2,531)	-	-
4.03	Comprehensive income for the period	6,521	13,435	8,696	19,022

Separate / Statement of Cash Flows
(In thousands of Brazilian reais – R$)

Code	Description	1/1/2017 to 6/30/2017	1/1/2016 to 6/30/2016
6.01	Net cash used in operating activities	36,784	40,339
6.01.01	Cash provided by operating activities	1,263	7,210
6.01.01.01	Net income for the period	15,966	19,022
6.01.01.02	Depreciation	121	111
6.01.01.03	Results from equity participation	(21,633)	(18,377)
6.01.01.04	Incurred interest	12,391	7,242
6.01.01.05	Deferred taxes	(6,196)	(1,643)
6.01.01.06	Stock options	114	163
6.01.01.07	Amortization of prepaid expenses	257	333
6.01.01.09	Results from derivative financial instruments	-	359
6.01.01.10	Allowance for doubtful debts	243	-
6.01.02	Changes in assets and liabilities	35,521	33,129
6.01.02.01	(Increase) decrease in trade accounts receivable	(1,014)	(4,055)
6.01.02.02	(Increase) decrease in recoverable taxes	(285)	1,685
6.01.02.03	(Increase) decrease in prepaid expenses	(991)	(758)
6.01.02.04	(Increase) decrease in other assets	(387)	(48)
6.01.02.05	Increase (decrease) in payroll, social charges and benefits	21	(391)
6.01.02.06	Increase (decrease) in taxes, charges and contributions	111	(24)
6.01.02.07	Increase (decrease) in other liabilities	175	724
6.01.02.09	Dividends received from subsidiaries	34,854	34,114
6.01.02.10	Proceeds from subsidiary sale	3,037	1,882
6.02	Net cash provided (used) in investing activities	38,584	(117,228)
6.02.01	Increase in / acquisition of investments	(58,137)	(56,300)
6.02.02	Acquisition of investment properties	(1,081)	(1,968)
6.02.03	Other	(2,593)	(41)
6.02.05	(Increase) decrease in investment securities	100,395	(58,919)
6.03	Net cash provided (used in) by financing activities	(88,931)	64,177
6.03.01	Loans, financing and debentures	-	171,048
6.03.02	Interest paid	(36,137)	(46,056)
6.03.03	Shareholders' contributions	-	1,634
6.03.05	Payment of due to related parties	-	(32,959)
6.03.06	Increase in due to related parties	-	32,698
6.03.08	Dividends paid	-	(1,634)
6.03.09	Amortization of loans, financing and debentures	(52,794)	(60,740)
6.03.10	Contracted derivative financial instruments	-	186
6.05	Increase (decrease) in cash and cash equivalents	(13,563)	(12,712)
6.05.01	Cash and cash equivalents at beginning of period	40,190	13,175
6.05.02	Cash and cash equivalents at end of period	26,627	463

Separate / Statement of Changes in Equity – 1/1/2017 to 6/30/2017

(In thousands of Brazilian reais – R$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Shareholders' equity
5.01	Opening balance	1,003,820	1,961	769,063	-	(687)	1,774,157
5.03	Adjusted opening balance	1,003,820	1,961	769,063	-	(687)	1,774,157
5.04	Shareholders capital transaction	-	114	-	-	-	114
5.04.03	Recognized options granted	-	114	-	-	-	114
5.05	Total comprehensive income	-	-	-	15,966	(2,531)	13,435
5.05.01	Net income for the period	-	-	-	15,966	-	15,966
5.05.02	Other comprehensive income	-	-	-	-	(2,531)	(2,531)
5.05.02.06	Effect of change in relative interest in joint ventures	-	-	-	-	(2,531)	(2,531)
5.07	Closing balance	1,003,820	2,075	769,063	15,966	(3,218)	1,787,706

Separate / Statement of Changes in Equity – 1/1/2016 to 6/30/2016

(In thousands of Brazilian reais – R$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Shareholders' equity
5.01	Opening balance	729,043	24,840	741,882	-	-	1,495,765
5.03	Adjusted opening balance	729,043	24,840	741,882	-	-	1,495,765
5.04	Shareholders capital transaction	24,777	(22,980)	-	-	-	1,797
5.04.01	Capital increase	175	1,459	-	-	-	1,634
5.04.03	Recognized options granted	-	163	-	-	-	163
5.04.09	Capitalization of reserves	24,602	(24,602)	-	-	-	-
5.05	Total comprehensive income	-	-	-	19,022	-	19,022
5.05.01	Net income for the period	-	-	-	19,022	-	19,022
5.07	Closing balance	753,820	1,860	741,882	19,022	-	1,516,584

Separate / Statement of Value Added
(In thousands of Brazilian reais – R$)

Code	Description	1/1/2017 to 6/30/2017	1/1/2016 to 6/30/2016
7.01	Revenue	39,433	55,792
7.01.01	Revenues from sales of goods, services and products	9,294	10,437
7.01.02	Other revenue	7	73
7.01.02.01	Other revenue	7	73
7.01.03	Revenue from construction of own assets	30,375	45,282
7.01.04	Allowance for doubtful accounts	(243)	-
7.02	Inputs purchased from third parties	(8,855)	(7,616)
7.02.02	Supplies, power, outside services and other items	(8,855)	(7,616)
7.03	Gross value added	30,578	48,176
7.04	Retentions	(121)	(111)
7.04.01	Depreciation, amortization and depletion	(121)	(111)
7.05	Net value added generated	30,457	48,065
7.06	Value added received in transfer	27,763	22,853
7.06.01	Results from equity participation	21,633	18,377
7.06.02	Financial income	6,130	4,476
7.07	Total value added for distribution	58,220	70,918
7.08	Value added distributed	58,220	70,918
7.08.01	Personnel	3,497	2,098
7.08.01.01	Salaries and wages	3,098	1,803
7.08.01.02	Benefits	247	198
7.08.01.03	Severance Pay Fund (FGTS)	152	97
7.08.02	Taxes, charges and contributions	(4,218)	808
7.08.02.01	Federal	(4,262)	671
7.08.02.02	State	6	4
7.08.02.03	Municipal	38	133
7.08.03	Debt remuneration	42,975	48,990
7.08.03.01	Interest	42,709	48,793
7.08.03.02	Rentals	202	176
7.08.03.03	Others	64	21
7.08.03.03.01	Leases	50	-
7.08.03.03.02	Other	14	21
7.08.04	Shareholders	15,966	19,022
7.08.04.03	Earnings retained in the period	15,966	19,022

Consolidated / Balance Sheets – Assets
(In thousands of Brazilian reais – R$)

Code	Description	Current Quarter 6/30/2017	Previous year 12/31/2016
1	Total assets	2,841,731	2,882,098
1.01	Current assets	72,197	183,135
1.01.01	Cash and cash equivalents	27,406	40,508
1.01.03	Receivables	22,249	24,094
1.01.03.01	Trade receivables	22,249	24,094
1.01.06	Recoverable taxes	8,139	7,476
1.01.06.01	Recoverable current taxes	8,139	7,476
1.01.07	Prepaid expenses	7,542	6,785
1.01.08	Other current assets	6,861	104,272
1.01.08.03	Other	6,861	104,272
1.01.08.03.01	Investments securities	6,461	103,830
1.01.08.03.02	Other	400	442
1.02	Noncurrent assets	2,769,534	2,698,963
1.02.01	Long-term assets	154,359	151,312
1.02.01.03	Receivables	12,997	12,800
1.02.01.03.01	Trade receivables	12,997	12,800
1.02.01.06	Deferred taxes	96,210	90,213
1.02.01.06.01	Deferred income tax and social contribution	96,210	90,213
1.02.01.07	Prepaid expenses	3,435	3,694
1.02.01.09	Other noncurrent assets	41,717	44,605
1.02.01.09.03	Recoverable taxes	37,625	40,953
1.02.01.09.04	Other	1,490	1,049
1.02.01.09.05	Investments securities	2,602	2,603
1.02.02	Investments	2,613,635	2,546,020
1.02.02.01	Investments in subsidiaries and jointly controlled entities	258,377	247,220
1.02.02.01.04	Investments in jointly controlled entities	258,377	247,220
1.02.02.02	Investment property	2,355,258	2,298,800
1.02.03	Property and equipment	1,540	1,631
1.02.03.01	Property and equipment in use	1,540	1,631

Consolidated / Balance Sheets – Liabilities and Shareholder's Equity
(In thousands of Brazilian reais – R$)

Code	Description	Current Quarter 6/30/2017	Previous year 12/31/2016
2	Total liabilities	2,841,731	2,882,098
2.01	Current Liabilities	385,151	357,630
2.01.01	Labor and social liabilities	2,567	2,523
2.01.01.01	Social liabilities	597	520
2.01.01.02	Labor liabilities	1,970	2,003
2.01.02	Suppliers	3,208	3,561
2.01.02.01	Domestic trade accounts payable	3,208	3,561
2.01.03	Tax liabilities	2,959	2,680
2.01.03.01	Federal taxes	2,553	2,419
2.01.03.01.01	Income taxes and social contribution	1,463	1,404
2.01.03.01.02	Other federal taxes	1,090	1,015
2.01.03.02	State taxes	265	257
2.01.03.03	Municipal taxes	141	4
2.01.04	Loans and financing	364,472	337,250
2.01.04.01	Loans and financing	64,007	63,400
2.01.04.01.01	Loans and financing in domestic currency	64,007	63,400
2.01.04.02	Debentures	300,465	273,850
2.01.05	Others liabilities	11,945	11,616
2.01.05.02	Other	11,945	11,616
2.01.05.02.02	Mandatory minimum dividend payable	8,466	8,466
2.01.05.02.05	Advances - barters	1,546	1,570
2.01.05.02.06	Deferred taxes	1,157	948
2.01.05.02.08	Other	776	632
2.02	Noncurrent liabilities	668,727	750,184
2.02.01	Loans and financing	567,680	651,834
2.02.01.01	Loans and financing	334,990	356,070
2.02.01.01.01	Loans and financing in domestic currency	334,990	356,070
2.02.01.02	Debentures	232,690	295,764
2.02.02	Others liabilities	44,374	43,392
2.02.02.02	Other	44,374	43,392
2.02.02.02.04	Advances - barters	41,058	41,073
2.02.02.02.05	Provisions for labor, tax and civil contingencies	934	495
2.02.02.02.06	Other	2,382	1,824
2.02.03	Deferred taxes	56,673	54,958
2.02.03.01	Deferred income tax and social contribution	56,673	54,958
2.03	Equity	1,787,853	1,774,284
2.03.01	Paid-in capital	1,003,820	1,003,820
2.03.02	Capital reserves	2,075	1,961
2.03.02.04	Recognized options granted	2,075	1,961
2.03.04	Earnings reserve	769,063	769,063
2.03.04.01	Legal reserve	18,630	18,630
2.03.04.05	Retained profit reserve	750,433	750,433
2.03.05	Retained earnings/accumulated losses	15,966	-
2.03.06	Valuation adjustment	(3,218)	(687)
2.03.09	Shareholders non-controlling interest	147	127

Consolidated / Statement of Income
(In thousands of Brazilian reais – R$)

Code	Description	4/1/2017 to 6/30/2017	1/1/2017 to 6/30/2017	4/1/2016 to 6/30/2016	1/1/2016 to 6/30/2016
3.01	Revenue from sales and/or services	25,033	49,021	24,228	48,292
3.03	Gross profit	25,033	49,021	24,228	48,292
3.04	Operating income (expenses)	(6,308)	(10,382)	(3,709)	(7,344)
3.04.01	Selling expenses	(2,676)	(5,170)	(2,787)	(5,127)
3.04.02	General and administrative expenses	(2,622)	(5,291)	(2,106)	(4,670)
3.04.04	Other operating incomes	479	1,077	1,729	2,793
3.04.04.01	Changes in the fair value of investment property	415	878	1,188	1,872
3.04.04.02	Other operating incomes	64	199	541	921
3.04.05	Other operating expenses	(2,244)	(2,984)	(1,028)	(1,215)
3.04.05.02	Other operating expenses	(2,244)	(2,984)	(1,028)	(1,215)
3.04.06	Results from equity participation	755	1,986	483	875
3.05	Income before financial income and taxes	18,725	38,639	20,519	40,948
3.06	Financial income (expenses)	(12,235)	(25,016)	(11,289)	(19,931)
3.06.01	Financial income	2,039	6,299	1,567	4,630
3.06.02	Financial expenses	(14,274)	(31,315)	(12,856)	(24,561)
3.07	Income before taxes	6,490	13,623	9,230	21,017
3.08	Income tax and social contribution	1,248	2,349	(531)	(1,989)
3.08.01	Current	(1,467)	(2,876)	(1,210)	(2,591)
3.08.02	Deferred	2,715	5,225	679	602
3.09	Net income (loss) from continuing operations	7,738	15,972	8,699	19,028
3.11	Net income (loss) for the period	7,738	15,972	8,699	19,028
3.11.01	Attributable to shareholders of the Company	7,734	15,966	8,696	19,022
3.11.02	Attributable to Non-controlling	4	6	3	6
3.99	Earnings per share (In Reais - R$):	-	-	-	-
3.99.01	Basic	-	-	-	-
3.99.01.01	ON	0.15209	0.31398	0.19926	0.43588
3.99.02	Diluted	-	-	-	-
3.99.02.01	ON	0.15163	0.31302	0.19855	0.43433

