Interim Financial Statements (ITR)

LOG Commercial Properties e Participações S.A.

Interim Condensed Separate and Consolidated Financial Statements for the Quarter Ended September 30, 2016 and Report on Review of Condensed Interim Financial Statements

LOG Commercial Properties e Participações S.A.

Interim Condensed Financial Statements (ITR)

September 30, 2016

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Convenience translation into English from the original previously issued in Portuguese.

Auditors report on review of condensed interim financial information (ITR)

The Shareholders and Officers
LOG Commercial Properties e Participações S.A.
Belo Horizonte - MG

Introduction

We have reviewed the accompanying condensed separate and consolidated interim financial information of LOG Commercial Properties e Participações S.A. ("Company"), contained in the Quarterly Information Form - ITR for the quarter ended September 30, 2016, which comprise the balance sheet as at September 30, 2016 and the related statement of operations, statement of comprehensive income, statement of changes in equity and cash flow statement for the nine-month period ended, including the explanatory notes.

Management is responsible for the preparation of the condensed separate and consolidated interim 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 consistently with standards issued by the 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 and ISRE 2410 - Review of condensed 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.

Conclusion on the condensed separate and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed separate and consolidated interim financial information included in the quarterly information referred to above are not presented, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of quarterly information (ITR) and presented consistently with the rules issued by the Brazilian Securities Exchange Commission.

Other matters

Statements of value added

We have also reviewed the separate and consolidated statement of value added (SVA), for the nine-month period ended September 30, 2016, prepared under the responsibility of Company's management. The presentation of condensed interim financial information is required in accordance with CVM Standards applicable to the preparation of quarterly information (ITR), and as supplementary information by IFRS, which do not require SVA presentation. These statements have been subject to the same review procedures described above and, based on our review nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the individual and consolidated interim financial information taken as a whole.

Belo Horizonte, November 08, 2016

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

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

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

Code	Description	Current Quarter 9/30/2016	Previous year 12/31/2015
1	Total assets	2,358,249	2,211,213
1.01	Current assets	36,059	30,073
1.01.01	Cash and cash equivalents	14,695	13,858
1.01.03	Receivables	11,542	7,243
1.01.03.01	Trade receivables	11,542	7,243
1.01.06	Recoverable taxes	5,380	6,400
1.01.06.01	Recoverable current taxes	5,380	6,400
1.01.07	Prepaid expenses	4,442	2,386
1.01.08	Other current assets	-	186
1.01.08.03	Other	-	186
1.01.08.03.01	Derivative	-	186
1.02	Noncurrent assets	2,322,190	2,181,140
1.02.01	Long-term assets	76,894	78,033
1.02.01.03	Receivables	4,857	7,451
1.02.01.03.01	Trade receivables	4,857	7,451
1.02.01.06	Deferred taxes	56,311	51,052
1.02.01.06.01	Deferred income tax and social contribution	56,311	51,052
1.02.01.07	Prepaid expenses	609	4,214
1.02.01.09	Other noncurrent assets	15,117	15,316
1.02.01.09.03	Recoverable taxes	14,771	15,166
1.02.01.09.04	Other	346	150
1.02.02	Investments	2,243,799	2,101,483
1.02.02.01	Investments in subsidiaries and jointly controlled entities	1,809,019	1,671,313
1.02.02.01.02	Investments in subsidiaries	1,566,285	1,433,999
1.02.02.01.03	Investments in jointly controlled entities	242,734	237,314
1.02.02.02	Investment property	434,780	430,170
1.02.03	Property and equipment	1,497	1,624
1.02.03.01	Property and equipment in use	1,497	1,624

Separate / Balance Sheets – Liabilities and Shareholder's Equity

(In thousands of Brazilian reais – R$)

Code	Description	Current Quarter 9/30/2016	Previous year 12/31/2015
2	Total liabilities	2,358,249	2,211,213
2.01	Current Liabilities	322,908	118,356
2.01.01	Labor and social liabilities	2,216	2,223
2.01.01.01	Social liabilities	461	413
2.01.01.02	Labor liabilities	1,755	1,810
2.01.02	Suppliers	779	801
2.01.02.01	Domestic trade accounts payable	779	801
2.01.03	Tax liabilities	498	620
2.01.03.01	Federal taxes	431	517
2.01.03.01.01	Income taxes and social contribution	49	49
2.01.03.01.02	Other federal taxes	382	468
2.01.03.03	Municipal taxes	67	103
2.01.04	Loans and financing	319,088	112,772
2.01.04.01	Loans and financing	71,819	79,053
2.01.04.01.01	Loans and financing in domestic currency	71,819	79,053
2.01.04.02	Debentures	247,269	33,719
2.01.05	Others liabilities	327	1,940
2.01.05.02	Other	327	1,940
2.01.05.02.02	Mandatory minimum dividend payable	-	1,634
2.01.05.02.07	Other	327	306
2.02	Noncurrent liabilities	512,252	597,092
2.02.01	Loans and financing	471,180	556,027
2.02.01.01	Loans and financing	126,349	140,000
2.02.01.01.01	Loans and financing in domestic currency	126,349	140,000
2.02.01.02	Debentures	344,831	416,027
2.02.02	Others liabilities	41,072	41,065
2.02.02.02	Other	41,072	41,065
2.02.02.02.04	Advances - barters	40,000	40,000
2.02.02.02.05	Provisions for labor, tax and civil contingencies	668	739
2.02.02.02.06	Other	404	326
2.03	Equity	1,523,089	1,495,765
2.03.01	Paid-in capital	753,820	729,043
2.03.02	Capital reserves	1,929	24,840
2.03.02.01	Share subscription premium	-	23,143
2.03.02.04	Recognized options granted	1,929	1,697
2.03.04	Earnings reserve	741,882	741,882
2.03.04.01	Legal reserve	16,848	16,848
2.03.04.05	Retained profit reserve	725,034	725,034
2.03.05	Retained earnings/accumulated losses	25,458	-

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

Code	Description	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
3.01	Revenue from sales and/or services	4,371	13,873	5,179	14,896
3.03	Gross profit	4,371	13,873	5,179	14,896
3.04	Operating income (expenses)	5,279	16,987	5,432	(8,418)
3.04.01	Selling expenses	(1,413)	(3,583)	(1,086)	(3,444)
3.04.02	General and administrative expenses	(2,258)	(6,451)	(2,063)	(6,028)
3.04.04	Other operating incomes	60	137	50	6,835
3.04.04.01	Changes in the fair value of investment property	-	-	-	978
3.04.04.02	Other operating incomes	60	137	50	5,857
3.04.05	Other operating expenses	(79)	(462)	(234)	(6,321)
3.04.05.01	Other operating expenses	(79)	(462)	(234)	(6,321)
3.04.06	Results from equity participation	8,969	27,346	8,765	540
3.05	Income before financial income and taxes	9,650	30,860	10,611	6,478
3.06	Financial income (expenses)	(6,830)	(10,661)	95	(4,679)
3.06.01	Financial income	3,144	7,402	6,480	15,501
3.06.02	Financial expenses	(9,974)	(18,063)	(6,385)	(20,180)
3.07	Income before taxes	2,820	20,199	10,706	1,799
3.08	Income tax and social contribution	3,616	5,259	113	1,578
3.08.01	Current	-	-	-	(15)
3.08.02	Deferred	3,616	5,259	113	1,593
3.09	Net income (loss) from continuing operations	6,436	25,458	10,819	3,377
3.11	Net income (loss) for the period	6,436	25,458	10,819	3,377
3.99	Earnings per share (In Reais - R$):				
3.99.01	Basic				
3.99.01.01	ON	0.03683	0.14579	0.06198	0.01954
3.99.02	Diluted				
3.99.02.01	ON	0.03676	0.14551	0.06186	0.01951

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

Code	Description	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
4.01	Net income for the period	6,436	25,458	10,819	3,377
4.03	Comprehensive income for the period	6,436	25,458	10,819	3,377

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

Code	Description	1/1/2016 to 9/30/2016	1/1/2015 to 9/30/2015
6.01	Net cash used in operating activities	60,909	104,826
6.01.01	Cash provided by operating activities	8,213	14,225
6.01.01.01	Net income for the period	25,458	3,377
6.01.01.02	Depreciation	169	145
6.01.01.03	Results from equity participation	(27,346)	(540)
6.01.01.04	Incurred interest	14,401	19,738
6.01.01.05	Deferred taxes	(5,259)	(2,895)
6.01.01.06	Stock options	232	280
6.01.01.07	Amortization of prepaid expenses	480	470
6.01.01.08	Changes in the fair value of investment property	-	323
6.01.01.09	Results from derivative financial instruments	-	(6,673)
6.01.01.10	Allowance for doubtful debts	78	-
6.01.02	Changes in assets and liabilities	52,696	90,601
6.01.02.01	(Increase) decrease in trade accounts receivable	(4,936)	(4,348)
6.01.02.02	(Increase) decrease in recoverable taxes	1,537	(1,005)
6.01.02.03	(Increase) decrease in prepaid expenses	1,069	(684)
6.01.02.04	(Increase) decrease in other assets	(196)	(123)
6.01.02.05	Increase (decrease) in payroll, social charges and benefits	(7)	(106)
6.01.02.06	Increase (decrease) in taxes, charges and contributions	(158)	(369)
6.01.02.07	Increase (decrease) in other liabilities	28	2,734
6.01.02.09	Dividends received from subsidiaries	52,206	67,275
6.01.02.10	Proceeds from land sales / subsidiary	3,153	27,227
6.02	Net cash provided (used) in investing activities	(95,922)	(60,386)
6.02.01	Increase in / acquisition of investments	(93,388)	(48,403)
6.02.02	Acquisition of investment properties	(2,492)	(10,971)
6.02.03	Other	(42)	(1,012)
6.03	Net cash provided (used in) by financing activities	35,850	(79,041)
6.03.01	Loans, financing and debentures	305,782	1,782
6.03.02	Interest paid	(61,365)	(70,130)
6.03.03	Shareholders' contributions	1,634	25,856
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)	(25,856)
6.03.09	Amortization of loans, financing and debentures	(203,191)	(16,766)
6.03.10	Contracted and redeemed derivative financial instruments	(5,115)	6,073
6.05	Increase (decrease) in cash and cash equivalents	837	(34,601)
6.05.01	Cash and cash equivalents at beginning of period	13,858	60,626
6.05.02	Cash and cash equivalents at end of period	14,695	26,025

Separate / Statement of Changes in Equity – 1/1/2016 to 9/30/2016

(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	(22,911)	-	-	-	1,866
5.04.01	Capital increase	175	1,459	-	-	-	1,634
5.04.03	Recognized options granted	-	232	-	-	-	232
5.04.09	Capitalization of reserves	24,602	(24,602)	-	-	-	-
5.05	Total comprehensive income	-	-	-	25,458	-	25,458
5.05.01	Net income for the period	-	-	-	25,458	-	25,458
5.07	Closing balance	753,820	1,929	741,882	25,458	-	1,523,089

Separate / Statement of Changes in Equity – 1/1/2015 to 9/30/2015

(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	171,844	528,522	753,625	-	-	1,453,991
5.03	Adjusted opening balance	171,844	528,522	753,625	-	-	1,453,991
5.04	Shareholders capital transaction	557,199	(503,758)	(27,305)	-	-	26,136
5.04.01	Capital increase	2,713	-	-	-	-	2,713
5.04.03	Recognized options granted	-	280	-	-	-	280
5.04.08	Share subscription premium	-	23,143	-	-	-	23,143
5.04.09	Capitalization of reserves	554,486	(527,181)	(27,305)	-	-	-
5.05	Total comprehensive income	-	-	-	3,377	-	3,377
5.05.01	Net income for the period	-	-	-	3,377	-	3,377
5.07	Closing balance	729,043	24,764	726,320	3,377	-	1,483,504

