# Interim Financial Statements (ITR)

## LOG Commercial Properties e Participações S.A.

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

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

Interim Condensed Financial Statements (ITR)

September 30, 2017

Contents

Report on Review of Interim Condensed Financial Statements ..... 1

Reviewed Interim Financial Statements

Separate

Balance Sheets ..... 4
Statement of Income ..... 6
Statement of Comprehensive Income ..... 7
Statement of Cash Flows ..... 8
Statement of Changes in Equity ..... 9
Statements of Value Added ..... 11

Consolidated

Balance Sheets ..... 12
Statement of Income ..... 14
Statement of Comprehensive Income ..... 15
Statement of Cash Flows ..... 16
Statement of Changes in Equity ..... 17
Statements of Value Added ..... 19

Notes to the Interim Financial Information ..... 20

KPMG Auditores Independentes
Rua Paraíba, 550 - 12º andar - Bairro Funcionários
30130-141 - Belo Horizonte/MG - Brasil
Caixa Postal 3310 - CEP 30130-970 - Belo Horizonte/MG - Brasil
Telefone +55 (31) 2128-5700, Fax +55 (31) 2128-5702
www.kpmg.com.br

# Report on review of quarterly information - ITR

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

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

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

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

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

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

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

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

**Other matters**

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

**Corresponding amounts**
The corresponding amounts relating to the individual and consolidated balance sheets as of January 1, 2016 (Derivative from financial statements for the year ended at December 31, 2015) and December 31, 2016 and the individual and consolidated statements of income and comprehensive income for three and nine-month period and statements of changes in equity, cash flows and value added (supplementary information) for nine-month period ended September 30, 2016, presented for comparative purposes which have been restated as a result of the matters described in Note 2, were previously audited and reviewed, respectively, by other independent auditors who issued an unmodified reports dated August 8th, 2017 and November 6th, 2017.

Belo Horizonte, November 6th, 2017

KPMG Auditores Independentes
CRC SP-014428/O-6 F-MG

*Original report in Portuguese signed by*
Marco Túlio Fernandes Ferreira
Accountant CRC MG-058176/O-0

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

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

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

| Code | Description | Current Quarter 9/30/2017 | Previous year 12/31/2016 |
|---|---|---|---|
| 1 | Total assets | 2,540,710 | 2,541,222 |
| 1.01 | Current assets | 51,500 | 164,412 |
| 1.01.01 | Cash and cash equivalents | 19,971 | 40,190 |
| 1.01.03 | Receivables | 10,535 | 11,216 |
| 1.01.03.01 | Trade receivables | 10,535 | 11,216 |
| 1.01.06 | Recoverable taxes | 6,207 | 5,327 |
| 1.01.06.01 | Recoverable current taxes | 6,207 | 5,327 |
| 1.01.07 | Prepaid expenses | 900 | 5,262 |
| 1.01.08 | Other current assets | 13,887 | 102,417 |
| 1.01.08.03 | Other | 13,887 | 102,417 |
| 1.01.08.03.01 | Marketable securities | 13,887 | 102,417 |
| 1.02 | Noncurrent assets | 2,489,210 | 2,376,810 |
| 1.02.01 | Long-term assets | 120,178 | 110,605 |
| 1.02.01.03 | Receivables | 3,261 | 4,315 |
| 1.02.01.03.01 | Trade receivables | 3,261 | 4,315 |
| 1.02.01.06 | Deferred taxes | 100,575 | 90,014 |
| 1.02.01.06.01 | Deferred income tax and social contribution | 100,575 | 90,014 |
| 1.02.01.07 | Prepaid expenses | 525 | 570 |
| 1.02.01.09 | Other noncurrent assets | 15,807 | 15,706 |
| 1.02.01.09.03 | Recoverable taxes | 14,226 | 14,658 |
| 1.02.01.09.04 | Other | 1,025 | 475 |
| 1.02.01.09.05 | Marketable securities | 556 | 573 |
| 1.02.02 | Investments | 2,367,667 | 2,264,710 |
| 1.02.02.01 | Investments in subsidiaries and jointly controlled entities | 1,934,582 | 1,830,040 |
| 1.02.02.01.02 | Investments in subsidiaries | 1,673,833 | 1,582,820 |
| 1.02.02.01.03 | Investments in jointly controlled entities | 260,749 | 247,220 |
| 1.02.02.02 | Investment property | 433,085 | 434,670 |
| 1.02.03 | Property and equipment | 1,375 | 1,495 |
| 1.02.03.01 | Property and equipment in use | 1,375 | 1,495 |

## Separate / Balance Sheets – Liabilities and Equity

**(In thousands of Brazilian reais – R$)**

| Code | Description | Current Quarter 9/30/2017 | Previous year 12/31/2016 |
|---|---|---|---|
| 2 | Total liabilities | 2,540,710 | 2,541,222 |
| 2.01 | Current Liabilities | 309,421 | 309,195 |
| 2.01.01 | Labor and social liabilities | 2,751 | 2,293 |
| 2.01.01.01 | Social liabilities | 548 | 430 |
| 2.01.01.02 | Labor liabilities | 2,203 | 1,863 |
| 2.01.02 | Suppliers | 494 | 726 |
| 2.01.02.01 | Domestic trade accounts payable | 494 | 726 |
| 2.01.03 | Tax liabilities | 1,051 | 672 |
| 2.01.03.01 | Federal taxes | 1,032 | 616 |
| 2.01.03.01.01 | Income taxes and social contribution | 49 | 49 |
| 2.01.03.01.02 | Other federal taxes | 983 | 567 |
| 2.01.03.03 | Municipal taxes | 19 | 56 |
| 2.01.04 | Loans and financing | 273,453 | 296,728 |
| 2.01.04.01 | Loans and financing | 23,299 | 22,878 |
| 2.01.04.01.01 | Loans and financing in domestic currency | 23,299 | 22,878 |
| 2.01.04.02 | Debentures | 250,154 | 273,850 |
| 2.01.05 | Others liabilities | 31,672 | 8,776 |
| 2.01.05.02 | Other | 31,672 | 8,776 |
| 2.01.05.02.02 | Mandatory minimum dividend payable | - | 8,466 |
| 2.01.05.02.05 | Advances - barters | 31,264 | - |
| 2.01.05.02.07 | Other | 408 | 310 |
| 2.02 | Noncurrent liabilities | 325,266 | 457,870 |
| 2.02.01 | Loans and financing | 315,383 | 416,919 |
| 2.02.01.01 | Loans and financing | 109,741 | 121,155 |
| 2.02.01.01.01 | Loans and financing in domestic currency | 109,741 | 121,155 |
| 2.02.01.02 | Debentures | 205,642 | 295,764 |
| 2.02.02 | Others liabilities | 9,883 | 40,951 |
| 2.02.02.02 | Other | 9,883 | 40,951 |
| 2.02.02.02.04 | Advances - barters | 8,736 | 40,000 |
| 2.02.02.02.05 | Provisions for labor, tax and civil contingencies | 602 | 495 |
| 2.02.02.02.06 | Other | 545 | 456 |
| 2.03 | Equity | 1,906,023 | 1,774,157 |
| 2.03.01 | Paid-in capital | 1,117,287 | 1,003,820 |
| 2.03.02 | Capital reserves | (506) | 1,961 |
| 2.03.02.04 | Recognized options granted | 2,133 | 1,961 |
| 2.03.02.07 | Share issuance costs | (2,639) | - |
| 2.03.04 | Earnings reserve | 769,063 | 769,063 |
| 2.03.04.01 | Legal reserve | 18,630 | 18,630 |
| 2.03.04.05 | Retained profit reserve | 750,433 | 750,433 |
| 2.03.05 | Retained earnings/accumulated losses | 24,289 | - |
| 2.03.06 | Valuation adjustment | (4,110) | (687) |

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

| Code | Description | 7/1/2017 to 9/30/2017 | 1/1/2017 to 9/30/2017 | 7/1/2016 to 9/30/2016 | 1/1/2016 to 9/30/2016 |
|---|---|---|---|---|---|
| 3.01 | Revenue from sales and/or services | 4,291 | 12,725 | 4,371 | 13,873 |
| 3.03 | Gross profit | 4,291 | 12,725 | 4,371 | 13,873 |
| 3.04 | Operating income (expenses) | 6,740 | 18,979 | 5,279 | 16,987 |
| 3.04.01 | Selling expenses | (1,306) | (3,861) | (1,413) | (3,583) |
| 3.04.02 | General and administrative expenses | (2,392) | (7,074) | (2,258) | (6,451) |
| 3.04.04 | Other operating incomes | 435 | 455 | 60 | 137 |
| 3.04.04.02 | Other operating incomes | 435 | 455 | 60 | 137 |
| 3.04.05 | Other operating expenses | (1,618) | (3,795) | (79) | (462) |
| 3.04.05.02 | Other operating expenses | (1,618) | (3,795) | (79) | (462) |
| 3.04.06 | Results from equity participation | 11,621 | 33,254 | 8,969 | 27,346 |
| 3.05 | Income before financial income and taxes | 11,031 | 31,704 | 9,650 | 30,860 |
| 3.06 | Financial income (expenses) | (5,714) | (16,617) | (6,830) | (10,661) |
| 3.06.01 | Financial income | 2,927 | 8,774 | 3,144 | 7,402 |
| 3.06.02 | Financial expenses | (8,641) | (25,391) | (9,974) | (18,063) |
| 3.07 | Income before taxes | 5,317 | 15,087 | 2,820 | 20,199 |
| 3.08 | Income tax and social contribution | 3,006 | 9,202 | 3,616 | 5,259 |
| 3.08.02 | Deferred | 3,006 | 9,202 | 3,616 | 5,259 |
| 3.09 | Net income (loss) from continuing operations | 8,323 | 24,289 | 6,436 | 25,458 |
| 3.11 | Net income (loss) for the period | 8,323 | 24,289 | 6,436 | 25,458 |
| 3.99 | Earnings per share (In Reais - R$): | - | - | - | - |
| 3.99.01 | Basic | - | - | - | - |
| 3.99.01.01 | ON | 0.14404 | 0.45667 | 0.14733 | 0.58316 |
| 3.99.02 | Diluted | - | - | - | - |
| 3.99.02.01 | ON | 0.14366 | 0.45537 | 0.14681 | 0.58109 |

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

| Code | Description | 7/1/2017 to 9/30/2017 | 1/1/2017 to 9/30/2017 | 7/1/2016 to 9/30/2016 | 1/1/2016 to 9/30/2016 |
|---|---|---|---|---|---|
| 4.01 | Net income for the period | 8,323 | 24,289 | 6,436 | 25,458 |
| 4.02 | Other comprehensive income | (892) | (3,423) | - | - |
| 4.02.01 | Effect of change in relative interest in joint ventures | (892) | (3,423) | - | - |
| 4.03 | Comprehensive income for the period | 7,431 | 20,866 | 6,436 | 25,458 |

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

| Code | Description | 1/1/2017 to 9/30/2017 | 1/1/2016 to 9/30/2016 |
|---|---|---|---|
| 6.01 | Net cash used in operating activities | 59,400 | 58,566 |
| 6.01.01 | Cash provided by operating activities | 417 | 5,870 |
| 6.01.01.01 | Net income for the period | 24,289 | 25,458 |
| 6.01.01.02 | Depreciation | 178 | 169 |
| 6.01.01.03 | Results from equity participation | (33,254) | (27,346) |
| 6.01.01.04 | Financial results | 17,317 | 12,058 |
| 6.01.01.05 | Deferred taxes | (9,202) | (5,259) |
| 6.01.01.06 | Stock options | 172 | 232 |
| 6.01.01.07 | Amortization of prepaid expenses | 361 | 480 |
| 6.01.01.10 | Allowance for doubtful debts | 556 | 78 |
| 6.01.02 | Changes in assets and liabilities | 58,983 | 52,696 |
| 6.01.02.01 | (Increase) decrease in trade accounts receivable | 142 | (4,936) |
| 6.01.02.02 | (Increase) decrease in recoverable taxes | (299) | 1,537 |
| 6.01.02.03 | (Increase) decrease in prepaid expenses | 4,046 | 1,069 |
| 6.01.02.04 | (Increase) decrease in other assets | (550) | (196) |
| 6.01.02.05 | Increase (decrease) in payroll, social charges and benefits | 458 | (7) |
| 6.01.02.06 | Increase (decrease) in taxes, charges and contributions | 379 | (158) |
| 6.01.02.07 | Increase (decrease) in other liabilities | 294 | 28 |
| 6.01.02.09 | Dividends received from subsidiaries | 49,860 | 52,206 |
| 6.01.02.10 | Proceeds from subsidiary sale | 4,653 | 3,153 |
| 6.02 | Net cash provided (used) in investing activities | 7,249 | (97,262) |
| 6.02.01 | Increase in / Acquisition of investments | (81,193) | (93,388) |
| 6.02.02 | Acquisition of investment properties | (437) | (2,492) |
| 6.02.03 | Other | (3,481) | (42) |
| 6.02.05 | Increase in marketable securities | (67,823) | (117,887) |
| 6.02.06 | Decrease in marketable securities | 160,183 | 116,547 |
| 6.03 | Net cash provided (used in) by financing activities | (86,868) | 35,850 |
| 6.03.01 | Loans, financing and debentures | - | 305,782 |
| 6.03.02 | Interest paid | (54,531) | (61,365) |
| 6.03.03 | Shareholders' contributions | 113,467 | 1,634 |
| 6.03.04 | Share issuance costs | (3,998) | - |
| 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 | (8,466) | (1,634) |
| 6.03.09 | Amortization of loans, financing and debentures | (133,340) | (203,191) |
| 6.03.10 | Contracted and redeemed derivative financial instruments | - | (5,115) |
| 6.05 | Increase (decrease) in cash and cash equivalents | (20,219) | (2,846) |
| 6.05.01 | Cash and cash equivalents at beginning of period | 40,190 | 13,175 |
| 6.05.02 | Cash and cash equivalents at end of period | 19,971 | 10,329 |

## Separate / Statement of Changes in Equity – 1/1/2017 to 9/30/2017

**(In thousands of Brazilian reais – R$)**

| Code | Description | Paid-in capital | Capital reserves, recognized options granted and treasury shares | Earnings reserves | Earnings / losses accumulated | Other comprehensive income | Equity attributable to Company owners |
|---|---|---|---|---|---|---|---|
| 5.01 | Opening balance | 1,003,820 | 1,961 | 769,063 | - | (687) | 1,774,157 |
| 5.03 | Adjusted opening balance | 1,003,820 | 1,961 | 769,063 | - | (687) | 1,774,157 |
| 5.04 | Shareholders capital transaction | 113,467 | (2,467) | - | - | - | 111,000 |
| 5.04.01 | Capital increase | 113,466 | (2,639) | - | - | - | 110,827 |
| 5.04.03 | Recognized options granted | - | 172 | - | - | - | 172 |
| 5.04.10 | Share subscription warrants | 1 | - | - | - | - | 1 |
| 5.05 | Total comprehensive income | - | - | - | 24,289 | (3,423) | 20,866 |
| 5.05.01 | Net income for the period | - | - | - | 24,289 | - | 24,289 |
| 5.05.02 | Other comprehensive income | - | - | - | - | (3,423) | (3,423) |
| 5.05.02.06 | Effect of change in relative interest in joint ventures | - | - | - | - | (3,423) | (3,423) |
| 5.07 | Closing balance | 1,117,287 | (506) | 769,063 | 24,289 | (4,110) | 1,906,023 |