Consolidated / Statement of Comprehensive Income
(In thousands of Brazilian reais – R$)

Code	Description	4/1/2017 to 6/30/2017	1/1/2017 to 6/30/2017	4/1/2016 to 6/30/2016	1/1/2016 to 6/30/2016
4.01	Net income for the period	7,738	15,972	8,699	19,028
4.02	Other comprehensive income	(1,213)	(2,531)	-	-
4.02.01	Effect of change in relative interest in joint ventures	(1,213)	(2,531)	-	-
4.03	Comprehensive income for the period	6,525	13,441	8,699	19,028
4.03.01	Attributable to shareholders of the Company	6,521	13,435	8,696	19,022
4.03.02	Attributable to Non-controlling	4	6	3	6

Consolidated / Statement of Cash Flows
(In thousands of Brazilian reais – R$)

Code	Description	1/1/2017 to 6/30/2017	1/1/2016 to 6/30/2016
6.01	Net cash used in operating activities	38,301	38,559
6.01.01	Cash provided by operating activities	36,742	41,094
6.01.01.01	Net income for the period	15,972	19,028
6.01.01.02	Depreciation	124	115
6.01.01.03	Results from equity participation	(1,986)	(875)
6.01.01.04	Incurred interest	26,675	23,216
6.01.01.05	Deferred taxes	(4,073)	1,126
6.01.01.06	Stock options	114	163
6.01.01.07	Amortization of prepaid expenses	1,133	1,527
6.01.01.08	Allowance for doubtful debts	702	-
6.01.01.09	Results from derivative financial instruments	-	359
6.01.01.10	Changes in the fair value of investment property	(1,919)	(3,565)
6.01.02	Changes in assets and liabilities	1,559	(2,535)
6.01.02.01	(Increase) decrease in trade accounts receivable	(2,091)	(5,837)
6.01.02.02	(Increase) decrease in recoverable taxes	(77)	2,323
6.01.02.03	(Increase) decrease in prepaid expenses	(1,631)	(1,251)
6.01.02.04	(Increase) decrease in other assets	(399)	(147)
6.01.02.05	Increase (decrease) in payroll, social charges and benefits	44	(248)
6.01.02.06	Increase (decrease) in taxes, charges and contributions	2,992	2,533
6.01.02.07	Increase (decrease) in other liabilities	1,141	765
6.01.02.08	Income tax and social contribution paid	(2,713)	(2,555)
6.01.02.09	Dividends received from subsidiaries	1,256	-
6.01.02.10	Proceeds from subsidiary sale	3,037	1,882
6.02	Net cash provided (used) in investing activities	65,360	(89,567)
6.02.01	Increase in / Acquisition of investments	(8,989)	(625)
6.02.02	Acquisition of investment properties	(24,162)	(28,984)
6.02.03	Other	(2,564)	(30)
6.02.05	(Increase) decrease in investment securities	101,075	(59,928)
6.03	Net cash provided (used in) by financing activities	(116,763)	37,537
6.03.01	Loans, financing and debentures	-	171,049
6.03.02	Interest paid	(49,440)	(59,637)
6.03.03	Shareholders' contributions	-	1,634
6.03.05	Payment of due to related parties	-	(32,959)
6.03.06	Increase in due to related parties	-	32,698
6.03.07	Contributions from (distributions to) noncontrolling shareholders	14	8
6.03.08	Dividends paid	-	(1,634)
6.03.09	Amortization of loans, financing and debentures	(67,337)	(73,808)
6.03.10	Contracted derivative financial instruments	-	186
6.05	Increase (decrease) in cash and cash equivalents	(13,102)	(13,471)
6.05.01	Cash and cash equivalents at beginning of period	40,508	14,059
6.05.02	Cash and cash equivalents at end of period	27,406	588

Consolidated / Statement of Changes in Equity – 1/1/2017 to 6/30/2017

(In thousands of Brazilian reais – R$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Shareholders' equity	Non-controlling interest	Total
5.01	Opening balance	1,003,820	1,961	769,063	-	(687)	1,774,157	127	1,774,284
5.03	Adjusted opening balance	1,003,820	1,961	769,063	-	(687)	1,774,157	127	1,774,284
5.04	Shareholders capital transaction	-	114	-	-	-	114	14	128
5.04.03	Recognized options granted	-	114	-	-	-	114	-	114
5.04.11	Net contributions from noncontrolling shareholders	-	-	-	-	-	-	14	14
5.05	Total comprehensive income	-	-	-	15,966	(2,531)	13,435	6	13,441
5.05.01	Net income for the period	-	-	-	15,966	-	15,966	6	15,972
5.05.02	Other comprehensive income	-	-	-	-	(2,531)	(2,531)	-	(2,531)
5.05.02.06	Effect of change in relative interest in joint ventures	-	-	-	-	(2,531)	(2,531)	-	(2,531)
5.07	Closing balance	1,003,820	2,075	769,063	15,966	(3,218)	1,787,706	147	1,787,853

Consolidated / Statement of Changes in Equity – 1/1/2016 to 6/30/2016

(In thousands of Brazilian reais – R$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Shareholders' equity	Non-controlling interest	Total
5.01	Opening balance	729,043	24,840	741,882	-	-	1,495,765	108	1,495,873
5.03	Adjusted opening balance	729,043	24,840	741,882	-	-	1,495,765	108	1,495,873
5.04	Shareholders capital transaction	24,777	(22,980)	-	-	-	1,797	8	1,805
5.04.01	Capital increase	175	1,459	-	-	-	1,634	-	1,634
5.04.03	Recognized options granted	-	163	-	-	-	163	-	163
5.04.09	Capitalization of reserves	24,602	(24,602)	-	-	-	-	-	-
5.04.10	Net contributions from (distribution to) noncontrolling shareholders	-	-	-	-	-	-	8	8
5.05	Total comprehensive income	-	-	-	19,022	-	19,022	6	19,028
5.05.01	Net income for the period	-	-	-	19,022	-	19,022	6	19,028
5.07	Closing balance	753,820	1,860	741,882	19,022	-	1,516,584	122	1,516,706

Consolidated / Statement of Value Added
(In thousands of Brazilian reais – R$)

Code	Description	1/1/2017 to 6/30/2017	1/1/2016 to 6/30/2016
7.01	Revenue	109,655	117,983
7.01.01	Revenues from sales of goods, services and products	52,223	51,702
7.01.02	Other revenue	2,097	4,476
7.01.02.01	Other revenue	178	911
7.01.02.02	Changes in the fair value of investment property	1,919	3,565
7.01.03	Revenue from construction of own assets	56,037	61,805
7.01.04	Allowance for doubtful accounts	(702)	-
7.02	Inputs purchased from third parties	(32,712)	(22,764)
7.02.02	Supplies, power, outside services and other items	(32,712)	(22,764)
7.03	Gross value added	76,943	95,219
7.04	Retentions	(124)	(115)
7.04.01	Depreciation, amortization and depletion	(124)	(115)
7.05	Net value added generated	76,819	95,104
7.06	Value added received in transfer	8,578	5,738
7.06.01	Results from equity participation	1,986	875
7.06.02	Financial income	6,592	4,863
7.07	Total value added for distribution	85,397	100,842
7.08	Value added distributed	85,397	100,842
7.08.01	Personnel	5,522	5,378
7.08.01.01	Salaries and wages	4,761	4,500
7.08.01.02	Benefits	516	628
7.08.01.03	Severance Pay Fund (FGTS)	245	250
7.08.02	Taxes, charges and contributions	3,536	9,877
7.08.02.01	Federal	3,672	9,683
7.08.02.02	State	7	8
7.08.02.03	Municipal	(143)	186
7.08.03	Debt remuneration	60,367	66,559
7.08.03.01	Interest	58,671	64,358
7.08.03.02	Rentals	1,561	2,119
7.08.03.03	Others	135	82
7.08.03.03.01	Leases	59	-
7.08.03.03.02	Other	76	82
7.08.04	Shareholders	15,972	19,028
7.08.04.03	Earnings retained in the period	15,966	19,022
7.08.04.04	Profit atributable to non-controlling interests	6	6

1. General information

The information disclosed in Note 1 to the audited consolidated financial statements for the year ended December 31, 2016, published on February 21, 2017 in the newspapers Diário Oficial da Estado de Minas Gerais (Minas Gerais State Gazette) and Hoje em Dia (hereinafter referred to as "financial statements for the year ended December 31, 2016") has not significantly changed as of the date of these financial statements.

On February 14, 2017, the Extraordinary Shareholders' Meeting (ESM) approved the initial public offering for the primary distribution of common shares issued by the Company, and, due to market conditions, on May 18, 2017, the Brazilian Securities and Exchange Commission (CVM) granted the Company's request for cancellation of such offer.

In addition, pursuant to a Material Fact released on August 8, 2017, the Executive Board will propose a capital increase of R$308 million at the Extraordinary General Meeting (ESM), to be executed until fifteen days after the material fact release, fully supported by the Company's current shareholders. Such capital increase, being approved in ESM, will be carried out in three installments in August and October 2017 and January 2018. The proceeds from this capital increase will be allocated in debt repayments and projects development, aiming to increase The Company's operating cash flow.

In addition to the capital increase, the Company continues to evaluate market opportunities to obtain additional funds in order to implement its business plan.

2. Presentation of condensed interim financial statements, significant accounting policies, new accounting standards and restatement of financial statements 2016

The Company's interim financial statements comprise:

- The condensed consolidated financial statements prepared in accordance with CPC 21 (R1) - Demonstração Intermediária (Interim Financial Reporting) and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB), identified as Consolidated, and;

- The condensed separate financial statements prepared in accordance with CPC 21 (R1) - Demonstração Intermediária (Interim Financial Reporting), identified as Separate.

The Separate interim financial statements are not considered in conformity with International Financial Reporting Standards (IFRS) because it considers the borrowing cost´s capitalization on its investees´ qualifying assets.

Other information in relation to basis of preparation, basis of presentation, significant accounting policies and new accounting pronouncement did not significantly change in relation to the information disclosed in Note 2 to the financial statements for the year ended December 31, 2016, except for restated balances detailed below.

Restatement of financial statements 2016

On June 30, 2017, the Company performed accounting reclassifications and, for comparative purposes, is restating the balances of December 31, 2016 and January 1st, 2016, as shown below:

		Separate					
		1/1/2016			12/31/2016		
	Item	Originally stated	Reclassifications	Restated	Originally stated	Reclassifications	Restated
Balance Sheets							
Assets							
Current assets							
Cash and cash equivalents	(a)	13,858	(683)	13,175	143,180	(102,990)	40,190
Marketable securities	(a)	-	-	-	-	102,417	102,417
Other current assets		16,215	-	16,215	21,805	-	21,805
Total current assets		30,073	(683)	29,390	164,985	(573)	164,412
Noncurrent assets							
Marketable securities	(a)	-	683	683	-	573	573
Other noncurrent assets		2,181,140	-	2,181,140	2,376,237	-	2,376,237
Total noncurrent assets		2,181,140	683	2,181,823	2,376,237	573	2,376,810
Total assets		2,211,213	-	2,211,213	2,541,222	-	2,541,222
Total liabilities and equity		2,211,213	-	2,211,213	2,541,222	-	2,541,222

		Consolidated					
		1/1/2016			12/31/2016		
	Item	Originally stated	Reclassifications	Restated	Originally stated	Reclassifications	Restated
Balance Sheets							
Assets							
Current assets							
Cash and cash equivalents	(a)	17,258	(3,199)	14,059	146,941	(106,433)	40,508
Marketable securities	(a)	-	-	-	-	103,830	103,830
Other current assets		32,167	-	32,167	38,797	-	38,797
Total current assets		49,425	(3,199)	46,226	185,738	(2,603)	183,135
Noncurrent assets							
Marketable securities	(a)	-	3,199	3,199	-	2,603	2,603
Other noncurrent assets		2,526,093	-	2,526,093	2,696,360	-	2,696,360
Total noncurrent assets		2,526,093	3,199	2,529,292	2,696,360	2,603	2,698,963
Total assets		2,575,518	-	2,575,518	2,882,098	-	2,882,098
Total liabilities and equity		2,575,518	-	2,575,518	2,882,098	-	2,882,098