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

Code	Description	1/1/2016 to 9/30/2016	1/1/2015 to 9/30/2015
7.01	Revenue	87,462	92,042
7.01.01	Revenues from sales of goods, services and products	15,253	16,413
7.01.02	Other revenue	61	5,074
7.01.02.01	Other revenue	61	5,397
7.01.02.02	Changes in the fair value of investment property	-	(323)
7.01.03	Revenue from construction of own assets	72,226	70,555
7.01.04	Allowance for doubtful accounts	(78)	-
7.02	Inputs purchased from third parties	(11,914)	(19,875)
7.02.02	Supplies, power, outside services and other items	(11,914)	(19,875)
7.03	Gross value added	75,548	72,167
7.04	Retentions	(169)	(145)
7.04.01	Depreciation, amortization and depletion	(169)	(145)
7.05	Net value added generated	75,379	72,022
7.06	Value added received in transfer	31,689	16,126
7.06.01	Results from equity participation	27,346	540
7.06.02	Financial income	4,343	15,586
7.07	Total value added for distribution	107,068	88,148
7.08	Value added distributed	107,068	88,148
7.08.01	Personnel	3,058	4,404
7.08.01.01	Salaries and wages	2,632	3,767
7.08.01.02	Benefits	318	500
7.08.01.03	Severance Pay Fund (FGTS)	108	137
7.08.02	Taxes, charges and contributions	(1,174)	1,344
7.08.02.01	Federal	(1,357)	1,310
7.08.02.02	State	8	8
7.08.02.03	Municipal	175	26
7.08.03	Debt remuneration	79,726	79,023
7.08.03.01	Interest	79,354	78,222
7.08.03.02	Rentals	310	778
7.08.03.03	Others	62	23
7.08.04	Shareholders	25,458	3,377
7.08.04.03	Earnings retained in the period	25,458	3,377

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

Code	Description	Current Quarter 9/30/2016	Previous year 12/31/2015
1	Total assets	2,711,917	2,575,518
1.01	Current assets	56,972	49,425
1.01.01	Cash and cash equivalents	18,259	17,258
1.01.03	Receivables	24,998	19,119
1.01.03.01	Trade receivables	24,998	19,119
1.01.06	Recoverable taxes	7,504	8,532
1.01.06.01	Recoverable current taxes	7,504	8,532
1.01.07	Prepaid expenses	6,100	4,329
1.01.08	Other current assets	111	187
1.01.08.03	Other	111	187
1.01.08.03.01	Derivative	-	186
1.01.08.03.02	Other	111	1
1.02	Noncurrent assets	2,654,945	2,526,093
1.02.01	Long-term assets	115,343	112,566
1.02.01.03	Receivables	13,290	14,641
1.02.01.03.01	Trade receivables	13,290	14,641
1.02.01.06	Deferred taxes	56,381	51,052
1.02.01.06.01	Deferred income tax and social contribution	56,381	51,052
1.02.01.07	Prepaid expenses	3,540	7,862
1.02.01.09	Other noncurrent assets	42,132	39,011
1.02.01.09.03	Recoverable taxes	41,265	38,403
1.02.01.09.04	Other	867	608
1.02.02	Investments	2,537,962	2,411,727
1.02.02.01	Investments in subsidiaries and jointly controlled entities	242,734	237,314
1.02.02.01.04	Investments in jointly controlled entities	242,734	237,314
1.02.02.02	Investment property	2,295,228	2,174,413
1.02.03	Property and equipment	1,640	1,800
1.02.03.01	Property and equipment in use	1,640	1,800

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

Code	Description	Current Quarter 9/30/2016	Previous year 12/31/2015
2	Total liabilities	2,711,917	2,575,518
2.01	Current Liabilities	374,054	168,979
2.01.01	Labor and social liabilities	2,576	2,401
2.01.01.01	Social liabilities	602	484
2.01.01.02	Labor liabilities	1,974	1,917
2.01.02	Suppliers	10,010	6,601
2.01.02.01	Domestic trade accounts payable	10,010	6,601
2.01.03	Tax liabilities	2,241	2,559
2.01.03.01	Federal taxes	2,225	2,504
2.01.03.01.01	Income taxes and social contribution	1,188	1,372
2.01.03.01.02	Other federal taxes	1,037	1,132
2.01.03.03	Municipal taxes	16	55
2.01.04	Loans and financing	355,859	150,579
2.01.04.01	Loans and financing	108,590	116,860
2.01.04.01.01	Loans and financing in domestic currency	108,590	116,860
2.01.04.02	Debentures	247,269	33,719
2.01.05	Others liabilities	3,368	6,839
2.01.05.02	Other	3,368	6,839
2.01.05.02.02	Mandatory minimum dividend payable	-	1,634
2.01.05.02.05	Advances - barters	1,587	3,518
2.01.05.02.06	Deferred taxes	1,053	965
2.01.05.02.08	Other	728	722
2.02	Noncurrent liabilities	814,648	910,666
2.02.01	Loans and financing	715,591	814,379
2.02.01.01	Loans and financing	370,760	398,352
2.02.01.01.01	Loans and financing in domestic currency	370,760	398,352
2.02.01.02	Debentures	344,831	416,027
2.02.02	Others liabilities	43,759	45,162
2.02.02.02	Other	43,759	45,162
2.02.02.02.04	Advances - barters	41,085	42,406
2.02.02.02.05	Provisions for labor, tax and civil contingencies	668	739
2.02.02.02.06	Other	2,006	2,017
2.02.03	Deferred taxes	55,298	51,125
2.02.03.01	Deferred income tax and social contribution	55,298	51,125
2.03	Equity	1,523,215	1,495,873
2.03.01	Paid-in capital	753,820	729,043
2.03.02	Capital reserves	1,929	24,840
2.03.02.01	Share subscription premium	-	23,143
2.03.02.04	Recognized options granted	1,929	1,697
2.03.04	Earnings reserve	741,882	741,882
2.03.04.01	Legal reserve	16,848	16,848
2.03.04.05	Retained profit reserve	725,034	725,034
2.03.05	Retained earnings/accumulated losses	25,458	-
2.03.09	Shareholders non-controlling interest	126	108

Consolidated / Statement of Income

(In thousands of Brazilian reais – R$)

Code	Description	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
3.01	Revenue from sales and/or services	23,961	72,253	23,861	68,742
3.03	Gross profit	23,961	72,253	23,861	68,742
3.04	Operating income (expenses)	(4,304)	(11,648)	(3,048)	(34,220)
3.04.01	Selling expenses	(2,998)	(8,125)	(2,434)	(7,927)
3.04.02	General and administrative expenses	(2,509)	(7,179)	(2,335)	(6,921)
3.04.04	Other operating incomes	1,036	3,829	886	6,200
3.04.04.01	Changes in the fair value of investment property	802	2,674	627	-
3.04.04.02	Other operating incomes	234	1,155	259	6,200
3.04.05	Other operating expenses	(283)	(1,498)	(2,618)	(30,990)
3.04.05.01	Other operating expenses	(283)	(1,498)	(2,618)	(8,859)
3.04.05.02	Changes in the fair value of investment property	-	-	-	(22,131)
3.04.06	Results from equity participation	450	1,325	3,453	5,418
3.05	Income before financial income and taxes	19,657	60,605	20,813	34,522
3.06	Financial income (expenses)	(15,311)	(35,242)	(8,398)	(28,759)
3.06.01	Financial income	3,449	8,079	6,689	16,451
3.06.02	Financial expenses	(18,760)	(43,321)	(15,087)	(45,210)
3.07	Income before taxes	4,346	25,363	12,415	5,763
3.08	Income tax and social contribution	2,092	103	(1,593)	(2,379)
3.08.01	Current	(1,082)	(3,673)	(1,547)	(4,631)
3.08.02	Deferred	3,174	3,776	(46)	2,252
3.09	Net income (loss) from continuing operations	6,438	25,466	10,822	3,384
3.11	Net income (loss) for the period	6,438	25,466	10,822	3,384
3.11.01	Attributable to shareholders of the Company	6,436	25,458	10,819	3,377
3.11.02	Atributable to Non-controlling	2	8	3	7
3.99	Earnings per share (In Reais - R$):				
3.99.01	Basic				
3.99.01.01	ON	0.03683	0.14579	0.06198	0.01954
3.99.02	Diluted				
3.99.02.01	ON	0.03676	0.14551	0.06186	0.01951

Consolidated / Statement of Comprehensive Income

(In thousands of Brazilian reais – R$)

Code	Description	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
4.01	Net income for the period	6,438	25,466	10,822	3,384
4.03	Comprehensive income for the period	6,438	25,466	10,822	3,384
4.03.01	Attributable to shareholders of the company	6,436	25,458	10,819	3,377
4.03.02	Non-controlling interests	2	8	3	7

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

Code	Description	1/1/2016 to 9/30/2016	1/1/2015 to 9/30/2015
6.01	Net cash used in operating activities	57,240	102,998
6.01.01	Cash provided by operating activities	59,823	60,643
6.01.01.01	Net income for the period	25,466	3,384
6.01.01.02	Depreciation	174	166
6.01.01.03	Results from equity participation	(1,325)	(5,418)
6.01.01.04	Incurred interest	39,278	44,667
6.01.01.05	Deferred taxes	(1,068)	(2,670)
6.01.01.06	Stock options	232	280
6.01.01.07	Amortization of prepaid expenses	2,307	1,954
6.01.01.08	Allowance for doubtful debts	78	2,509
6.01.01.10	Changes in the fair value of investment property	(5,319)	22,444
6.01.01.11	Results from derivative financial instruments	-	(6,673)
6.01.02	Changes in assets and liabilities	(2,583)	42,355
6.01.02.01	(Increase) decrease in trade accounts receivable	(7,759)	(9,145)
6.01.02.02	(Increase) decrease in recoverable taxes	2,403	(979)
6.01.02.03	(Increase) decrease in prepaid expenses	244	(2,585)
6.01.02.04	(Increase) decrease in other assets	(369)	(321)
6.01.02.05	Increase (decrease) in payroll, social charges and benefits	175	(141)
6.01.02.06	Increase (decrease) in taxes, charges and contributions	3,293	3,333
6.01.02.07	Increase (decrease) in other liabilities	(76)	289
6.01.02.08	Income tax and social contribution paid	(3,647)	(4,137)
6.01.02.10	Proceeds from land sales	3,153	36,041
6.01.02.11	Dividends received from subsidiaries	-	20,000
6.02	Net cash provided (used) in investing activities	(51,489)	(34,905)
6.02.01	Increase in / aquisition of investments	(2,064)	(5,163)
6.02.02	Aquisition of investment properties	(49,411)	(28,729)
6.02.03	Other	(14)	(1,013)
6.03	Net cash provided (used in) by financing activities	(4,750)	(115,789)
6.03.01	Loans, financing and debentures	305,782	4,093
6.03.02	Interest paid	(81,964)	(85,912)
6.03.03	Shareholders' contributions	1,634	25,856
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	10	(114)
6.03.08	Dividends paid	(1,634)	(25,856)
6.03.09	Amortization of loans, financing and debentures	(223,202)	(39,929)
6.03.10	Contracted and redeemed derivative financial instruments	(5,115)	6,073
6.05	Increase (decrease) in cash and cash equivalents	1,001	(47,696)
6.05.01	Cash and cash equivalents at beginning of period	17,258	77,334
6.05.02	Cash and cash equivalents at end of period	18,259	29,638