## 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 | Equity attributable to Company owners |
|---|---|---|---|---|---|---|---|
| 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 Value Added
**(In thousands of Brazilian reais – R$)**

| Code | Description | 1/1/2017 to 9/30/2017 | 1/1/2016 to 9/30/2016 |
|---|---|---|---|
| 7.01 | Revenue | 58,300 | 87,462 |
| 7.01.01 | Revenues from sales of goods, services and products | 14,030 | 15,253 |
| 7.01.02 | Other revenue | 200 | 61 |
| 7.01.02.01 | Other revenue | 200 | 61 |
| 7.01.03 | Revenue from construction of own assets | 44,626 | 72,226 |
| 7.01.04 | Allowance for doubtful accounts | (556) | (78) |
| 7.02 | Inputs purchased from third parties | (16,851) | (11,914) |
| 7.02.02 | Supplies, power, outside services and other items | (16,851) | (11,914) |
| 7.03 | Gross value added | 41,449 | 75,548 |
| 7.04 | Retentions | (178) | (169) |
| 7.04.01 | Depreciation, amortization and depletion | (178) | (169) |
| 7.05 | Net value added generated | 41,271 | 75,379 |
| 7.06 | Value added received in transfer | 42,454 | 31,689 |
| 7.06.01 | Results from equity participation | 33,254 | 27,346 |
| 7.06.02 | Financial income | 9,200 | 4,343 |
| 7.07 | Total value added for distribution | 83,725 | 107,068 |
| 7.08 | Value added distributed | 83,725 | 107,068 |
| 7.08.01 | Personnel | 5,484 | 3,058 |
| 7.08.01.01 | Salaries and wages | 4,797 | 2,632 |
| 7.08.01.02 | Benefits | 453 | 318 |
| 7.08.01.03 | Severance Pay Fund (FGTS) | 234 | 108 |
| 7.08.02 | Taxes, charges and contributions | (6,204) | (1,174) |
| 7.08.02.01 | Federal | (6,278) | (1,357) |
| 7.08.02.02 | State | 7 | 8 |
| 7.08.02.03 | Municipal | 67 | 175 |
| 7.08.03 | Debt remuneration | 60,156 | 79,726 |
| 7.08.03.01 | Interest | 59,709 | 79,354 |
| 7.08.03.02 | Rentals | 370 | 310 |
| 7.08.03.03 | Others | 77 | 62 |
| 7.08.03.03.01 | Leases | 58 | - |
| 7.08.03.03.02 | Other | 19 | 62 |
| 7.08.04 | Shareholders | 24,289 | 25,458 |
| 7.08.04.03 | Earnings retained in the period | 24,289 | 25,458 |

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

| Code | Description | Current Quarter 9/30/2017 | Previous year 12/31/2016 |
|---|---|---|---|
| 1 | Total assets | 2,864,039 | 2,882,098 |
| 1.01 | Current assets | 71,101 | 183,135 |
| 1.01.01 | Cash and cash equivalents | 20,109 | 40,508 |
| 1.01.03 | Receivables | 24,873 | 24,094 |
| 1.01.03.01 | Trade receivables | 24,873 | 24,094 |
| 1.01.06 | Recoverable taxes | 8,413 | 7,476 |
| 1.01.06.01 | Recoverable current taxes | 8,413 | 7,476 |
| 1.01.07 | Prepaid expenses | 2,400 | 6,785 |
| 1.01.08 | Other current assets | 15,306 | 104,272 |
| 1.01.08.03 | Other | 15,306 | 104,272 |
| 1.01.08.03.01 | Marketable securities | 15,195 | 103,830 |
| 1.01.08.03.02 | Other | 111 | 442 |
| 1.02 | Noncurrent assets | 2,792,938 | 2,698,963 |
| 1.02.01 | Long-term assets | 159,086 | 151,312 |
| 1.02.01.03 | Receivables | 13,495 | 12,800 |
| 1.02.01.03.01 | Trade receivables | 13,495 | 12,800 |
| 1.02.01.06 | Deferred taxes | 100,575 | 90,213 |
| 1.02.01.06.01 | Deferred income tax and social contribution | 100,575 | 90,213 |
| 1.02.01.07 | Prepaid expenses | 3,210 | 3,694 |
| 1.02.01.09 | Other noncurrent assets | 41,806 | 44,605 |
| 1.02.01.09.03 | Recoverable taxes | 37,692 | 40,953 |
| 1.02.01.09.04 | Other | 1,515 | 1,049 |
| 1.02.01.09.05 | Marketable securities | 2,599 | 2,603 |
| 1.02.02 | Investments | 2,632,379 | 2,546,020 |
| 1.02.02.01 | Investments in subsidiaries and jointly controlled entities | 260,749 | 247,220 |
| 1.02.02.01.04 | Investments in jointly controlled entities | 260,749 | 247,220 |
| 1.02.02.02 | Investment property | 2,371,630 | 2,298,800 |
| 1.02.03 | Property and equipment | 1,473 | 1,631 |
| 1.02.03.01 | Property and equipment in use | 1,473 | 1,631 |

## Consolidated / Balance Sheets – Liabilities and Equity
**(In thousands of Brazilian reais – R$)**

| Code | Description | Current Quarter 9/30/2017 | Previous year 12/31/2016 |
|---|---|---|---|
| 2 | Total liabilities | 2,864,039 | 2,882,098 |
| 2.01 | Current Liabilities | 358,216 | 357,630 |
| 2.01.01 | Labor and social liabilities | 3,084 | 2,523 |
| 2.01.01.01 | Social liabilities | 661 | 520 |
| 2.01.01.02 | Labor liabilities | 2,423 | 2,003 |
| 2.01.02 | Suppliers | 2,240 | 3,561 |
| 2.01.02.01 | Domestic trade accounts payable | 2,240 | 3,561 |
| 2.01.03 | Tax liabilities | 3,297 | 2,680 |
| 2.01.03.01 | Federal taxes | 2,931 | 2,419 |
| 2.01.03.01.01 | Income taxes and social contribution | 1,572 | 1,404 |
| 2.01.03.01.02 | Other federal taxes | 1,359 | 1,015 |
| 2.01.03.02 | State taxes | 265 | 257 |
| 2.01.03.03 | Municipal taxes | 101 | 4 |
| 2.01.04 | Loans and financing | 314,481 | 337,250 |
| 2.01.04.01 | Loans and financing | 64,327 | 63,400 |
| 2.01.04.01.01 | Loans and financing in domestic currency | 64,327 | 63,400 |
| 2.01.04.02 | Debentures | 250,154 | 273,850 |
| 2.01.05 | Others liabilities | 35,114 | 11,616 |
| 2.01.05.02 | Other | 35,114 | 11,616 |
| 2.01.05.02.02 | Mandatory minimum dividend payable | - | 8,466 |
| 2.01.05.02.05 | Advances - barters | 32,799 | 1,570 |
| 2.01.05.02.06 | Deferred taxes | 1,246 | 948 |
| 2.01.05.02.08 | Other | 1,069 | 632 |
| 2.02 | Noncurrent liabilities | 599,645 | 750,184 |
| 2.02.01 | Loans and financing | 529,089 | 651,834 |
| 2.02.01.01 | Loans and financing | 323,447 | 356,070 |
| 2.02.01.01.01 | Loans and financing in domestic currency | 323,447 | 356,070 |
| 2.02.01.02 | Debentures | 205,642 | 295,764 |
| 2.02.02 | Others liabilities | 13,220 | 43,392 |
| 2.02.02.02 | Other | 13,220 | 43,392 |
| 2.02.02.02.04 | Advances - barters | 9,786 | 41,073 |
| 2.02.02.02.05 | Provisions for labor, tax and civil contingencies | 820 | 495 |
| 2.02.02.02.06 | Other | 2,614 | 1,824 |
| 2.02.03 | Deferred taxes | 57,336 | 54,958 |
| 2.02.03.01 | Deferred income tax and social contribution | 57,336 | 54,958 |
| 2.03 | Equity | 1,906,178 | 1,774,284 |
| 2.03.01 | Paid-in capital | 1,117,287 | 1,003,820 |
| 2.03.02 | Capital reserves | (506) | 1,961 |
| 2.03.02.04 | Recognized options granted | 2,133 | 1,961 |
| 2.03.02.07 | Share issuance costs | (2,639) | - |
| 2.03.04 | Earnings reserve | 769,063 | 769,063 |
| 2.03.04.01 | Legal reserve | 18,630 | 18,630 |
| 2.03.04.05 | Retained profit reserve | 750,433 | 750,433 |
| 2.03.05 | Retained earnings/accumulated losses | 24,289 | - |
| 2.03.06 | Valuation adjustment | (4,110) | (687) |
| 2.03.09 | Shareholders non-controlling interest | 155 | 127 |

## Consolidated / Statement of Income

**(In thousands of Brazilian reais – R$)**

| Code | Description | 7/1/2017 to 9/30/2017 | 1/1/2017 to 9/30/2017 | 7/1/2016 to 9/30/2016 | 1/1/2016 to 9/30/2016 |
|---|---|---|---|---|---|
| 3.01 | Revenue from sales and/or services | 24,755 | 73,776 | 23,961 | 72,253 |
| 3.03 | Gross profit | 24,755 | 73,776 | 23,961 | 72,253 |
| 3.04 | Operating income (expenses) | (5,367) | (15,749) | (4,304) | (11,648) |
| 3.04.01 | Selling expenses | (2,544) | (7,714) | (2,998) | (8,125) |
| 3.04.02 | General and administrative expenses | (2,652) | (7,943) | (2,509) | (7,179) |
| 3.04.04 | Other operating incomes | 912 | 1,989 | 1,036 | 3,829 |
| 3.04.04.01 | Changes in the fair value of investment property | 369 | 1,247 | 802 | 2,674 |
| 3.04.04.02 | Other operating incomes | 543 | 742 | 234 | 1,155 |
| 3.04.05 | Other operating expenses | (1,823) | (4,807) | (283) | (1,498) |
| 3.04.05.02 | Other operating expenses | (1,823) | (4,807) | (283) | (1,498) |
| 3.04.06 | Results from equity participation | 740 | 2,726 | 450 | 1,325 |
| 3.05 | Income before financial income and taxes | 19,388 | 58,027 | 19,657 | 60,605 |
| 3.06 | Financial income (expenses) | (12,221) | (37,237) | (15,311) | (35,242) |
| 3.06.01 | Financial income | 3,063 | 9,362 | 3,449 | 8,079 |
| 3.06.02 | Financial expenses | (15,284) | (46,599) | (18,760) | (43,321) |
| 3.07 | Income before taxes | 7,167 | 20,790 | 4,346 | 25,363 |
| 3.08 | Income tax and social contribution | 1,154 | 3,503 | 2,092 | 103 |
| 3.08.01 | Current | (1,567) | (4,443) | (1,082) | (3,673) |
| 3.08.02 | Deferred | 2,721 | 7,946 | 3,174 | 3,776 |
| 3.09 | Net income (loss) from continuing operations | 8,321 | 24,293 | 6,438 | 25,466 |
| 3.11 | Net income (loss) for the period | 8,321 | 24,293 | 6,438 | 25,466 |
| 3.11.01 | Attributable to shareholders of the Company | 8,323 | 24,289 | 6,436 | 25,458 |
| 3.11.02 | Attributable to Non-controlling | (2) | 4 | 2 | 8 |
| 3.99 | Earnings per share (In Reais - R$): | - | - | - | - |
| 3.99.01 | Basic | - | - | - | - |
| 3.99.01.01 | ON | 0.14404 | 0.45667 | 0.14733 | 0.58316 |
| 3.99.02 | Diluted | - | - | - | - |
| 3.99.02.01 | ON | 0.14366 | 0.45537 | 0.14681 | 0.58109 |

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

| Code | Description | 7/1/2017 to 9/30/2017 | 1/1/2017 to 9/30/2017 | 7/1/2016 to 9/30/2016 | 1/1/2016 to 9/30/2016 |
|---|---|---|---|---|---|
| 4.01 | Net income for the period | 8,321 | 24,293 | 6,438 | 25,466 |
| 4.02 | Other comprehensive income | (892) | (3,423) | - | - |
| 4.02.01 | Effect of change in relative interest in joint ventures | (892) | (3,423) | - | - |
| 4.03 | Comprehensive income for the period | 7,429 | 20,870 | 6,438 | 25,466 |
| 4.03.01 | Attributable to shareholders of the Company | 7,431 | 20,866 | 6,436 | 25,458 |
| 4.03.02 | Attributable to Non-controlling | (2) | 4 | 2 | 8 |

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

| Code | Description | 1/1/2017 to 9/30/2017 | 1/1/2016 to 9/30/2016 |
|---|---|---|---|
| 6.01 | Net cash used in operating activities | 61,986 | 54,629 |
| 6.01.01 | Cash provided by operating activities | 53,881 | 57,212 |
| 6.01.01.01 | Net income for the period | 24,293 | 25,466 |
| 6.01.01.02 | Depreciation | 184 | 174 |
| 6.01.01.03 | Results from equity participation | (2,726) | (1,325) |
| 6.01.01.04 | Financial results | 38,092 | 36,667 |
| 6.01.01.05 | Deferred taxes | (6,327) | (1,068) |
| 6.01.01.06 | Stock options | 172 | 232 |
| 6.01.01.07 | Amortization of prepaid expenses | 1,651 | 2,307 |
| 6.01.01.08 | Allowance for doubtful debts | 1,268 | 78 |
| 6.01.01.10 | Changes in the fair value of investment property | (2,726) | (5,319) |
| 6.01.02 | Changes in assets and liabilities | 8,105 | (2,583) |
| 6.01.02.01 | (Increase) decrease in trade accounts receivable | (3,780) | (7,759) |
| 6.01.02.02 | (Increase) decrease in recoverable taxes | 161 | 2,403 |
| 6.01.02.03 | (Increase) decrease in prepaid expenses | 3,218 | 244 |
| 6.01.02.04 | (Increase) decrease in other assets | (135) | (369) |
| 6.01.02.05 | Increase (decrease) in payroll, social charges and benefits | 561 | 175 |
| 6.01.02.06 | Increase (decrease) in taxes, charges and contributions | 4,719 | 3,293 |
| 6.01.02.07 | Increase (decrease) in other liabilities | 1,552 | (76) |
| 6.01.02.08 | Income tax and social contribution paid | (4,102) | (3,647) |
| 6.01.02.09 | Dividends received from subsidiaries | 1,257 | - |
| 6.01.02.10 | Proceeds from subsidiary sale | 4,654 | 3,153 |
| 6.02 | Net cash provided (used) in investing activities | 46,182 | (53,260) |
| 6.02.01 | Increase in / Acquisition of investments | (9,882) | (2,064) |
| 6.02.02 | Acquisition of investment properties | (33,183) | (49,411) |
| 6.02.03 | Other | (3,449) | (14) |
| 6.02.05 | Increase in marketable securities | (84,740) | (121,071) |
| 6.02.06 | Decrease in marketable securities | 177,436 | 119,300 |
| 6.03 | Net cash provided (used in) by financing activities | (128,567) | (4,750) |
| 6.03.01 | Loans, financing and debentures | - | 305,782 |
| 6.03.02 | Interest paid | (74,254) | (81,964) |
| 6.03.03 | Shareholders' contributions | 113,467 | 1,634 |
| 6.03.04 | Share issuance costs | (3,998) | - |
| 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 | 24 | 10 |
| 6.03.08 | Dividends paid | (8,466) | (1,634) |
| 6.03.09 | Amortization of loans, financing and debentures | (155,340) | (223,202) |
| 6.03.10 | Contracted and redeemed derivative financial instruments | - | (5,115) |
| 6.05 | Increase (decrease) in cash and cash equivalents | (20,399) | (3,381) |
| 6.05.01 | Cash and cash equivalents at beginning of period | 40,508 | 14,059 |
| 6.05.02 | Cash and cash equivalents at end of period | 20,109 | 10,678 |