Statements of Cash Flows	Item	Separate 1st half of 2016 Originally stated	Separate 1st half of 2016 Reclassifications	Separate 1st half of 2016 Restated	Consolidated 1st half of 2016 Originally stated	Consolidated 1st half of 2016 Reclassifications	Consolidated 1st half of 2016 Restated
Cash flows from operating activities							
Net income for the period		19,022	-	19,022	19,028	-	19,028
Adjustments to reconcile net income to net cash generated by (used in) operating activities:							
Financial result	(a)	7,666	(424)	7,242	23,847	(631)	23,216
Other adjustments		(19,054)		(19,054)	(1,150)		(1,150)
		7,634	(424)	7,210	41,725	(631)	41,094
(Increase) decrease in operating assets		(3,176)	-	(3,176)	(4,912)	-	(4,912)
Increase (decrease) in operating liabilities		36,305	-	36,305	2,377	-	2,377
Net cash generated by operating activities		40,763	(424)	40,339	39,190	(631)	38,559
(Increase) decrease in marketable securities	(a)	-	(58,919)	(58,919)	-	(59,928)	(59,928)
Other adjustments		(58,309)	-	(58,309)	(29,639)	-	(29,639)
Net cash used in investing activities		(58,309)	(58,919)	(117,228)	(29,639)	(59,928)	(89,567)
Net cash provided by financing activities		64,177	-	64,177	37,537	-	37,537
Net increase (decrease) in cash and cash equivalents		46,631	(59,343)	(12,712)	47,088	(60,559)	(13,471)
Cash and cash equivalents							
At the beginning of the period		13,858	(683)	13,175	17,258	(3,199)	14,059
At the end of the period		60,489	(60,026)	463	64,346	(63,758)	588
Net increase (decrease) in cash and cash equivalents		46,631	(59,343)	(12,712)	47,088	(60,559)	(13,471)

(a) Reclassification of balances related to restricted fund applications and blocked balances resulting from guarantees provided by the Company, from "Cash and cash equivalents" to "Marketable securities". The reclassifications related to the restricted fund were carried out as a result of the presence of public and private bonds (both post fixed), in the portfolio of these funds, which, although they have high liquidity in active markets, have maturities over ninety days, as of the date of acquisition of these investments.

3. Cash and cash equivalents and Marketable securities

Breakdown is as follows:

	Separate 6/30/17	Separate 12/31/16 Restated	Separate 1/1/16 Restated	Consolidated 6/30/17	Consolidated 12/31/16 Restated	Consolidated 1/1/16 Restated
Cash	**13**	16	21	**16**	19	22
Bank accounts	**56**	61	478	**821**	361	661
Short-term investments:						
Bank Certificates of Deposit (CDBs)	**26,558**	25,067	12,676	**26,558**	25,067	12,676
Certificates backed by debentures (iii)	**-**	15,046	-	**11**	15,061	700
Total cash and cash equivalent	**26,627**	40,190	13,175	**27,406**	40,508	14,059

	Separate 6/30/17	Separate 12/31/16 Restated	Separate 1/1/16 Restated	Consolidated 6/30/17	Consolidated 12/31/16 Restated	Consolidated 1/1/16 Restated
Restricted investment fund (i)	**5,568**	102,417	-	**5,825**	103,187	-
Investment fund (ii)	**556**	573	683	**2,602**	2,603	3,199
Certif icates backed by debentures (iii)	**-**	-	-	**636**	643	-
Total Marketable securities	**6,124**	102,990	683	**9,063**	106,433	3,199
Current	**5,568**	102,417	-	**6,461**	103,830	-
Noncurrent	**556**	573	683	**2,602**	2,603	3,199
	6,124	102,990	683	**9,063**	106,433	3,199

(i) The Company established restricted investment fund, managed by first-rate banks, responsible for the custody of the assets and financial settlement of its transactions. The established fund is highly liquid and aim at yielding interest equivalent to the Certificate of Interbank Deposit rate (CDI). The fund invests in government and other banks securities and in others unrestricted investment funds, which in turn invest primarily in fixed-income securities.

(ii) Unrestricted investment fund units refer to amounts pledged as collateral for "Plano Empresário" program loans.

(iii) Certificated backed by debentures have daily repurchase guaranteed by the issuer, allowing immediate redemption as required by the Company and yields the CDI variation.

Short-term investments and marketable securities include interest income earned, equivalent to 104.79% of CDI in the separate financial statements and 104.50% of CDI on a consolidated basis as at June 30, 2017 (103.53% of CDI in the separate financial statements and 103.39% of CDI on a consolidated basis as at December 31, 2016 and 107.62% of CDI in Individual and 105.05% of CDI in Consolidated on January 1st, 2016) and are adjusted to fair value, when applicable.

Breakdown of the exclusive investment fund's portfolio, proportionately to the units held by the Company is as follows:

	Separate			Consolidated		
	6/30/17	**12/31/16**	**1/1/16**	**6/30/17**	**12/31/16**	**1/1/16**
		Restated			**Restated**	
Bank Certificates of Deposit (CDBs)	**306**	5,066	-	**320**	5,104	-
Repurchase agreements	**121**	2,792	-	**128**	2,813	-
Investment fund	**4,127**	73,700	-	**4,317**	74,254	-
Debentures	**85**	562	-	**88**	566	-
Financial letter	**929**	20,297	-	**972**	20,450	-
Total	**5,568**	102,417	-	**5,825**	103,187	-

4. Trade receivables

Trade receivables are broken down as follows:

	Separate			Consolidated		
	6/30/17	**12/31/16**	**1/1/16**	**6/30/17**	**12/31/16**	**1/1/16**
Rentals	**9,135**	9,299	7,666	**34,977**	32,679	27,720
Sale of subsidiary (Note 5 (a))	**2,167**	4,767	5,062	**2,167**	4,768	5,062
Other	**2,213**	1,550	1,966	**1,873**	2,594	4,014
	13,515	15,616	14,694	**39,017**	40,041	36,796
Allow ance for doubtful accounts	**(250)**	(85)	-	**(3,771)**	(3,147)	(3,036)
Total	**13,265**	15,531	14,694	**35,246**	36,894	33,760
Current	**10,137**	11,216	7,243	**22,249**	24,094	19,119
Noncurrent	**3,128**	4,315	7,451	**12,997**	12,800	14,641
	13,265	15,531	14,694	**35,246**	36,894	33,760

The table below shows the aging of trade receivables:

	Separate			Consolidated		
	6/30/17	**12/31/16**	**1/1/16**	**6/30/17**	**12/31/16**	**1/1/16**
Undue:						
Up to 12 months	**9,341**	10,262	6,902	**20,101**	22,187	17,824
13 to 24 months	**3,128**	4,315	7,451	**12,997**	12,800	14,641
	12,469	14,577	14,353	**33,098**	34,987	32,465
Past due:						
Up to 30 days	**42**	79	159	**230**	192	545
31 to 90 days	**167**	123	92	**725**	190	627
More than 90	**837**	837	90	**4,964**	4,672	3,159
	1,046	1,039	341	**5,919**	5,054	4,331
Total	**13,515**	15,616	14,694	**39,017**	40,041	36,796

Changes in the allowance for doubtful accounts for the six-month period ended June 30, 2017 and 2016 are as follows:

	Separate		Consolidated	
	1st half of		1st half of	
	2017	**2016**	**2017**	**2016**
Opening	**(85)**	-	**(3,147)**	(3,036)
Recognition	**(243)**	-	**(702)**	-
Low	**78**	-	**78**	-
Closing	**(250)**	-	**(3,771)**	(3,036)

The aging list of future contractually guaranteed minimum receivables is as follows:

	Separate			Consolidated		
	6/30/17	**12/31/16**	**1/1/16**	**6/30/17**	**12/31/16**	**1/1/16**
12 months	**22,390**	21,605	22,811	**105,327**	105,756	103,156
13 to 24 months	**15,863**	20,872	22,312	**81,197**	81,811	89,132
25 to 36 months	**5,428**	6,986	18,494	**43,713**	48,987	63,023
37 to 48 months	**2,346**	2,519	4,976	**27,752**	29,131	31,182
49 to 60 months	**1,969**	1,865	1,965	**16,214**	19,518	14,290
More than 60	**3,647**	4,197	5,176	**38,572**	43,455	16,720
Total	**51,643**	58,044	75,734	**312,775**	328,658	317,503

Other information on trade receivables did not significantly change in relation to the information disclosed in Note 4 to the financial statements for the year ended December 31, 2016.

5. Investments in subsidiaries and joint ventures

Refers to interest held in subsidiaries and joint ventures, basically represented by special purpose entities, as follows:

Project	Startup date	Location
Joint ventures in operation:		
Cabral Investimentos SPE Ltda. (“Cabral”)	November-13	Contagem/MG
Parque Torino Imóveis S.A. (“Torino”)	April-15	Betim/MG
Joint ventures at start-up stage:		
Betim I Incorporações SPE Ltda. (“Loteamento Betim”)	-	Betim/MG
Subsidiaries - In operation:		
Contagem I SPE Ltda. (“LOG I”)	February-09	Contagem/MG
Contagem II Incorporações SPE Ltda. (“LOG II”)	March-11	Contagem/MG
Jundiaí Incorporações SPE Ltda. (“LOG Jundiaí”)	April-11	Jundiaí/SP
Goiânia I Incorporações Imobiliárias SPE Ltda. (“LOG Goiânia”)	April-12	Goiânia/GO
Hortolândia Incorporações SPE Ltda. (“LOG Hortolândia”)	September-12	Hortolândia/SP
LOG São José dos Pinhais I SPE Ltda. (“LOG SJP”)	April-13	São José dos Pinhais/PR
LOG Juiz de Fora I SPE Ltda. (“LOG Juiz de Fora”)	June-13	Juiz de Fora/MG
LOG Feira de Santana I SPE Ltda. (“LOG Feira de Santana”)	June-13	Feira de Santana/BA
LOG Maracanaú I SPE Ltda. (“LOG Fortaleza”)	August-13	Maracanaú/CE
LOG Via Expressa SPE Ltda. (“LOG Via Expressa”)	November-13	Betim/MG
LOG Viana I SPE Ltda. ("LOG Viana")	April-14	Viana/ES
LOGCP Londrina I SPE Ltda. ("LOG Londrina")	June-14	Londrina/PR
LOG Itatiaia SPE Ltda. (“LOG Itatiaia”)	July-14	Itatiaia/RJ
LOG Rio SPE Ltda. (“LOG Rio”)	February-17	Campo Grande/RJ
Subsidiaries - At start-up stage:		
MRV LOG MDI SJC I Incorporações SPE Ltda. (“LOG SJC Sony”)	-	São José dos Campos/SP
LOG Sumaré Deltalog I SPE Ltda. (“LOG Sumaré”)	-	Sumaré/SP
LOG SJRP I Incorporações SPE Ltda. ("LOG SJRP")	-	São José do Rio Preto/SP
LOG Macaé I SPE Ltda. (“LOG Macaé”)	-	Macaé/RJ
LOG RP I SPE Ltda. ("LOG RP")	-	Ribeirão Preto/SP
LOG Curitiba I SPE Ltda. ("LOG Curitiba")	-	Curitiba/PR
LOG Aracajú SPE Ltda. (“LOG Aracajú”)	-	Nossa Senhora do Socorro/SE
LOG Uberaba SPE Ltda. (“LOG Uberaba”)	-	Uberaba/MG
LDI LOG Desenvolvimento Imobiliário Ltda. (“LDI”)	-	Belo Horizonte/MG
LE Empreendimentos e Participações S.A. ("LE Empreendimentos")	-	Belo Horizonte/MG

a) The main information on each investment is summarized below:

	Information on investees		Company information			
	Issued capital		Equity interest			
	6/30/17		6/30/17		12/31/16	1/1/16
	Amount	Number of shares	Number of shares	Contractual percentage	Contractual percentage	Contractual percentage
Joint ventures:						
Cabral	39,247	78,494,000	39,247,000	50.00%	50.00%	50.00%
Torino	141,902	318,600	127,440	40.00%	40.00%	40.00%
Loteamento Betim	45,381	84,325,968	42,162,984	50.00%	50.00%	50.00%
Subsidiaries:						
LOG I	72,778	61,460,917	61,455,917	99.99%	99.99%	99.99%
LOG II	22,247	20,353,954	20,352,154	99.99%	99.99%	99.99%
LOG Jundiaí	46,032	35,874,919	35,873,675	99.99%	99.99%	99.99%
LOG Goiânia	82,452	46,930,180	46,930,170	99.90%	99.90%	99.90%
LOG Hortolândia	77,972	13,000,000	12,999,999	100.00%	100.00%	100.00%
LOG SJP	25,785	23,351,000	23,350,999	100.00%	100.00%	100.00%
LOG Juiz de Fora	46,202	10,000	9,999	99.99%	99.99%	99.99%
LOG Feira de Santana	18,310	19,041,000	19,040,999	99.99%	99.99%	99.99%
LOG Fortaleza	79,529	34,037,979	34,037,978	99.99%	99.99%	99.99%
LOG Via Expressa	71,604	47,000,000	46,999,999	99.99%	99.99%	99.99%
LOG Viana	124,319	10,000	9,999	99.99%	99.99%	99.99%
LOG Londrina	43,069	10,000	9,999	99.99%	99.99%	99.99%
LOG Itatiaia	32,271	27,410,838	27,410,837	99.99%	99.99%	99.99%
LOG Rio	72,928	10,000	9,999	99.99%	99.99%	99.99%
LOG SJC Sony	54,594	52,500,000	52,499,999	100.00%	100.00%	100.00%
LOG Sumaré	712	10,000	9,999	99.99%	99.99%	99.99%
LOG SJRP	9,947	10,000	9,999	99.99%	99.99%	99.99%
LOG Macaé	14,331	10,000	9,999	99.99%	99.99%	99.99%
LOG RP	21,352	10,000	9,999	99.99%	99.99%	99.99%
LOG Curitiba	27,005	10,000	9,999	99.99%	99.99%	99.99%
LOG Aracajú	14,860	10,000	9,999	99.99%	99.99%	99.99%
LOG Uberaba	5,864	10,000	9,900	99.00%	99.00%	99.00%
LDI	3,873	24,690,048	24,689,948	100.00%	100.00%	100.00%
LE Empreendimentos	25	10,000	9,900	99.00%	0.00%	0.00%

