Interim Financial Statements (ITR)

LOG Commercial Properties e Participações S.A.

Interim Condensed Separate and Consolidated Financial Statements for the Quarter Ended March 31, 2017 and Report on Review of Condensed Interim Financial Statements

LOG Commercial Properties e Participações S.A.

Interim Condensed Financial Statements (ITR)

March 31, 2017

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A free translation from Portuguese into English of report on review of interim financial information (ITR)

Auditors report on review of interim financial information (ITR)

The Shareholders and Officers
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 Quarterly Information Form - ITR for the quarter ended March 31, 2017, which comprise the balance sheet as at March 31, 2017 and the related statement of operations, statement of comprehensive income , statement of changes in equity and cash flow statement for the three-month period ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with CPC 21 (R1) and IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board - IASB, as well as for the fair presentation of this information consistently with standards issued by the CVM applicable to the preparation of Quarterly Information -ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on the individual and consolidated interim financial information

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 are not presented, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of quarterly information (ITR) and presented consistently with the rules issued by the Brazilian Securities Exchange Commission.

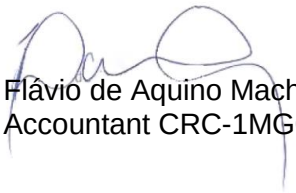
Other matters

Statements of value added

We have also reviewed the individual and consolidated statement of value added (SVA), for the three-month period ended March 31, 2017, prepared under the responsibility of Company's management. The presentation of interim financial information is required in accordance with CVM Standards applicable to the preparation of quarterly information (ITR), and as supplementary information by IFRS, which do not require SVA presentation. These statements have been subject to the same review procedures described above and, based on our review nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the individual and consolidated interim financial information taken as a whole.

Belo Horizonte, May 11, 2017

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



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

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

Code	Description	Current Quarter 3/31/2017	Previous year 12/31/2016
1	Total assets	2,533,504	2,541,222
1.01	Current assets	118,001	164,985
1.01.01	Cash and cash equivalents	96,187	143,180
1.01.03	Receivables	11,020	11,216
1.01.03.01	Trade receivables	11,020	11,216
1.01.06	Recoverable taxes	5,464	5,327
1.01.06.01	Recoverable current taxes	5,464	5,327
1.01.07	Prepaid expenses	5,241	5,262
1.01.08	Other current assets	89	-
1.01.08.03	Other	89	-
1.02	Noncurrent assets	2,415,503	2,376,237
1.02.01	Long-term assets	112,610	110,032
1.02.01.03	Receivables	3,814	4,315
1.02.01.03.01	Trade receivables	3,814	4,315
1.02.01.06	Deferred taxes	93,083	90,014
1.02.01.06.01	Deferred income tax and social contribution	93,083	90,014
1.02.01.07	Prepaid expenses	547	570
1.02.01.09	Other noncurrent assets	15,166	15,133
1.02.01.09.03	Recoverable taxes	14,485	14,658
1.02.01.09.04	Other	681	475
1.02.02	Investments	2,301,409	2,264,710
1.02.02.01	Investments in subsidiaries and jointly controlled entities	1,865,251	1,830,040
1.02.02.01.02	Investments in subsidiaries	1,612,826	1,582,820
1.02.02.01.03	Investments in jointly controlled entities	252,425	247,220
1.02.02.02	Investment property	436,158	434,670
1.02.03	Property and equipment	1,484	1,495
1.02.03.01	Property and equipment in use	1,484	1,495

Separate / Balance Sheets – Liabilities and Shareholder's Equity

(In thousands of Brazilian reais – R$)