## Consolidated / Statement of Changes in Equity – 1/1/2017 to 9/30/2017

**(In thousands of Brazilian reais – R$)**

| Code | Description | Paid-in capital | Capital reserves, recognized options granted and treasury shares | Earnings reserves | Earnings / losses accumulated | Other comprehensive income | Equity attributable to Company owners | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| 5.01 | Opening balance | 1,003,820 | 1,961 | 769,063 | - | (687) | 1,774,157 | 127 | 1,774,284 |
| 5.03 | Adjusted opening balance | 1,003,820 | 1,961 | 769,063 | - | (687) | 1,774,157 | 127 | 1,774,284 |
| 5.04 | Shareholders capital transaction | 113,467 | (2,467) | - | - | - | 111,000 | 24 | 111,024 |
| 5.04.01 | Capital increase | 113,466 | (2,639) | - | - | - | 110,827 | - | 110,827 |
| 5.04.03 | Recognized options granted | - | 172 | - | - | - | 172 | - | 172 |
| 5.04.11 | Net contributions from noncontrolling shareholders | - | - | - | - | - | - | 24 | 24 |
| 5.04.12 | Share subscription warrants | 1 | - | - | - | - | 1 | - | 1 |
| 5.05 | Total comprehensive income | - | - | - | 24,289 | (3,423) | 20,866 | 4 | 20,870 |
| 5.05.01 | Net income for the period | - | - | - | 24,289 | - | 24,289 | 4 | 24,293 |
| 5.05.02 | Other comprehensive income | - | - | - | - | (3,423) | (3,423) | - | (3,423) |
| 5.05.02.06 | Effect of change in relative interest in joint ventures | - | - | - | - | (3,423) | (3,423) | - | (3,423) |
| 5.07 | Closing balance | 1,117,287 | (506) | 769,063 | 24,289 | (4,110) | 1,906,023 | 155 | 1,906,178 |

## 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 | Equity attributable to Company owners | 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 Value Added
**(In thousands of Brazilian reais – R$)**

| Code | Description | 1/1/2017 to 9/30/2017 | 1/1/2016 to 9/30/2016 |
|---|---|---|---|
| 7.01 | Revenue | 159,336 | 171,310 |
| 7.01.01 | Revenues from sales of goods, services and products | 78,629 | 77,356 |
| 7.01.02 | Other revenue | 3,347 | 6,392 |
| 7.01.02.01 | Other revenue | 621 | 1,073 |
| 7.01.02.02 | Changes in the fair value of investment property | 2,726 | 5,319 |
| 7.01.03 | Revenue from construction of own assets | 78,628 | 87,640 |
| 7.01.04 | Allowance for doubtful accounts | (1,268) | (78) |
| 7.02 | Inputs purchased from third parties | (48,676) | (25,773) |
| 7.02.02 | Supplies, power, outside services and other items | (48,676) | (25,773) |
| 7.03 | Gross value added | 110,660 | 145,537 |
| 7.04 | Retentions | (184) | (174) |
| 7.04.01 | Depreciation, amortization and depletion | (184) | (174) |
| 7.05 | Net value added generated | 110,476 | 145,363 |
| 7.06 | Value added received in transfer | 12,527 | 6,369 |
| 7.06.01 | Results from equity participation | 2,726 | 1,325 |
| 7.06.02 | Financial income | 9,801 | 5,044 |
| 7.07 | Total value added for distribution | 123,003 | 151,732 |
| 7.08 | Value added distributed | 123,003 | 151,732 |
| 7.08.01 | Personnel | 8,400 | 6,965 |
| 7.08.01.01 | Salaries and wages | 7,148 | 5,806 |
| 7.08.01.02 | Benefits | 880 | 860 |
| 7.08.01.03 | Severance Pay Fund (FGTS) | 372 | 299 |
| 7.08.02 | Taxes, charges and contributions | 5,417 | 12,057 |
| 7.08.02.01 | Federal | 5,494 | 11,821 |
| 7.08.02.02 | State | 25 | 15 |
| 7.08.02.03 | Municipal | (102) | 221 |
| 7.08.03 | Debt remuneration | 84,893 | 107,244 |
| 7.08.03.01 | Interest | 82,471 | 105,595 |
| 7.08.03.02 | Rentals | 2,241 | 1,482 |
| 7.08.03.03 | Others | 181 | 167 |
| 7.08.03.03.01 | Leases | 67 | - |
| 7.08.03.03.02 | Other | 114 | 167 |
| 7.08.04 | Shareholders | 24,293 | 25,466 |
| 7.08.04.03 | Earnings retained in the period | 24,289 | 25,458 |
| 7.08.04.04 | Profit attributable to non-controlling interests | 4 | 8 |

# 1. General information

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

The Group is currently at a stage of cautious expansion of their project portfolio aimed at improving the allocation of available resources to maintain the growth of its cash flows. Within this context, aiming at maintaining an adequate level of liquidity, improve its capital structure and ensuring its investment capacity. Additionally, the Group holds continued discussions with financial institutions regarding new operations with the purpose of improving even more its indebtedness profile.

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

On August 18, 2017, an Extraordinary General Meeting (Extraordinary General Meeting) approved a capital increase of R$308 million, fully supported by the Company's current shareholders. Such capital increase, will be carried out in three installments in August and October 2017 and January 2018. The proceeds from this capital increase will be allocated in debt repayments and projects development, aiming to increase The Company's operating cash flow.

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

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

The Company's interim financial statements comprise:

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

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

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

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

Restatement of financial statements 2016

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

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

| | | Consolidated | | | | | |
|---|---|---|---|---|---|---|---|
| | | 1/1/16 | | | 12/31/16 | | |
| | Item | Originally stated | Reclassifications | Restated | Originally stated | Reclassifications | Restated |
| **Balance Sheets** | | | | | | | |
| Assets | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | (a) | 17,258 | (3,199) | 14,059 | 146,941 | (106,433) | 40,508 |
| Marketable securities | (a) | - | - | - | - | 103,830 | 103,830 |
| Other current assets | | 32,167 | - | 32,167 | 38,797 | - | 38,797 |
| Total current assets | | 49,425 | (3,199) | 46,226 | 185,738 | (2,603) | 183,135 |
| Noncurrent assets | | | | | | | |
| Marketable securities | (a) | - | 3,199 | 3,199 | - | 2,603 | 2,603 |
| Other noncurrent assets | | 2,526,093 | - | 2,526,093 | 2,696,360 | - | 2,696,360 |
| Total noncurrent assets | | 2,526,093 | 3,199 | 2,529,292 | 2,696,360 | 2,603 | 2,698,963 |
| Total assets | | 2,575,518 | - | 2,575,518 | 2,882,098 | - | 2,882,098 |
| Total liabilities and equity | | 2,575,518 | - | 2,575,518 | 2,882,098 | - | 2,882,098 |

| Statements of Cash Flows | Item | Separate Nine months of 2016 Originally stated | Separate Nine months of 2016 Reclassifications | Separate Nine months of 2016 Restated | Consolidated Nine months of 2016 Originally stated | Consolidated Nine months of 2016 Reclassifications | Consolidated Nine months of 2016 Restated |
|---|---|---|---|---|---|---|---|
| Cash flows from operating activities | | | | | | | |
| Net income for the period | | 25,458 | - | 25,458 | 25,466 | - | 25,466 |
| Adjustments to reconcile net income to net cash generated by (used in) operating activities: | | | | | | | |
| Financial result | (a) | 14,401 | (2,343) | 12,058 | 39,278 | (2,611) | 36,667 |
| Other adjustments | | (31,646) | - | (31,646) | (4,921) | | (4,921) |
| | | 8,213 | (2,343) | 5,870 | 59,823 | (2,611) | 57,212 |
| (Increase) decrease in operating assets | | (2,526) | - | (2,526) | (5,481) | - | (5,481) |
| Increase (decrease) in operating liabilities | | 55,222 | - | 55,222 | 2,898 | - | 2,898 |
| Net cash generated by operating activities | | 60,909 | (2,343) | 58,566 | 57,240 | (2,611) | 54,629 |
| Increase in marketable securities | (a) | - | (117,887) | (117,887) | - | (121,071) | (121,071) |
| Decrease in marketable securities | (a) | - | 116,547 | 116,547 | - | 119,300 | 119,300 |
| Other adjustments | | (95,922) | - | (95,922) | (51,489) | - | (51,489) |
| Net cash used in investing activities | | (95,922) | (1,340) | (97,262) | (51,489) | (1,771) | (53,260) |
| Net cash provided by financing activities | | 35,850 | - | 35,850 | (4,750) | - | (4,750) |
| Net increase (decrease) in cash and cash equivalents | | 837 | (3,683) | (2,846) | 1,001 | (4,382) | (3,381) |
| Cash and cash equivalents | | | | | | | |
| At the beginning of the period | | 13,858 | (683) | 13,175 | 17,258 | (3,199) | 14,059 |
| At the end of the period | | 14,695 | (4,366) | 10,329 | 18,259 | (7,581) | 10,678 |
| Net increase (decrease) in cash and cash equivalents | | 837 | (3,683) | (2,846) | 1,001 | (4,382) | (3,381) |

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

## 3. Cash and cash equivalents and Marketable securities

Breakdown is as follows:

| | Separate 9/30/17 | Separate 12/31/16 Restated | Separate 1/1/16 | Consolidated 9/30/17 | Consolidated 12/31/16 Restated | Consolidated 1/1/16 |
|---|---|---|---|---|---|---|
| Cash | **14** | 16 | 21 | **15** | 19 | 22 |
| Bank accounts | **52** | 61 | 478 | **180** | 361 | 661 |
| Short-term investments: | | | | | | |
| Bank Certificates of Deposit (CDBs) | **19,905** | 25,067 | 12,676 | **19,905** | 25,067 | 12,676 |
| Certificates backed by debentures (iii) | **-** | 15,046 | - | **9** | 15,061 | 700 |
| Total Cash and cash equivalents | **19,971** | 40,190 | 13,175 | **20,109** | 40,508 | 14,059 |

| | Separate 9/30/17 | Separate 12/31/16 Restated | Separate 1/1/16 | Consolidated 9/30/17 | Consolidated 12/31/16 Restated | Consolidated 1/1/16 |
|---|---|---|---|---|---|---|
| Restricted investment fund (i) | **13,887** | 102,417 | - | **14,543** | 103,187 | - |
| Investment fund (ii) | **556** | 573 | 683 | **2,599** | 2,603 | 3,199 |
| Certif icates backed by debentures (iii) | **-** | - | - | **652** | 643 | - |
| Total Marketable securities | **14,443** | 102,990 | 683 | **17,794** | 106,433 | 3,199 |
| Current | **13,887** | 102,417 | - | **15,195** | 103,830 | - |
| Noncurrent | **556** | 573 | 683 | **2,599** | 2,603 | 3,199 |
| | **14,443** | 102,990 | 683 | **17,794** | 106,433 | 3,199 |

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

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

(iii) Certificated backed by debentures have daily repurchase guaranteed by the issuer, allowing immediate redemption as required by the Company and yields the CDI variation. Balance classified in line item "Marketable securities" essentially arise from guarantees for loans, financing and debentures.

Short-term investments and marketable securities include interest income earned, equivalent to 101.30% of CDI in the separate financial statements and 102.75% of CDI on a consolidated basis as at September 30, 2017 (103.53% of CDI in the separate financial statements and 103.39% of CDI on a consolidated basis as at December 31, 2016 and 107.62% of CDI in Individual and 105.05% of CDI on a consolidated basis on January 1st, 2016) and are adjusted to fair value, when applicable.

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

| | Separate | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | **9/30/17** | **12/31/16** | **1/1/16** | **9/30/17** | **12/31/16** | **1/1/16** |
| | | **Restated** | | | **Restated** | |
| Bank Certificates of Deposit (CDBs) | **515** | 5,066 | - | **539** | 5,104 | - |
| Repurchase agreements | **221** | 2,792 | - | **232** | 2,813 | - |
| Investment fund | **11,468** | 73,700 | - | **12,010** | 74,254 | - |
| Debentures | **145** | 562 | - | **152** | 566 | - |
| Financial letter | **1,538** | 20,297 | - | **1,610** | 20,450 | - |
| Total | **13,887** | 102,417 | - | **14,543** | 103,187 | - |

## 4. Trade receivables

Trade receivables are broken down as follows:

| | Separate | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | **9/30/17** | **12/31/16** | **1/1/16** | **9/30/17** | **12/31/16** | **1/1/16** |
| Rentals | **8,728** | 9,299 | 7,666 | **35,951** | 32,679 | 27,720 |
| Sale of subsidiary (Note 5 (a)) | **549** | 4,767 | 5,062 | **549** | 4,768 | 5,062 |
| Land purchase cancellation (Note 16 (h)) | **3,616** | - | - | **3,616** | - | - |
| Other | **1,466** | 1,550 | 1,966 | **2,589** | 2,594 | 4,014 |
| | **14,359** | 15,616 | 14,694 | **42,705** | 40,041 | 36,796 |
| Allow ance for doubtful accounts | **(563)** | (85) | - | **(4,337)** | (3,147) | (3,036) |
| Total | **13,796** | 15,531 | 14,694 | **38,368** | 36,894 | 33,760 |
| | | | | | | |
| Current | **10,535** | 11,216 | 7,243 | **24,873** | 24,094 | 19,119 |
| Noncurrent | **3,261** | 4,315 | 7,451 | **13,495** | 12,800 | 14,641 |
| | **13,796** | 15,531 | 14,694 | **38,368** | 36,894 | 33,760 |

The table below shows the aging of trade receivables:

| | Separate | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | **9/30/17** | **12/31/16** | **1/1/16** | **9/30/17** | **12/31/16** | **1/1/16** |
| Undue: | | | | | | |
| Up to 12 months | **10,037** | 10,262 | 6,902 | **23,055** | 22,187 | 17,824 |
| 13 to 24 months | **3,261** | 4,315 | 7,451 | **13,495** | 12,800 | 14,641 |
| | **13,298** | 14,577 | 14,353 | **36,550** | 34,987 | 32,465 |
| Past due: | | | | | | |
| Up to 30 days | **36** | 79 | 159 | **62** | 192 | 545 |
| 31 to 90 days | **49** | 123 | 92 | **251** | 190 | 627 |
| More than 90 | **976** | 837 | 90 | **5,842** | 4,672 | 3,159 |
| | **1,061** | 1,039 | 341 | **6,155** | 5,054 | 4,331 |
| Total | **14,359** | 15,616 | 14,694 | **42,705** | 40,041 | 36,796 |