	Information on investees					
	Equity			Investment		
	6/30/17	12/31/16	1/1/16	6/30/17	12/31/16	1/1/16
Joint ventures:						
Cabral	**117,629**	117,249	115,145	**58,174**	57,984	56,932
Torino	**354,755**	337,249	331,910	**141,928**	134,926	132,790
Loteamento Betim	**90,572**	85,517	80,943	**45,286**	42,759	38,876
Capitalized interest (*)	**-**	-	-	**12,989**	11,551	8,716
Total joint ventures - Consolidated	**562,956**	540,015	527,998	**258,377**	247,220	237,314
Subsidiaries:						
LOG I	**177,274**	177,074	161,303	**177,256**	177,056	161,286
LOG II	**44,401**	44,351	44,013	**44,397**	44,347	44,008
LOG Jundiaí	**73,922**	73,347	73,639	**73,915**	73,340	73,632
LOG Goiânia	**139,309**	119,429	107,779	**139,170**	119,310	107,672
LOG Hortolândia	**131,066**	129,736	129,653	**131,066**	129,736	129,653
LOG SJP	**33,067**	31,989	28,486	**33,067**	31,989	28,486
LOG Juiz de Fora	**70,960**	67,649	62,730	**70,953**	67,642	62,724
LOG Feira de Santana	**28,452**	26,944	25,968	**28,449**	26,941	25,965
LOG Fortaleza	**151,796**	146,490	122,759	**151,781**	146,475	122,747
LOG Via Expressa	**105,377**	104,023	100,318	**105,366**	104,013	100,308
LOG Viana	**134,170**	130,912	123,054	**134,157**	130,899	123,042
LOG Londrina	**85,250**	80,983	73,774	**85,241**	80,975	73,767
LOG Itatiaia	**39,429**	38,854	35,872	**39,425**	38,850	35,869
LOG Rio	**121,330**	114,231	61,454	**121,318**	114,220	61,448

	Information on investees					
	Equity			Investment		
	6/30/17	12/31/16	1/1/16	6/30/17	12/31/16	1/1/16
LOG SJC Sony	**105,272**	105,051	102,776	**105,272**	105,051	102,776
LOG Sumaré	**8**	8	8	**8**	8	8
LOG SJRP	**23,986**	22,734	22,611	**23,984**	22,732	22,609
LOG Macaé	**41,728**	39,896	38,487	**41,724**	39,892	38,483
LOG RP	**56,128**	53,245	52,277	**56,122**	53,240	52,272
LOG Curitiba	**46,716**	43,472	40,762	**46,711**	43,468	40,758
LOG Aracajú	**23,455**	21,612	19,936	**23,453**	21,610	19,934
LOG Uberaba	**11,363**	10,644	6,211	**11,249**	10,538	6,149
LDI	**497**	488	403	**497**	488	403
LE Empreendimentos	**25**	-	-	**25**	-	-
Capitalized interest (*)	**-**	-	-	**-**	-	-
Total subsidiaries	**1,644,981**	1,583,162	1,434,273	**1,644,606**	1,582,820	1,433,999
Total separate	**2,207,937**	2,123,177	1,962,271	**1,902,983**	1,830,040	1,671,313

(*) Amount related to capitalized financial charges on loans, financing, and debentures taken by the Company for the acquisition/ development of its investees' investment properties and industrial subdivision.

	Information on investees							
	Profit (loss) for the				Result from equity participation in the			
	2nd quarter of		1st half of		2nd quarter of		1st half of	
	2017	2016	2017	2016	2017	2016	2017	2016
Joint ventures:								
Cabral	**833**	686	**1,636**	1,344	**416**	343	**1,446 (**)**	672
Torino	**849**	350	**1,352**	510	**340**	140	**541**	204
Loteamento Betim	**(1)**	(1)	**(2)**	(3)	**(1)**	-	**(1)**	(1)
Total joint ventures - Consolidated	**1,681**	1,035	**2,986**	1,851	**755**	483	**1,986**	875
Subsidiaries:								
LOG I	**3,323**	3,038	**6,648**	6,067	**3,323**	3,038	**6,647**	6,067
LOG II	**294**	610	**548**	1,291	**294**	610	**548**	1,291
LOG Jundiaí	**816**	663	**1,581**	1,002	**816**	663	**1,581**	1,002
LOG Goiânia	**2,483**	2,754	**4,872**	5,547	**2,480**	2,751	**4,867**	5,541
LOG Hortolândia	**1,375**	1,743	**2,924**	3,440	**1,375**	1,743	**2,924**	3,440
LOG SJP	**(350)**	70	**(277)**	(84)	**(350)**	70	**(277)**	(84)
LOG Juiz de Fora	**1,088**	1,284	**2,106**	2,522	**1,088**	1,284	**2,106**	2,522
LOG Feira de Santana	**57**	(126)	**123**	(177)	**57**	(126)	**123**	(177)
LOG Fortaleza	**2,389**	3,008	**5,134**	5,537	**2,389**	3,008	**5,133**	5,537
LOG Via Expressa	**97**	428	**425**	1,316	**97**	428	**425**	1,316
LOG Viana	**2,187**	1,599	**4,461**	3,196	**2,187**	1,599	**4,461**	3,196
LOG Londrina	**1,465**	2,144	**3,086**	4,215	**1,465**	2,144	**3,086**	4,215
LOG Itatiaia	**374**	(25)	**631**	50	**374**	(25)	**631**	50
Controladas:								
LOG Rio	**2,231**	2,992	**3,454**	5,198	**2,231**	2,992	**3,454**	5,198
LOG SJC Sony	**(15)**	4,080	**(28)**	8,037	**(15)**	4,080	**(28)**	8,037
LOG Sumaré	**-**	-	**-**	-	**-**	-	**-**	-
LOG SJRP	**517**	693	**1,108**	1,364	**517**	693	**1,108**	1,364
LOG Macaé	**726**	986	**1,548**	1,940	**726**	986	**1,548**	1,940
LOG RP	**1,139**	1,532	**2,428**	3,005	**1,139**	1,532	**2,428**	3,005
LOG Curitiba	**1,449**	1,997	**3,108**	3,932	**1,449**	1,997	**3,108**	3,932
LOG Aracajú	**784**	1,072	**1,681**	2,110	**784**	1,072	**1,681**	2,110
LOG Uberaba	**316**	430	**677**	845	**313**	426	**670**	837
LDI	**5**	1	**12**	3	**5**	-	**12**	2
LE Empreendimentos	**-**	-	**-**	-	**-**	-	**-**	-
Capitalized interest (*)	**-**	-	**-**	-	**(12,564)**	(22,133)	**(26,589)**	(42,839)
Total subsidiaries	**22,750**	30,973	**46,250**	60,356	**10,180**	8,832	**19,647**	17,502
Total Separate	**24,431**	32,008	**49,236**	62,207	**10,935**	9,315	**21,633**	18,377

(*) Amount related to capitalized financial charges on loans, financing, and debentures taken by the Company for the acquisition/ development of its investees' investment properties and industrial subdivision in investees.
(**) Includes R$628 related to disproportionate profit distributions.

In March 2015, the Company and subsidiary LDI LOG Desenvolvimento Imobiliário Ltda. ("LDI") sold its equity interests in the company MRV LOG SP I Incorporações SPE Ltda. ("Office Park Pirituba") to MRV Engenharia e Participações S.A. The effect of the sale to MRV is detailed below:

	Divesture		Total impact
	LOG	LDI	on profit or loss
Sale price	**109,989**	**11**	**110,000**
Discount to present value	**(5,801)**	**(1)**	**(5,802)**
	104,188	**10**	**104,198**
Cost of the Investment	**(104,188)**	**(10)**	**(104,198)**
Deferred Income tax and social contribution	**1,000**	**-**	**1,000**
	1,000	**-**	**1,000**

On November 25, 2015, the Company transferred the receivable above referred to HSBC Bank Brasil S.A. Since the Company no longer retains the risks and responsibilities of the assigned receivables, the receivable amount was derecognized from the balance sheet.

Under the transfer agreement, the Company retains the right to receive the amounts related to the adjustment for the IPCA (National Broad Consumer Price Index) (since March 2015), which total R$2,167 as at June 30, 2017 (R$4,768 at December 31, 2016 and R$5,062 at January 1st, 2016). These amounts will be received in monthly installments through October 2017.

b) Joint ventures:

The main financial information is as follows:

	Cabral			Torino			Loteamento Betim		
	6/30/17	12/31/16	1/1/16	6/30/17	12/31/16	1/1/16	6/30/17	12/31/16	1/1/16
Cash and cash equivalents	**15,147**	15,415	20,724	**4,376**	1,147	3,731	**4**	16	3
Trade receivables	**334**	548	5,076	**10**	10	10	**-**	-	-
Inventories	**-**	-	-	**-**	-	-	**6**	6,973	12,033
Other current assets	**603**	41	719	**205**	197	199	**-**	12	-
Total current	**16,084**	16,004	26,519	**4,591**	1,354	3,940	**10**	7,001	12,036
Inventories	**-**	-	-	**-**	-	-	**90,682**	78,835	68,962
Investment property	**108,121**	107,483	95,830	**362,418**	347,400	339,225	**-**	-	-
Other noncurrent assets	**776**	-	234	**60**	57	-	**1**	3	2
Total noncurrent assets	**108,897**	107,483	96,064	**362,478**	347,457	339,225	**90,683**	78,838	68,964
Total assets	**124,981**	123,487	122,583	**367,069**	348,811	343,165	**90,693**	85,839	81,000
Current liabilities	**4,744**	2,944	2,628	**934**	170	110	**121**	322	57
Noncurrent liabilities	**2,608**	3,294	4,810	**11,380**	11,392	11,145	**-**	-	-
Equity	**117,629**	117,249	115,145	**354,755**	337,249	331,910	**90,572**	85,517	80,943
Liabilities and shareholders' equity	**124,981**	123,487	122,583	**367,069**	348,811	343,165	**90,693**	85,839	81,000

	Cabral				Torino				Loteamento Betim			
	2nd quarter of		1st half of		2nd quarter of		1st half of		2nd quarter of		1st half of	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Operating revenue	**1,078**	620	**2,114**	1,134	**1,138**	640	**1,944**	1,246	**-**	**-**	**-**	**-**
Cost of services	**-**	-	**-**	-	**-**	(23)	**-**	(45)	**-**	-	**-**	-
Other operating expenses	**(382)**	-	**(807)**	-	**(244)**	-	**(484)**	-	**-**	-	**-**	-
Financial income (expenses)	**320**	272	**717**	613	**125**	(188)	**163**	(518)	**(1)**	(1)	**(2)**	(3)
Changes in the fair value of investment property	**-**	55	**-**	121	**-**	-	**-**	-	**-**	-	**-**	-
Income tax and social contribution	**(183)**	(261)	**(388)**	(524)	**(170)**	(79)	**(271)**	(173)	**-**	-	**-**	-
Net income (loss)	**833**	686	**1,636**	1,344	**849**	350	**1,352**	510	**(1)**	(1)	**(2)**	(3)

c) Changes in investment balances in subsidiaries and jointly-owned subsidiaries for the six-month period ended June 30, 2017 and 2016 are as follows:

	Opening balances	Capital contributions (reversals)	Result from equity participation		Dividends received	Other	Closing balances
Six-month period ended June 30, 2017:							
Joint ventures:							
Cabral	57,984	-	1,446	(**)	(1,256)	-	58,174
Torino	134,926	6,461	541		-	-	141,928
Loteamento Betim	42,759	2,528	(1)		-	-	45,286
Capitalized interest	11,551	-	-		-	1,438	12,989
Total joint ventures - Consolidated	**247,220**	**8,989**	**1,986**		**(1,256)**	**1,438**	**258,377**
Subsidiaries:							
LOG I	177,056	1,073	6,647		(7,520)	-	177,256
LOG II	44,347	331	548		(829)	-	44,397
LOG Jundiaí	73,340	1,271	1,581		(2,277)	-	73,915
LOG Goiânia	119,310	15,298	4,867		(305)	-	139,170
LOG Hortolândia	129,736	751	2,924		(2,345)	-	131,066
LOG SJP	31,989	1,355	(277)		-	-	33,067
LOG Juiz de Fora	67,642	2,341	2,106		(1,136)	-	70,953
LOG Feira de Santana	26,941	1,385	123		-	-	28,449
LOG Fortaleza	146,475	3,267	5,133		(3,094)	-	151,781
LOG Via Expressa	104,013	4,748	425		(3,820)	-	105,366
LOG Viana	130,899	7,072	4,461		(8,275)	-	134,157
LOG Londrina	80,975	1,888	3,086		(708)	-	85,241
LOG Itatiaia	38,850	2,227	631		(2,283)	-	39,425
LOG Rio	114,220	4,591	3,454		(947)	-	121,318
LOG SJC Sony	105,051	249	(28)		-	-	105,272
LOG Sumaré	8	-	-		-	-	8
LOG SJRP	22,732	144	1,108		-	-	23,984
LOG Macaé	39,892	284	1,548		-	-	41,724
LOG RP	53,240	454	2,428		-	-	56,122
LOG Curitiba	43,468	135	3,108		-	-	46,711
LOG Aracajú	21,610	162	1,681		-	-	23,453
LOG Uberaba	10,538	100	670		(59)	-	11,249
LDI	488	(3)	12		-	-	497
LE Empreendimentos	-	25	-		-	-	25
Capitalized interest (*)	-	-	(26,589)		-	26,589	-
Total subsidiaries	**1,582,820**	**49,148**	**19,647**		**(33,598)**	**26,589**	**1,644,606**
Total Separate	**1,830,040**	**58,137**	**21,633**		**(34,854)**	**28,027**	**1,902,983**

(*) Write-off of the capitalized interest as a result of the adoption of the fair value for investment property.
(**) Includes R$628 related to disproportionate profit distributions.

Other information on Interests in subsidiaries and joint ventures did not significantly change from the information disclosed in Note 5 to the financial statements for the year ended December 31, 2016.

6. Investment property

Broken down is as follows:

	Separate			Consolidated		
	6/30/17	12/31/16	1/1/16	6/30/17	12/31/16	1/1/16
Industrial warehouses	**385,971**	384,740	370,100	**2,304,201**	2,248,870	2,114,343
Strip Mall	**51,057**	49,930	60,070	**51,057**	49,930	60,070
Total	**437,028**	434,670	430,170	**2,355,258**	2,298,800	2,174,413

Changes in the balance of investment properties for the six-month period ended June 30, 2017 and 2016 are as follows:

	Separate		Consolidated	
	1st half of		1st half of	
	2017	2016	2017	2016
Opening balance	**434,670**	430,170	**2,298,800**	2,174,413
Additions	**920**	1,363	**26,512**	29,018
Capitalized interest (Note 7)	**1,438**	1,311	**28,027**	44,905
Changes in fair value	**-**	-	**1,919**	3,565
Closing balance	**437,028**	432,844	**2,355,258**	2,251,901

Effects of changes in fair value of investment property on profit and loss, net of deferred PIS and COFINS, are as follows:

	Separate		Consolidated	
	1st half of		1st half of	
	2017	2016	2017	2016
Changes in fair value of investment property	**-**	-	**1,919**	3,565
Deferred PIS/COFINS	**-**	-	**(1,041)**	(1,693)
Changes in fair value of investment property in net income	**-**	-	**878**	1,872

Fair value of the investment properties has been determined at December 31, 2016 and updated to the date of this interim financial statements, as follows:

- Completed projects up to December 31, 2016: fair values at that date were maintained, except for cases that suffer significant changes, for which new valuations were performed.
- Projects under construction up to December 31, 2016: the fair values at that date were maintained, increased by the constriction cost incurred in the six-month period ended June 30, 2017.
- Land purchased through December 31, 2016: fair values determined as at that date were maintained, increased by the construction costs incurred in the six-months period ended June 30, 2017.
- Land purchased in 2017: stated at the acquisition cost increased by the construction costs incurred in the six-month period ended June 30, 2017, when applicable.

As at June 30, 2017, out of the total amount in investment property, R$2,046,411 has been pledged as collateral of loans, financing and debentures entered into by the Company and its subsidiaries (R$2,195,570 as at December 31, 2016 and R$2,030,985 at January 1st, 2016).

Other information on investment property did not significantly change in relation to the information disclosed in Note 6 to the financial statements for the year ended December 31, 2016.

7. Loans, financing and debentures

a) Loans and financing

Loans and financing as at June 30, 2017 and December 31, 2016 are as follows:

Type	Maturity of principal	Effective financial charges p.a. (*)	6/30/17 Current	6/30/17 Noncurrent	6/30/17 Total	12/31/16 Total	1/1/16 Total
Separate:							
Working capital	Sep 13 to Sep 17	CDI + 1.83%	**-**	**-**	**-**	-	15,372
Working capital	Dec 15 to Jul 16	CDI + 4.44%	**-**	**-**	**-**	-	50,212
Construction financing	Dec 13 to Oct 24	CDI + 1.92%	**5,708**	**33,029**	**38,737**	40,331	42,835
Construction financing	Dec 13 to Nov 23	TR + 9.42%	**3,397**	**17,098**	**20,495**	21,534	23,204
Construction financing	Dec 13 to Nov 23	TR + 9.43%	**1,683**	**8,471**	**10,154**	10,668	11,495
Construction financing	Jul 14 to Jun 22	TR + 11.33%	**4,087**	**15,190**	**19,277**	20,614	22,790
Construction financing	Aug 14 to Jul 22	TR + 11.32%	**2,319**	**8,801**	**11,120**	11,866	13,088
Construction financing	Apr 15 to Sep 22	TR + 11.07%	**2,828**	**11,207**	**14,035**	14,935	16,404
Construction financing	Oct 15 to Sep 25	TR + 9.72%	**571**	**3,817**	**4,388**	4,540	4,769
Construction financing	Mar 15 to Jul 23	TR + 9.62%	**1,518**	**7,185**	**8,703**	9,377	10,619
Construction financing	Sep 16 to Aug 26	TR + 10.10%	**453**	**3,378**	**3,831**	3,936	3,697
Construction financing	Sep 16 to Aug 26	TR + 10.04%	**984**	**7,327**	**8,311**	8,541	8,022
(-) Funding cost			**(410)**	**(1,695)**	**(2,105)**	(2,309)	(3,454)
Total Separate			**23,138**	**113,808**	**136,946**	144,033	219,053
Subsidiaries:							
Construction financing	Dec 13 to Nov 23	TR + 9.37%	**1,806**	**9,066**	**10,872**	11,427	12,317
Construction financing	Feb 14 to Jan 22	TR + 11.62%	**3,150**	**10,501**	**13,651**	14,702	16,408
Construction financing	Aug 14 to Jul 22	TR + 11.05%	**1,443**	**5,488**	**6,931**	7,399	8,169
Construction financing	Nov 14 to Oct 22	TR + 10.74%	**767**	**3,094**	**3,861**	4,108	4,507
Construction financing	Feb 15 to Jan 25	TR + 10.05%	**1,855**	**11,254**	**13,109**	13,621	14,398
Construction financing	Apr 15 to Mar 25	TR + 9.99%	**1,584**	**9,832**	**11,416**	11,844	12,487
Construction financing	Feb 15 to Jan 25	TR + 9.99%	**2,630**	**15,932**	**18,562**	19,279	20,393
Construction financing	Apr 15 to Mar 25	TR + 9.99%	**3,444**	**21,359**	**24,803**	25,745	27,167
Construction financing	Apr 15 to Mar 25	TR + 10.00%	**1,529**	**9,492**	**11,021**	11,442	12,077
Construction financing	Apr 15 to Mar 25	TR + 10.02%	**1,789**	**11,095**	**12,884**	13,373	14,112
Construction financing	Oct 15 to Sep 25	TR + 9.71%	**2,670**	**17,774**	**20,444**	21,145	22,211
Construction financing	Aug 14 to Jul 25	TR + 9.78%	**2,306**	**14,998**	**17,304**	17,918	18,854
Construction financing	Jan 15 to Dec 22	TR + 10.14%	**3,331**	**13,990**	**17,321**	18,799	21,490
Construction financing	May 15 to Apr 23	TR + 10.05%	**2,076**	**9,349**	**11,425**	12,343	14,005
Construction financing	Aug 15 to Jul 23	TR + 10.07%	**1,412**	**6,684**	**8,096**	8,717	9,839
Construction financing	Jan 15 to Apr 23	TR + 9.59%	**3,520**	**15,873**	**19,393**	20,963	23,680
Construction financing	Jan 15 to Apr 23	TR + 9.61%	**2,136**	**9,632**	**11,768**	12,721	14,478
Construction financing	Apr 16 to Mar 26	TR + 10.14%	**3,124**	**22,195**	**25,319**	26,096	26,173
Construction financing	Feb 16 to Jan 26	TR + 9.75%	**956**	**6,688**	**7,644**	7,892	8,147
(-) Funding cost			**(659)**	**(3,114)**	**(3,773)**	(4,097)	(4,753)
Total subsidiaries			**40,869**	**221,182**	**262,051**	275,437	296,159
Total Consolidated			**64,007**	**334,990**	**398,997**	419,470	515,212

(*) Consider the contractual debt cost plus other funding and debt service costs

The table below shows the payment schedule of loans and financing:

	Separate			Consolidated		
	6/30/17	12/31/16	1/1/16	6/30/17	12/31/16	1/1/16
After the reporting period						
12 months	**23,138**	22,878	79,053	**64,007**	63,400	116,860
13 to 24 months	**21,710**	21,048	26,169	**59,960**	58,168	61,425
25 to 36 months	**21,708**	21,046	19,607	**59,962**	58,166	54,862
37 to 48 months	**21,788**	21,070	19,606	**60,103**	58,216	54,860
More than 48 months	**48,602**	57,991	74,618	**154,965**	181,520	227,205
Total	**136,946**	144,033	219,053	**398,997**	419,470	515,212

Changes in loans and financing are as follows:

	Separate		Consolidated	
	1st half of		1st half of	
	2017	2016	2017	2016
Opening balance	**144,033**	219,053	**419,470**	515,212
Funding	**-**	172,000	**-**	172,000
Accrued financial charges	**7,991**	15,031	**22,128**	31,639
Exchange variations (*)	**-**	(3,238)	**-**	(3,238)
Funding costs	**-**	(895)	**-**	(894)
Amortization of funding costs	**205**	1,057	**528**	1,384
Repayment of principal	**(7,790)**	(60,740)	**(22,333)**	(73,808)
Payment of financial charges	**(7,493)**	(13,136)	**(20,796)**	(26,717)
Closing balance	**136,946**	329,132	**398,997**	615,578

(*) Working capital originally raised in foreign currency amounting to US$8,253 (R$30,000 at funding date). As descried in Note 17(a), the Company hired a derivative financial instrument to hedge its exposure to US dollar fluctuation, by pegging interest to CDI.

b) Debentures

On July 29, 2016, the Company recognized received proceeds totaling R$135,000, related to the ninth issue of simple debentures, for private placement, non-convertible, with unsecured guarantee, represented by 135 debentures with par value of one thousand Brazilian reais, which was fully subscribed and paid by joint venturer MRV Engenharia e Participações S.A. Debentures pay interest by CDI + 2.36% p.a. and mature in October 2017.

The debentures position as of June 30, 2017 and December 31, 2016 and January 1st, 2016 is as follows:

			Separate and Consolidated				
			6/30/17			12/31/16	1/1/16
Issue	Principal maturity	Effective financial charges p.a. (*)	Current	Noncurrent	Total	Total	Total
3rd issue	Jun 14 to Jun 20	CDI + 1.97%	**22,629**	**54,000**	**76,629**	86,956	94,066
4th issue	Aug 16 to Feb 19	CDI + 1.90%	**33,364**	**50,000**	**83,364**	94,629	105,209
6th issue	Dec 15 to Dec 19	CDI + 2.21%	**15,512**	**70,000**	**85,512**	85,700	95,690
7th issue	Jan 17 to Oct 18	118% CDI + 0.14%	**52,215**	**24,999**	**77,214**	102,505	101,246
8th issue	Nov 17 to Dec 19	119% CDI + 0.29%	**24,610**	**36,000**	**60,610**	60,802	60,301
9th issue	Oct 17	CDI + 2.36%	**153,945**	**-**	**153,945**	144,037	-
(-) Funding cost			**(1,810)**	**(2,309)**	**(4,119)**	(5,015)	(6,766)
Total			**300,465**	**232,690**	**533,155**	569,614	449,746

(*) Consider the contractual debt cost plus other funding and debt service costs.