Code	Description	Current Quarter 3/31/2017	Previous year 12/31/2016
2	Total liabilities	2,533,504	2,541,222
2.01	Current Liabilities	325,297	309,195
2.01.01	Labor and social liabilities	2,739	2,293
2.01.01.01	Social liabilities	447	430
2.01.01.02	Labor liabilities	2,292	1,863
2.01.02	Suppliers	530	726
2.01.02.01	Domestic trade accounts payable	530	726
2.01.03	Tax liabilities	709	672
2.01.03.01	Federal taxes	650	616
2.01.03.01.01	Income taxes and social contribution	49	49
2.01.03.01.02	Other federal taxes	601	567
2.01.03.03	Municipal taxes	59	56
2.01.04	Loans and financing	312,281	296,728
2.01.04.01	Loans and financing	23,008	22,878
2.01.04.01.01	Loans and financing in domestic currency	23,008	22,878
2.01.04.02	Debentures	289,273	273,850
2.01.05	Others liabilities	9,038	8,776
2.01.05.02	Other	9,038	8,776
2.01.05.02.02	Mandatory minimum dividend payable	8,466	8,466
2.01.05.02.05	Advances - barters	280	-
2.01.05.02.07	Other	292	310
2.02	Noncurrent liabilities	427,079	457,870
2.02.01	Loans and financing	386,371	416,919
2.02.01.01	Loans and financing	117,660	121,155
2.02.01.01.01	Loans and financing in domestic currency	117,660	121,155
2.02.01.02	Debentures	268,711	295,764
2.02.02	Others liabilities	40,708	40,951
2.02.02.02	Other	40,708	40,951
2.02.02.02.04	Advances - barters	39,720	40,000
2.02.02.02.05	Provisions for labor, tax and civil contingencies	477	495
2.02.02.02.06	Other	511	456
2.03	Equity	1,781,128	1,774,157
2.03.01	Paid-in capital	1,003,820	1,003,820
2.03.02	Capital reserves	2,018	1,961
2.03.02.04	Recognized options granted	2,018	1,961
2.03.04	Earnings reserve	769,063	769,063
2.03.04.01	Legal reserve	18,630	18,630
2.03.04.05	Retained profit reserve	750,433	750,433
2.03.05	Retained earnings/accumulated losses	8,232	-
2.03.06	Valuation adjustment	(2,005)	(687)

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

Code	Description	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
3.01	Revenue from sales and/or services	4,210	5,063
3.03	Gross profit	4,210	5,063
3.04	Operating income (expenses)	6,419	5,636
3.04.01	Selling expenses	(1,229)	(922)
3.04.02	General and administrative expenses	(2,396)	(2,317)
3.04.04	Other operating incomes	17	-
3.04.05	Other operating expenses	(671)	(187)
3.04.06	Results from equity participation	10,698	9,062
3.05	Income before financial income and taxes	10,629	10,699
3.06	Financial income (expenses)	(5,466)	(769)
3.06.01	Financial income	3,979	2,855
3.06.02	Financial expenses	(9,445)	(3,624)
3.07	Income before taxes	5,163	9,930
3.08	Income tax and social contribution	3,069	396
3.08.02	Deferred	3,069	396
3.09	Net income (loss) from continuing operations	8,232	10,326
3.11	Net income (loss) for the period	8,232	10,326
3.99	Earnings per share (In Reais - R$):	-	-
3.99.01	Basic	-	-
3.99.01.01	ON	0.16188	0.23662
3.99.02	Diluted	-	-
3.99.02.01	ON	0.16139	0.23575

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

Code	Description	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
4.01	Net income for the period	8,232	10,326
4.02	Other comprehensive income	(1,318)	-
4.02.01	Effect of change in relative interest in joint ventures	(1,318)	-
4.03	Comprehensive income for the period	6,914	10,326

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

Code	Description	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
6.01	Net cash used in operating activities	24,114	19,436
6.01.01	Cash provided by operating activities	3,903	4,551
6.01.01.01	Net income for the period	8,232	10,326
6.01.01.02	Depreciation	60	61
6.01.01.03	Results from equity participation	(10,698)	(9,062)
6.01.01.04	Incurred interest	8,922	3,176
6.01.01.05	Deferred taxes	(3,069)	(396)
6.01.01.06	Stock options	57	84
6.01.01.07	Amortization of prepaid expenses	156	154
6.01.01.08	Results from derivative financial instruments	-	208
6.01.01.09	Allowance for doubtful debts	243	-
6.01.02	Changes in assets and liabilities	20,211	14,885
6.01.02.01	(Increase) decrease in trade accounts receivable	(1,013)	(3,010)
6.01.02.02	(Increase) decrease in recoverable taxes	87	171
6.01.02.03	(Increase) decrease in prepaid expenses	(112)	(147)
6.01.02.04	(Increase) decrease in other assets	(295)	3
6.01.02.05	Increase (decrease) in payroll, social charges and benefits	446	383
6.01.02.06	Increase (decrease) in taxes, charges and contributions	37	(92)
6.01.02.07	Increase (decrease) in other liabilities	19	251
6.01.02.09	Dividends received from subsidiaries	19,575	16,523
6.01.02.10	Proceeds from land sales	1,467	803
6.02	Net cash provided (used) in investing activities	(31,523)	(23,696)
6.02.01	Increase in / aquisition of investments	(29,331)	(23,129)
6.02.02	Aquisition of investment properties	(825)	(518)
6.02.03	Other	(1,367)	(49)
6.03	Net cash provided (used in) by financing activities	(39,584)	12,436
6.03.01	Loans, financing and debentures	-	29,937
6.03.02	Interest paid	(13,335)	(12,339)
6.03.05	Payment of due to related parties	-	(12,333)
6.03.06	Increase in due to related parties	-	12,333
6.03.09	Amortization of loans, financing and debentures	(26,249)	(5,348)
6.03.10	Contracted and redeemed derivative financial instruments	-	186
6.05	Increase (decrease) in cash and cash equivalents	(46,993)	8,176
6.05.01	Cash and cash equivalents at beginning of period	143,180	13,858
6.05.02	Cash and cash equivalents at end of period	96,187	22,034