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

| | Separate | | Consolidated | |
|---|---|---|---|---|
| | Nine months | | Nine months | |
| | **2017** | **2016** | **2017** | **2016** |
| Opening | **(85)** | - | **(3,147)** | (3,036) |
| Recognition | **(556)** | (78) | **(1,268)** | (78) |
| Low | **78** | - | **78** | - |
| Closing | **(563)** | (78) | **(4,337)** | (3,114) |

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

| | Separate | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | **9/30/17** | **12/31/16** | **1/1/16** | **9/30/17** | **12/31/16** | **1/1/16** |
| 12 months | **20,765** | 21,605 | 22,811 | **103,395** | 105,756 | 103,156 |
| 13 to 24 months | **14,218** | 20,872 | 22,312 | **79,143** | 81,811 | 89,132 |
| 25 to 36 months | **7,259** | 6,986 | 18,494 | **43,616** | 48,987 | 63,023 |
| 37 to 48 months | **5,121** | 2,519 | 4,976 | **29,033** | 29,131 | 31,182 |
| 49 to 60 months | **4,561** | 1,865 | 1,965 | **18,429** | 19,518 | 14,290 |
| More than 60 | **3,216** | 4,197 | 5,176 | **34,191** | 43,455 | 16,720 |
| Total | **55,140** | 58,044 | 75,734 | **307,807** | 328,658 | 317,503 |

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

## 5. Investments in subsidiaries and joint ventures

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

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

| Project | Startup date | Location |
|---|---|---|
| **Joint ventures in operation:** | | |
| Cabral Investimentos SPE Ltda. (“Cabral”) | November 13 | Contagem/MG |
| Parque Torino Imóveis S.A. (“Torino”) | April 15 | Betim/MG |
| **Joint ventures at start-up stage:** | | |
| Betim I Incorporações SPE Ltda. (“Loteamento Betim”) | - | Betim/MG |
| **Subsidiaries - In operation:** | | |
| Contagem I SPE Ltda. (“LOG I”) | February 09 | Contagem/MG |
| Contagem II Incorporações SPE Ltda. (“LOG II”) | March 11 | Contagem/MG |
| Jundiaí Incorporações SPE Ltda. (“LOG Jundiaí”) | April 11 | Jundiaí/SP |
| Goiânia I Incorporações Imobiliárias SPE Ltda. (“LOG Goiânia”) | April 12 | Goiânia/GO |
| Hortolândia Incorporações SPE Ltda. (“LOG Hortolândia”) | September 12 | Hortolândia/SP |

| Project | Startup date | Location |
|---|---|---|
| LOG São José dos Pinhais I SPE Ltda. (“LOG SJP”) | April 13 | São José dos Pinhais/PR |
| LOG Juiz de Fora I SPE Ltda. (“LOG Juiz de Fora”) | June 13 | Juiz de Fora/MG |
| LOG Feira de Santana I SPE Ltda. (“LOG Feira de Santana”) | June 13 | Feira de Santana/BA |
| LOG Maracanaú I SPE Ltda. (“LOG Fortaleza”) | August 13 | Maracanaú/CE |
| LOG Via Expressa SPE Ltda. (“LOG Via Expressa”) | November 13 | Betim/MG |
| LOG Viana I SPE Ltda. ("LOG Viana") | April 14 | Viana/ES |
| LOGCP Londrina I SPE Ltda. ("LOG Londrina") | June 14 | Londrina/PR |
| LOG Itatiaia SPE Ltda. (“LOG Itatiaia”) | July 14 | Itatiaia/RJ |
| LOG Rio SPE Ltda. (“LOG Rio”) | February 17 | Campo Grande/RJ |
| **Subsidiaries - At start-up stage:** | | |
| MRV LOG MDI SJC I Incorporações SPE Ltda. (“LOG SJC Sony”) | - | São José dos Campos/SP |
| LOG Sumaré Deltalog I SPE Ltda. (“LOG Sumaré”) | - | Sumaré/SP |
| LOG SJRP I Incorporações SPE Ltda. ("LOG SJRP") | - | São José do Rio Preto/SP |
| LOG Macaé I SPE Ltda. (“LOG Macaé”) | - | Macaé/RJ |
| LOG RP I SPE Ltda. ("LOG RP") | - | Ribeirão Preto/SP |
| LOG Curitiba I SPE Ltda. ("LOG Curitiba") | - | Curitiba/PR |
| LOG Aracajú SPE Ltda. (“LOG Aracajú”) | - | Nossa Senhora do Socorro/SE |
| LOG Uberaba SPE Ltda. (“LOG Uberaba”) | - | Uberaba/MG |
| LDI LOG Desenvolvimento Imobiliário Ltda. (“LDI”) | - | Belo Horizonte/MG |
| LE Empreendimentos e Participações S.A. ("LE Empreendimentos") | - | Belo Horizonte/MG |

| | Information on investees | | Company information | | | |
|---|---|---|---|---|---|---|
| | Issued capital | | Equity interest | | | |
| | 9/30/17 | | 9/30/17 | | 12/31/16 | 1/1/16 |
| | Amount | Number of shares | Number of shares | Contractual percentage | Contractual percentage | Contractual percentage |
| Joint ventures: | | | | | | |
| Cabral | 39,247 | 78,494,000 | 39,247,000 | 50.00% | 50.00% | 50.00% |
| Torino | 142,308 | 318,600 | 127,440 | 40.00% | 40.00% | 40.00% |
| Loteamento Betim | 46,273 | 84,325,968 | 42,162,984 | 50.00% | 50.00% | 50.00% |
| Subsidiaries: | | | | | | |
| LOG I | 73,190 | 61,460,917 | 61,455,917 | 99.99% | 99.99% | 99.99% |
| LOG II | 22,400 | 20,353,954 | 20,352,154 | 99.99% | 99.99% | 99.99% |
| LOG Jundiaí | 46,750 | 35,874,919 | 35,873,675 | 99.99% | 99.99% | 99.99% |
| LOG Goiânia | 88,905 | 46,930,180 | 46,930,170 | 99.90% | 99.90% | 99.90% |
| LOG Hortolândia | 78,057 | 13,000,000 | 12,999,999 | 100.00% | 100.00% | 100.00% |
| LOG SJP | 26,529 | 23,351,000 | 23,350,999 | 100.00% | 100.00% | 100.00% |
| LOG Juiz de Fora | 47,080 | 10,000 | 9,999 | 99.99% | 99.99% | 99.99% |
| LOG Feira de Santana | 18,671 | 19,041,000 | 19,040,999 | 99.99% | 99.99% | 99.99% |
| LOG Fortaleza | 81,502 | 34,037,979 | 34,037,978 | 99.99% | 99.99% | 99.99% |
| LOG Via Expressa | 74,030 | 47,000,000 | 46,999,999 | 99.99% | 99.99% | 99.99% |
| LOG Viana | 127,361 | 10,000 | 9,999 | 99.99% | 99.99% | 99.99% |
| LOG Londrina | 43,929 | 10,000 | 9,999 | 99.99% | 99.99% | 99.99% |
| LOG Itatiaia | 33,326 | 27,410,838 | 27,410,837 | 99.99% | 99.99% | 99.99% |
| LOG Rio | 74,376 | 10,000 | 9,999 | 99.99% | 99.99% | 99.99% |
| LOG SJC Sony | 54,606 | 52,500,000 | 52,499,999 | 100.00% | 100.00% | 100.00% |
| LOG Sumaré | 712 | 10,000 | 9,999 | 99.99% | 99.99% | 99.99% |
| LOG SJRP | 9,959 | 10,000 | 9,999 | 99.99% | 99.99% | 99.99% |
| LOG Macaé | 14,384 | 10,000 | 9,999 | 99.99% | 99.99% | 99.99% |
| LOG RP | 21,503 | 10,000 | 9,999 | 99.99% | 99.99% | 99.99% |
| LOG Curitiba | 27,076 | 10,000 | 9,999 | 99.99% | 99.99% | 99.99% |
| LOG Aracajú | 14,903 | 10,000 | 9,999 | 99.99% | 99.99% | 99.99% |
| LOG Uberaba | 5,881 | 10,000 | 9,900 | 99.00% | 99.00% | 99.00% |
| LDI | 3,893 | 24,690,048 | 24,689,948 | 100.00% | 100.00% | 100.00% |
| LE Empreendimentos | 1,219 | 10,000 | 9,900 | 99.00% | 0.00% | 0.00% |

| | Information on investees | | | | | |
|---|---|---|---|---|---|---|
| | Equity | | | Investment | | |
| | 9/30/17 | 12/31/16 | 1/1/16 | 9/30/17 | 12/31/16 | 1/1/16 |
| Joint ventures: | | | | | | |
| Cabral | **118,305** | 117,249 | 115,145 | **58,511** | 57,984 | 56,932 |
| Torino | **355,770** | 337,249 | 331,910 | **142,334** | 134,926 | 132,790 |
| Loteamento Betim | **92,350** | 85,517 | 80,943 | **46,175** | 42,759 | 38,876 |
| Capitalized interest (*) | **-** | - | - | **13,729** | 11,551 | 8,716 |
| **Total joint ventures - Consolidated** | **566,425** | 540,015 | 527,998 | **260,749** | 247,220 | 237,314 |
| Subsidiaries: | | | | | | |
| LOG I | **177,700** | 177,074 | 161,303 | **177,682** | 177,056 | 161,286 |
| LOG II | **44,158** | 44,351 | 44,013 | **44,154** | 44,347 | 44,008 |
| LOG Jundiaí | **74,068** | 73,347 | 73,639 | **74,061** | 73,340 | 73,632 |
| LOG Goiânia | **147,553** | 119,429 | 107,779 | **147,405** | 119,310 | 107,672 |
| LOG Hortolândia | **131,794** | 129,736 | 129,653 | **131,794** | 129,736 | 129,653 |
| LOG SJP | **33,835** | 31,989 | 28,486 | **33,835** | 31,989 | 28,486 |
| LOG Juiz de Fora | **72,616** | 67,649 | 62,730 | **72,609** | 67,642 | 62,724 |
| LOG Feira de Santana | **28,900** | 26,944 | 25,968 | **28,897** | 26,941 | 25,965 |
| LOG Fortaleza | **155,088** | 146,490 | 122,759 | **155,072** | 146,475 | 122,747 |
| LOG Via Expressa | **106,566** | 104,023 | 100,318 | **106,555** | 104,013 | 100,308 |
| LOG Viana | **135,731** | 130,912 | 123,054 | **135,717** | 130,899 | 123,042 |
| LOG Londrina | **87,182** | 80,983 | 73,774 | **87,173** | 80,975 | 73,767 |
| LOG Itatiaia | **39,918** | 38,854 | 35,872 | **39,914** | 38,850 | 35,869 |
| LOG Rio | **123,851** | 114,231 | 61,454 | **123,839** | 114,220 | 61,448 |
| LOG SJC Sony | **105,273** | 105,051 | 102,776 | **105,273** | 105,051 | 102,776 |
| LOG Sumaré | **7** | 8 | 8 | **7** | 8 | 8 |
| LOG SJRP | **24,494** | 22,734 | 22,611 | **24,492** | 22,732 | 22,609 |
| LOG Macaé | **42,479** | 39,896 | 38,487 | **42,475** | 39,892 | 38,483 |
| LOG RP | **57,373** | 53,245 | 52,277 | **57,367** | 53,240 | 52,272 |
| LOG Curitiba | **48,174** | 43,472 | 40,762 | **48,169** | 43,468 | 40,758 |
| LOG Aracajú | **24,251** | 21,612 | 19,936 | **24,249** | 21,610 | 19,934 |
| LOG Uberaba | **11,480** | 10,644 | 6,211 | **11,365** | 10,538 | 6,149 |
| LDI | **522** | 488 | 403 | **522** | 488 | 403 |
| LE Empreendimentos | **1,219** | - | - | **1,207** | - | - |
| **Total subsidiaries** | **1,674,232** | 1,583,162 | 1,434,273 | **1,673,833** | 1,582,820 | 1,433,999 |
| **Total separate** | **2,240,657** | 2,123,177 | 1,962,271 | **1,934,582** | 1,830,040 | 1,671,313 |

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

| | Information on investees | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Profit (loss) for the | | | | Result from equity participation in the | | | |
| | 3rd quarter of | | Nine months of | | 3rd quarter of | | Nine months of | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Joint ventures: | | | | | | | | |
| Cabral | **675** | 452 | **2,311** | 1,796 | **338** | 226 | **1,784** (**) | 898 |
| Torino | **1,015** | 564 | **2,367** | 1,073 | **406** | 225 | **947** | 429 |
| Loteamento Betim | **(8)** | (1) | **(10)** | (4) | **(4)** | (1) | **(5)** | (2) |
| **Total joint ventures - Consolidated** | **1,682** | 1,015 | **4,668** | 2,865 | **740** | 450 | **2,726** | 1,325 |
| Subsidiaries: | | | | | | | | |
| LOG I | **3,118** | 3,294 | **9,766** | 9,362 | **3,118** | 3,294 | **9,765** | 9,361 |
| LOG II | **265** | 526 | **813** | 1,817 | **265** | 526 | **813** | 1,817 |
| LOG Jundiaí | **945** | 827 | **2,526** | 1,829 | **945** | 827 | **2,526** | 1,829 |
| LOG Goiânia | **1,790** | 2,870 | **6,662** | 8,416 | **1,788** | 2,867 | **6,655** | 8,408 |
| LOG Hortolândia | **1,785** | 1,731 | **4,709** | 5,171 | **1,785** | 1,731 | **4,709** | 5,171 |
| LOG SJP | **24** | (370) | **(253)** | (454) | **24** | (370) | **(253)** | (454) |
| LOG Juiz de Fora | **1,161** | 1,304 | **3,267** | 3,826 | **1,161** | 1,304 | **3,267** | 3,826 |
| LOG Feira de Santana | **87** | (132) | **210** | (309) | **87** | (132) | **210** | (309) |
| LOG Fortaleza | **2,174** | 2,775 | **7,308** | 8,312 | **2,174** | 2,775 | **7,307** | 8,312 |
| LOG Via Expressa | **(314)** | 383 | **111** | 1,699 | **(314)** | 383 | **111** | 1,699 |
| LOG Viana | **2,130** | 1,838 | **6,591** | 5,035 | **2,129** | 1,838 | **6,590** | 5,034 |
| LOG Londrina | **1,554** | 2,077 | **4,640** | 6,293 | **1,554** | 2,077 | **4,640** | 6,292 |
| LOG Itatiaia | **438** | 194 | **1,069** | 244 | **438** | 194 | **1,069** | 244 |

| | 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 | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Subsidiaries: | | | | | | | | |
| LOG Rio | **2,199** | 4,222 | **5,653** | 9,421 | **2,198** | 4,222 | **5,652** | 9,420 |
| LOG SJC Sony | **(10)** | 4,243 | **(38)** | 12,281 | **(10)** | 4,243 | **(38)** | 12,280 |
| LOG SJRP | **496** | 730 | **1,604** | 2,094 | **496** | 730 | **1,604** | 2,094 |
| LOG Macaé | **699** | 1,036 | **2,247** | 2,976 | **699** | 1,036 | **2,247** | 2,976 |
| LOG RP | **1,095** | 1,610 | **3,523** | 4,615 | **1,095** | 1,610 | **3,523** | 4,615 |
| LOG Curitiba | **1,388** | 2,092 | **4,496** | 6,025 | **1,387** | 2,092 | **4,495** | 6,024 |
| LOG Aracajú | **753** | 1,130 | **2,434** | 3,240 | **753** | 1,130 | **2,434** | 3,240 |
| LOG Uberaba | **298** | 451 | **975** | 1,296 | **295** | 446 | **965** | 1,283 |
| LDI | **2** | 4 | **14** | 6 | **2** | 4 | **14** | 6 |
| Capitalized interest (*) | **-** | - | **-** | - | **(11,188)** | (24,308) | **(37,777)** | (67,147) |
| **Total subsidiaries** | **22,077** | 32,835 | **68,327** | 93,195 | **10,881** | 8,519 | **30,528** | 26,021 |
| **Total Separate** | **23,759** | 33,850 | **72,995** | 96,060 | **11,621** | 8,969 | **33,254** | 27,346 |