As at June 30, 2017, the debentures are simple, nonconvertible, registered, book-entry, and had the following main features:

Issue	Type	Amount raised	Funding date	Contractual rate	Interest - maturity 1st installment	Charge payment	Repayment of principal
3rd	Collateral	100,000	Jun 13	CDI + 1.90% p.a.	Dec 13	Semiannual	Semiannual
4th	Unsecured (*)	100,000	Feb 14	CDI + 1.85% p.a.	Aug 14	Semiannual	Semiannual
6th	Collateral	100,000	Dec 14	CDI + 2.00% p.a.	Jun 15	Semiannual	Annual
7th	Unsecured (*)	100,000	Dec 15	118% CDI	May 16	Quarterly	Quarterly
8th	Unsecured (*)	60,000	Dec 15	119% CDI	May 16	Semiannual	Semiannual
9th	Unsecured	135,000	Jul 16	CDI + 2.36% p.a.	Ouc 17	Bullet payment	Bullet payment

(*) Includes additional collateral consisting of a mortgage and collateral transfer.

The table below shows the debentures payment schedule:

	Separate and Consolidated								
	6/30/17							12/31/16	1/1/16
After the reporting period	**3rd issue**	**4th issue**	**6th issue**	**7th issue**	**8th issue**	**9th issue**	**Total**	**Total**	**Total**
Amortization:									
12 months	**22,629**	**33,364**	**15,512**	**52,215**	**24,610**	**153,945**	**302,275**	275,633	35,512
13 to 24 months	**24,000**	**50,000**	**25,000**	**24,999**	**24,000**	**-**	**147,999**	152,996	122,004
25 to 36 months	**30,000**	**-**	**45,000**	**-**	**12,000**	**-**	**87,000**	131,000	152,996
37 to 48 months	**-**	**-**	**-**	**-**	**-**	**-**	**-**	15,000	131,000
More than 48 months	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	15,000
Total	**76,629**	**83,364**	**85,512**	**77,214**	**60,610**	**153,945**	**537,274**	574,629	456,512
Gastos:									
12 months	**(454)**	**(300)**	**(415)**	**(288)**	**(353)**	**-**	**(1,810)**	(1,783)	(1,793)
13 to 24 months	**(452)**	**(200)**	**(417)**	**(97)**	**(355)**	**-**	**(1,521)**	(1,789)	(1,793)
25 to 36 months	**(432)**	**-**	**(176)**	**-**	**(180)**	**-**	**(788)**	(1,241)	(1,750)
37 to 48 months	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(202)	(1,228)
More than 48 months	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	(202)
Total	**(1,338)**	**(500)**	**(1,008)**	**(385)**	**(888)**	**-**	**(4,119)**	(5,015)	(6,766)
Total líquido	**75,291**	**82,864**	**84,504**	**76,829**	**59,722**	**153,945**	**533,155**	569,614	449,746

Changes in debentures are as follows:

	Separate and Consolidated	
	1st half of	
	2017	**2016**
Opening balance	**569,614**	449,746
Accrued financial charges	**36,293**	34,929
Funding costs	**-**	(57)
Amortization of funding costs	**896**	899
Repayment of principal	**(45,004)**	-
Payment of financial charges	**(28,644)**	(32,920)
Closing balance	**533,155**	452,597

c) Guarantees

The types of guarantees for loans, financing and debentures as at June 30, 2017 are as follows:

	Consolidated			
	Construction financing	**Debentures**	**Total**	
Collateral/receivables	404,875	383,329	788,204	
No guaranties	-	153,945	153,945	
Total	404,875	537,274	942,149	(*)

(*) Amount of loans, financing and debentures, gross of funding costs.

Collaterals consist of the land, improvements, and properties of the financed projects (see Note 6) and shares of joint venture Parque Torino Imóveis S.A.

d) Allocation of financial charges

Financial charges are capitalized as follows:

	Separate			
	2017		2016	
	2nd quarter	1st half	2nd quarter	1st half
Finance charges:				
Loans, financing and debentures	**(20,796)**	**(45,385)**	(27,812)	(52,829)
Charges due to related parties	**-**	**-**	(194)	(297)
Total financial charges	**(20,796)**	**(45,385)**	(28,006)	(53,126)
Interest capitalized on:				
Investment property (Note 6)	**528**	**1,438**	711	1,311
Investment	**13,269**	**28,027**	22,804	44,148
Financial charges allocated to profit or loss (Note 15)	**(6,999)**	**(15,920)**	(4,491)	(7,667)

	Consolidated			
	2017		2016	
	2nd quarter	1st half	2nd quarter	1st half
Finance charges:				
Loans, financing and debentures	**(27,704)**	**(59,845)**	(36,191)	(69,764)
Charges due to related parties	**-**	**-**	(194)	(297)
Total financial charges	**(27,704)**	**(59,845)**	(36,385)	(70,061)
Interest capitalized on:				
Investment property (Note 6)	**13,092**	**28,027**	23,027	44,905
Investment	**705**	**1,438**	671	1,309
Financial charges allocated to profit or loss (Note 15)	**(13,907)**	**(30,380)**	(12,687)	(23,847)

In the six-month period ended June 30, 2017, total capitalized loans, financing and debentures represented an average charge rate of 13.08% per annum (14.74% per annum for the same period in 2016).

e) Contractual commitments

Loans, financing and debentures do not have restrictive clauses related to financial indicators. As of June 30, 2017, the Company is complying with all contractual obligations of the loan, financing and debenture agreements.

Other information on loans, financing and debentures did not significantly change in relation to the information disclosed in Note 7 to the financial statements for the year ended December 31, 2016.

8. Advances - barters

This balances refers to commitments arising from agreed upon barters under which the Company purchased land in exchange for industrial warehouses. The balances were recognized at fair value on transaction date, measured based on the sales price of the land obtained in technical reports. The commitments will be discharged by handing over the completed industrial warehouses.

9. Income tax and social contribution

(a) Income tax (IRPJ) and social contribution income (CSLL) income (expenses) at the statutory tax rate are reconciled as follows:

	Separate			
	2017		2016	
	2nd quarter	1st half	2nd quarter	1st half
Income before income tax and social contribution	**4,607**	**9,770**	7,449	17,379
Statutory rate - income tax and social contribution	**34%**	**34%**	34%	34%
Nominal expense	**(1,567)**	**(3,322)**	(2,533)	(5,909)
Efeito do IRPJ e da CSLL sobre as diferenças permanentes:				
Results from equity participation grossed with written-off capitalized interest	**7,990**	**16,395**	10,693	20,813
Unrecognized tax credit	**(4,058)**	**(8,826)**	(7,525)	(14,565)
Depreciation of investment properties	**815**	**1,628**	802	1,604
Tax basis difference for companies taxed on deemed				
Other	**(53)**	**321**	(190)	(300)
IRPJ and CSLL credit in profit or loss	**3,127**	**6,196**	1,247	1,643

	Consolidated			
	2017		2016	
	2nd quarter	1st half	2nd quarter	1st half
Income before income tax and social contribution	**6,490**	**13,623**	9,230	21,017
Statutory rate - income tax and social contribution	**34%**	**34%**	34%	34%
Nominal expense	**(2,207)**	**(4,632)**	(3,138)	(7,146)
Effect of IRPJ and CSLL on permanent differences:				
Results from equity participation grossed with written-off capitalized interest	**256**	**675**	164	298
Unrecognized tax credit	**(4,058)**	**(8,826)**	(7,525)	(14,565)
Depreciation of investment properties	**1,066**	**2,130**	1,167	2,334
Tax basis difference for companies taxed on deemed	**6,493**	**13,184**	9,380	18,126
Other	**(302)**	**(182)**	(579)	(1,036)
IRPJ and CSLL credit in profit or loss	**1,248**	**2,349**	(531)	(1,989)

(b) Deferred tax balances

Breakdown of deferred tax assets (liabilities) disclosed in the balance sheets is as follows:

	Separate			Consolidated		
	6/30/17	12/31/16	1/1/16	6/30/17	12/31/16	1/1/16
Noncurrent assets:						
Income tax and social contribution	**96,210**	90,014	51,052	**96,210**	90,213	51,052
Liabilities:						
Income tax and social contribution	**-**	-	-	**(24,629)**	(23,857)	(22,534)
PIS/COFINS	**-**	-	-	**(33,201)**	(32,049)	(29,556)
	-	-	-	**(57,830)**	(55,906)	(52,090)
Current	**-**	-	-	**(1,157)**	(948)	(965)
Noncurrent	**-**	-	-	**(56,673)**	(54,958)	(51,125)
Total	**-**	-	-	**(57,830)**	(55,906)	(52,090)

Breakdown of the deferred income tax and social contribution is as follows:

	Separate			Consolidated		
	6/30/17	**12/31/16**	**1/1/16**	**6/30/17**	**12/31/16**	**1/1/16**
Tax effect on:						
Deferred assets:						
Tax loss carryforwards	**40,000**	33,985	23,160	**44,511**	38,279	26,391
Capitalized interest	**96,075**	96,075	66,384	**96,075**	96,075	66,384
Temporary differences	**275**	94	2,338	**298**	117	2,347
	136,350	130,154	91,882	**140,884**	134,471	95,122
Reclassified deferred liabilities	**(40,140)**	(40,140)	(40,830)	**(44,674)**	(44,258)	(44,070)
Deferred tax assets	**96,210**	90,014	51,052	**96,210**	90,213	51,052
Deferred liabilities:						
Fair value appreciation on investment property	**(40,140)**	(40,140)	(40,830)	**(67,697)**	(66,820)	(65,437)
Rents receivable	**-**	-	-	**(1,606)**	(1,295)	(1,167)
	(40,140)	(40,140)	(40,830)	**(69,303)**	(68,115)	(66,604)
Reclassified deferred liabilities	**40,140**	40,140	40,830	**44,674**	44,258	44,070
Deferred tax liabilities	**-**	-	-	**(24,629)**	(23,857)	(22,534)

The balances of the reclassified deferred taxes are related to taxes on income collected by the same tax authority and were individually made by each legal entity.

As at June 30, 2017, the estimated realization of deferred tax assets, based on the projection of future taxable income, prepared by the Company's management, is as follows:

	IRPJ and CSLL	
	Separate	**Consolidated**
Expected realization:		
2017	126	179
2018	1,792	2,180
2019	3,198	4,074
2020	4,591	6,060
2021	5,879	6,986
After 2021	120,764	121,405
Total	136,350	140,884

As at June 30, 2017, the balance of deferred PIS/COFINS liabilities refers to the tax effect on: (i) fair value appreciation on investment property; and (ii) rents receivable for the remaining balance.

Changes in deferred income tax (IRPJ) and social contribution (CSLL) assets and liabilities for the six-month period ended June 30, 2017 and 2016 is as follows:

	Separate				Consolidated			
	2017			2016	2017			2016
	Assets	**Liabilities**	**Net**	**Net**	**Assets**	**Liabilities**	**Net**	**Net**
Opening balance	**130,154**	**(40,140)**	**90,014**	51,052	**134,471**	**(68,115)**	**66,356**	28,518
Effect of deferred IRPJ and CSLL recognized in:								
Net income (loss) for the period	**6,196**	**-**	**6,196**	1,643	**6,413**	**(1,188)**	**5,225**	602
Closing balance	**136,350**	**(40,140)**	**96,210**	52,695	**140,884**	**(69,303)**	**71,581**	29,120

10. Provisions for labor, tax and civil contingencies

Changes for the six-month period ended June 30, 2017 and 2016 is as follows:

	Separate		Consolidated	
	1st half of		1st half of	
	2017	**2016**	**2017**	**2016**
Opening balance	**495**	739	**495**	739
Additions and update	**223**	241	**787**	241
Paymen	**(72)**	(172)	**(137)**	(172)
Reversal	**(41)**	(9)	**(211)**	(9)
Closing balance	**605**	799	**934**	799

Lawsuits assessed as possible losses by the legal counsel related to labor lawsuits, amounted to R$2,131 as at June 30, 2017 (R$747 at December 31, 2016 and R$552 at January 1st, 2016).

Based on the legal counsel's assessment, there are there tax lawsuits amounting R$545, and five civil lawsuits amounting R$85, classified as with a probable likelihood of an unfavorable outcome, and there are not lawsuits classified as with a probable likelihood of unfavorable outcome.

Other information on the provision for labor, tax and civil risks is not significantly different from the information disclosed in Note 10 to the financial statements for the year ended December 31, 2016.