Separate / Statement of Changes in Equity – 1/1/2017 to 3/31/2017

(In thousands of Brazilian reais – R$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Shareholders' equity
5.01	Opening balance	1,003,820	1,961	769,063	-	(687)	1,774,157
5.03	Adjusted opening balance	1,003,820	1,961	769,063	-	(687)	1,774,157
5.04	Shareholders capital transaction	-	57	-	-	-	57
5.04.03	Recognized options granted	-	57	-	-	-	57
5.05	Total comprehensive income	-	-	-	8,232	(1,318)	6,914
5.05.01	Net income for the period	-	-	-	8,232	-	8,232
5.05.02	Other comprehensive income	-	-	-	-	(1,318)	(1,318)
5.05.02.06	Effect of change in relative interest in joint ventures	-	-	-	-	(1,318)	(1,318)
5.07	Closing balance	1,003,820	2,018	769,063	8,232	(2,005)	1,781,128

Separate / Statement of Changes in Equity – 1/1/2016 to 3/31/2016

(In thousands of Brazilian reais – R$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Shareholders' equity
5.01	Opening balance	729,043	24,840	741,882	-	-	1,495,765
5.03	Adjusted opening balance	729,043	24,840	741,882	-	-	1,495,765
5.04	Shareholders capital transaction	-	84	-	-	-	84
5.04.03	Recognized options granted	-	84	-	-	-	84
5.05	Total comprehensive income	-	-	-	10,326	-	10,326
5.05.01	Net income for the period	-	-	-	10,326	-	10,326
5.07	Closing balance	729,043	24,924	741,882	10,326	-	1,506,175

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

Code	Description	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
7.01	Revenue	20,260	28,093
7.01.01	Revenues from sales of goods, services and products	4,638	5,579
7.01.02	Other revenue	(381)	-
7.01.03	Revenue from construction of own assets	16,246	22,514
7.01.04	Allowance for doubtful accounts	(243)	-
7.02	Inputs purchased from third parties	(4,457)	(3,504)
7.02.02	Supplies, power, outside services and other items	(4,457)	(3,504)
7.03	Gross value added	15,803	24,589
7.04	Retentions	(60)	(61)
7.04.01	Depreciation, amortization and depletion	(60)	(61)
7.05	Net value added generated	15,743	24,528
7.06	Value added received in transfer	14,871	12,045
7.06.01	Results from equity participation	10,698	9,062
7.06.02	Financial income	4,173	2,983
7.07	Total value added for distribution	30,614	36,573
7.08	Value added distributed	30,614	36,573
7.08.01	Personnel	1,637	1,205
7.08.01.01	Salaries and wages	1,456	1,036
7.08.01.02	Benefits	111	117
7.08.01.03	Severance Pay Fund (FGTS)	70	52
7.08.02	Taxes, charges and contributions	(2,048)	918
7.08.02.01	Federal	(2,066)	799
7.08.02.02	State	4	2
7.08.02.03	Municipal	14	117
7.08.03	Debt remuneration	22,793	24,124
7.08.03.01	Interest	22,681	24,022
7.08.03.02	Rentals	73	97
7.08.03.03	Others	39	5
7.08.03.03.01	Leases	32	-
7.08.03.03.02	Other	7	5
7.08.04	Shareholders	8,232	10,326
7.08.04.03	Earnings retained in the period	8,232	10,326