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

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

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

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

Under the transfer agreement, the Company retains the right to receive the amounts related to the adjustment for the IPCA (National Broad Consumer Price Index) (since March 2015), which total R$549 as at September 30, 2017 (R$4,768 at December 31, 2016 and R$5,062 at January 1st, 2016). These amounts will be received in monthly installments through October 2017.

b) Joint ventures:

The main financial information is as follows:

| | Cabral | | | Torino | | | Loteamento Betim | | |
|---|---|---|---|---|---|---|---|---|---|
| | **9/30/17** | **12/31/16** | **1/1/16** | **9/30/17** | **12/31/16** | **1/1/16** | **9/30/17** | **12/31/16** | **1/1/16** |
| Cash and cash equivalents | **15,634** | 15,415 | 20,724 | **2,276** | 1,147 | 3,731 | **2** | 16 | 3 |
| Trade receivables | **-** | 548 | 5,076 | **-** | 10 | 10 | **-** | - | - |
| Inventories | **-** | - | - | **-** | - | - | **-** | 6,973 | 12,033 |
| Other current assets | **471** | 41 | 719 | **289** | 197 | 199 | **-** | 12 | - |
| Total current | **16,105** | 16,004 | 26,519 | **2,565** | 1,354 | 3,940 | **2** | 7,001 | 12,036 |
| Inventories | **-** | - | - | **-** | - | - | **92,415** | 78,835 | 68,962 |
| Investment property | **108,702** | 107,483 | 95,830 | **364,781** | 347,400 | 339,225 | **-** | - | - |
| Other noncurrent assets | **929** | - | 234 | **60** | 57 | - | **1** | 3 | 2 |
| Total noncurrent assets | **109,631** | 107,483 | 96,064 | **364,841** | 347,457 | 339,225 | **92,416** | 78,838 | 68,964 |
| Total assets | **125,736** | 123,487 | 122,583 | **367,406** | 348,811 | 343,165 | **92,418** | 85,839 | 81,000 |
| | | | | | | | | | |
| Current liabilities | **5,004** | 2,944 | 2,628 | **251** | 170 | 110 | **68** | 322 | 57 |
| Noncurrent liabilities | **2,427** | 3,294 | 4,810 | **11,385** | 11,392 | 11,145 | **-** | - | - |
| Equity | **118,305** | 117,249 | 115,145 | **355,770** | 337,249 | 331,910 | **92,350** | 85,517 | 80,943 |
| Liabilities and equity | **125,736** | 123,487 | 122,583 | **367,406** | 348,811 | 343,165 | **92,418** | 85,839 | 81,000 |

| | Cabral | | | | Torino | | | | Loteamento Betim | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3rd quarter of | | Nine months of | | 3rd quarter of | | Nine months of | | 3rd quarter of | | Nine months of | |
| | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** | **2017** | **2016** |
| Operating revenue | **998** | 660 | **3,112** | 1,793 | **1,600** | 849 | **3,544** | 2,095 | **-** | **-** | **-** | **-** |
| Cost of services | **-** | - | **-** | - | **-** | (31) | **-** | (76) | **-** | - | **-** | - |
| Other operating expenses | **(434)** | (130) | **(1,241)** | (907) | **(437)** | (184) | **(921)** | (836) | **(8)** | (1) | **(8)** | (3) |
| Financial income (expenses) | **276** | 354 | **993** | 1,745 | **43** | 26 | **206** | 160 | **-** | - | **(2)** | (1) |
| Changes in the fair value of investment property | **-** | (190) | **-** | (69) | **-** | - | **-** | - | **-** | - | **-** | - |
| Income tax and social contribution | **(165)** | (242) | **(553)** | (766) | **(191)** | (96) | **(462)** | (270) | **-** | - | **-** | - |
| Net income (loss) | **675** | 452 | **2,311** | 1,796 | **1,015** | 564 | **2,367** | 1,073 | **(8)** | (1) | **(10)** | (4) |

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

| | **Opening balances** | **Capital contributions (reversals)** | **Results from equity participation** | **Dividends received** | **Other** | **Closing balances** |
|---|---|---|---|---|---|---|
| Nine-month period ended September 30, 2017: | | | | | | |
| Joint ventures: | | | | | | |
| Cabral | 57,984 | - | 1,784 (**) | (1,257) | - | 58,511 |
| Torino | 134,926 | 6,461 | 947 | - | - | 142,334 |
| Loteamento Betim | 42,759 | 3,421 | (5) | - | - | 46,175 |
| Capitalized interest | 11,551 | - | - | - | 2,178 | 13,729 |
| **Total joint ventures - Consolidated** | **247,220** | **9,882** | **2,726** | **(1,257)** | **2,178** | **260,749** |
| Subsidiaries: | | | | | | |
| LOG I | 177,056 | 1,485 | 9,765 | (10,624) | - | 177,682 |
| LOG II | 44,347 | 485 | 813 | (1,491) | - | 44,154 |
| LOG Jundiaí | 73,340 | 1,990 | 2,526 | (3,795) | - | 74,061 |
| LOG Goiânia | 119,310 | 21,745 | 6,655 | (305) | - | 147,405 |
| LOG Hortolândia | 129,736 | 836 | 4,709 | (3,487) | - | 131,794 |
| LOG SJP | 31,989 | 2,099 | (253) | - | - | 33,835 |
| LOG Juiz de Fora | 67,642 | 3,218 | 3,267 | (1,518) | - | 72,609 |
| LOG Feira de Santana | 26,941 | 1,746 | 210 | - | - | 28,897 |
| LOG Fortaleza | 146,475 | 5,239 | 7,307 | (3,949) | - | 155,072 |
| LOG Via Expressa | 104,013 | 7,173 | 111 | (4,742) | - | 106,555 |
| LOG Viana | 130,899 | 10,114 | 6,590 | (11,886) | - | 135,717 |
| LOG Londrina | 80,975 | 2,748 | 4,640 | (1,190) | - | 87,173 |
| LOG Itatiaia | 38,850 | 3,282 | 1,069 | (3,287) | - | 39,914 |
| LOG Rio | 114,220 | 6,041 | 5,652 | (2,074) | - | 123,839 |
| LOG SJC Sony | 105,051 | 260 | (38) | - | - | 105,273 |
| LOG Sumaré | 8 | (1) | - | - | - | 7 |

| | Opening balances | Capital contributions (reversals) | Results from equity participation | Dividends received | Other | Closing balances |
|---|---|---|---|---|---|---|
| Subsidiaries: | | | | | | |
| LOG SJRP | 22,732 | 156 | 1,604 | - | - | 24,492 |
| LOG Macaé | 39,892 | 336 | 2,247 | - | - | 42,475 |
| LOG RP | 53,240 | 604 | 3,523 | - | - | 57,367 |
| LOG Curitiba | 43,468 | 206 | 4,495 | - | - | 48,169 |
| LOG Aracajú | 21,610 | 205 | 2,434 | - | - | 24,249 |
| LOG Uberaba | 10,538 | 117 | 965 | (255) | - | 11,365 |
| LDI | 488 | 20 | 14 | - | - | 522 |
| LE Empreendimentos | - | 1,207 | - | - | - | 1,207 |
| Capitalized interest (*) | - | - | (37,777) | - | 37,777 | - |
| **Total subsidiaries** | **1,582,820** | **71,311** | **30,528** | **(48,603)** | **37,777** | **1,673,833** |
| **Total Separate** | **1,830,040** | **81,193** | **33,254** | **(49,860)** | **39,955** | **1,934,582** |
| Nine-month period ended September 30, 2016: | | | | | | |
| **Total Consolidated** | 237,314 | 2,064 | 1,325 | - | 2,031 | 242,734 |
| **Total Separate** | 1,671,313 | 93,388 | 27,346 | (52,206) | 69,178 | 1,809,019 |

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

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

## 6. Investment property

Broken down is as follows:

| | Separate | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | 9/30/17 | 12/31/16 | 1/1/16 | 9/30/17 | 12/31/16 | 1/1/16 |
| Industrial warehouses | **387,100** | 384,740 | 370,100 | **2,325,645** | 2,248,870 | 2,114,343 |
| Strip Mall | **45,985** | 49,930 | 60,070 | **45,985** | 49,930 | 60,070 |
| Total | **433,085** | 434,670 | 430,170 | **2,371,630** | 2,298,800 | 2,174,413 |

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

| | Separate | | Consolidated | |
|---|---|---|---|---|
| | Nine months of | | Nine months of | |
| | 2017 | 2016 | 2017 | 2016 |
| Opening balance | **434,670** | 430,170 | **2,298,800** | 2,174,413 |
| Additions | **2,100** | 2,348 | **36,011** | 45,331 |
| Capitalized interest (Note 7) | **1,975** | 2,262 | **39,753** | 70,165 |
| Land purchase cancellation (*) | **(5,660)** | - | **(5,660)** | - |
| Changes in fair value | **-** | - | **2,726** | 5,319 |
| Closing balance | **433,085** | 434,780 | **2,371,630** | 2,295,228 |

(*) Refers to land purchase cancellation, as detailed in Note 16 (h).

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

| | Separate | | Consolidated | |
|---|---|---|---|---|
| | Nine months of | | Nine months of | |
| | 2017 | 2016 | 2017 | 2016 |
| Changes in fair value of investment property | **-** | - | **2.726** | 5.319 |
| Deferred PIS/COFINS | **-** | - | **(1.479)** | (2.645) |
| Changes in fair value of investment property in net income | **-** | - | **1.247** | 2.674 |

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

- Completed projects up to December 31, 2016: fair values at that date were maintained, except for cases that suffer significant changes, for which new valuations were performed.

- Projects under construction up to December 31, 2016: the fair values at that date were maintained, increased by the constriction cost incurred in the nine-month period ended September 30, 2017.

- Land purchased through December 31, 2016: fair values determined as at that date were maintained, increased by the construction costs incurred in the nine-months period ended September 30, 2017.

- Land purchased in 2017: stated at the acquisition cost increased by the construction costs incurred in the nine-month period ended September 30, 2017, when applicable.

As at September 30, 2017, from the total amount in investment property, R$2,062,800 has been pledged as collateral of loans, financing and debentures entered into by the Company and its subsidiaries (R$2,195,570 as at December 31, 2016 and R$2,030,985 at January 1st, 2016).

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

## 7. Loans, financing and debentures

a) Loans and financing

Loans and financing as at September 30, 2017, December 31 and January 1st, 2016 are as follows:

| | | | 9/30/17 | | | 12/31/16 | 1/1/16 |
|---|---|---|---|---|---|---|---|
| **Type** | **Maturity of principal** | **Effective financial charges p.a. (*)** | **Current** | **Noncurrent** | **Total** | **Total** | **Total** |
| Separate: | | | | | | | |
| Working capital | Sep 13 to Sep 17 | CDI + 1.83% | **-** | **-** | **-** | - | 15,372 |
| Working capital | Dec 15 to Jul 16 | CDI + 4.44% | **-** | **-** | **-** | - | 50,212 |
| Construction financing | Dec 13 to Oct 24 | CDI + 1.92% | **5,725** | **32,133** | **37,858** | 40,331 | 42,835 |
| Construction financing | Dec 13 to Nov 23 | TR + 9.42% | **3,428** | **16,494** | **19,922** | 21,534 | 23,204 |
| Construction financing | Dec 13 to Nov 23 | TR + 9.43% | **1,698** | **8,171** | **9,869** | 10,668 | 11,495 |
| Construction financing | Jul 14 to Jun 22 | TR + 11.33% | **4,127** | **14,419** | **18,546** | 20,614 | 22,790 |
| Construction financing | Aug 14 to Jul 22 | TR + 11.32% | **2,342** | **8,370** | **10,712** | 11,866 | 13,088 |
| Construction financing | Apr 15 to Sep 22 | TR + 11.07% | **2,859** | **10,682** | **13,541** | 14,935 | 16,404 |
| Construction financing | Oct 15 to Sep 25 | TR + 9.72% | **575** | **3,729** | **4,304** | 4,540 | 4,769 |
| Construction financing | Mar 15 to Jul 23 | TR + 9.62% | **1,514** | **6,837** | **8,351** | 9,377 | 10,619 |
| Construction financing | Sep 16 to Aug 26 | TR + 10.10% | **455** | **3,312** | **3,767** | 3,936 | 3,697 |
| Construction financing | Sep 16 to Aug 26 | TR + 10.04% | **987** | **7,185** | **8,172** | 8,541 | 8,022 |
| (-) Funding cost | | | **(411)** | **(1,591)** | **(2,002)** | (2,309) | (3,454) |
| Total Separate | | | **23,299** | **109,741** | **133,040** | 144,033 | 219,053 |
| Subsidiaries: | | | | | | | |
| Construction financing | Dec 13 to Nov 23 | TR + 9.37% | **1,818** | **8,746** | **10,564** | 11,427 | 12,317 |
| Construction financing | Feb 14 to Jan 22 | TR + 11.62% | **3,185** | **9,893** | **13,078** | 14,702 | 16,408 |
| Construction financing | Aug 14 to Jul 22 | TR + 11.05% | **1,459** | **5,219** | **6,678** | 7,399 | 8,169 |
| Construction financing | Nov 14 to Oct 22 | TR + 10.74% | **774** | **2,953** | **3,727** | 4,108 | 4,507 |
| Construction financing | Feb 15 to Jan 25 | TR + 10.05% | **1,867** | **10,952** | **12,819** | 13,621 | 14,398 |
| Construction financing | Apr 15 to Mar 25 | TR + 9.99% | **1,593** | **9,580** | **11,173** | 11,844 | 12,487 |
| Construction financing | Feb 15 to Jan 25 | TR + 9.99% | **2,642** | **15,508** | **18,150** | 19,279 | 20,393 |
| Construction financing | Apr 15 to Mar 25 | TR + 9.99% | **3,460** | **20,818** | **24,278** | 25,745 | 27,167 |

| Type | Maturity of principal | Effective financial charges p.a. (*) | 9/30/17 Current | 9/30/17 Noncurrent | 9/30/17 Total | 12/31/16 Total | 1/1/16 Total |
|---|---|---|---|---|---|---|---|
| Subsidiaries: | | | | | | | |
| Construction financing | Apr 15 to Mar 25 | TR + 10.00% | **1,538** | **9,245** | **10,783** | 11,442 | 12,077 |
| Construction financing | Apr 15 to Mar 25 | TR + 10.02% | **1,797** | **10,814** | **12,611** | 13,373 | 14,112 |
| Construction financing | Oct 15 to Sep 25 | TR + 9.71% | **2,679** | **17,358** | **20,037** | 21,145 | 22,211 |
| Construction financing | Aug 14 to Jul 25 | TR + 9.78% | **2,317** | **14,638** | **16,955** | 17,918 | 18,854 |
| Construction financing | Jan 15 to Dec 22 | TR + 10.14% | **3,325** | **13,228** | **16,553** | 18,799 | 21,490 |
| Construction financing | May 15 to Apr 23 | TR + 10.05% | **2,072** | **8,876** | **10,948** | 12,343 | 14,005 |
| Construction financing | Aug 15 to Jul 23 | TR + 10.07% | **1,409** | **6,364** | **7,773** | 8,717 | 9,839 |
| Construction financing | Jan 15 to Apr 23 | TR + 9.59% | **3,511** | **15,063** | **18,574** | 20,963 | 23,680 |
| Construction financing | Jan 15 to Apr 23 | TR + 9.61% | **2,130** | **9,142** | **11,272** | 12,721 | 14,478 |
| Construction financing | Apr 16 to Mar 26 | TR + 10.14% | **3,145** | **21,728** | **24,873** | 26,096 | 26,173 |
| Construction financing | Feb 16 to Jan 26 | TR + 9.75% | **966** | **6,537** | **7,503** | 7,892 | 8,147 |
| (-) Funding cost | | | **(659)** | **(2,956)** | **(3,615)** | (4,097) | (4,753) |
| Total subsidiaries | | | **41,028** | **213,706** | **254,734** | 275,437 | 296,159 |
| Total Consolidated | | | **64,327** | **323,447** | **387,774** | 419,470 | 515,212 |