Consolidated / Statement of Changes in Equity – 1/1/2016 to 9/30/2016

(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	(22,911)	-	-	-	1,866	10	1,876
5.04.01	Capital increase	175	1,459	-	-	-	1,634	-	1,634
5.04.03	Recognized options granted	-	232	-	-	-	232	-	232
5.04.09	Capitalization of reserves	24,602	(24,602)	-	-	-	-	-	-
5.04.10	Net contributions from (distribution to) noncontrolling shareholders	-	-	-	-	-	-	10	10
5.05	Total comprehensive income	-	-	-	25,458	-	25,458	8	25,466
5.05.01	Net income for the period	-	-	-	25,458	-	25,458	8	25,466
5.07	Closing balance	753,820	1,929	741,882	25,458	-	1,523,089	126	1,523,215

Consolidated / Statement of Changes in Equity – 1/1/2015 to 9/30/2015

(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	171,844	528,522	753,625	-	-	1,453,991	224	1,454,215
5.03	Adjusted opening balance	171,844	528,522	753,625	-	-	1,453,991	224	1,454,215
5.04	Shareholders capital transaction	557,199	(503,758)	(27,305)	-	-	26,136	(114)	26,022
5.04.01	Capital increase	2,713	-	-	-	-	2,713	-	2,713
5.04.03	Recognized options granted	-	280	-	-	-	280	-	280
5.04.08	Share subscription premium	-	23,143	-	-	-	23,143	-	23,143
5.04.09	Capitalization of reserves	554,486	(527,181)	(27,305)	-	-	-	-	-
5.04.10	Net contributions from (distribution to) noncontrolling shareholders	-	-	-	-	-	-	(114)	(114)
5.05	Total comprehensive income	-	-	-	3,377	-	3,377	7	3,384
5.05.01	Net income for the period	-	-	-	3,377	-	3,377	7	3,384
5.07	Closing balance	729,043	24,764	726,320	3,377	-	1,483,504	117	1,483,621

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

Code	Description	1/1/2016 to 9/30/2016	1/1/2015 to 9/30/2015
7.01	Revenue	171,310	140,319
7.01.01	Revenues from sales of goods, services and products	77,356	73,165
7.01.02	Other revenue	6,392	(16,144)
7.01.02.01	Other revenue	1,073	6,300
7.01.02.02	Fair Value	5,319	(22,444)
7.01.03	Revenue from construction of own assets	87,640	85,807
7.01.04	Allowance for doubtful accounts	(78)	(2,509)
7.02	Inputs purchased from third parties	(25,773)	(34,745)
7.02.02	Supplies, power, outside services and other items	(25,773)	(34,745)
7.03	Gross value added	145,537	105,574
7.04	Retentions	(174)	(166)
7.04.01	Depreciation, amortization and depletion	(174)	(166)
7.05	Net value added generated	145,363	105,408
7.06	Value added received in transfer	6,369	21,960
7.06.01	Results from equity participation	1,325	5,418
7.06.02	Financial income	5,044	16,542
7.07	Total value added for distribution	151,732	127,368
7.08	Value added distributed	151,732	127,368
7.08.01	Personnel	6,965	6,674
7.08.01.01	Salaries and wages	5,806	5,580
7.08.01.02	Benefits	860	809
7.08.01.03	Severance Pay Fund (FGTS)	299	285
7.08.02	Taxes, charges and contributions	12,057	11,158
7.08.02.01	Federal	11,821	10,967
7.08.02.02	State	15	14
7.08.02.03	Municipal	221	177
7.08.03	Debt remuneration	107,244	106,152
7.08.03.01	Interest	105,595	104,490
7.08.03.02	Rentals	1,482	1,541
7.08.03.03	Others	167	121
7.08.04	Shareholders	25,466	3,384
7.08.04.03	Earnings retained in the period	25,458	3,377
7.08.04.04	Profit atributable to non-controlling interests	8	7

1. General information

The information disclosed in Note 1 to the audited consolidated financial statements for the year ended December 31, 2015, published on March 15, 2016 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, 2015") has not significantly changed as of the date of these financial statements.

LOG Commercial Properties e Participações S.A. (the "Company"), its subsidiaries and its joint ventures are altogether (the "Group") are 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. Within this context and aiming at maintaining an adequate level of liquidity and ensuring its investment capacity, the Group holds continued discussions with financial institutions regarding new operations for the purpose of improving the Group's debt profile and maintain the level of liquidity and the ability to make new investments.

In addition, the Group also considers new resources through capital increases to enhance capital structure and to meet its financial and investment commitments. Divestment from its assets portfolio are also considered, depending on existing business and market conditions.

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

The Company's interim financial statements comprise the condensed separate and 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 Separate and Consolidated, respectively.

Other information in relation to basis of preparation, basis of presentation and significant accounting policies did not significantly change in relation to the information disclosed in Note 2 to the financial statements for the year ended December 31, 2015.

New standards

The accounting standards IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers, and IFRS 16 Leases were issued but are not yet effective and, have not been early adopted by the Group for the nine-month period ended September 30, 2016.

In light of the Company's and its subsidiaries' current operations, Management does not anticipate any material impacts on the financial statements from the adoption of these new accounting standards. There are no other issued standards and interpretations not yet adopted that could, according to Management, have a significant impact on net income or shareholders' equity.

3. Cash and cash equivalents

Cash and cash equivalents are broken down as follows:

	Separate		Consolidated	
	9/30/16	**12/31/15**	**9/30/16**	**12/31/15**
Cash	**17**	21	**20**	22
Bank accounts	**74**	478	**411**	661
Short-term investments:				
Bank Certificates of Deposit (CDBs)	**10,238**	12,676	**10,238**	12,676
Certificates backed by debentures	**-**	-	**391**	700
Nonexclusive investment fund	**743**	683	**3,400**	3,199
Exclusive investment fund	**3,623**	-	**3,799**	-
Total	**14,695**	13,858	**18,259**	17,258

Short-term investments include interest income received, equivalent to approximately 106.16% of the interbank deposit rate (CDI) in the separate financial statements and 105.37% of CDI on a consolidated basis as at September 30, 2016 (107.62% of CDI in the separate financial statements and 105.05% of CDI on a consolidated basis as at December 31, 2015).

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

	Separate		Consolidated	
	9/30/16	**12/31/15**	**9/30/16**	**12/31/15**
Bank Certificates of Deposit (CDBs)	**2,292**	-	**2,403**	-
Repurchase agreements	**969**	-	**1,016**	-
Government and private sector securities	**306**	-	**321**	-
Other	**56**	-	**59**	-
Total	**3,623**	-	**3,799**	-

Other information on cash and cash equivalents is not significantly different from the information disclosed in Note 3 to the financial statements for the year ended December 31, 2015.

4. Trade receivables

Trade receivables are broken down as follows:

	Separate		Consolidated	
	9/30/16	**12/31/15**	**9/30/16**	**12/31/15**
Rentals	**8,939**	7,666	**32,718**	27,720
Sale of subsidiary (Note 5 (a))	**5,943**	5,062	**5,944**	5,062
Other	**1,595**	1,966	**2,740**	4,014
	16,477	14,694	**41,402**	36,796
Allowance for doubtful accounts	**(78)**	-	**(3,114)**	(3,036)
Total	**16,399**	14,694	**38,288**	33,760
Current	**11,542**	7,243	**24,998**	19,119
Noncurrent	**4,857**	7,451	**13,290**	14,641
	16,399	14,694	**38,288**	33,760

The table below shows the aging of trade receivables:

	Separate		Consolidated	
	9/30/16	**12/31/15**	**9/30/16**	**12/31/15**
Undue:				
Up to 12 months	**10,605**	6,902	**22,100**	17,824
13 to 24 months	**4,857**	7,451	**13,290**	14,641
	15,462	14,353	**35,390**	32,465
Past due:				
Up to 30 days	**184**	159	**532**	545
31 to 90 days	**24**	92	**202**	627
More than 90 days	**807**	90	**5,278**	3,159
	1,015	341	**6,012**	4,331
Total	**16,477**	14,694	**41,402**	36,796

Changes in the allowance for doubtful accounts for the nine-month period ended September 30, 2016 and 2015 are as follows:

	Separate		Consolidated	
	Nine months		Nine months	
	2016	**2015**	**2016**	**2015**
Opening balance	**-**	-	**(3,036)**	(748)
Recognition	**(78)**	-	**(78)**	(2,509)
Closing balance	**(78)**	-	**(3,114)**	(3,257)

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

	Separate		Consolidated	
	9/30/16	**12/31/15**	**9/30/16**	**12/31/15**
12 months	**21,441**	22,811	**106,197**	103,156
13 to 24 months	**20,472**	22,312	**85,269**	89,132
25 to 36 months	**9,006**	18,494	**55,132**	63,023
37 to 48 months	**2,463**	4,976	**28,284**	31,182
More than 48 months	**6,158**	7,141	**64,428**	31,010
Total	**59,540**	75,734	**339,310**	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, 2015.

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 2013	Contagem, MG
Parque Torino Imóveis S.A. (“Torino”)	Abril 2015	Betim MG
Joint ventures at start-up stage:		
Betim I Incorporações SPE Ltda. (“Betim subdivision”)	-	Betim, MG
Subsidiaries in operation:		
Contagem I SPE Ltda. (“LOG I”)	February 2009	Contagem, MG
Contagem II Incorporações SPE Ltda. (“LOG II”)	March 2011	Contagem, MG
Jundiaí Incorporações SPE Ltda. (“LOG Jundiaí”)	April 2011	Jundiaí, SP
Goiânia I Incorporações Imobiliárias SPE Ltda. (“LOG Goiânia”)	April 2012	Goiânia, GO
Hortolândia Incorporações SPE Ltda. (“LOG Hortolândia”)	September 2012	Hortolândia, SP
LOG São José dos Pinhais I SPE Ltda. (“LOG SJP”)	April 2013	São José dos Pinhais, PR
LOG Juiz de Fora I SPE Ltda. (“LOG Juiz de Fora”)	June 2013	Juiz de Fora, MG
LOG Feira de Santana I SPE Ltda. (“LOG Feira de Santana”)	June 2013	Feira de Santana, BA
LOG Maracanaú I SPE Ltda. (“LOG Fortaleza”)	August 2013	Maracanaú, CE
LOG Via Expressa SPE Ltda. (“LOG Via Expressa”)	November 2013	Betim, MG
LOG Viana I SPE Ltda. ("LOG Viana")	April 2014	Viana, ES
LOGCP Londrina I SPE Ltda. ("LOG Londrina")	June 2014	Londrina, PR

Project	Startup date	Location
LOG Itatiaia SPE Ltda. (“LOG Itatiaia”)	July 2014	Itatiaia, 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 Rio SPE Ltda. (“LOG Rio”)	-	Campo Grande, RJ
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

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

	Information on investees		Company information				
	Issued capital		Equity interest				
	9/30/16		9/30/16			12/31/15	
	Amount	Number of shares	Number of shares	Contractual percentage		Contractual percentage	
Joint ventures:							
Cabral	39,247	78,494,000	39,247,000	50.00%		50.00%	
Torino	133,193	318,600	127,440	40.00%		40.00%	
Betim subdivision	41,027	84,325,968	42,162,984	50.00%	(*)	50.00%	(*)
Subsidiaries:							
LOG I	70,783	61,460,971	61,455,971	99.99%		99.99%	
LOG II	21,653	20,353,954	20,352,154	99.99%		99.99%	
LOG Jundiaí	44,104	35,874,919	35,873,675	99.99%		99.99%	
LOG Goiânia	64,897	46,930,180	46,930,170	99.90%		99.90%	
LOG Hortolândia	76,940	13,000,000	12,999,999	100.00%		100.00%	
LOG SJP	24,045	23,351,000	23,350,999	100.00%		100.00%	
LOG Juiz de Fora	42,529	10,000	9,999	99.99%		99.99%	
LOG Feira de Santana	16,460	29,541,000	29,540,999	99.99%		99.99%	
LOG Fortaleza	67,175	34,037,979	34,037,978	99.99%		99.99%	
LOG Via Expressa	64,642	47,000,000	46,999,999	99.99%		99.99%	
LOG Viana	113,349	10,000	9,999	99.99%		99.99%	
LOG Londrina	40,260	10,000	9,999	99.99%		99.99%	
LOG Itatiaia	28,945	27,410,838	27,410,837	99.99%		99.99%	
LOG SJC Sony	54,331	52,500,000	52,499,999	100.00%		100.00%	
LOG Sumaré	713	10,000	9,999	99.99%		99.99%	
LOG SJRP	9,729	10,000	9,999	99.99%		99.99%	
LOG Macaé	14,008	10,000	9,999	99.99%		99.99%	
LOG RP	20,754	10,000	9,999	99.99%		99.99%	
LOG Curitiba	26,838	10,000	9,999	99.99%		99.99%	
LOG Rio	60,702	10,000	9,999	99.99%		99.99%	
LOG Aracajú	14,681	10,000	9,999	99.99%		99.99%	
LOG Uberaba	5,715	10,000	9,900	99.00%		99.00%	
LDI	3,867	24,690,048	24,689,948	100.00%		100.00%	

(*) Actual equity interest percentage of 49.32% at September 30, 2016 (48.03% at December 31, 2015).