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

Code	Description	Current Quarter 3/31/2017	Previous year 12/31/2016
1	Total assets	2,869,015	2,882,098
1.01	Current assets	137,630	185,738
1.01.01	Cash and cash equivalents	99,609	146,941
1.01.03	Receivables	23,277	24,094
1.01.03.01	Trade receivables	23,277	24,094
1.01.06	Recoverable taxes	7,446	7,476
1.01.06.01	Recoverable current taxes	7,446	7,476
1.01.07	Prepaid expenses	6,809	6,785
1.01.08	Other current assets	489	442
1.01.08.03	Other	489	442
1.02	Noncurrent assets	2,731,385	2,696,360
1.02.01	Long-term assets	148,620	148,709
1.02.01.03	Receivables	13,432	12,800
1.02.01.03.01	Trade receivables	13,432	12,800
1.02.01.06	Deferred taxes	93,083	90,213
1.02.01.06.01	Deferred income tax and social contribution	93,083	90,213
1.02.01.07	Prepaid expenses	3,401	3,694
1.02.01.09	Other noncurrent assets	38,704	42,002
1.02.01.09.03	Recoverable taxes	37,411	40,953
1.02.01.09.04	Other	1,293	1,049
1.02.02	Investments	2,581,172	2,546,020
1.02.02.01	Investments in subsidiaries and jointly controlled entities	252,425	247,220
1.02.02.01.04	Investments in jointly controlled entities	252,425	247,220
1.02.02.02	Investment property	2,328,747	2,298,800
1.02.03	Property and equipment	1,593	1,631
1.02.03.01	Property and equipment in use	1,593	1,631

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

Code	Description	Current Quarter 3/31/2017	Previous year 12/31/2016
2	Total liabilities	2,869,015	2,882,098
2.01	Current Liabilities	373,676	357,630
2.01.01	Labor and social liabilities	2,951	2,523
2.01.01.01	Social liabilities	532	520
2.01.01.02	Labor liabilities	2,419	2,003
2.01.02	Suppliers	3,278	3,561
2.01.02.01	Domestic trade accounts payable	3,278	3,561
2.01.03	Tax liabilities	2,670	2,680
2.01.03.01	Federal taxes	2,373	2,419
2.01.03.01.01	Income taxes and social contribution	1,387	1,404
2.01.03.01.02	Other federal taxes	986	1,015
2.01.03.02	State taxes	267	257
2.01.03.03	Municipal taxes	30	4
2.01.04	Loans and financing	352,957	337,250
2.01.04.01	Loans and financing	63,684	63,400
2.01.04.01.01	Loans and financing in domestic currency	63,684	63,400
2.01.04.02	Debentures	289,273	273,850
2.01.05	Others liabilities	11,820	11,616
2.01.05.02	Other	11,820	11,616
2.01.05.02.02	Mandatory minimum dividend payable	8,466	8,466
2.01.05.02.05	Advances - barters	1,840	1,570
2.01.05.02.06	Deferred taxes	1,005	948
2.01.05.02.08	Other	509	632
2.02	Noncurrent liabilities	714,076	750,184
2.02.01	Loans and financing	614,749	651,834
2.02.01.01	Loans and financing	346,038	356,070
2.02.01.01.01	Loans and financing in domestic currency	346,038	356,070
2.02.01.02	Debentures	268,711	295,764
2.02.02	Others liabilities	43,461	43,392
2.02.02.02	Other	43,461	43,392
2.02.02.02.04	Advances - barters	40,787	41,073
2.02.02.02.05	Provisions for labor, tax and civil contingencies	495	495
2.02.02.02.06	Other	2,179	1,824
2.02.03	Deferred taxes	55,866	54,958
2.02.03.01	Deferred income tax and social contribution	55,866	54,958
2.03	Equity	1,781,263	1,774,284
2.03.01	Paid-in capital	1,003,820	1,003,820
2.03.02	Capital reserves	2,018	1,961
2.03.02.04	Recognized options granted	2,018	1,961
2.03.04	Earnings reserve	769,063	769,063
2.03.04.01	Legal reserve	18,630	18,630
2.03.04.05	Retained profit reserve	750,433	750,433
2.03.05	Retained earnings/accumulated losses	8,232	-
2.03.06	Valuation adjustment	(2,005)	(687)
2.03.09	Shareholders non-controlling interest	135	127

Consolidated / Statement of Income

(In thousands of Brazilian reais – R$)