11. Equity

(a) Common shares and issued capital

	Separate and Consolidated		
	6/30/17	**12/31/16**	**1/1/16**
Capital social	**1,003,820**	1,003,820	729,043
Number of common shares, without par value (thousand)	**50,851**	203,402	174,557

On February 06, 2017, the Extraordinary Shareholders' Meeting approved the reverse split of the Company's shares in the ratio of four to one. The fractional shares generated after the reverse split were canceled and the amount corresponding to such fractions will be reimbursed to the shareholders based on the equity value of each share. The new shareholding structure of the Company is 50,851 thousand common shares, with no par value and without changes in the capital stock of R$1,003,820 which remained unchanged.

The Company's authorized capital as at June 30, 2017 and December 31, 2016 and January 1st, 2016 was R$2,000,000.

(b) Mandatory minimum dividend payable to shareholders

Fiscal year 2016 dividends, amounting to R$8,466, were approved at the Annual Shareholders' Meeting held on April 28, 2017. On August 8, 2017 a material fact was released that the Executive Board will propose the Extraordinary General Meeting to execute the dividend payment fifteen days after the referred material fact´s release date (Note 22).

Fiscal year 2015 dividends, amounting to R$1,634, were approved at the Annual Shareholders' Meeting held on April 29, 2016 and paid on June 28, 2016.

Other information on shareholders' equity, including on the stock option plan, did not significantly change in relation to the information disclosed in Note 11 to the financial statements for the year ended December 31, 2016.

12. Earnings per share

Net income and the weighted average number of common shares used to calculate basic and diluted earnings per share are as follows:

	Separate and Consolidated			
	2017		2016	
	2nd quarter	1st half	2nd quarter	1st half
Basic earnings per share				
Net income for the period	**7,734**	**15,966**	8,696	19,022
Weighted average number of outstanding common shares (in thousands)	**50,851**	**50,851**	43,641	43,640
Basic earnings per share - in R$	**0.15209**	**0.31398**	0.19926	0.43588
Diluted earnings per share:				
Net income for the period	**7,734**	**15,966**	8,696	19,022
Weighted average number of outstanding common shares (in thousands)	**50,851**	**50,851**	43,641	43,640
Dilutive effect of stock options (in thousands)	**155**	**155**	156	156
Weighted average number of outstanding common shares (in thousands)	**51,006**	**51,006**	43,797	43,796
Diluted earnings per share - in R$	**0.15163**	**0.31302**	0.19855	0.43433

In conformity with CPC 41– Earning per share (IAS 33), item 64, basic and diluted earnings per share calculations were performed considering the reverse split of shares occurred on February 6, 2017.

13. Net revenue

	Separate			
	2017		2016	
	2nd quarter	1st half	2nd quarter	1st half
Rental revenue	**4,656**	**9,294**	4,858	10,437
PIS/COFINS on revenue	**(432)**	**(860)**	(419)	(935)
Net revenue	**4,224**	**8,434**	4,439	9,502

	Consolidated			
	2017		2016	
	2nd quarter	1st half	2nd quarter	1st half
Rental revenue	**26,655**	**52,223**	25,903	51,702
PIS/COFINS on revenue	**(1,622)**	**(3,202)**	(1,675)	(3,410)
Net revenue	**25,033**	**49,021**	24,228	48,292

14. Costs and expenses by nature

	Separate			
	2017		2016	
	2nd quarter	1st half	2nd quarter	1st half
Depreciation	**(60)**	**(121)**	(50)	(111)
Advertising	**(214)**	**(377)**	(104)	(193)
Salaries, charges and benefits	**(1,535)**	**(2,985)**	(1,059)	(2,197)
Management compensation	**(264)**	**(523)**	(270)	(562)
Outside services	**(578)**	**(1,227)**	(590)	(1,183)
General expenses	**(479)**	**(1,010)**	(408)	(1,019)
Stock options	**(57)**	**(114)**	(79)	(163)
Vacancy expenses	**(425)**	**(880)**	(556)	(934)
Other	**(1,503)**	**(2,157)**	(127)	(307)
	(5,115)	**(9,394)**	(3,243)	(6,669)
Classified as:				
Selling expenses	**(1,326)**	**(2,555)**	(1,248)	(2,170)
General and administrative expense	**(2,022)**	**(4,159)**	(1,606)	(3,631)
Management compensation	**(264)**	**(523)**	(270)	(562)
Other operating expenses	**(1,503)**	**(2,157)**	(119)	(306)
	(5,115)	**(9,394)**	(3,243)	(6,669)

	Consolidated			
	2017		2016	
	2nd quarter	1st half	2nd quarter	1st half
Depreciation	**(62)**	**(124)**	(48)	(115)
Advertising	**(214)**	**(377)**	(104)	(193)
Salaries, charges and benefits	**(1,536)**	**(2,986)**	(1,042)	(2,180)
Management compensation	**(264)**	**(523)**	(270)	(562)
Outside services	**(1,330)**	**(2,687)**	(1,482)	(2,871)
General expenses	**(583)**	**(1,083)**	(444)	(1,201)
Stock options	**(58)**	**(114)**	(79)	(163)
Vacancy expenses	**(1,251)**	**(2,567)**	(1,413)	(2,512)
Other	**(2,180)**	**(2,785)**	(498)	(294)
	(7,478)	**(13,246)**	(5,380)	(10,091)
Classified as:				
Selling expenses	**(2,676)**	**(5,170)**	(2,787)	(5,127)
General and administrative expense	**(2,358)**	**(4,768)**	(1,836)	(4,108)
Management compensation	**(264)**	**(523)**	(270)	(562)
Other operating expenses	**(2,180)**	**(2,785)**	(487)	(294)
	(7,478)	**(13,246)**	(5,380)	(10,091)

15. Financial expenses and income

	Separate			
	2017		2016	
	2nd quarter	1st half	2nd quarter	1st half
Financial expenses				
Interest on loans, financing and debentures (Note 7 (d))	**(6,999)**	**(15,920)**	(4,491)	(7,667)
Loss on mark-to-market derivative financial instruments	**-**	**-**	(359)	(359)
Inflation adjustments	**(211)**	**(597)**	-	-
Other financial expenses	**(95)**	**(233)**	385	(63)
	(7,305)	**(16,750)**	(4,465)	(8,089)
Financial income				
Gain on short-term investment	**1,665**	**5,324**	637	903
Inflation adjustments	**132**	**436**	887	3,146
Other financial income	**71**	**87**	(121)	209
	1,868	**5,847**	1,403	4,258
Financial income (expenses)	**(5,437)**	**(10,903)**	(3,062)	(3,831)

	Consolidated			
	2017		2016	
	2nd quarter	1st half	2nd quarter	1st half
Financial expenses				
Interest on loans, financing and debentures (Note 7 (d))	**(13,907)**	**(30,380)**	(12,687)	(23,847)
Loss on mark-to-market derivative financial instruments	**-**	**-**	(359)	(359)
Inflation adjustments	**(211)**	**(597)**	-	-
Other financial expenses	**(156)**	**(338)**	190	(355)
	(14,274)	**(31,315)**	(12,856)	(24,561)
Financial income				
Gain on short-term investment	**1,752**	**5,523**	745	1,107
Inflation adjustments	**132**	**436**	887	3,147
Other financial income	**155**	**340**	(65)	376
	2,039	**6,299**	1,567	4,630
Financial income (expenses)	**(12,235)**	**(25,016)**	(11,289)	(19,931)

16. Related parties

Related-party balances and transactions are as follows:

	Separate			Consolidated		
	6/30/17	12/31/16	1/1/16	6/30/17	12/31/16	1/1/16
Balance sheet:						
Short-term investments (a)	**26,558**	25,067	12,676	**26,558**	25,067	12,676
Rental receivables (b)	**20**	20	18	**276**	273	325
Receivables for sale of subsidiary (e)	**2,167**	4,767	5,062	**2,167**	4,768	5,062
Debentures (f)	**153,945**	144,037	-	**153,945**	144,037	-
Rental payables (g)	**39**	37	-	**39**	37	-

	Separate			
	2017		2016	
	2nd quarter	1st half	2nd quarter	1st half
Transactions:				
Gain on short-term investments (a)	**692**	**1,491**	240	451
Rental receivables (b)	**73**	**146**	68	136
Expenses on administrative services (c)	**230**	**452**	272	408
Financial expenses due to related parties (d)	**-**	**-**	194	297
Financial expenses w ith debentures (f)	**4,670**	**9,908**	-	-
Rental expense (g)	**118**	**230**	-	-

	Consolidated			
	2017		2016	
	2nd quarter	1st half	2nd quarter	1st half
Transactions:				
Gain on short-term investments (a)	**692**	**1,491**	240	451
Rental receivables (b)	**1,111**	**2,296**	1,106	2,176
Expenses on administrative services (c)	**499**	**982**	540	888
Financial expenses due to related parties (d)	**-**	**-**	194	297
Financial expenses w ith debentures (f)	**4,670**	**9,908**	-	-
Rental expense (g)	**118**	**230**	-	-

(a) Refers to short-term investments in CDBs on Banco Intermedium S.A ("Inter"), which is controlled by the controlling shareholder of MRV Engenharia e Participações S.A. As at June 30, 2017 and December 31, 2016, short-term investments yielded 105.00% of CDI in the separate financial statements and on a consolidated basis and 108.00% on January 1st, 2016.

Joint venture Cabral Investimentos SPE Ltda ("Cabral") holds short-term investments on Inter amounting to R$9,845 at June 30, 2017 (R$9,277 at December 31, 2016 and R$ 13,899 at January 1st, 2016). The financial income arising on these investments was R$568 for the six-month period ended June 30, 2017 (R$978 for the same period of 2016).

(b) Refers to rental agreement entered into by the Company and subsidiaries with Patrus Transportes Urgentes Ltda., controlled by one of the Company's non-controlling shareholders

(c) Amounts related to expenses incurred on the provision of administrative services by MRV Engenharia e Participações S.A. The agreement provides for the monthly payment of R$4.5 per project developed by the Company or its investees, as at June 30, 2017 (R$4.0 as at June 30, 2016). This amount is annually adjusted using the average salary increase percentage granted to the employees of MRV Engenharia e Participações S.A. 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. On December 02, 2016, in the absence of opposition by the parties, the contract was automatically extended for an equal period.

(d) Refers to the expenses on loan between the Company and its joint parent company MRV Engenharia e Participações S.A. amounting to R$12,333, granted in first quarter of 2016. The loan was subject to CDI + 2.36% per annum and the outstanding balance was fully repaid during 2016.

(e) In 2015, the Company and subsidiary LDI LOG Desenvolvimento Imobiliário Ltda. ("LDI") sold their equity interests in the company MRV LOG SP I Incorporações SPE Ltda. ("Office Park Pirituba") to MRV Engenharia e Participações S.A., as described in Note 5 (a).

(f) As mentioned in Note 7 (b), refers to the ninth issue of simple debentures, for private placement, non-convertible, with unsecured guarantee, amounting R$135,000, with interest rate by CDI + 2.36% p.a., which was fully subscribed and paid by joint venturer MRV Engenharia e Participações S.A. on July 29, 2016.

(g) Refer to rental agreement of part of tenth floor of the office building where the head office is located, owned by the companies Conedi Participações Ltda. ("Conedi") and MA Cabaleiro Participações Ltda. ("MA Cabaleiro"). Conedi is a Company´s shareholder and MA Cabaleiro is owned by Marcos Alberto Cabaleiro Fernandez, minority shareholder and member of the Company's board. The rental agreement is effective until February 28, 2025, adjustable by the General Market Price Index (IGPM) and as at June 30, 2017 provides for monthly payment of R$39 (R$37 as of December 31, 2016 and zero on January 1st, 2016).

On August 13, 2015, joint venture Cabral Investimentos SPE Ltda. sold a plot of land to MRV Engenharia e Participações S.A. for R$7,500, paid in a R$750 down payment and 12 monthly installments of R$563, adjusted using the INCC (National Construction Cost Index). The balance was repaid in August 2016 and interest income earned on this transaction was R$72 for the six-month period ended June 30, 2016.

The Group conducts transactions with Banco Bradesco, manager of the mutual fund Fundo de Investimento em Participações Multisetorial Plus, a Company shareholder. As at June 30, 2017, these transactions consist of loans, financing, and debentures totaling R$426,734 (R$460,206 at December 31, 2016 and 468,076 at January 1st, 2016). During the three-and six-month period ended June 30, 2017, these transactions, conducted at usual market rates, generated financial expenses of R$12,034 and R$25,914, respectively (R$15,221 and R$ 30,343 for the same period of 2016).

Compensation of key management personnel

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

	Separate and Consolidated			
	2017		2016	
	2nd quarter	1st half	2nd quarter	1st half
Short-term benefits granted to management:				
Management compensation (*)	**264**	**523**	270	562
Profit sharing	**125**	**250**	120	240
Non-monetary benefits	**13**	**25**	11	20
Long-term benefits to management:				
Retirement private plan	**11**	**11**	-	-
Share-based compensation:				
Stock option plan	**44**	**88**	60	125
	457	**897**	461	947

(*) Does not include the employer social security contributions at the rate of 20%.

On April 28, 2017, the Extraordinary Shareholders' Meeting approved overall management compensation of R$2,290.