	Information on investees			
	Equity		Investment	
	9/30/16	12/31/15	9/30/16	12/31/15
Joint ventures:				
Cabral	**116,941**	115,145	**57,830**	56,932
Torino	**332,983**	331,910	**133,219**	132,790
Loteamento Betim	**83,005**	80,943	**40,938**	38,876
Capitalized interest (*)	**-**	-	**10,747**	8,716
Total joint ventures - Consolidated	**532,929**	527,998	**242,734**	237,314
Subsidiaries:				
LOG I	**161,016**	161,303	**161,000**	161,286
LOG II	**44,397**	44,013	**44,393**	44,008
LOG Jundiaí	**75,338**	73,639	**75,330**	73,632
LOG Goiânia	**118,099**	107,779	**117,981**	107,672
LOG Hortolândia	**132,366**	129,653	**132,366**	129,653
LOG SJP	**30,682**	28,486	**30,682**	28,486
LOG Juiz de Fora	**68,095**	62,730	**68,088**	62,724
LOG Feira de Santana	**27,256**	25,968	**27,253**	25,965
LOG Fortaleza	**141,518**	122,759	**141,504**	122,747
LOG Via Expressa	**102,355**	100,318	**102,345**	100,308
LOG Viana	**127,161**	123,054	**127,148**	123,042

	Information on investees			
	Equity		Investment	
	9/30/16	12/31/15	9/30/16	12/31/15
LOG Londrina	**80,961**	73,774	**80,953**	73,767
LOG Itatiaia	**36,139**	35,872	**36,135**	35,869
LOG SJC Sony	**115,138**	102,776	**115,138**	102,776
LOG Sumaré	**8**	8	**8**	8
LOG SJRP	**24,934**	22,611	**24,932**	22,609
LOG Macaé	**41,615**	38,487	**41,611**	38,483
LOG RP	**57,338**	52,277	**57,332**	52,272
LOG Curitiba	**46,962**	40,762	**46,957**	40,758
LOG Rio	**103,814**	61,454	**103,804**	61,448
LOG Aracajú	**23,398**	19,936	**23,396**	19,934
LOG Uberaba	**7,555**	6,211	**7,479**	6,149
LDI	**450**	403	**450**	403
Total subsidiaries	**1,566,595**	1,434,273	**1,566,285**	1,433,999
Total Separate	**2,099,524**	1,962,271	**1,809,019**	1,671,313

	Information on investees							
	Profit (loss) for the				Result from equity participation in the			
	3rd quarter of		Nine months of		3rd quarter of		Nine months of	
	2016	2015	2016	2015	2016	2015	2016	2015
Joint ventures:								
Cabral	**452**	6,473	**1,796**	9,461	**226**	3,236	**898**	4,730
Torino	**564**	543	**1,073**	1,740	**225**	217	**429**	696
Loteamento Betim	**(1)**	-	**(4)**	(17)	**(1)**	-	**(2)**	(8)
Total joint ventures - Consolidated	**1,015**	7,016	**2,865**	11,184	**450**	3,453	**1,325**	5,418
Subsidiaries:								
LOG I	**3,294**	2,943	**9,362**	8,160	**3,294**	2,943	**9,361**	8,159
LOG II	**526**	652	**1,817**	1,963	**526**	652	**1,817**	1,963
LOG Jundiaí	**827**	(1,786)	**1,829**	(698)	**827**	(1,786)	**1,829**	(698)
LOG Goiânia	**2,870**	2,505	**8,416**	6,009	**2,867**	2,503	**8,408**	6,003
LOG Hortolândia	**1,731**	1,785	**5,171**	5,279	**1,731**	1,785	**5,171**	5,279
LOG SJP	**(370)**	(180)	**(454)**	(484)	**(370)**	(180)	**(454)**	(484)
LOG Juiz de Fora	**1,304**	993	**3,826**	2,538	**1,304**	993	**3,826**	2,538
LOG Feira de Santana	**(132)**	159	**(309)**	499	**(132)**	159	**(309)**	499
LOG Fortaleza	**2,775**	2,306	**8,312**	5,630	**2,775**	2,307	**8,312**	5,630
LOG Via Expressa	**383**	788	**1,699**	2,621	**383**	788	**1,699**	2,621
LOG Viana	**1,838**	1,260	**5,035**	3,354	**1,838**	1,260	**5,034**	3,354
LOG Londrina	**2,077**	1,894	**6,293**	4,720	**2,077**	1,894	**6,292**	4,720
LOG Itatiaia	**194**	(325)	**244**	(697)	**194**	(325)	**244**	(697)
LOG SJC Sony	**4,243**	3,803	**12,281**	9,920	**4,243**	3,803	**12,280**	9,920
Office Park Pirituba	**-**	-	**-**	(23,862)	**-**	-	**-**	(23,860)
LOG Sumaré	**-**	-	**-**	(1)	**-**	-	**-**	(1)
LOG SJRP	**730**	643	**2,094**	1,671	**730**	643	**2,094**	1,671
LOG Macaé	**1,036**	908	**2,976**	2,347	**1,036**	908	**2,976**	2,347
LOG RP	**1,610**	1,406	**4,615**	3,636	**1,610**	1,406	**4,615**	3,636
LOG Curitiba	**2,092**	1,852	**6,025**	4,812	**2,092**	1,852	**6,024**	4,812
LOG Rio	**4,222**	1,308	**9,421**	3,280	**4,222**	1,308	**9,420**	3,280
LOG Aracajú	**1,130**	987	**3,240**	2,562	**1,130**	987	**3,240**	2,562
LOG Uberaba	**451**	397	**1,296**	1,030	**446**	393	**1,283**	1,020
LDI	**4**	(8)	**6**	36	**4**	(8)	**6**	36
Capitalized interest (*)	**-**	-	**-**	-	**(24,308)**	(18,973)	**(67,147)**	(49,188)
Total subsidiaries	**32,835**	24,290	**93,195**	44,325	**8,519**	5,312	**26,021**	(4,878)
Total Separate	**33,850**	31,306	**96,060**	55,509	**8,969**	8,765	**27,346**	540

(*) 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.

In February 2015 the Company merged with subsidiary Campos Sociedade em Conta de Participação ("LOG Campos"), and the balance of R$83,184 was recognized in the separate financial statements.

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
Receivable	109,989	11	110,000
Discount to present value	(5,801)	(1)	(5,802)
	104,188	10	104,198
Investment carrying value	(104,188)	(10)	(104,198)
Gain on divesture	-	-	-
Deferred Income tax and social contribution	1,000	-	1,000
	1,000	-	1,000

On November 25, 2015, the Company transferred the receivable above 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$5,944 as at September 30, 2016 (R$5,062 at December 31, 2015). These amounts will be received in monthly installments through October 2017.

b) Joint ventures:

The main financial information is as follows:

	Cabral		Torino		Betim subdivision	
	9/30/16	12/31/15	9/30/16	12/31/15	9/30/16	12/31/15
Cash and cash equivalents	**17,988**	20,724	**943**	3,731	**1**	3
Trade receivables	**-**	5,076	**10**	10	**-**	-
Inventories	**-**	-	**-**	-	**14,820**	12,033
Other current assets	**252**	719	**194**	199	**4**	-
Total current	**18,240**	26,519	**1,147**	3,940	**14,825**	12,036
Inventories	**-**	-	**-**	-	**68,660**	68,962
Investment property	**105,719**	95,830	**343,202**	339,225	**-**	-
Other noncurrent assets	**-**	234	**4**	-	**1**	2
Total noncurrent assets	**105,719**	96,064	**343,206**	339,225	**68,661**	68,964
Total assets	**123,959**	122,583	**344,353**	343,165	**83,486**	81,000
Current liabilities	**3,547**	2,628	**242**	110	**481**	57
Noncurrent liabilities	**3,471**	4,810	**11,128**	11,145	**-**	-
Equity	**116,941**	115,145	**332,983**	331,910	**83,005**	80,943
Liabilities and shareholders' equity	**123,959**	122,583	**344,353**	343,165	**83,486**	81,000

	Cabral				Torino				Betim subdivision			
	3rd quarter of		Nine months of		3rd quarter of		Nine months of		3rd quarter of		Nine months of	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Operating revenue	**660**	8,258	**1,793**	9,896	**849**	720	**2,095**	2,462	**-**	-	**-**	-
Cost of services	**-**	(3,127)	**-**	(3,385)	**(31)**	39	**(76)**	-	**-**	-	**-**	-
Financial income (expenses)	**(130)**	-	**(907)**	-	**(184)**	-	**(836)**	-	**(1)**	-	**(3)**	-
Financial result	**354**	1,342	**1,745**	4,159	**26**	(79)	**160**	(100)	**-**	2	**(1)**	(15)
Changes in the fair value of investment property	**(190)**	810	**(69)**	810	**-**	-	**-**	-	**-**	-	**-**	-
Income tax and social contribution	**(242)**	(810)	**(766)**	(2,019)	**(96)**	(137)	**(270)**	(622)	**-**	(2)	**-**	(2)
Net income (loss)	**452**	6,473	**1,796**	9,461	**564**	543	**1,073**	1,740	**(1)**	-	**(4)**	(17)

c) The movements in the balances of investments in subsidiaries and joint ventures for the nine-month period ended September 30, 2016 and 2015 were as follows:

	Opening balances	Capital contributions (reversals)	Result from equity participation	Dividends received	Other	Closing balances
Nine-month period ended September 30, 2016:						
Joint ventures:						
Cabral	56,932	-	898	-	-	57,830
Torino	132,790	-	429	-	-	133,219
Betim subdivision	38,876	2,064	(2)	-	-	40,938
Capitalized interest	8,716	-	-	-	2,031	10,747
Total joint ventures - Consolidated	**237,314**	**2,064**	**1,325**	**-**	**2,031**	**242,734**
Subsidiaries:						
LOG I	161,286	2,210	9,361	(11,857)	-	161,000
LOG II	44,008	629	1,817	(2,061)	-	44,393
LOG Jundiaí	73,632	2,845	1,829	(2,976)	-	75,330
LOG Goiânia	107,672	6,746	8,408	(4,845)	-	117,981
LOG Hortolândia	129,653	1,681	5,171	(4,139)	-	132,366
LOG SJP	28,486	2,650	(454)	-	-	30,682
LOG Juiz de Fora	62,724	3,068	3,826	(1,530)	-	68,088
LOG Feira de Santana	25,965	1,597	(309)	-	-	27,253
LOG Fortaleza	122,747	13,668	8,312	(3,223)	-	141,504
LOG Via Expressa	100,308	7,142	1,699	(6,804)	-	102,345
LOG Viana	123,042	10,537	5,034	(11,465)	-	127,148
LOG Londrina	73,767	2,304	6,292	(1,410)	-	80,953
LOG Itatiaia	35,869	1,876	244	(1,854)	-	36,135
LOG SJC Sony	102,776	82	12,280	-	-	115,138
LOG Sumaré	8	-	-	-	-	8
LOG SJRP	22,609	257	2,094	(28)	-	24,932
LOG Macaé	38,483	152	2,976	-	-	41,611
LOG RP	52,272	445	4,615	-	-	57,332
LOG Curitiba	40,758	189	6,024	(14)	-	46,957
LOG Rio	61,448	32,936	9,420	-	-	103,804
LOG Aracajú	19,934	222	3,240	-	-	23,396
LOG Uberaba	6,149	47	1,283	-	-	7,479
LDI	403	41	6	-	-	450
Capitalized interest (*)	-	-	(67,147)	-	67,147	-
Total subsidiaries	**1,433,999**	**91,324**	**26,021**	**(52,206)**	**67,147**	**1,566,285**
Total Separate	**1,671,313**	**93,388**	**27,346**	**(52,206)**	**69,178**	**1,809,019**
Nine-month period ended September 30, 2015:						
Total Consolidated	242,961	5,163	5,418	(20,000)	3,733	237,275
Total Separate	1,771,228	48,403	540	(67,275)	(134,451)	1,618,445

(*) Write-off of the capitalized interest as a result of the adoption of the fair value for investment property.

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, 2015.

6. Investment property

Broken down as follows:

	Separate		Consolidated	
	9/30/16	12/31/15	9/30/16	12/31/15
Industrial warehouses	**372,703**	370,100	**2,233,151**	2,114,343
Strip mall	**62,077**	60,070	**62,077**	60,070
Total	**434,780**	430,170	**2,295,228**	2,174,413

Movements in investment property for the nine-month period ended September 30, 2016 and 2015 are as follows:

	Separate		Consolidated	
	Nine months of		Nine months of	
	2016	**2015**	**2016**	**2015**
Opening balance	**430,170**	357,548	**2,174,413**	2,190,831
Additions	**2,348**	9,497	**45,331**	24,527
Impact of upstream merger (*)	**-**	84,041	**-**	-
Capitalized interest (Note 7)	**2,262**	5,290	**70,165**	56,026
Write-off of subsidiary divesture (*)	**-**	-	**-**	(104,071)
Changes in fair value	**-**	(323)	**5,319**	(22,444)
Closing balance	**434,780**	456,053	**2,295,228**	2,144,869

(*) See Note 5 (a).

The effects of the changes in the fair value of investment property on profit or loss, net of deferred PIS and COFINS, were as follows:

	Separate		Consolidated	
	Nine months of		Nine months of	
	2016	**2015**	**2016**	**2015**
Changes in fair value of investment property	**-**	(323)	**5,319**	(22,444)
Deferred PIS/COFINS	**-**	1,301	**(2,645)**	313
Changes in fair value of investment property in net income	**-**	978	**2,674**	(22,131)

The fair value of the investment properties has been determined at December 31, 2015 and updated to the date of this interim financial statements, as follows:

- Projects under construction and completed by December 31, 2015: fair values at that date were maintained, except for cases that suffer significant changes, for which new valuations were performed.
- Land purchased through December 31, 2015: fair values determined as at that date were maintained, increased by the construction costs incurred in the nine-month period ended September 30, 2016.
- Land purchased in 2016: stated at the acquisition cost increased by the construction costs incurred in the nine-month period ended September 30, 2016, when applicable.

As at September 30, 2016, out of the total amount in investment property, R$2,167,913 has been pledged as collateral of loans, financing and debentures entered into by the Company and its subsidiaries (R$2,030,985 at December 31, 2015).

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, 2015.

7. Loans, financing and debentures

a) Loans and financing

Loans and financing was as follows:

Type	Maturity of principal	Effective financial charges p.a. (*)	9/30/16 Current	9/30/16 Noncurrent	9/30/16 Total	12/31/15 Total
Separate:						
Working capital	Sep 13 to Sep 17	CDI + 1.83%	**8,852**	**-**	**8,852**	15,372
Working capital	Jun 16	CDI + 4.85%	**-**	**-**	**-**	50,212
Working capital	Jan 17	CDI + 4.19%	**22,289**	**-**	**22,289**	-
Working capital	Nov 16	CDI + 4.40%	**20,175**	**-**	**20,175**	-
Construction financing	Dec 13 to Oct 24	CDI + 1.92%	**5,182**	**35,811**	**40,993**	42,835
Construction financing	Dec 13 to Nov 23	TR + 9.42%	**3,035**	**18,940**	**21,975**	23,204
Construction financing	Dec 13 to Nov 23	TR + 9.43%	**1,503**	**9,383**	**10,886**	11,495
Construction financing	Jul 14 to Jun 22	TR + 11.33%	**3,627**	**17,568**	**21,195**	22,790
Construction financing	Aug 14 to Jul 22	TR + 11.32%	**2,056**	**10,137**	**12,193**	13,088
Construction financing	Apr 15 to Sep 22	TR + 11.07%	**2,511**	**12,813**	**15,324**	16,404
Construction financing	Oct 15 to Sep 25	TR + 9.72%	**512**	**4,089**	**4,601**	4,769
Construction financing	Mar 15 to Jul 23	TR + 9.62%	**1,398**	**8,287**	**9,685**	10,619
Construction financing	Sep 16 to Aug 26	TR + 10.10%	**407**	**3,572**	**3,979**	3,697
Construction financing	Sep 16 to Aug 26	TR + 10.04%	**882**	**7,751**	**8,633**	8,022
(-) Funding cost			**(610)**	**(2,002)**	**(2,612)**	(3,454)
Total Separate			**71,819**	**126,349**	**198,168**	219,053
Subsidiaries:						
Construction financing	Dec 13 to Nov 23	TR + 9.37%	**1,610**	**10,053**	**11,663**	12,317
Construction financing	Feb 14 to Jan 22	TR + 11.62%	**2,790**	**12,370**	**15,160**	16,408
Construction financing	Aug 14 to Jul 22	TR + 11.05%	**1,280**	**6,324**	**7,604**	8,169
Construction financing	Nov 14 to Oct 22	TR + 10.74%	**681**	**3,533**	**4,214**	4,507
Construction financing	Feb 15 to Jan 25	TR + 10.05%	**1,659**	**12,172**	**13,831**	14,398
Construction financing	Apr 15 to Mar 25	TR + 9.99%	**1,418**	**10,599**	**12,017**	12,487
Construction financing	Feb 15 to Jan 25	TR + 9.99%	**2,350**	**17,224**	**19,574**	20,393
Construction financing	Apr 15 to Mar 25	TR + 9.99%	**3,075**	**23,051**	**26,126**	27,167
Construction financing	Apr 15 to Mar 25	TR + 10.00%	**1,370**	**10,243**	**11,613**	12,077
Construction financing	Apr 15 to Mar 25	TR + 10.02%	**1,598**	**11,973**	**13,571**	14,112
Construction financing	Oct 15 to Sep 25	TR + 9.71%	**2,391**	**19,036**	**21,427**	22,211
Construction financing	Aug 14 to Jul 25	TR + 9.78%	**2,064**	**16,106**	**18,170**	18,854
Construction financing	Jan 15 to Dec 22	TR + 10.14%	**3,060**	**16,425**	**19,485**	21,490
Construction financing	May 15 to Apr 23	TR + 10.05%	**1,909**	**10,857**	**12,766**	14,005
Construction financing	Aug 15 to Jul 23	TR + 10.07%	**1,299**	**7,704**	**9,003**	9,839
Construction financing	Jan 15 to Apr 23	TR + 9.59%	**3,240**	**18,442**	**21,682**	23,680
Construction financing	Jan 15 to Apr 23	TR + 9.61%	**1,966**	**11,191**	**13,157**	14,478
Construction financing	Apr 16 to Mar 26	TR + 10.14%	**2,806**	**23,587**	**26,393**	26,173
Construction financing	Feb 16 to Jan 26	TR + 9.75%	**861**	**7,127**	**7,988**	8,147
(-) Funding cost			**(656)**	**(3,606)**	**(4,262)**	(4,753)
Total subsidiaries			**36,771**	**244,411**	**281,182**	296,159
Total Consolidated			**108,590**	**370,760**	**479,350**	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	
	9/30/16	12/31/15	9/30/16	12/31/15
After the reporting period				
12 months	**71,819**	79,053	**108,590**	116,860
13 to 24 months	**20,707**	26,169	**57,452**	61,425
25 to 36 months	**20,706**	19,607	**57,451**	54,862
37 to 48 months	**20,707**	19,606	**57,466**	54,860
More than 48 months	**64,229**	74,618	**198,391**	227,205
Total	**198,168**	219,053	**479,350**	515,212

The movements in loans and financing are as follows:

	Separate		Consolidated	
	Nine months of		Nine months of	
	2016	**2015**	**2016**	**2015**
Opening balance	**219,053**	277,219	**515,212**	592,905
Funding	**172,000**	2,763	**172,000**	5,533
Accrued financial charges	**23,437**	27,158	**48,577**	52,695
Exchange variations (**)	**(3,406)**	-	**(3,406)**	-
Funding costs	**(1,161)**	(981)	**(1,161)**	(1,440)
Amortization of funding costs	**2,002**	1,810	**2,495**	2,751
Repayment of principal	**(193,191)**	(13,766)	**(213,202)**	(36,929)
Payment of financial charges	**(20,566)**	(23,204)	**(41,165)**	(38,986)
Impact of upstream merger (*)	**-**	4,290	**-**	-
Closing balance	**198,168**	275,289	**479,350**	576,529

(*) Merger of SCP Campos with and into the Company, as described in Note 5 (a).
(**) 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. On September 30, 2016, the Company fully settled this working capital loan, as well as the derivative financial instrument related.

Funding during the nine-month period ended September 30, 2016 was as follows:

	Funding date	**Maturity of principal**	**Effective financial charges p.a.**	**Amount raised**
Separate and Consolidated:				
Working capital	03/16	09/16	CDI + 1.47% (**)	30,000
Working capital	05/16	01/17	CDI + 4.19%	22,000
Working capital	06/16	11/16	CDI + 4.40%	20,000
Working capital (Commercial notes)	06/16	08/16	CDI + 3.92%	100,000
Total Separate and Consolidated:				172,000

(*)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. On September 30, 2016, the Company fully settled this working capital loan, as well as the derivative financial instrument related.

On March 30, 2016, the Company obtained a foreign currency-denominated working capital loan, amounting to US$8,253, which, if converted at the foreign exchange rate at the contract date, was equivalent to R$30,000, thus subject to US dollar fluctuation plus spread of 3.20% per annum. The Company issued a promissory note of R$36,000, guaranteed by its joint parent company MRV Engenharia e Participações S.A., and signed a collateral transfer paper on receivables generated by the swap transactions described in Note 17 (a). On September 30, 2016, the Company fully settled this working capital loan, as well as the derivative financial instrument related.

On May 25, 2016, the Company contract a working capital loan by R$22,000 with original principal and interest maturities in August 2016. Repayment of this loan was renegotiated for January 2017.