Code	Description	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
3.01	Revenue from sales and/or services	23,988	24,064
3.03	Gross profit	23,988	24,064
3.04	Operating income (expenses)	(4,074)	(3,635)
3.04.01	Selling expenses	(2,494)	(2,340)
3.04.02	General and administrative expenses	(2,669)	(2,564)
3.04.04	Other operating incomes	135	380
3.04.05	Other operating expenses	(277)	497
3.04.05.01	Other operating expenses	(740)	(187)
3.04.05.02	Changes in the fair value of investment property	463	684
3.04.06	Results from equity participation	1,231	392
3.05	Income before financial income and taxes	19,914	20,429
3.06	Financial income (expenses)	(12,781)	(8,642)
3.06.01	Financial income	4,260	3,063
3.06.02	Financial expenses	(17,041)	(11,705)
3.07	Income before taxes	7,133	11,787
3.08	Income tax and social contribution	1,101	(1,458)
3.08.01	Current	(1,409)	(1,381)
3.08.02	Deferred	2,510	(77)
3.09	Net income (loss) from continuing operations	8,234	10,329
3.11	Net income (loss) for the period	8,234	10,329
3.11.01	Attributable to shareholders of the Company	8,232	10,326
3.11.02	Atributable to Non-controlling	2	3
3.99	Earnings per share (In Reais - R$):	-	-
3.99.01	Basic	-	-
3.99.01.01	ON	0.16188	0.23662
3.99.02	Diluted	-	-
3.99.02.01	ON	0.16139	0.23575

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

Code	Description	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
4.01	Net income for the period	8,234	10,329
4.02	Other comprehensive income	(1,318)	-
4.02.01	Effect of change in relative interest in joint ventures	(1,318)	-
4.03	Comprehensive income for the period	6,916	10,329
4.03.01	Attributable to shareholders of the Company	6,914	10,326
4.03.02	Atributable to Non-controlling	2	3

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

Code	Description	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
6.01	Net cash used in operating activities	22,970	20,458
6.01.01	Cash provided by operating activities	21,515	23,034
6.01.01.01	Net income for the period	8,234	10,329
6.01.01.02	Depreciation	62	67
6.01.01.03	Results from equity participation	(1,231)	(392)
6.01.01.04	Incurred interest	16,474	11,160
6.01.01.05	Deferred taxes	(1,905)	873
6.01.01.06	Stock options	57	84
6.01.01.07	Amortization of prepaid expenses	592	705
6.01.01.08	Allowance for doubtful debts	244	-
6.01.01.09	Results from derivative financial instruments	-	208
6.01.01.10	Changes in the fair value of investment property	(1,012)	-
6.01.02	Changes in assets and liabilities	1,455	(2,576)
6.01.02.01	(Increase) decrease in trade accounts receivable	(1,526)	(3,902)
6.01.02.02	(Increase) decrease in recoverable taxes	222	555
6.01.02.03	(Increase) decrease in prepaid expenses	(323)	(142)
6.01.02.04	(Increase) decrease in other assets	(291)	1
6.01.02.05	Increase (decrease) in payroll, social charges and benefits	428	553
6.01.02.06	Increase (decrease) in taxes, charges and contributions	1,295	1,232
6.01.02.07	Increase (decrease) in other liabilities	232	(136)
6.01.02.08	Income tax and social contribution paid	(1,305)	(1,540)
6.01.02.09	Dividends received from subsidiaries	1,256	-
6.01.02.10	Proceeds from land sales	1,467	803
6.02	Net cash provided (used) in investing activities	(16,789)	(11,898)
6.02.01	Increase in / aquisition of investments	(4,497)	(252)
6.02.02	Aquisition of investment properties	(10,950)	(11,598)
6.02.03	Other	(1,342)	(48)
6.03	Net cash provided (used in) by financing activities	(53,513)	(273)
6.03.01	Loans, financing and debentures	-	29,937
6.03.02	Interest paid	(20,060)	(18,791)
6.03.05	Payment of due to related parties	-	(12,333)
6.03.06	Increase in due to related parties	-	12,333
6.03.07	Contributions from (distributions to) noncontrolling shareholders	6	-
6.03.09	Amortization of loans, financing and debentures	(33,459)	(11,605)
6.03.10	Contracted and redeemed derivative financial instruments	-	186
6.05	Increase (decrease) in cash and cash equivalents	(47,332)	8,287
6.05.01	Cash and cash equivalents at beginning of period	146,941	17,258
6.05.02	Cash and cash equivalents at end of period	99,609	25,545