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

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

| | Separate | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | 9/30/17 | 12/31/16 | 1/1/16 | 9/30/17 | 12/31/16 | 1/1/16 |
| After the reporting period | | | | | | |
| 12 months | **23,299** | 22,878 | 79,053 | **64,327** | 63,400 | 116,860 |
| 13 to 24 months | **21,992** | 21,048 | 26,169 | **60,656** | 58,168 | 61,425 |
| 25 to 36 months | **22,024** | 21,046 | 19,607 | **60,752** | 58,166 | 54,862 |
| 37 to 48 months | **22,088** | 21,070 | 19,606 | **60,833** | 58,216 | 54,860 |
| More than 48 months | **43,637** | 57,991 | 74,618 | **141,206** | 181,520 | 227,205 |
| Total | **133,040** | 144,033 | 219,053 | **387,774** | 419,470 | 515,212 |

Changes in loans and financing are as follows:

| | Separate | | Consolidated | |
|---|---|---|---|---|
| | Nine months of | | Nine months of | |
| | 2017 | 2016 | 2017 | 2016 |
| Opening balance | **144,033** | 219,053 | **419,470** | 515,212 |
| Funding | **-** | 172,000 | **-** | 172,000 |
| Accrued financial charges | **11,498** | 23,437 | **32,027** | 48,577 |
| Exchange variations (*) | **-** | (3,406) | **-** | (3,406) |
| Funding costs | **-** | (1,161) | **-** | (1,161) |
| Amortization of funding costs | **307** | 2,002 | **798** | 2,495 |
| Repayment of principal | **(11,836)** | (193,191) | **(33,836)** | (213,202) |
| Payment of financial charges | **(10,962)** | (20,566) | **(30,685)** | (41,165) |
| Closing balance | **133,040** | 198,168 | **387,774** | 479,350 |

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

b) Debentures

On July 29, 2016, the Company recognized received proceeds totaling R$135,000, related to the ninth issue of simple debentures, for private placement, non-convertible, with unsecured guarantee, represented by 135 debentures with par value of one thousand Brazilian reais, which was fully subscribed and paid by joint venturer MRV Engenharia e Participações S.A. Debentures pay interest by CDI + 2.36% p.a. and will be paid until January 18, 2018. On August 18, 2017, the Company repaid in advance R$56,782 (principal of R$49,000 and interest of R$7,782).

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

| | | | Separate and Consolidated | | | | |
|---|---|---|---|---|---|---|---|
| | | | 9/30/17 | | | 12/31/16 | 1/1/16 |
| Issue | Principal maturity | Effective financial charges p.a. (*) | Current | Noncurrent | Total | Total | Total |
| 3rd issue | Jun 14 to Jun 20 | CDI + 1.97% | **24,737** | **54,000** | **78,737** | 86,956 | 94,066 |
| 4th issue | Aug 16 to Feb 19 | CDI + 1.90% | **30,595** | **35,000** | **65,595** | 94,629 | 105,209 |
| 6th issue | Dec 15 to Dec 19 | CDI + 2.21% | **17,886** | **70,000** | **87,886** | 85,700 | 95,690 |
| 7th issue | Jan 17 to Oct 18 | 118% CDI + 0.14% | **51,636** | **12,499** | **64,135** | 102,505 | 101,246 |
| 8th issue | Nov 17 to Dec 19 | 119% CDI + 0.29% | **26,244** | **36,000** | **62,244** | 60,802 | 60,301 |
| 9th issue | Until Jan 18 | CDI + 2.36% | **100,881** | **-** | **100,881** | 144,037 | - |
| (-) Funding cost | | | **(1,825)** | **(1,857)** | **(3,682)** | (5,015) | (6,766) |
| Total | | | **250,154** | **205,642** | **455,796** | 569,614 | 449,746 |

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

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

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

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

The table below shows the debentures payment schedule:

| | Separate and Consolidated | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 9/30/17 | | | | | | | 12/31/16 | 1/1/16 |
| After the reporting period | 3rd issue | 4th issue | 6th issue | 7th issue | 8th issue | 9th issue | Total | Total | Total |
| Amortization: | | | | | | | | | |
| 12 months | **24,737** | **30,595** | **17,886** | **51,636** | **26,244** | **100,881** | **251,979** | 275,633 | 35,512 |
| 13 to 24 months | **24,000** | **35,000** | **25,000** | **12,499** | **24,000** | **-** | **120,499** | 152,996 | 122,004 |
| 25 to 36 months | **30,000** | **-** | **45,000** | **-** | **12,000** | **-** | **87,000** | 131,000 | 152,996 |
| 37 to 48 months | **-** | **-** | **-** | **-** | **-** | **-** | **-** | 15,000 | 131,000 |
| More than 48 months | **-** | **-** | **-** | **-** | **-** | **-** | **-** | - | 15,000 |
| Total | **78,737** | **65,595** | **87,886** | **64,135** | **62,244** | **100,881** | **459,478** | 574,629 | 456,512 |
| Costs: | | | | | | | | | |
| 12 months | **(453)** | **(313)** | **(416)** | **(289)** | **(354)** | **-** | **(1,825)** | (1,783) | (1,793) |
| 13 to 24 months | **(454)** | **(130)** | **(417)** | **(25)** | **(356)** | **-** | **(1,382)** | (1,789) | (1,793) |
| 25 to 36 months | **(315)** | **-** | **(70)** | **-** | **(90)** | **-** | **(475)** | (1,241) | (1,750) |
| 37 to 48 months | **-** | **-** | **-** | **-** | **-** | **-** | **-** | (202) | (1,228) |
| More than 48 months | **-** | **-** | **-** | **-** | **-** | **-** | **-** | - | (202) |
| Total | **(1,222)** | **(443)** | **(903)** | **(314)** | **(800)** | **-** | **(3,682)** | (5,015) | (6,766) |
| Total, net | **77,515** | **65,152** | **86,983** | **63,821** | **61,444** | **100,881** | **455,796** | 569,614 | 449,746 |

Changes in debentures are as follows:

| | Separate and Consolidated | |
|---|---|---|
| | Nine months of | |
| | 2017 | 2016 |
| Opening balance | **569,614** | 449,746 |
| Funding | **-** | 135,000 |
| Accrued financial charges | **49,902** | 56,856 |
| Funding costs | **-** | (57) |
| Amortization of funding costs | **1,353** | 1,354 |
| Repayment of principal | **(121,504)** | (10,000) |
| Payment of financial charges | **(43,569)** | (40,799) |
| Closing balance | **455,796** | 592,100 |

c) Guarantees

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

| | Consolidated | | | |
|---|---|---|---|---|
| | Construction financing | Debentures | Total | |
| Collateral/receivables | 393,391 | 358,597 | 751,988 | |
| No guaranties | - | 100,881 | 100,881 | |
| Total | 393,391 | 459,478 | 852,869 | (*) |

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

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

d) Allocation of financial charges

Financial charges are capitalized as follows:

| | Separate | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | 3rd quarter | Nine months | 3rd quarter | Nine months |
| Finance charges: | | | | |
| Loans, financing and debentures | **(17,675)** | **(63,060)** | (32,715) | (85,544) |
| Charges due to related parties | **-** | **-** | - | (297) |
| Total financial charges | **(17,675)** | **(63,060)** | (32,715) | (85,841) |
| Interest capitalized on: | | | | |
| Investment property (Note 6) | **537** | **1,975** | 951 | 2,262 |
| Investment | **11,928** | **39,955** | 25,030 | 69,178 |
| Financial charges allocated to profit or loss (Note 15) | **(5,210)** | **(21,130)** | (6,734) | (14,401) |

| | Consolidated | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | 3rd quarter | Nine months | 3rd quarter | Nine months |
| Finance charges: | | | | |
| Loans, financing and debentures | **(24,235)** | **(84,080)** | (41,413) | (111,177) |
| Charges due to related parties | **-** | **-** | - | (297) |
| Total financial charges | **(24,235)** | **(84,080)** | (41,413) | (111,474) |
| Interest capitalized on: | | | | |
| Investment property (Note 6) | **11,726** | **39,753** | 25,260 | 70,165 |
| Investment | **740** | **2,178** | 722 | 2,031 |
| Financial charges allocated to profit or loss (Note 15) | **(11,769)** | **(42,149)** | (15,431) | (39,278) |

In the nine-month period ended September 30, 2017, total capitalized loans, financing and debentures represented an average charge rate of 12.40% per annum (14.87% per annum for the same period in 2016).

e) Contractual commitments

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

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

## 8. Advances - barters

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

## 9. Income tax and social contribution

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

| | Separate | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | 3rd quarter | Nine months | 3rd quarter | Nine months |
| Income before income tax and social contribution | **5,317** | **15,087** | 2,820 | 20,199 |
| Statutory rate - income tax and social contribution | **34%** | **34%** | 34% | 34% |
| Nominal expense | **(1,808)** | **(5,130)** | (959) | (6,868) |
| Effect of IRPJ and CSLL on permanent differences: | | | | |
| Results from equity participation grossed with written-off capitalized interest | **7,755** | **24,151** | 11,315 | 32,128 |
| Unrecognized tax credit | **(3,805)** | **(12,631)** | (8,265) | (22,830) |
| Depreciation of investment properties | **816** | **2,444** | 808 | 2,412 |
| Other | **48** | **368** | 717 | 417 |
| IRPJ and CSLL credit in profit or loss | **3,006** | **9,202** | 3,616 | 5,259 |

| | Consolidated | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | 3rd quarter | Nine months | 3rd quarter | Nine months |
| Income before income tax and social contribution | **7,167** | **20,790** | 4,346 | 25,363 |
| Statutory rate - income tax and social contribution | **34%** | **34%** | 34% | 34% |
| Nominal expense | **(2,437)** | **(7,069)** | (1,478) | (8,623) |
| Effect of IRPJ and CSLL on permanent differences: | | | | |
| Results from equity participation grossed with written-off capitalized interest | **252** | **927** | 153 | 451 |
| Unrecognized tax credit | **(3,977)** | **(13,374)** | (8,265) | (22,830) |
| Depreciation of investment properties | **1,070** | **3,200** | 784 | 3,118 |
| Tax basis difference for companies taxed on deemed income | **6,287** | **19,471** | 10,159 | 28,285 |
| Other | **(41)** | **348** | 739 | (298) |
| IRPJ and CSLL credit in profit or loss | **1,154** | **3,503** | 2,092 | 103 |

On September 30, 2017, the Company opted not to recognize deferred taxes on tax losses carryforwards of subsidiaries in the amount of R$7,032 (R$6,289 as of December 31, 2016).

(b) Deferred tax balances

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

| | Separate | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | 9/30/17 | 12/31/16 | 1/1/16 | 9/30/17 | 12/31/16 | 1/1/16 |
| Noncurrent assets: | | | | | | |
| Income tax and social contribution | **100,575** | 90,014 | 51,052 | **100,575** | 90,213 | 51,052 |
| Liabilities: | | | | | | |
| Income tax and social contribution | **-** | - | - | **(24,914)** | (23,857) | (22,534) |
| PIS/COFINS | **-** | - | - | **(33,668)** | (32,049) | (29,556) |
| | **-** | - | - | **(58,582)** | (55,906) | (52,090) |
| Current | **-** | - | - | **(1,246)** | (948) | (965) |
| Noncurrent | **-** | - | - | **(57,336)** | (54,958) | (51,125) |
| Total | **-** | - | - | **(58,582)** | (55,906) | (52,090) |

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

| | Separate | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | **9/30/17** | **12/31/16** | **1/1/16** | **9/30/17** | **12/31/16** | **1/1/16** |
| Tax effect on: | | | | | | |
| Deferred assets: | | | | | | |
| Tax loss carryforwards | **44,324** | 33,985 | 23,160 | **49,010** | 38,279 | 26,391 |
| Capitalized interest | **96,075** | 96,075 | 66,384 | **96,075** | 96,075 | 66,384 |
| Temporary differences | **316** | 94 | 2,338 | **344** | 117 | 2,347 |
| | **140,715** | 130,154 | 91,882 | **145,429** | 134,471 | 95,122 |
| Reclassified deferred liabilities | **(40,140)** | (40,140) | (40,830) | **(44,854)** | (44,258) | (44,070) |
| Deferred tax assets | **100,575** | 90,014 | 51,052 | **100,575** | 90,213 | 51,052 |
| Deferred liabilities: | | | | | | |
| Fair value appreciation on investment property | **(40,140)** | (40,140) | (40,830) | **(68,068)** | (66,820) | (65,437) |
| Rents receivables and others | **-** | - | - | **(1,700)** | (1,295) | (1,167) |
| | **(40,140)** | (40,140) | (40,830) | **(69,768)** | (68,115) | (66,604) |
| Reclassified deferred liabilities | **40,140** | 40,140 | 40,830 | **44,854** | 44,258 | 44,070 |
| Deferred tax liabilities | **-** | - | - | **(24,914)** | (23,857) | (22,534) |

The balances of the reclassified deferred taxes are related to taxes on income collected by the same tax authority, were individually made by each legal entity have the same nature and will be carried out simultaneously.