On June 14, 2016, the Company contract a working capital loan by R$20,000 with original principal and interest maturities in September 2016. Repayment of this loan was renegotiated for November 2016.

On June 30, 2016, the Company made its first commercial notes issuance, totaling R$100,000, represented by 20 commercial notes, in single series, with par value of R$5,000 with principal and interests maturities in August 2016. On July 29, 2016, the Company early redeemed the notes.

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 2016.

The position of debenture at September 30, 2016 and December 31, 2015 is as follows:

			Separate and Consolidated			
			9/30/16			12/31/15
Issue	**Principal - maturity**	**Effective financial charges p.a. (*)**	**Current**	**Noncurrent**	**Total**	**Total**
3rd issue	Jun 14 to Jun 20	CDI + 2.27%	**21,800**	**76,000**	**97,800**	94,066
4th issue	Aug 16 to Feb 19	CDI + 2.13%	**26,245**	**65,000**	**91,245**	105,209
6th issue	Dec 15 to Dec 19	CDI + 2.38%	**14,575**	**85,000**	**99,575**	95,690
7th issue	Jan 17 to Oct 18	118% CDI + 0.14%	**44,352**	**62,495**	**106,847**	101,246
8th issue	Nov 17 to Dec 19	119% CDI + 0.29%	**3,387**	**60,000**	**63,387**	60,301
9th issue	Oct 16	CDI + 2.36%	**138,715**	**-**	**138,715**	-
(-) Funding cost			**(1,805)**	**(3,664)**	**(5,469)**	(6,766)
Total			**247,269**	**344,831**	**592,100**	449,746

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

As at September 30, 2016, the debentures were simple, nonconvertible, registered, book-entry, and had the following other 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.	Oct 16	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							
	9/30/16							12/31/15
After the reporting period	**3rd issue**	**4th issue**	**6th issue**	**7th issue**	**8th issue**	**9th issue**	**Total**	**Total**
Amortization:								
12 months	**21,800**	**26,245**	**14,575**	**44,352**	**3,387**	**138,715**	**249,074**	35,512
13 to 24 months	**22,000**	**30,000**	**15,000**	**49,995**	**24,000**	**-**	**140,995**	122,004
25 to 36 months	**24,000**	**35,000**	**25,000**	**12,500**	**24,000**	**-**	**120,500**	152,996
37 to 48 months	**30,000**	**-**	**45,000**	**-**	**12,000**	**-**	**87,000**	131,000
After 48 months	**-**	**-**	**-**	**-**	**-**	**-**	**-**	15,000
Total	**97,800**	**91,245**	**99,575**	**106,847**	**63,387**	**138,715**	**597,569**	456,512
Costs:								
12 months	**(452)**	**(300)**	**(414)**	**(287)**	**(352)**	**-**	**(1,805)**	(1,793)
13 to 24 months	**(453)**	**(300)**	**(416)**	**(289)**	**(354)**	**-**	**(1,812)**	(1,793)
25 to 36 months	**(454)**	**(124)**	**(417)**	**(25)**	**(356)**	**-**	**(1,376)**	(1,750)
37 to 48 months	**(316)**	**-**	**(70)**	**-**	**(90)**	**-**	**(476)**	(1,228)
After 48 months	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(202)
Total	**(1,675)**	**(724)**	**(1,317)**	**(601)**	**(1,152)**	**-**	**(5,469)**	(6,766)
Total, net	**96,125**	**90,521**	**98,258**	**106,246**	**62,235**	**138,715**	**592,100**	449,746

Movements in debentures are as follows:

	Separate and Consolidated	
	Nine months of	
	2016	2015
Opening balance	**449,746**	441,524
Funding	**135,000**	-
Accrued financial charges	**56,856**	47,576
Funding costs	**(57)**	-
Amortization of funding costs	**1,354**	1,406
Payment of principal	**(10,000)**	(3,000)
Payment of financial charges	**(40,799)**	(46,926)
Closing balance	**592,100**	440,580

c) Guarantees

The types of guarantee for loans, financing and debentures as at September 30, 2016 were as follows:

	Consolidated				
	Working capital	Construction financing	Debentures	Total	
Surety	20,175	-	-	20,175	
Collateral	31,141	434,908	-	466,049	
Collateral/receivables	-	-	458,854	458,854	
No guaranties	-	-	138,715	138,715	
Total	51,316	434,908	597,569	1,083,793	(*)

(*) 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).

Receivables consist of future inflows generated by the financed projects, pledged as collateral in the event of nonpayment to the financial institutions.

Loans, financing and debentures do not contain any restrictive covenant related to financial ratios.

d) Allocation of financial charges

Financial charges are capitalized as follows:

	Separate			
	2016		2015	
	3rd quarter	Nine months	3rd quarter	Nine months
Finance charges:				
Loans, financing and debentures	**(32,715)**	**(85,544)**	(28,063)	(77,950)
Charges due to related parties	**-**	**(297)**	-	-
Total financial charges	**(32,715)**	**(85,841)**	(28,063)	(77,950)
Interest capitalized on:				
Investment property (Note 6)	**951**	**2,262**	1,200	5,290
Investment	**25,030**	**69,178**	20,494	52,921
Financial charges allocated to profit or loss (Note 15)	**(6,734)**	**(14,401)**	(6,369)	(19,739)

	Consolidated			
	2016		2015	
	3rd quarter	Nine months	3rd quarter	Nine months
Finance charges:				
Loans, financing and debentures	**(41,413)**	**(111,177)**	(37,286)	(104,428)
Charges due to related parties	**-**	**(297)**	-	-
Total financial charges	**(41,413)**	**(111,474)**	(37,286)	(104,428)
Interest capitalized on:				
Investment property (Note 6)	**25,260**	**70,165**	20,768	56,026
Investment	**722**	**2,031**	1,522	3,733
Financial charges allocated to profit or loss (Note 15)	**(15,431)**	**(39,278)**	(14,996)	(44,669)

In the nine-month period ended September 30, 2016, total capitalized loans, financing and debentures represented an average charge rate of 14.87% per annum (13.95% per annum for the same period of 2015).

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, 2015.

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

	Separate			
	2016		2015	
	3rd quarter	Nine months	3rd quarter	Nine months
Income (loss) before income tax and social contribution	**2,820**	**20,199**	10,706	1,799
Statutory rate - income tax and social contribution	**34%**	**34%**	34%	34%
Nominal (expense) credit	**(959)**	**(6,868)**	(3,640)	(612)
Effect of IRPJ and CSLL on permanent differences:				
Results from equity participation grossed with written-off capitalized interest	**11,315**	**32,128**	9,431	16,908
Unrecognized tax credit	**(8,265)**	**(22,830)**	(6,451)	(6,451)
Effect of upstream merger	**-**	**-**	-	(11,026)
Depreciation of investment property	**808**	**2,412**	670	1,902
Write-off of fair value on divesture	**-**	**-**	-	1,000
Other	**717**	**417**	103	(143)
IRPJ and CSLL credit (expenses) in profit or loss	**3,616**	**5,259**	113	1,578

	Consolidated			
	2016		2015	
	3rd quarter	Nine months	3rd quarter	Nine months
Income (loss) before income tax and social contribution	**4,346**	**25,363**	12,415	5,763
Statutory rate - income tax and social contribution	**34%**	**34%**	34%	34%
Nominal (expense) credit	**(1,478)**	**(8,623)**	(4,221)	(1,959)
Effect of IRPJ and CSLL on permanent differences:				
Results from equity participation	**153**	**451**	1,174	1,842
Tax basis difference for companies taxes based on deemed income	**10,159**	**28,285**	7,132	12,456
Unrecognized tax credit	**(8,265)**	**(22,830)**	(6,451)	(6,451)
Effect of upstream merger	**-**	**-**	-	(11,026)
Depreciation of investment property	**784**	**3,118**	949	2,964
Write-off of fair value on divesture	**-**	**-**	-	1,000
Other	**739**	**(298)**	(176)	(1,205)
IRPJ and CSLL credit (expenses) in profit or loss	**2,092**	**103**	(1,593)	(2,379)

(b) Deferred tax balances

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

	Separate		Consolidated	
	9/30/16	12/31/15	9/30/16	12/31/15
Noncurrent assets:				
Income tax and social contribution	**56,311**	51,052	**56,381**	51,052
Liabilities:				
Income tax and social contribution	**-**	-	**(24,087)**	(22,534)
PIS/COFINS	**-**	-	**(32,264)**	(29,556)
	-	-	**(56,351)**	(52,090)
Current	**-**	-	**(1,053)**	(965)
Noncurrent	**-**	-	**(55,298)**	(51,125)
Total	**-**	-	**(56,351)**	(52,090)

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

	Separate		Consolidated	
	9/30/16	12/31/15	9/30/16	12/31/15
Tax effect on:				
Deferred assets:				
Tax loss carryforwards	**30,382**	23,160	**34,549**	26,391
Capitalized interest	**66,385**	66,384	**66,385**	66,384
Temporary differences	**374**	2,338	**397**	2,347
	97,141	91,882	**101,331**	95,122
Reclassified deferred liabilities	**(40,830)**	(40,830)	**(44,950)**	(44,070)
Deferred assets	**56,311**	51,052	**56,381**	51,052
Deferred liabilities:				
Fair value appreciation on investment property	**(40,830)**	(40,830)	**(67,669)**	(65,437)
Rents receivable	**-**	-	**(1,368)**	(1,167)
	(40,830)	(40,830)	**(69,037)**	(66,604)
Reclassified deferred liabilities	**40,830**	40,830	**44,950**	44,070
Deferred tax liabilities	**-**	-	**(24,087)**	(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 September 30, 2016, the estimated realization of deferred tax assets, based on the projection of future taxable income, prepared by the Company's management, was as follows:

	IRPJ and CSLL	
	Separate	Consolidated
Expected realization:		
2016	576	599
2017	753	820
2018	7,358	7,658
2019	7,568	8,386
2020	6,908	8,108
After 2020	73,978	75,760
Total	97,141	101,331

As at September 30, 2016, 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.

The movements in deferred income tax (IRPJ) and social contribution (CSLL) assets and liabilities for the nine-month period ended September 30, 2016 and 2015 were as follows:

	Separate				Consolidated			
	2016			2015	2016			2015
	Assets	Liabilities	Net	Net	Assets	Liabilities	Net	Net
Opening balance	**91,882**	**(40,830)**	**51,052**	28,535	**95,122**	**(66,604)**	**28,518**	6,280
Write-offs for:								
- divestures	**-**	**-**	**-**	-	**-**	**-**	**-**	(96)
- Upstream merger	**-**	**-**	**-**	(1,098)	**-**	**-**	**-**	-
Deferred effects recognized in:								
- Net income (loss) for the period	**5,259**	**-**	**5,259**	1,593	**6,209**	**(2,433)**	**3,776**	2,252
Closing balance	**97,141**	**(40,830)**	**56,311**	29,030	**101,331**	**(69,037)**	**32,294**	**8,436**

10. Provisions for labor, tax and civil contingencies

The movements in for the nine-month period ended September 30, 2016 and 2015 were as follows:

	Separate and Consolidated	
	Nine months of	
	2016	2015
Opening balance	**739**	203
Additions	**307**	519
Payment	**(369)**	(57)
Reversal	**(9)**	(19)
Closing balance	**668**	646

The lawsuits assessed with possible losses by the legal counsel, related basically to labor lawsuits, amount to R$757 as at September 30, 2016 (R$552 at December 31, 2015).

Based on the legal counsel's assessment, there are no tax lawsuits classified with a risk of unfavorable outcome classified as probable or possible. Only one civil lawsuit, totaling R$5, is classified with a possible likelihood of an unfavorable outcome and there are no lawsuits classified as with a probable likelihood of unfavorable outcomes.