Consolidated / Statement of Changes in Equity – 1/1/2017 to 3/31/2017

(In thousands of Brazilian reais – R$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Shareholders' equity	Non-controlling interest	Total
5.01	Opening balance	1,003,820	1,961	769,063	-	(687)	1,774,157	127	1,774,284
5.03	Adjusted opening balance	1,003,820	1,961	769,063	-	(687)	1,774,157	127	1,774,284
5.04	Shareholders capital transaction	-	57	-	-	-	57	6	63
5.04.03	Recognized options granted	-	57	-	-	-	57	-	57
5.04.08	Net contributions from noncontrolling shareholders	-	-	-	-	-	-	6	6
5.05	Total comprehensive income	-	-	-	8,232	(1,318)	6,914	2	6,916
5.05.01	Net income for the period	-	-	-	8,232	-	8,232	2	8,234
5.05.02	Other comprehensive income	-	-	-	-	(1,318)	(1,318)	-	(1,318)
5.05.02.06	Effect of change in relative interest in joint ventures	-	-	-	-	(1,318)	(1,318)	-	(1,318)
5.07	Closing balance	1,003,820	2,018	769,063	8,232	(2,005)	1,781,128	135	1,781,263

Consolidated / Statement of Changes in Equity – 1/1/2016 to 3/31/2016

(In thousands of Brazilian reais – R$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Shareholders' equity	Non-controlling interest	Total
5.01	Opening balance	729,043	24,840	741,882	-	-	1,495,765	108	1,495,873
5.03	Adjusted opening balance	729,043	24,840	741,882	-	-	1,495,765	108	1,495,873
5.04	Shareholders capital transaction	-	84	-	-	-	84	-	84
5.04.03	Recognized options granted	-	84	-	-	-	84	-	84
5.05	Total comprehensive income	-	-	-	10,326	-	10,326	3	10,329
5.05.01	Net income for the period	-	-	-	10,326	-	10,326	3	10,329
5.07	Closing balance	729,043	24,924	741,882	10,326	-	1,506,175	111	1,506,286

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

Code	Description	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
7.01	Revenue	55,773	56,672
7.01.01	Revenues from sales of goods, services and products	25,568	25,799
7.01.02	Other revenue	764	1,873
7.01.02.01	Changes in the fair value of investment property	1,012	1,494
7.01.02.02	Other revenue	(248)	379
7.01.03	Revenue from construction of own assets	29,685	29,000
7.01.04	Allowance for doubtful accounts	(244)	-
7.02	Inputs purchased from third parties	(17,127)	(8,557)
7.02.02	Supplies, power, outside services and other items	(17,127)	(8,557)
7.03	Gross value added	38,646	48,115
7.04	Retentions	(62)	(67)
7.04.01	Depreciation, amortization and depletion	(62)	(67)
7.05	Net value added generated	38,584	48,048
7.06	Value added received in transfer	5,691	3,593
7.06.01	Results from equity participation	1,231	392
7.06.02	Financial income	4,460	3,201
7.07	Total value added for distribution	44,275	51,641
7.08	Value added distributed	44,275	51,641
7.08.01	Personnel	2,588	2,842
7.08.01.01	Salaries and wages	2,246	2,401
7.08.01.02	Benefits	228	308
7.08.01.03	Severance Pay Fund (FGTS)	114	133
7.08.02	Taxes, charges and contributions	1,777	5,422
7.08.02.01	Federal	1,939	5,261
7.08.02.02	State	5	3
7.08.02.03	Municipal	(167)	158
7.08.03	Debt remuneration	31,676	33,048
7.08.03.01	Interest	30,898	32,276
7.08.03.02	Rentals	704	737
7.08.03.03	Others	74	35
7.08.03.03.01	Leases	38	-
7.08.03.03.02	Other	36	35
7.08.04	Shareholders	8,234	10,329
7.08.04.03	Earnings retained in the period	8,232	10,326
7.08.04.04	Profit atributable to non-controlling interests	2	3

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, the Group made in December 22, 2016 a private capital increase amounting R$250,000, fully subscribed by its current shareholders. Additionally the Group holds continued discussions with financial institutions regarding new operations for the purpose of improving even more its indebtedness profile.