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

| | IRPJ and CSLL | |
|---|---|---|
| | **Separate** | **Consolidated** |
| Expected realization: | | |
| 2017 | 91 | 144 |
| 2018 | 1,712 | 2,100 |
| 2019 | 3,198 | 4,074 |
| 2020 | 4,591 | 6,060 |
| 2021 | 5,879 | 6,986 |
| After 2021 | 125,244 | 126,065 |
| Total | 140,715 | 145,429 |

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

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

| | Separate | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | | | 2016 | 2017 | | | 2016 |
| | **Assets** | **Liabilities** | **Net** | **Net** | **Assets** | **Liabilities** | **Net** | **Net** |
| Opening balance | **130,154** | **(40,140)** | **90,014** | 51,052 | **134,471** | **(68,115)** | **66,356** | 28,518 |
| Effect of deferred IRPJ and CSLL recognized in: | | | | | | | | |
| Equity (Note 11 (c)) | **1,359** | **-** | **1,359** | - | **1,359** | **-** | **1,359** | - |
| Net income for the period | **9,202** | **-** | **9,202** | 5,259 | **9,599** | **(1,653)** | **7,946** | 3,776 |
| Closing balance | **140,715** | **(40,140)** | **100,575** | 56,311 | **145,429** | **(69,768)** | **75,661** | 32,294 |

## 10. Provisions for labor, tax and civil contingencies

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

| | Separate | | Consolidated | |
|---|---|---|---|---|
| | Nine months of | | Nine months of | |
| | **2017** | **2016** | **2017** | **2016** |
| Opening balance | **495** | 739 | **495** | 739 |
| Additions and update | **236** | 307 | **833** | 307 |
| Paymen | **(84)** | (369) | **(293)** | (369) |
| Reversal | **(45)** | (9) | **(215)** | (9) |
| Closing balance | **602** | 668 | **820** | 668 |

Lawsuits assessed as possible losses by the legal counsel, amounted R$2,857 as at September 30, 2017 (R$752 at December 31, 2016 and R$557 at January 1st, 2016).

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

## 11. Equity

(a) Common shares and issued capital

| | Separate and Consolidated | | |
|---|---|---|---|
| | **9/30/17** | **12/31/16** | **1/1/16** |
| Subscribed capital | **1,312,287** | 1,003,820 | 729,043 |
| Unpaid capital | **(195,000)** | - | - |
| Paid-in capital | **1,117,287** | 1,003,820 | 729,043 |

| | Separate and Consolidated | | |
|---|---|---|---|
| | **9/30/17** | **12/31/16** | **1/1/16** |
| Shares issued | **69,068** | 203,402 | 174,557 |
| Unpaid shares issued | **(8,864)** | - | - |
| Shares issued and fully paid (Common shares, without par value - thousand) | **60,204** | 203,402 | 174,557 |

During the nine-month periods ended September 30, 2017 and 2016, the Shareholders' Meeting and Board of Directors, approved the following capital increases:

| Date of approval | Description | Number of shares | Total outstanding shares after issuance | Unit price | Total capital increase | Share capital after capital increase | Share issuance premium |
|---|---|---|---|---|---|---|---|
| | | (thousand) | (thousand) | R$ | R$'000 | R$'000 | R$'000 |
| **Nine-month period of 2017:** | | | | | | | |
| 8/18/17 | Issue of new shares | 14,021 | 64,872 | 22.00 | 308,466 | 1,312,286 | - |
| 9/26/17 | Issue of new shares | 4,196 | 69,068 | - | 1 | 1,312,287 | - |
| **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 | - | 174,732 | - | 24,602 | 753,820 | - |

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

The capital increase of R$308,466 related to the issuance of 14,021,184 new common shares, registered and without par value, was subscribed by the Company's current shareholders and will be paid in three installments, being the first in the amount of R$113,496, paid in August 18, 2017, same date of the Extraordinary General Meeting that deliberated on this matter, and the remaining two installments, in the amount of R$105,000 and R$ 90,000 to be paid in October 2017 and January 2018, respectively. The proceeds from this capital increase will be allocated in debts repayments and new investments through the construction and expansion of assets already held by the Company.

On September 26, 2017, the Board of Directors approved a capital increase in the amount of R$900 (Nine hundred Brazilian reais) through the issuance of 4,196,205 new common shares, registered and without par value, fully subscribed and paid in by the Company´s current shareholders, as result of the exercise of the subscription right from nine Share Subscription Warrants Certificates issued by the Company at the Extraordinary General Meeting held on February 6, 2017, on the occasion of the reverse split of shares.

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

The Company’s authorized capital as at September 30, 2017 and December 31 and January 1st, 2016 is R$2,000,000.

(b) Mandatory minimum dividend payable to shareholders

Fiscal year 2016 dividends, amounting to R$8,466, were approved at the Annual Shareholders’ Meeting held on April 28, 2017 and paid on August 18, 2017.

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

(c) Share issuance costs

For the capital increase mentioned in item (a) above, the Company incurred in related expenses in the amount of R$3,998 (R$2,639 net of tax effects)

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

## 12. Earnings per share

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

| | Separate and Consolidated | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | 3rd quarter | Nine months | 3rd quarter | Nine months |
| Basic earnings per share | | | | |
| Net income for the period | **8,323** | **24,289** | 6,436 | 25,458 |
| Weighted average number of outstanding common shares (in thousands) | **57,784** | **53,187** | 43,683 | 43,655 |
| Basic earnings per share - in R$ | **0.14404** | **0.45667** | 0.14733 | 0.58316 |
| Diluted earnings per share: | | | | |
| Net income for the period | **8,323** | **24,289** | 6,436 | 25,458 |
| Weighted average number of outstanding common shares (in thousands) | **57,784** | **53,187** | 43,683 | 43,655 |
| Dilutive effect of stock options (in thousands) | **152** | **152** | 156 | 156 |
| Weighted average number of outstanding common shares (in thousands) | **57,936** | **53,339** | 43,839 | 43,811 |
| Diluted earnings per share - in R$ | **0.14366** | **0.45537** | 0.14681 | 0.58109 |

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

## 13. Net revenue

| | Separate | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | 3rd quarter | Nine months | 3rd quarter | Nine months |
| Rental revenue | **4,736** | **14,030** | 4,816 | 15,253 |
| PIS/COFINS on revenue | **(445)** | **(1,305)** | (445) | (1,380) |
| Net revenue | **4,291** | **12,725** | 4,371 | 13,873 |

| | Consolidated | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | 3rd quarter | Nine months | 3rd quarter | Nine months |
| Rental revenue | **26,406** | **78,629** | 25,654 | 77,356 |
| PIS/COFINS on revenue | **(1,651)** | **(4,853)** | (1,693) | (5,103) |
| Net revenue | **24,755** | **73,776** | 23,961 | 72,253 |

# 14. Costs and expenses by nature

| | Separate | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | 3rd quarter | Nine months | 3rd quarter | Nine months |
| Depreciation | **(57)** | **(178)** | (58) | (169) |
| Advertising | **(477)** | **(854)** | (213) | (406) |
| Salaries, charges and benefits | **(1,480)** | **(4,465)** | (1,332) | (3,529) |
| Management compensation | **(264)** | **(787)** | (276) | (838) |
| Outside services | **(550)** | **(1,777)** | (644) | (1,827) |
| General expenses | **(511)** | **(1,521)** | (483) | (1,502) |
| Stock options | **(58)** | **(172)** | (69) | (232) |
| Vacancy expenses | **(301)** | **(1,181)** | (597) | (1,531) |
| Other | **(1,183)** | **(3,340)** | (18) | (325) |
| | **(4,881)** | **(14,275)** | (3,690) | (10,359) |
| Classified as: | | | | |
| Selling expenses | **(1,306)** | **(3,861)** | (1,413) | (3,583) |
| General and administrative expense | **(2,128)** | **(6,287)** | (1,982) | (5,613) |
| Management compensation | **(264)** | **(787)** | (276) | (838) |
| Other operating expenses | **(1,183)** | **(3,340)** | (19) | (325) |
| | **(4,881)** | **(14,275)** | (3,690) | (10,359) |

| | Consolidated | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | 3rd quarter | Nine months | 3rd quarter | Nine months |
| Depreciation | **(60)** | **(184)** | (59) | (174) |
| Advertising | **(477)** | **(854)** | (213) | (406) |
| Salaries, charges and benefits | **(1,480)** | **(4,466)** | (1,332) | (3,512) |
| Management compensation | **(264)** | **(787)** | (276) | (838) |
| Outside services | **(1,182)** | **(3,869)** | (1,527) | (4,398) |
| General expenses | **(555)** | **(1,638)** | (522) | (1,723) |
| Stock options | **(58)** | **(172)** | (69) | (232) |
| Vacancy expenses | **(1,120)** | **(3,687)** | (1,509) | (4,021) |
| Other | **(1,280)** | **(4,065)** | (49) | (343) |
| | **(6,476)** | **(19,722)** | (5,556) | (15,647) |
| Classified as: | | | | |
| Selling expenses | **(2,544)** | **(7,714)** | (2,998) | (8,125) |
| General and administrative expense | **(2,388)** | **(7,156)** | (2,233) | (6,341) |
| Management compensation | **(264)** | **(787)** | (276) | (838) |
| Other operating expenses | **(1,280)** | **(4,065)** | (49) | (343) |
| | **(6,476)** | **(19,722)** | (5,556) | (15,647) |

(*) Includes share issuance cost recognition regarding aborted IPO in the amount of R$1,182 and R$2,686 in the three- and nine-month period ended September 30, 2017, respectively.

# 15. Financial expenses and income

| | Separate | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | 3rd quarter | Nine months | 3rd quarter | Nine months |
| Financial expenses | | | | |
| Interest on loans, financing and debentures (Note 7 (d)) | **(5,210)** | **(21,130)** | (6,734) | (14,401) |
| Loss on mark-to-market derivative financial instruments | **-** | **-** | 359 | - |
| Inflation adjustments | **(91)** | **(688)** | (3,425) | (3,425) |
| Other financial expenses (*) | **(3,340)** | **(3,573)** | (174) | (237) |
| | **(8,641)** | **(25,391)** | (9,974) | (18,063) |
| Financial income | | | | |
| Gain on short-term investment | **642** | **5,966** | 2,255 | 3,158 |
| Inflation adjustments | **-** | **436** | 887 | 4,033 |
| Other financial income (*) | **2,285** | **2,372** | 2 | 211 |
| | **2,927** | **8,774** | 3,144 | 7,402 |
| Financial income (expenses) | **(5,714)** | **(16,617)** | (6,830) | (10,661) |

(*) Includes the effect of land purchase cancellation, being R$3,223 referring to capitalized interests disposal recognized in financial expenses and R$2,281 in financial income, as detailed in Note 16 (h).

| | Consolidated | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | 3rd quarter | Nine months | 3rd quarter | Nine months |
| Financial expenses | | | | |
| Interest on loans, financing and debentures (Note 7 (d)) | **(11,769)** | **(42,149)** | (15,431) | (39,278) |
| Loss on mark-to-market derivative financial instruments | **-** | **-** | 359 | - |
| Inflation adjustments | **(91)** | **(688)** | (3,425) | (3,425) |
| Other financial expenses (*) | **(3,424)** | **(3,762)** | (263) | (618) |
| | **(15,284)** | **(46,599)** | (18,760) | (43,321) |
| Financial income | | | | |
| Gain on short-term investment | **720** | **6,243** | 2,389 | 3,496 |
| Inflation adjustments | **-** | **436** | 887 | 4,034 |
| Other financial income (*) | **2,343** | **2,683** | 173 | 549 |
| | **3,063** | **9,362** | 3,449 | 8,079 |
| Financial income (expenses) | **(12,221)** | **(37,237)** | (15,311) | (35,242) |

(*) Includes the effect of land purchase cancellation, being R$3,223 referring to capitalized interests disposal recognized in financial expenses and R$2,281 in financial income, as detailed in Note 16 (h).

## 16. Related parties

Related-party balances and transactions are as follows:

| | Separate | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | 9/30/17 | 12/31/16 | 1/1/16 | 9/30/17 | 12/31/16 | 1/1/16 |
| Balance sheet: | | | | | | |
| Short-term investments (a) | **19,905** | 25,067 | 12,676 | **19,905** | 25,067 | 12,676 |
| Rental receivables (b) | **20** | 20 | 18 | **280** | 273 | 325 |
| Receivables for sale of subsidiary (e) | **549** | 4,767 | 5,062 | **549** | 4,768 | 5,062 |
| Debentures (f ) | **100,881** | 144,037 | - | **100,881** | 144,037 | - |
| Rental payables (g) | **38** | 37 | - | **38** | 37 | - |
| Receivables for land purchase cancellation (h) | **3,616** | - | - | **3,616** | - | - |

| | Separate | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | 3rd quarter | Nine months | 3rd quarter | Nine months |
| Transactions: | | | | |
| Gain on short-term investments (a) | **358** | **1,849** | 464 | 915 |
| Rental receivables (b) | **73** | **219** | 68 | 204 |
| Expenses on administrative services (c) | **171** | **623** | 209 | 617 |
| Financial expenses due to related parties (d) | **-** | **-** | - | 297 |
| Financial expenses w ith debentures (f ) | **3,718** | **13,626** | 3,715 | 3,715 |
| Rental expense (g) | **113** | **343** | - | - |
| Financial income related to land purchase cancellation (h) | **2,281** | **2,281** | - | - |

| | Consolidated | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | 3rd quarter | Nine months | 3rd quarter | Nine months |
| Transactions: | | | | |
| Gain on short-term investments (a) | **358** | **1,849** | 464 | 915 |
| Rental receivables (b) | **1,162** | **3,458** | 628 | 2,804 |
| Expenses on administrative services (c) | **374** | **1,356** | 455 | 1,343 |
| Financial expenses due to related parties (d) | **-** | **-** | - | 297 |
| Financial expenses w ith debentures (f ) | **3,718** | **13,626** | 3,715 | 3,715 |
| Rental expense (g) | **113** | **343** | - | - |
| Financial income related to land purchase cancellation (h) | **2,281** | **2,281** | - | - |

(a) Refers to short-term investments in CDBs on Banco Inter S.A ("Inter"), which is controlled by the controlling shareholder of MRV Engenharia e Participações S.A. As at September 30, 2017, short-term investments yielded 104.29% of CDI in the separate financial statements and on a consolidated basis (105,00% and 108.00% on December 31 and January 1st, 2016, respectively)

Joint venture Cabral Investimentos SPE Ltda ("Cabral") holds short-term investments on Inter amounting to R$10,086 at September 30, 2017 (R$9,277 and R$13,899 as at December 31 and as January 1st, 2016, respectively). The financial income arising on these investments was R$809 for the nine-month period ended September 30, 2017 (R$1,428 for the same period of 2016).

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

(c) Amounts related to expenses incurred on the provision of administrative services by MRV Engenharia e Participações S.A. The agreement provides for the monthly payment of R$3.7 per project developed by the Company or its investees, as at September 30, 2017 (R$4.1 as at September 30, 2016). This amount is annually adjusted using the average salary increase percentage granted to the employees of MRV Engenharia e Participações S.A. The agreement is effective for three years, beginning December 02, 2013, automatically extendable for an equal period, if not apposed by any of the parties. On December 02, 2016, in the absence of opposition by the parties, the contract was automatically extended for an equal period.