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, 2015.

11. Shareholder´s equity

(a) Common shares and issued capital

	Separate and Consolidated	
	9/30/16	12/31/15
Capital	**753,820**	729,043
Number of common shares, without par value (thousand)	**174,732**	174,557

The Company's authorized capital as at September 30, 2016 and December 31, 2015 was R$2,000,000.

During the nine-month period ended September 30, 2016 and 2015, the Annual and Extraordinary Shareholders' Meetings and Board of Directors approved within the Company's authorized capital ceiling, the following changes in its capital:

Date of approval	Description	Number of shares (thousand)	Total outstanding shares after issuance (thousand)	Unit price R$		Total capital increase R$'000	Share capital after capital increase R$'000	Share issuance premium R$'000
Nine-month period of 2016:								
6/28/16	Issue of new shares	175	174,732	9.32	(*)	175	729,218	1,459
6/28/16	Capitalization of share issuance premium	-	174,732	-		24,602	753,820	-
Nine-month period of 2015:								
4/30/15	Capitalization of reserves	-	171,844	-		554,486	726,330	-
6/29/15	Issue of new shares	2,713	174,557	9.53	(**)	2,713	729,043	23,143

(*) R$1.00 allocated to the capital increase and R$8.32 allocated to the premium reserve.
(**) R$1.00 allocated to the capital increase and R$8.53 allocated to the premium reserve.

(b) Mandatory minimum dividend payable to shareholders

The 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.

The 2014 dividends, amounting to R$25,856, were approved at the Annual Shareholders' Meeting held on April 30, 2015 and paid on June 29, 2015.

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, 2015.

12. Earnings per share

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

	Separate and Consolidated			
	2016		2015	
	3rd quarter	Nine months	3rd quarter	Nine months
Basic earnings per share				
Net income (loss) for the period	**6,436**	**25,458**	10,819	3,377
Weighted average number of outstanding common shares (in thousands)	**174,732**	**174,618**	174,557	172,782
Basic earnings per share - in R$	**0.03683**	**0.14579**	0.06198	0.01954
Diluted earnings per share:				
Net income (loss) for the period	**6,436**	**25,458**	10,819	3,377
Weighted average number of outstanding common shares (in thousands)	**174,732**	**174,618**	174,557	172,782
Dilutive effect of stock options (in thousands)	**342**	**342**	337	337
Weighted average number of outstanding common shares (in thousands)	**175,074**	**174,960**	174,894	173,119
Diluted earnings per share - in R$	**0.03676**	**0.14551**	0.06186	0.01951

13. Net revenue

	Separate			
	2016		2015	
	3rd quarter	Nine months	3rd quarter	Nine months
Rental revenue	**4,816**	**15,253**	5,706	16,413
PIS/COFINS on revenue	**(445)**	**(1,380)**	(527)	(1,517)
Net revenue	**4,371**	**13,873**	5,179	14,896

	Consolidated			
	2016		2015	
	3rd quarter	Nine months	3rd quarter	Nine months
Rental revenue	**25,654**	**77,356**	25,356	73,165
PIS/COFINS on revenue	**(1,693)**	**(5,103)**	(1,495)	(4,423)
Net revenue	**23,961**	**72,253**	23,861	68,742

14. Costs and expenses by nature

	Separate			
	2016		2015	
	3rd quarter	Nine months	3rd quarter	Nine months
Depreciation	**(58)**	**(169)**	(69)	(145)
Advertising	**(213)**	**(406)**	(188)	(778)
Salaries, charges and benefits	**(1,332)**	**(3,529)**	(1,189)	(3,464)
Management compensation	**(276)**	**(838)**	(269)	(807)
Outside services	**(644)**	**(1,827)**	(621)	(1,782)
General expenses	**(483)**	**(1,502)**	(322)	(951)
Stock options	**(69)**	**(232)**	(60)	(280)
Vacancy expenses	**(597)**	**(1,531)**	(445)	(1,263)
Other	**(18)**	**(325)**	(170)	(466)
	(3,690)	**(10,359)**	(3,333)	(9,936)
Classified as:				
Selling expenses	**(1,413)**	**(3,583)**	(1,086)	(3,444)
General and administrative expenses	**(1,982)**	**(5,613)**	(1,794)	(5,221)
Management compensation	**(276)**	**(838)**	(269)	(807)
Other operating income (expenses), net	**(19)**	**(325)**	(184)	(464)
	(3,690)	**(10,359)**	(3,333)	(9,936)

	Consolidated			
	2016		2015	
	3rd quarter	Nine months	3rd quarter	Nine months
Depreciation	**(59)**	**(174)**	(86)	(166)
Advertising	**(213)**	**(406)**	(188)	(778)
Salaries, charges and benefits	**(1,332)**	**(3,512)**	(1,189)	(3,464)
Management compensation	**(276)**	**(838)**	(269)	(807)
Outside services	**(1,527)**	**(4,398)**	(1,393)	(4,149)
General expenses	**(522)**	**(1,723)**	(350)	(1,073)
Stock options	**(69)**	**(232)**	(60)	(280)
Vacancy expenses	**(1,509)**	**(4,021)**	(1,262)	(4,144)
Other	**(49)**	**(343)**	(2,331)	(2,646)
	(5,556)	**(15,647)**	(7,128)	(17,507)
Classified as:				
Selling expenses	**(2,998)**	**(8,125)**	(2,434)	(7,927)
General and administrative expenses	**(2,233)**	**(6,341)**	(2,066)	(6,114)
Management compensation	**(276)**	**(838)**	(269)	(807)
Other operating income (expenses), net	**(49)**	**(343)**	(2,359)	(2,659)
	(5,556)	**(15,647)**	(7,128)	(17,507)

15. Financial expenses and income

	Separate			
	2016		2015	
	3rd quarter	Nine months	3rd quarter	Nine months
Financial expenses				
Interest on loans, financing and debentures (Note 7 (d))	**(6,734)**	**(14,401)**	(6,369)	(19,738)
Result on mark-to-market derivative financial instruments	**359**	**-**	-	-
Inflation adjustments	**(3,425)**	**(3,425)**		
Other	**(174)**	**(237)**	(16)	(442)
	(9,974)	**(18,063)**	(6,385)	(20,180)
Financial income				
Income from short-term investment	**2,255**	**3,158**	827	3,785
Gain on derivative financial instruments	**-**	**-**	3,622	6,673
Inflation adjustments	**887**	**4,033**	1,668	4,426
Other	**2**	**211**	363	617
	3,144	**7,402**	6,480	15,501
Financial income (expenses)	**(6,830)**	**(10,661)**	95	(4,679)

	Consolidated			
	2016		2015	
	3rd quarter	Nine months	3rd quarter	Nine months
Financial expenses				
Interest on loans, financing and debentures (Note 7 (d))	**(15,431)**	**(39,278)**	(14,996)	(44,669)
Result on mark-to-market derivative financial instruments	**359**	**-**	-	-
Inflation adjustments	**(3,425)**	**(3,425)**		
Other	**(263)**	**(618)**	(91)	(541)
	(18,760)	**(43,321)**	(15,087)	(45,210)
Financial income				
Income from short-term investment	**2,389**	**3,496**	934	4,333
Gain on derivative financial instruments	**-**	**-**	3,709	6,897
Inflation adjustments	**887**	**4,034**	1,675	4,640
Other	**173**	**549**	371	581
	3,449	**8,079**	6,689	16,451
Financial income (expenses)	**(15,311)**	**(35,242)**	(8,398)	(28,759)

16. Related parties

Related-party balances and transactions are as follows:

	Separate		Consolidated	
	9/30/16	12/31/15	9/30/16	12/31/15
Balance sheets:				
Short-term investments (a)	**10,238**	12,676	**10,238**	12,676
Rental receivables (b)	**20**	18	**228**	325
Receivables for sale of subsidiary (e)	**5,943**	5,062	**5,944**	5,062
Debentures (f)	**138,715**	-	**138,715**	-

	2016		2015	
	3rd quarter	Nine months	3rd quarter	Nine months
Transactions:				
Separate				
Income from short-term investments (a)	**464**	**915**	869	3,371
Rental receivables (b)	**68**	**204**	62	185
Expenses on the provision of administrative services (c)	**209**	**617**	229	726
Financial expenses due to related parties (d)	**-**	**297**	-	-
Sale of subsidiary (e)	**-**	**-**	-	109,989
Financial expenses on debentures (f)	**3,715**	**3,715**	-	-
Consolidated				
Income from short-term investments (a)	**464**	**915**	869	3,714
Rental receivables (b)	**628**	**2,804**	1,051	2,876
Expenses on the provision of administrative services (c)	**455**	**1,343**	499	1,601
Financial expenses due to related parties (d)	**-**	**297**	-	-
Sale of subsidiary (e)	**-**	**-**	-	110,000
Financial expenses on debentures (f)	**3,715**	**3,715**	-	-

(a) Refers to short-term investments in CDBs on Banco Intermedium S.A ("Intermedium"), which is controlled by the controlling shareholder of MRV Engenharia e Participações S.A. As at September 30, 2016, short-term investments yielded approximately 108.00% of CDI in the separate financial statements and on a consolidated basis. (108.00% of CDI in the separate financial statements and on a consolidated basis as at December 31, 2015).

Joint venture Cabral Investimentos SPE Ltda ("Cabral") holds short-term investments on Intermedium amounting to R$11,177 at September 30, 2016 (R$13,899 at December 31, 2015). The financial income arising on these short-term investments was R$1,428 for the nine-month period of 2016 (R$2,914 for the same period of 2015).

(b) Refers to the 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$4.0 per project developed by the Company or its investees for the first half of 2016, R$4,1 from third quarter of 2016 (R$4.5 for 2015). 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 July 19, 2016, the parties entered into an amendment that changed the monthly payment amount to R$4.1 per project.

(d) Refers to the expenses on loan between the Company and its joint parent company MRV Engenharia e Participações S.A. amounting to R$32,698, granted in first half of 2016. The loan was subject to CDI + spread of 2.36% per annum and the outstanding balance was fully repaid during the same period.

(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.

In April 2015, the Company entered into rental agreement of part of tenth floor of the office building where the new 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 agreements are effective until February 28, 2025, adjustable by the General Market Price Index (IGPM) and provides for the monthly payment of R$36 from April 2016 (R$34 until March 2016). The rental expenses recognized in profit or loss for the three- and nine-month period ended

September 30, 2016, totaled R$109 and R$320 respectively (R$101 and R$202 for the same periods of 2015).

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, to be paid in a R$750 down payment and 12 monthly installments of R$563, adjusted using the INCC (National Construction Cost Index). The receivable balance as at September 30, 2016 is nil (R$4,568 at December 31, 2015). The interest income earned on this transaction, included in the amount above, was R$97 for the nine-month period ended September 30, 2016 (R$40 for the same period of 2015).

The Group conducts transactions with Banco Bradesco, manager of the mutual fund Fundo de Investimento em Participações Multisetorial Plus, a Company shareholder. As at September 30, 2016, these transactions consist of loans, financing, and debentures totaling R$446.589 (R$468,076 at December 31, 2015). During the three- and nine-month period ended September 30, 2016, these transactions, conducted at usual market rates, generated financial expenses of R$15,648 and R$45.991 respectively. (R$14,479 and R$42,767 for the same periods of 2015).

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			
	2016		2015	
	3rd quarter	Nine months	3rd quarter	Nine months
Short-term benefits granted to management:				
Management compensation	**276**	**838**	269	807
Profit sharing	**121**	**361**	142	426
Non-monetary benefits	**12**	**32**	11	32
Share-based compensation:				
Stock option plan	**54**	**179**	24	169
	463	**1,410**	446	1,434

On April 29, 2016, the Extraordinary Shareholders' Meeting approved overall management compensation of R$1,900. Including social security contributions and medical care.