On February 14, 2017, the Extraordinary Shareholders' Meeting approved: (i) request for conversion of the registry of publicly-held company "B" to publicly-held company "A", (ii) listing of shares and adhesion to the Novo Mercado segment of BM&FBOVESPA - Bolsa de Valores, Mercadorias e Futuros de São Paulo; and (iii) performance of the primary initial public offer of common shares.

The Company continue to consider obtaining additional resources, through new capital increase or assets divestments, depending on existing business and market conditions, or both, aiming at new investments and reinforce its capital structure and financial solidity.

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

The Company's interim financial statements comprise the condensed separate and consolidated financial statements prepared in accordance with CPC 21 (R1) - Demonstração Intermediária (Interim Financial Reporting) and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB), identified as Separate and Consolidated, respectively.

Other information in relation to basis of preparation, basis of presentation, 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.

3. Cash and cash equivalents

Cash and cash equivalents are broken down as follows:

	Separate		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Cash	**16**	16	**19**	19
Bank accounts	**73**	61	**342**	361
Short-term investments:				
Bank Certif icates of Deposit (CDBs)	**25,866**	25,067	**25,866**	25,067
Certif icates backed by debentures	**-**	15,046	**677**	15,704
Nonexclusive investment fund	**591**	573	**2,771**	2,603
Exclusive investment fund	**69,641**	102,417	**69,934**	103,187
Total	**96,187**	143,180	**99,609**	146,941

Short-term investments include interest income received, equivalent to 104.57% of the interbank deposit rate (CDI) in the separate financial statements and 104.52% of CDI on a consolidated basis as at March 31, 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 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	
	3/31/17	12/31/16	3/31/17	12/31/16
Bank Certif icates of Deposit (CDBs)	**36,111**	58,711	**36,263**	59,153
Repurchase agreements	**17,247**	25,032	**17,319**	25,220
Government and private sector	**12,750**	9,970	**12,804**	10,045
Other	**3,533**	8,704	**3,548**	8,769
Total	**69,641**	102,417	**69,934**	103,187

Other information on cash and cash equivalents is not significantly different from the information disclosed in Note 3 to the financial statements for the year ended December 31, 2016.

4. Trade receivables

Trade receivables are broken down as follows:

	Separate		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Rentals	**9,300**	9,299	**33,575**	32,679
Sale of subsidiary (Note 5 (a))	**3,605**	4,767	**3,605**	4,768
Other	**2,179**	1,550	**2,842**	2,594
	15,084	15,616	**40,022**	40,041
Allow ance for doubtful accounts	**(250)**	(85)	**(3,313)**	(3,147)
Total	**14,834**	15,531	**36,709**	36,894
Current	**11,020**	11,216	**23,277**	24,094
Noncurrent	**3,814**	4,315	**13,432**	12,800
	14,834	15,531	**36,709**	36,894

The table below shows the aging of trade receivables:

	Separate		Consolidated	
	3/31/17	**12/31/16**	**3/31/17**	**12/31/16**
Undue:				
Up to 12 months	**10,284**	10,262	**21,491**	22,187
13 to 24 months	**3,814**	4,315	**13,432**	12,800
	14,098	14,577	**34,923**	34,987
Past due:				
Up to 30 days	**65**	79	**133**	192
31 to 90 days	**128**	123	**289**	190
More than 90	**793**	837	**4,677**	4,672
	986	1,039	**5,099**	5,054
Total	**15,084**	15,616	**40,022**	40,041

Changes in the allowance for doubtful accounts for the three-month period ended March 31, 2017 and 2016 are as follows:

	Separate		Consolidated	
	1st quarter of		1st quarter of	
	2017	**2016**	**2017**	**2016**
Opening	**(85)**	-	**(3,147)**	(3,036)
Constitution	**(243)**	-	**(244)**	-
Low	**78**	-	**78**	-
Closing	**(250)**	-	**(3,313)**	(3,036)

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

	Separate		Consolidated	
	3/31/17	**12/31/16**	**3/31/17**	**12/31/16**
12 months	**21,065**	21,605	**105,487**	105,756
13 to 24 months	**18,445**	20,872	**83,195**	81,811
25 to 36 months	**5,135**	6,986	**45,403**	48,987
37 to 48 months	**2,309**	2,519	**29,143**	29,131
More than 48	**5,510**	6,062	**65,016**	62,973
Total	**52,464**	58,044	**328,244**	328,658