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

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

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

(g) Refer to rental agreement of part of tenth floor of the office building where the head office is located, owned by the companies Conedi Participações Ltda. ("Conedi") and MA Cabaleiro Participações Ltda. ("MA Cabaleiro"). Conedi is a Company´s shareholder and MA Cabaleiro is owned by Marcos Alberto Cabaleiro Fernandez, minority shareholder and member of the Company's board. The rental agreement is effective until February 28, 2025, adjustable by the General Market Price Index (IGPM) and as at September 30, 2017 provides for monthly payment of R$38 (R$37 as of December 31, 2016 and Nil as of January 1st, 2016).

(h) On July 3, 2017, the Company cancelled land purchase acquired from MDI Desenvolvimento Imobiliário Ltda. (MDI), a company controlled by the joint venturer MRV Engenharia e Participações S.A. As result, MDI will pay LOG the total amount of R$4,821, R$2,540 corresponding to the amount originally paid by LOG and R$2,281 referring to yields equivalent to interbank deposit rate (CDI), calculated from the date of each original payment to the cancellation date, recognized in line "Financial income". This amount will be paid in 12 equal and successive installments, being the first installment received on that date. In

this operation, the Company recognized immediately in profit or loss in line "Financial expenses", interest that was priorly capitalized, in the amount of R$3,223.

On August 13, 2015, joint venture Cabral Investimentos SPE Ltda. sold a plot of land to MRV Engenharia e Participações S.A. for R$7,500, paid in a R$750 down payment and 12 monthly installments of R$563, adjusted using the INCC (National Construction Cost Index). The balance was repaid in August 2016 and interest income earned on this transaction was R$97 for the nine-month period ended September 30, 2016.

The Group conducts transactions with Banco Bradesco, manager of the mutual fund Fundo de Investimento em Participações Multisetorial Plus, a Company shareholder. As at September 30, 2017, these transactions consist of loans, financing, and debentures totaling R$404,390 (R$460,206 and R$468,076 as at December 31 and January 1st, 2016). During the three-and nine-month period ended September 30, 2017, these transactions, conducted at usual market rates, generated financial expenses of R$10,871 and R$36,785, respectively (R$15,648 and R$45,991 for the same period of 2016).

Compensation of key management personnel

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

| | Separate and Consolidated | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | 3rd quarter | Nine months | 3rd quarter | Nine months |
| Short-term benefits granted to management: | | | | |
| Management compensation (*) | **264** | **787** | 276 | 838 |
| Profit sharing | **126** | **376** | 121 | 361 |
| Non-monetary benefits | **15** | **40** | 12 | 32 |
| Long-term benefits to management: | | | | |
| Retirement private plan | **11** | **22** | - | - |
| Share-based compensation: | | | | |
| Stock option plan | **44** | **132** | 54 | 179 |
| | **460** | **1,357** | 463 | 1,410 |

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

On April 28, 2017, the Extraordinary Shareholders' Meeting approved overall management compensation of R$2,290.
Other than the above, the Company does not grant any other benefits such as postemployment benefits, other long-term benefits, or severance payments.

## 17. Financial instruments and risk management

(a) Financial instruments

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

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

| Type of transaction | Assets/ liabilities | Maturity | Notional dollar amount | Notional real amount | Long position | Short position |
|---|---|---|---|---|---|---|
| Swap | US dollar fluctuation + 3.20% p.a. / CDI + 1.47% p.a. | 9/30/2016 | 8,253 | 30,000 | 27,039 | 32,340 |

| 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) |

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

(b) Category of financial instruments

| | Separate | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | 9/30/17 | 12/31/16 | 1/1/16 | 9/30/17 | 12/31/16 | 1/1/16 |
| Financial assets: | | | | | | |
| Cash and banks | **66** | 77 | 499 | **195** | 380 | 683 |
| Fair value through profit or loss held for trading (*) | **34,348** | 143,103 | 13,359 | **37,708** | 146,561 | 16,575 |
| Loans and receivables | **13,796** | 15,531 | 14,694 | **38,368** | 36,894 | 33,760 |
| Financial liabilities: | | | | | | |
| Amortized cost | **589,330** | 714,373 | 669,600 | **845,810** | 992,645 | 971,559 |

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

(c) Exposure to interest rates and inflation adjustment indices

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

| Index | Financial asset | Financial liability | Net exposed financial liability | Effective rate for the 12-month period ended 9/30/17 | Estimated annual rate for 2017 (*) | | Change in effective rate for the relevant scenario | Total estimated effect |
|---|---|---|---|---|---|---|---|---|
| Probable scenario: | | | | | | | | |
| CDI | 37,708 | (497,336) | (459,628) | 11.54% | 7.53% | (i) | -4.01% | 18,431 |
| TR | - | (355,533) | (355,533) | 1.09% | 0.01% | (i) | -1.08% | 3,840 |
| | | | | | | | | 22,271 |
| Scenario I: | | | | | | | | |
| CDI | 37,708 | (497,336) | (459,628) | 11.54% | 9.41% | | -2.13% | 9,790 |
| TR | - | (355,533) | (355,533) | 1.09% | 0.01% | | -1.08% | 3,840 |
| | | | | | | | | 13,630 |
| Scenario II: | | | | | | | | |
| CDI | 37,708 | (497,336) | (459,628) | 11.54% | 11.30% | | -0.24% | 1,103 |
| TR | - | (355,533) | (355,533) | 1.09% | 0.02% | | -1.07% | 3,804 |
| | | | | | | | | 4,907 |

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

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

(d) Capital risk management

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

| | Separate | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | 9/30/17 | 12/31/16 | 1/1/16 | 9/30/17 | 12/31/16 | 1/1/16 |
| Loans, financing and debentures | **588,836** | 713,647 | 668,799 | **843,570** | 989,084 | 964,958 |
| Cash and cash equivalents | **(34,414)** | (143,180) | (13,858) | **(37,903)** | (146,941) | (17,258) |
| Net debt | **554,422** | 570,467 | 654,941 | **805,667** | 842,143 | 947,700 |
| Equity | **1,906,023** | 1,774,157 | 1,495,765 | **1,906,178** | 1,774,284 | 1,495,873 |
| Net debt-to-equity ratio | **29.1%** | 32.2% | 43.8% | **42.3%** | 47.5% | 63.4% |

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

(e) Liquidity and interest rate risk table

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

| | Up to 1 year | 1 to 2 year | 2 to 3 year | Over 3 year | Total |
|---|---|---|---|---|---|
| Separate: | | | | | |
| Floating rates | 297,491 | 162,149 | 119,557 | 96,900 | 676,097 |
| Non-interest bearing secu | 494 | - | - | - | 494 |
| Total | 297,985 | 162,149 | 119,557 | 96,900 | 676,591 |
| Consolidated: | | | | | |
| Floating rates | 354,796 | 217,531 | 169,872 | 298,636 | 1,040,835 |
| Non-interest bearing secu | 2,240 | - | - | - | 2,240 |
| Total | 357,036 | 217,531 | 169,872 | 298,636 | 1,043,075 |

(f) Fair value of financial instruments

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

| | Separate | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 9/30/17 | | | 12/31/16 | | | 1/1/16 | | |
| **Financial instruments** | **Carrying amount** | **Fair value (*)** | **Difference** | **Carrying amount** | **Fair value (*)** | **Difference** | **Carrying amount** | **Fair value (*)** | **Difference** |
| Debentures: | | | | | | | | | |
| CDI + 1.90% p.a. | **78,737** | **78,486** | **251** | 86,956 | 86,803 | 153 | 94,066 | 90,373 | 3,693 |
| CDI + 1.85% p.a. | **65,595** | **65,408** | **187** | 94,629 | 88,130 | 6,499 | 105,209 | 101,492 | 3,717 |
| CDI + 2.00% p.a. | **87,886** | **87,721** | **165** | 85,700 | 81,780 | 3,920 | 95,690 | 91,448 | 4,242 |
| 118% CDI p.a. | **64,135** | **63,874** | **261** | 102,505 | 100,644 | 1,861 | 101,246 | 99,356 | 1,890 |
| 119% CDI p.a. | **62,244** | **61,766** | **478** | 60,802 | 58,438 | 2,364 | 60,301 | 58,695 | 1,606 |
| CDI + 2.36% p.a. | **100,881** | **100,881** | **-** | 144,037 | 144,037 | - | - | - | - |
| Total | **459,478** | **458,136** | **1,342** | 574,629 | 559,832 | 14,797 | 456,512 | 441,364 | 15,148 |
| Working Capital Loans: | | | | | | | | | |
| CDI + 1.60% p.a. | **-** | **-** | **-** | **-** | **-** | **-** | 15,372 | 15,323 | 49 |
| CDI + 2.00% p.a. | **-** | **-** | **-** | **-** | **-** | **-** | 50,212 | 50,212 | - |
| Total | **-** | **-** | **-** | **-** | **-** | **-** | 65,584 | 65,535 | 49 |
| Financing: | | | | | | | | | |
| Construction financing | **135,042** | **135,042** | **-** | 146,342 | 146,342 | - | 156,923 | 156,923 | - |
| Grand total (w/o issuance costs) | **594,520** | **593,178** | **1,342** | 720,971 | 706,174 | 14,797 | 679,019 | 663,822 | 15,197 |

| | Consolidated | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 9/30/17 | | | 12/31/16 | | | 1/1/16 | | |
| **Financial instruments** | **Carrying amount** | **Fair value (*)** | **Difference** | **Carrying amount** | **Fair value (*)** | **Difference** | **Carrying amount** | **Fair value (*)** | **Difference** |
| Debentures: | | | | | | | | | |
| CDI + 1.90% p.a. | **78,737** | **78,486** | **251** | 86,956 | 86,803 | 153 | 94,066 | 90,373 | 3,693 |
| CDI + 1.85% p.a. | **65,595** | **65,408** | **187** | 94,629 | 88,130 | 6,499 | 105,209 | 101,492 | 3,717 |
| CDI + 2.00% p.a. | **87,886** | **87,721** | **165** | 85,700 | 81,780 | 3,920 | 95,690 | 91,448 | 4,242 |
| 118% CDI p.a. | **64,135** | **63,874** | **261** | 102,505 | 100,644 | 1,861 | 101,246 | 99,356 | 1,890 |
| 119% CDI p.a. | **62,244** | **61,766** | **478** | 60,802 | 58,438 | 2,364 | 60,301 | 58,695 | 1,606 |
| CDI + 2.36% p.a. | **100,881** | **100,881** | **-** | 144,037 | 144,037 | - | - | - | - |
| Total | **459,478** | **458,136** | **1,342** | 574,629 | 559,832 | 14,797 | 456,512 | 441,364 | 15,148 |
| Working Capital Loans: | | | | | | | | | |
| CDI + 1.60% p.a. | **-** | **-** | **-** | **-** | **-** | **-** | 15,372 | 15,323 | 49 |
| CDI + 2.00% p.a. | **-** | **-** | **-** | **-** | **-** | **-** | 50,212 | 50,212 | - |
| Total | **-** | **-** | **-** | **-** | **-** | **-** | 65,584 | 65,535 | 49 |
| Financing: | | | | | | | | | |
| Construction financing | **393,391** | **393,391** | **-** | 425,876 | 425,876 | - | 457,835 | 457,835 | - |
| Grand total (w/o issuance costs) | **852,869** | **851,527** | **1,342** | 1,000,505 | 985,708 | 14,797 | 979,931 | 964,734 | 15,197 |

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

The fair values of loans, financing, and debentures subject to CDI rate plus spread and TR plus spread, were estimated by the Company's management based on the future value of the loans on maturity at the contracted rate, discounted to present value at the market rate at September 30, 2017 and December 31 and January 1st, 2016.

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

| | Current market rate | Maturity dates |
|---|---|---|
| Debentures: | | |
| CDI + 1.90% p.a. | CDI + 2.14% p.a. | June 20 |
| CDI + 1.85% p.a. | CDI + 2.14% p.a. | February 19 |
| CDI + 2.00% p.a. | CDI + 2.14% p.a. | December 19 |
| 118% CDI p.a. | CDI + 2.14% p.a. | October 18 |
| 119% CDI p.a. | CDI + 2.14% p.a. | December 19 |
| CDI + 2.36% p.a. | CDI + 2.36% p.a. | October 17 |
| Construction financing: | | |
| CDI + 1.65% p.a. | CDI + 1.65% p.a. | October 24 |
| TR + 9.30% to 11.50% p.a. | TR + 9.30% to 11.50% p.a. | August 26 |

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

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

## 18. Guarantees

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

## 19. Commitments

On November 8, 2010, the Company entered into a shareholders' agreement with Agropecuária Aroeiras Ltda. mainly aimed at establishing how the capital of Betim I Incorporações SPE Ltda. will be contributed, and other shareholders contractual relationship. Considering that Agropecuária Aroeiras Ltda. capital contribution was land at the time the SPE was created and the Company contributions is in cash over time, the unpaid balance will be adjusted using a rate equivalent to 66% of CDI. As at September 30, 2017, the amount to be paid by the Company is R$1,699 (R$8,270 as at December 31, 2016, and R$11,986 as at January 1st, 2016).

## 20. Noncash transactions

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

| | Separate | | Consolidated | |
|---|---|---|---|---|
| | Nine months of | | Nine months of | |
| | 2017 | 2016 | 2017 | 2016 |
| Interest capitalization | **41,930** | 71,440 | **41,931** | 72,196 |
| Capital increase arising from the capitalization of reserve | **-** | 24,602 | **-** | 24,602 |

## 21. Insurance

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

| Items | Type of coverage | Insured amount |
|---|---|---|
| Engineering risk insurance | Insures, during the project construction period, any compensation for damages caused to the construction, such as fire, lightening, theft, and other specific coverage of facilities and assemblies on the insured site. | 27,334 |
| Civil liability (officers) | Insures the coverage of pain and suffering payable by Company officers (D&O). | 5,000 |
| Group life and personal injury insurance | Insures payment of compensation related to involuntary personal injuries to employees, contractors, interns, and officers. | 13,367 |
| Corporate insurance | Insures payment of compensation to the Company for covered events occurring in leased commercial properties, events such as electric damages, fire, lightening, w indstorm, etc. | 105,151 |
| Legal guarantee insurance | Insures to the policyholder the payment of any disputed amount in full related to any law suit filed w ith any court or threatened. The contracted guarantee replaces escrow deposits. | 590 |

## 22. Subsequent events

Regarding the capital increase supported by the current Company´s shareholders in the total amount of R$308,466, mentioned in Note 11 (a), on October 18, 2017, the second installment in the amount of R$105,000 was received by the Company. The third and last installment in the amount of R$90,000 will be received in January 2018.

On October 18, 2017, the Company repaid in advance R$60,000 related to the ninth issue of simple debentures, for private placement, non-convertible, with unsecured guarantee, fully subscribed and paid by joint venturer MRV Engenharia e Participações S.A. The remaining amount of R$40,881 had its maturity extended from October 27, 2017 to until January 18, 2018, according to the Board of Directors meeting held on October 24, 2017.

## 23. Approval of the interim financial statements

These interim financial statements were approved by the executive committee and authorized for issue on November 06, 2017.