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 September 30, 2016.

On March 30, 2016, the Company entered into a non-speculative derivative financial instrument to hedge its exposure to the US dollar fluctuation in the working capital transaction, described in Note 7 (a). 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
Swap	US dollar fluctuation + 3.20% p.a. / CDI + 1.47%p.a.	9/30/16	8,253	30,000	27,039	32,340
Total current liabilities						

Impact on profit or loss – Separate and Consolidated			
	Loss on transaction	Mark-to-market	Total
3rd quarter of 2016	(1,150)	359	(791)
Nine months of 2016	(5,301)	-	(5,301)

In the first quarter of 2015, the Company entered into a non-speculative derivative financial instruments to hedge its exposure to interest rates on financing and debentures, exposed to fluctuations in CDI rate. The sole purpose was to hedge the changes in interest rates by swapping the variable rate (CDI) for fixed rate.

As at September 30, 2015, the outstanding DI call option (*) and swaps matured between January 2016 and January 2017, are broken down as follows:

			9/30/2015
Type of transaction	Maturity	Notional amount	Derivative fair value (Current)
Option (*)	1/4/16	250,000	600
			600

Impact on profit or loss – Separate and Consolidated						
	3rd quarter			Nine months		
Type of transaction	Gain or loss on transaction	Mark-to-market	Total	Gain or loss on transaction	Mark-to-market	Total
Opção (*)	-	(150)	(150)	-	(50)	(50)
Swap	3,526	(1,639)	1,887	3,482	-	3,482
Swap	3,334	(1,449)	1,885	3,241	-	3,241
	6,860	**(3,238)**	**3,622**	**6,723**	**(50)**	**6,673**

(*) Through payment of premium, amounting to R$650, for the notional amounts above, the Company would receive upon maturity the accumulated CDI variance that exceeds 13.5%.

On September 23, 2015, the Company settled the two swaps in advance for a total of R$6,723.

In January 2016, the DI call option, amounting to R$186 at December 31, 2015, was settled.

The impacts on net income (loss) of the derivatives above are recognized in line item financial charges and financial income, according to their nature.

(b) Category of financial instruments

	Separate		Consolidated	
	9/30/16	12/31/15	9/30/16	12/31/15
Financial assets:				
Cash and banks	**91**	499	**431**	683
Fair value through profit or loss held for trading (*)	**14,604**	13,545	**17,828**	16,761
Loans and receivables	**16,399**	14,694	**38,288**	33,760
Financial liabilities:				
Other financial liabilities (amortized cost)	**791,047**	669,600	**1,081,460**	971,559

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

(c) Exposure to interest rates, inflation adjustment indices, and US dollar fluctuation

The analysis below at September 30, 2016, has been prepared in accordance to Note 17 (c), to the financial statements for the year ended December 31, 2015.

Index	Financial asset	Financial liability	Net exposed financial liability	Effective rate for the 12-month period ended 9/30/2016	Estimated annual rate for 2016 (*)		Change in effective rate for the relevant scenario	Total estimated effect
Probable scenario:								
CDI	17,828	(697,359)	(679,531)	14.06%	13.78%	(i)	-0.28%	1,903
TR	-	(393,915)	(393,915)	2.06%	1.31%	(i)	-0.75%	2,954
IPCA	42,900	-	42,900	8.48%	6.53%	(**)	-1.95%	(837)
								4,020
Scenario I:								
CDI	17,828	(697,359)	(679,531)	14.06%	17.23%		3.17%	(21,541)
TR	-	(393,915)	(393,915)	2.06%	1.64%		-0.42%	1,654
IPCA	42,900	-	42,900	8.48%	4.90%		-3.58%	(1,536)
								(21,423)
Scenario II:								
CDI	17,828	(697,359)	(679,531)	14.06%	20.67%		6.61%	(44,917)
TR	-	(393,915)	(393,915)	2.06%	1.97%		-0.09%	355
IPCA	42,900	-	42,900	8.48%	3.27%		-5.21%	(2,235)
								(46,797)

(i) Data obtained on the BM&F Bovespa website.
(*) Effective change for the first nine months of 2016 plus a projection for the next three months of 2016.
(**) As described in Note 5 (a), the Company holds the rights to receive the IPCA adjustment on the receivables assigned to HSBC.

In order to minimize the potential impacts of the changes in the interest rates on financing and debentures exposed to the CDI rate and foreign exchange fluctuations of the US dollar exposed financing, the Company entered into derivative financial instruments, as disclosed in (a) above.

(d) Capital risk management

As at September 30, 2016 and December 31, 2015, the consolidated debt-to-equity ratio is as follows:

	Separate		Consolidated	
	9/30/16	12/31/15	9/30/16	12/31/15
Loans, financing and debentures	**790,268**	668,799	**1,071,450**	964,958
Cash and Cash Equivalents	**(14,695)**	(13,858)	**(18,259)**	(17,258)
Net debt	**775,573**	654,941	**1,053,191**	947,700
Shareholders' equity	**1,523,089**	1,495,765	**1,523,215**	1,495,873
Net debt to Shareholders' equity	**50.9%**	43.8%	**69.1%**	63.4%

The Company, its subsidiaries, and its joint ventures are 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 September 30, 2016 through their due date, are as follows:

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Separate:					
Floating rates	388,159	214,177	172,758	226,838	1,001,932
Non-interest bearing securities	779	-	-	-	779
Total	388,938	214,177	172,758	226,838	1,002,711
Consolidated:					
Floating rates	444,936	271,266	230,101	498,155	1,444,458
Non-interest bearing securities	10,010	-	-	-	10,010
Total	454,946	271,266	230,101	498,155	1,454,468

(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:

	9/30/2016			12/31/2015		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Separate						
Financial instruments						
Debentures:						
CDI + 1.90% p.a.	**97,800**	**97,529**	**271**	94,066	90,373	3,693
CDI + 1.85% p.a.	**91,245**	**83,706**	**7,539**	105,209	101,492	3,717
CDI + 2.00% p.a.	**99,575**	**96,170**	**3,405**	95,690	91,448	4,242
118% of CDI p.a.	**106,847**	**105,112**	**1,735**	101,246	99,356	1,890
119% of CDI p.a.	**63,387**	**61,475**	**1,912**	60,301	58,695	1,606
CDI + 2,36% p.a.	**138,715**	**138,715**	**-**			
Total	**597,569**	**582,707**	**14,862**	456,512	441,364	15,148
Working capital loans						
CDI + 1.60% p.a.	**8,852**	**8,740**	**112**	15,372	15,323	49
CDI + 2.00% p.a.	**-**	**-**	**-**	50,212	50,212	-
CDI + 2.50% p.a.	**22,289**	**22,187**	**102**	-	-	-
CDI + 2.50% p.a.	**20,175**	**20,131**	**44**	-	-	-
Total	**51,316**	**51,058**	**258**	65,584	65,535	49
Financing:						
Construction financing	**149,464**	**149,464**	**-**	156,923	156,923	-
Total	**149,464**	**149,464**	**-**	156,923	156,923	-
Grand total (w/o issuance costs)	**798,349**	**783,229**	**15,120**	679,019	663,822	15,197

	9/30/2016			12/31/2015		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Consolidated						
Financial instruments						
Debentures:						
CDI + 1.90% p.a.	**97,800**	**97,529**	**271**	94,066	90,373	3,693
CDI + 1.85% p.a.	**91,245**	**83,706**	**7,539**	105,209	101,492	3,717
CDI + 2.00% p.a.	**99,575**	**96,170**	**3,405**	95,690	91,448	4,242
118% of CDI p.a.	**106,847**	**105,112**	**1,735**	101,246	99,356	1,890
119% of CDI p.a.	**63,387**	**61,475**	**1,912**	60,301	58,695	1,606
CDI + 2.36% p.a.	**138,715**	**138,715**	**-**			
Total	**597,569**	**582,707**	**14,862**	456,512	441,364	15,148
Working capital loans						
CDI + 1.60% p.a.	**8,852**	**8,740**	**112**	15,372	15,323	49
CDI + 2.00% p.a.	**-**	**-**	**-**	50,212	50,212	-
CDI + 2.50%p.a.	**22,289**	**22,187**	**102**	-	-	-
CDI + 2.50%p.a.	**20,175**	**20,131**	**44**	-	-	-
Total	**51,316**	**51,058**	**258**	65,584	65,535	49
Financing:						
Construction financing	**434,908**	**434,908**	**-**	457,835	457,835	-
Total	**434,908**	**434,908**	**-**	457,835	457,835	-
Grand total (w/o issuance costs)	**1,083,793**	**1,068,673**	**15,120**	979,931	964,734	15,197

The fair values of loans, financing, and debentures subject to CDI rate plus spread and TR, a managed prime rate, 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 September 30, 2016 and December 31, 2015.

The table below shows a comparison of the contracted and market rates, Separate and Consolidated, at September 30, 2016, is as follows:

	Current market rate	Maturity dates
Debentures:		
CDI + 1.90% p.a.	CDI + 2.06% p.a.	June 2020
CDI + 1.85% p.a.	CDI + 7.93% p.a.	February 2019
CDI + 2.00% p.a.	CDI + 3.90% p.a.	December 2019
118% of CDI p.a.	CDI + 3.85% p.a.	October 2018
119% of CDI p.a.	CDI + 3.90% p.a.	November 2019
CDI + 2.36% p.a.	CDI + 2.36% p.a.	October 2016
Working capital loans		
CDI + 1.60% p.a.	CDI + 4.30% p.a.	September 2017
CDI + 2.50% p.a.	CDI + 4.30% p.a.	January 2017
CDI + 2.50% p.a.	CDI + 4.30% p.a.	November 2016
Construction financing:		
CDI + 1.65% p.a.	CDI + 1.65% p.a.	October 2024
TR + 9.30% to 11.50% p.a.	TR + 9.30% to 11.50% p.a.	August 2026

Management believes that 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 mature on dates close to the end of 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, 2015.

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 the CDI. As at September 30, 2016, the amount to be paid by the Company is R$10,584 (R$11,986 at December 31, 2015).

20. Noncash transactions

During the nine-month period ended September 30, 2016 and 2015, the Company and its subsidiaries conducted the following investment and financing transactions that did not involve contributed cash, and, therefore, are not reflected in the statement of cash flows:

	Separate		Consolidated	
	Nine months of		Nine months of	
	2016	**2015**	**2016**	**2015**
Interest capitalization	**71,440**	58,211	**72,196**	59,759
Upstream merger	**-**	84,041	**-**	-
Capital increase arising from the capitalization of reserve	**24,602**	554,486	**24,602**	554,486

21. Insurance

The Group has an insurance policy that considers primarily risk concentration and their materiality, taking into consideration the nature of its business, and advice of the insurance brokers. As at September 30, 2016, 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.	50,060
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.	7,497
Corporate insurance	Insures payment of compensation to the Company for covered events occurring in leased commercial properties, events such as electric damages, fire, lightening, windstorm, etc.	101,686
Legal guarantee insurance	Insures to the policyholder the payment of any disputed amount in full related to any lawsuit filed with any court or threatened. The contracted guarantee replaces escrow deposits.	68

22. Subsequent event

On October 28, 2016 was approved by the General Debentures Holders´ Meeting, to extend the maturity date of October 28, 2016 to January 25, 2017, of the ninth issue of simple debentures, amounting R$135,000, for private placement, non-convertible, with unsecured guarantee, fully subscribed and paid by joint venturer MRV Engenharia e Participações S.A..

23. Approval of the interim financial statements

These interim financial statements were approved by the executive committee and authorized for issue on November 08, 2016.