Other than the above, the Company does not grant any other benefits such as postemployment benefits, other long-term benefits, or severance payments.

17. Financial instruments and risk management

(a) Financial instruments

Financial instruments are represented by the balances of: cash, banks, short-term investments, trade receivables, trade payables, loans, financing, debentures, and derivatives. All financial instruments held by the Group were recorded as at June 30, 2017.

On March 30, 2016, the Company entered into a non-speculative derivative financial instrument to hedge its exposure to the US dollar fluctuation in working capital transaction amounting to US$8,253 (R$30,000 at funding date). This derivative was fully redeemed on its maturity date by the amount of R$5,301 and its sole purpose was to hedge the risk of foreign exchange fluctuations by swapping the US dollar fluctuation for a CDI floating rate. Main conditions and effects are described below.

Type of transaction	Assets/ liabilities	Maturity	Notional dollar amount	Notional real amount	Long position	Short position	6/30/16 Loss on transaction	6/30/16 Mark-to-market	6/30/16 Derivative fair value
Swap	US dollar fluctuation + 3.20% p.a. / CDI + 1.47% p.a.	09/30/16	8,253	30,000	26,988	31,139	(4,151)	(359)	(4,510)
Total - current liabilities							(4,151)	(359)	(4,510)

Impact on profit or loss – Separate and Consolidated			
	Loss on transaction	Mark-to-market	Total
2nd quarter of 2016	(3,943)	(359)	(4,302)
1st half of 2016	(4,151)	(359)	(4,510)

Impact on net income (loss) of the derivative above is recognized in line item financial expenses.

(b) Category of financial instruments

	Separate			Consolidated		
	6/30/17	**12/31/16**	**1/1/16**	**6/30/17**	**12/31/16**	**1/1/16**
Financial assets:						
Cash and banks	**69**	77	499	**837**	380	683
Fair value through profit or loss held for trading (*)	**26,558**	40,113	13,545	**26,569**	40,128	16,761
Loans and receivables	**13,265**	15,531	14,694	**35,246**	36,894	33,760
Financial liabilities:						
Amortized cost	**670,758**	714,373	669,600	**935,360**	992,645	971,559

(*) Financial assets and liabilities recognized at fair value with level 2 measurement.

(c) Exposure to interest rates and inflation adjustment indices

The analysis below at June 30, 2017, has been prepared in accordance to Note 17 (c), to the financial statements for the year ended December 31, 2016.

Index	**Financial asset**	**Financial liability**	**Net exposed financial liability**	**Effective rate for the 12-month period ended 6/30/17**	**Estimated annual rate for 2017 (*)**		**Change in effective rate for the relevant scenario**	**Total estimated effect**
Probable scenario:								
CDI	26,569	(576,011)	(549,442)	12.86%	8.95%	(i)	-3.91%	21,483
TR	-	(366,138)	(366,138)	1.55%	0.01%	(i)	-1.54%	5,639
								27,122
Scenario I:								
CDI	26,569	(576,011)	(549,442)	12.86%	11.19%		-1.67%	9,176
TR	-	(366,138)	(366,138)	1.55%	0.01%		-1.54%	5,639
								14,815
Scenario II:								
CDI	26,569	(576,011)	(549,442)	12.86%	13.43%		0.57%	(3,132)
TR	-	(366,138)	(366,138)	1.55%	0.02%		-1.53%	5,602
								2,470

(i) Data obtained on the BM&F Bovespa website.
(*) Effective change for the first six months of 2017 plus a projection for the next six months of 2017.

As required by IFRS 7, management believes that the estimated annual rates presented in the probable scenario above reflect the reasonable possible scenario for 2017.

(d) Capital risk management

As of June 30, 2017 and December 31, 2016, and January 1st, 2016, the debt-equity ratio is as follows:

	Separate			Consolidated		
	6/30/17	**12/31/16**	**1/1/16**	**6/30/17**	**12/31/16**	**1/1/16**
Loans, financing and debentures	**670,101**	713,647	668,799	**932,152**	989,084	964,958
Cash and cash equivalents	**(26,627)**	(143,180)	(13,858)	**(27,406)**	(146,941)	(17,258)
Net debt	**643,474**	570,467	654,941	**904,746**	842,143	947,700
Equity	**1,787,706**	1,774,157	1,495,765	**1,787,853**	1,774,284	1,495,873
Net debt-to-equity ratio	**36.0%**	32.2%	43.8%	**50.6%**	47.5%	63.4%

The Group is currently at a stage of sustainable expansion of their project portfolio aimed at improving the allocation of available resources to maintain the growth of its cash flows and improve its capital structure.

(e) Liquidity and interest rate risk table

The undiscounted cash flows of financial liabilities based on the closest date when the Group is expected to settle the related obligations, and based on the future estimated indices at June 30, 2017 through their due date, are as follows:

	Up to 1 year	1 to 2 year	2 to 3 year	Over 3 year	Total
Separate:					
Floating rates	367,685	198,085	120,893	107,607	794,270
Non-interest bearing securities	657	-	-	-	657
Total	368,342	198,085	120,893	107,607	794,927
Consolidated:					
Floating rates	426,559	255,241	173,113	334,107	1,189,020
Non-interest bearing securities	3,208	-	-	-	3,208
Total	429,767	255,241	173,113	334,107	1,192,228

(f) Fair value of financial instruments

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

	Separate								
	6/30/17			12/31/16			1/1/16		
Financial instruments	Carrying amount	Fair value (*)	Difference	Carrying amount	Fair value (*)	Difference	Carrying amount	Fair value (*)	Difference
Debentures:									
CDI + 1.90% p.a.	**76,629**	**76,690**	**(61)**	86,956	86,803	153	94,066	90,373	3,693
CDI + 1.85% p.a.	**83,364**	**82,412**	**952**	94,629	88,130	6,499	105,209	101,492	3,717
CDI + 2.00% p.a.	**85,512**	**82,587**	**2,925**	85,700	81,780	3,920	95,690	91,448	4,242
118% CDI p.a.	**77,214**	**76,443**	**771**	102,505	100,644	1,861	101,246	99,356	1,890
119% CDI p.a.	**60,610**	**58,714**	**1,896**	60,802	58,438	2,364	60,301	58,695	1,606
CDI + 2.36% p.a.	**153,945**	**153,945**	**-**	144,037	144,037	-	-	-	-
Total	**537,274**	**530,791**	**6,483**	574,629	559,832	14,797	456,512	441,364	15,148
Working Capital Loans:									
CDI + 1.60% p.a.	**-**	**-**	**-**	**-**	**-**	**-**	15,372	15,323	49
CDI + 2.00% p.a.	**-**	**-**	**-**	**-**	**-**	**-**	50,212	50,212	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	65,584	65,535	49
Financing:									
Construction financing	**139,051**	**139,051**	**-**	146,342	146,342	-	156,923	156,923	-
Grand total (w/o issuance costs)	**676,325**	**669,842**	**6,483**	720,971	706,174	14,797	679,019	663,822	15,197

	Consolidated								
	6/30/17			12/31/16			1/1/16		
Financial instruments	Carrying amount	Fair value (*)	Difference	Carrying amount	Fair value (*)	Difference	Carrying amount	Fair value (*)	Difference
Debentures:									
CDI + 1.90% p.a.	**76,629**	**76,690**	**(61)**	86,956	86,803	153	94,066	90,373	3,693
CDI + 1.85% p.a.	**83,364**	**82,412**	**952**	94,629	88,130	6,499	105,209	101,492	3,717
CDI + 2.00% p.a.	**85,512**	**82,587**	**2,925**	85,700	81,780	3,920	95,690	91,448	4,242
118% CDI p.a.	**77,214**	**76,443**	**771**	102,505	100,644	1,861	101,246	99,356	1,890
119% CDI p.a.	**60,610**	**58,714**	**1,896**	60,802	58,438	2,364	60,301	58,695	1,606
CDI + 2.36% p.a.	**153,945**	**153,945**	**-**	144,037	144,037	-	-	-	-
Total	**537,274**	**530,791**	**6,483**	574,629	559,832	14,797	456,512	441,364	15,148
Working Capital Loans:									
CDI + 1.60% p.a.	**-**	**-**	**-**	**-**	**-**	**-**	15,372	15,323	49
CDI + 2.00% p.a.	**-**	**-**	**-**	**-**	**-**	**-**	50,212	50,212	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	65,584	65,535	49
Financing:									
Construction financing	**404,875**	**404,875**	**-**	425,876	425,876	-	457,835	457,835	-
Grand total (w/o issuance costs)	**942,149**	**935,666**	**6,483**	1,000,505	985,708	14,797	979,931	964,734	15,197

(*) Recognized at fair value with level 2 measurement.

The fair values of loans, financing, and debentures subject to CDI rate plus spread and TR plus spread, were estimated by the Company's management based on the future value of the loans on maturity at the contracted rate, discounted to present value at the market rate at June 30, 2017 and December 31, 2016 and January at 2016.

The table below shows a comparison of the contracted and market rates, Separate and Consolidated, at June 30, 2017, is as follows:

	Current market rate	Maturity dates
Debentures:		
CDI + 1.90% p.a.	CDI + 1.85% p.a.	June 2020
CDI + 1.85% p.a.	CDI + 3.02% p.a.	February 2019
CDI + 2.00% p.a.	CDI + 4.19% p.a.	December 2019
118% CDI p.a.	CDI + 3.30% p.a.	October 2018
119% CDI p.a.	CDI + 4.18% p.a.	December 2019
CDI + 2.36% p.a.	CDI + 2.36% p.a.	October 2017
Construction financing:		
CDI + 1.65% p.a.	CDI + 1.65% p.a.	October 2024
TR + 9.30% a 11.50% p.a.	TR + 9.30% a 11.50% p.a.	August 2026

Management believes that the carrying value of other financial instruments such as cash, banks, short-term investments, trade receivables, and trade payables approximate their fair values because a significant portion of the balances matures on dates close to the reporting period.

Other information on financial instruments and risk management is not significantly different from the information disclosed in Note 17 to the financial statements for the year ended December 31, 2016.

18. Guarantees

Except for the guarantees described in Notes 6 and 7, the Group does not collateralize any of its assets and is not the guarantor of any other type of third-party transactions.

19. Commitments

On November 8, 2010, the Company entered into a shareholders' agreement with Agropecuária Aroeiras Ltda. mainly aimed at establishing how the capital of Betim I Incorporações SPE Ltda. will be contributed, and other shareholders contractual relationship. Considering that Agropecuária Aroeiras Ltda. capital contribution was land at the time the SPE was created and the Company contributions is in cash over time, the unpaid balance will be adjusted using a rate equivalent to 66% of CDI. As at June 30, 2017, the amount to be paid by the Company is R$3,449 (R$8,270 as at December 31, 2016, and R$11,986 as at January 1st, 2016).

20. Noncash transactions

During the six-month period ended June 30, 2017 and 2016, the Company and its subsidiaries conducted the following investment and financing transactions that did not involve cash, and, therefore, are not reflected in the statement of cash flows:

	Separate		Consolidated	
	1st half of		1st half of	
	2017	2016	2017	2016
Interest capitalization	**29,465**	45,459	**29,465**	46,214
Capital increase arising from the capitalization of reserve	**-**	24,602	**-**	24,602

21. Insurance

The Group has an insurance policy that considers primarily risk concentration and materiality, considering its business´ nature, and advice of the insurance brokers. As at June 30, 2017, insurance coverage is as follows:

Items	Type of coverage	Insured amount
Engineering risk insurance	Insures, during the project construction period, any compensation for damages caused to the construction, such as fire, lightening, theft, and other specific coverage of facilities and assemblies on the insured site.	4,746
Civil liability (officers)	Insures the coverage of pain and suffering payable by Company officers (D&O).	5,000
Group life and personal injury insurance	Insures payment of compensation related to involuntary personal injuries to employees, contractors, interns, and officers.	13,149
Corporate insurance	Insures payment of compensation to the Company for covered events occurring in leased commercial properties, events such as electric damages, fire, lightening, w indstorm, etc.	87,286
Legal guarantee insurance	Insures to the policyholder the payment of any disputed amount in full related to any law suit filed w ith any court or threatened. The contracted guarantee replaces escrow deposits.	590

22. Subsequent events

On August 8, 2017, the Executive Board will propose Extraordinary General Meeting (ESM), to be held fifteen days after the issuance date, as follows:

- Capital increase of R$308,466, fully supported by the Company's current shareholders carried out in three installments in August and October 2017 and January 2018 The proceeds from this capital increase will be allocated in debt repayments and new investments through the construction and expansion of assets already held by the Company;

- Payment of fiscal year 2016 dividends, approved at the Annual Shareholders' Meeting held on April 28, 2017, at the same date of the mentioned Extraordinary General Meeting (ESM).

23. Approval of the interim financial statements

These interim financial statements were approved by the executive committee and authorized for issue on August 08, 2017.