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

5. Investments in subsidiaries and joint ventures

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

Project	Startup date	Location
Joint ventures In operation:		
Cabral Investimentos SPE Ltda. (“Cabral”)	November-13	Contagem/ MG
Parque Torino Imóveis S.A. (“Torino”)	Abril-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

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

	Information on investees		Company information		
	Issued capital		Equity interest		
	3/31/17		3/31/17		12/31/16
	Amount	Number of shares	Number of shares	Contractual percentage	Percentual contratual
Joint ventures:					
Cabral	39,247	78,494,000	39,247,000	50.00%	50.00%
Torino	273,174	318,600	127,440	40.00%	40.00%
Betim subdivision	44,168	84,325,968	42,162,984	50.00%	50.00%
Subsidiaries:					
LOG I	72,424	61,460,917	61,455,917	99.99%	99.99%
LOG II	22,067	20,353,954	20,352,154	99.99%	99.99%
LOG Jundiaí	45,471	35,874,919	35,873,675	99.99%	99.99%
LOG Goiânia	73,021	46,930,180	46,930,170	99.90%	99.90%
LOG Hortolândia	77,518	13,000,000	12,999,999	100.00%	100.00%
LOG SJP	25,196	23,351,000	23,350,999	100.00%	100.00%
LOG Juiz de Fora	45,000	10,000	9,999	99.99%	99.99%
LOG Feira de Santana	17,523	19,041,000	19,040,999	99.99%	99.99%
LOG Fortaleza	77,781	34,037,979	34,037,978	99.99%	99.99%
LOG Via Expressa	69,164	47,000,000	46,999,999	99.99%	99.99%
LOG Viana	121,185	10,000	9,999	99.99%	99.99%
LOG Londrina	42,231	10,000	9,999	99.99%	99.99%
LOG Itatiaia	31,092	27,410,838	27,410,837	99.99%	99.99%
LOG Rio	72,158	10,000	9,999	99.99%	99.99%
LOG SJC Sony	54,576	52,500,000	52,499,999	100.00%	100.00%
LOG Sumaré	712	10,000	9,999	99.99%	99.99%
LOG SJRP	9,925	10,000	9,999	99.99%	99.99%
LOG Macaé	14,253	10,000	9,999	99.99%	99.99%
LOG RP	21,051	10,000	9,999	99.99%	99.99%
LOG Curitiba	26,919	10,000	9,999	99.99%	99.99%
LOG Aracajú	14,754	10,000	9,999	99.99%	99.99%
LOG Uberaba	5,836	10,000	9,900	99.00%	99.00%
LDI	3,873	24,690,048	24,689,948	100.00%	100.00%

	Information on investees							
	Equity		Profit (loss) for the 1st quarter of		Investment		1st quarter equity in investees	
	3/31/17	12/31/16	2017	2016	3/31/17	12/31/16	2017	2016
Joint ventures:								
Cabral	**116,796**	117,249	**803**	659	**57,757**	57,984	**1,029 (**)**	329
Torino	**345,686**	337,249	**504**	160	**138,300**	134,926	**202**	64
Loteamento Betim	**88,168**	85,517	**-**	(2)	**44,084**	42,759	**-**	(1)
Juros capitalizados (*)	**-**	-	**-**	-	**12,284**	11,551	**-**	-
Total joint ventures - Consolidated	**550,650**	540,015	**1,307**	817	**252,425**	247,220	**1,231**	392
Subsidiaries:								
LOG I	**177,362**	177,074	**3,325**	3,029	**177,344**	177,056	**3,325**	3,029
LOG II	**44,213**	44,351	**254**	681	**44,209**	44,347	**254**	681
LOG Jundiaí	**73,493**	73,347	**765**	339	**73,486**	73,340	**765**	339
LOG Goiânia	**127,396**	119,429	**2,389**	2,793	**127,269**	119,310	**2,387**	2,790
LOG Hortolândia	**130,513**	129,736	**1,549**	1,697	**130,513**	129,736	**1,549**	1,697
LOG SJP	**32,828**	31,989	**73**	(154)	**32,828**	31,989	**73**	(154)
LOG Juiz de Fora	**69,212**	67,649	**1,018**	1,238	**69,205**	67,642	**1,018**	1,238
LOG Feira de Santana	**27,608**	26,944	**66**	(51)	**27,605**	26,941	**66**	(51)
LOG Fortaleza	**148,846**	146,490	**2,744**	2,529	**148,831**	146,475	**2,744**	2,529
LOG Via Expressa	**104,160**	104,023	**328**	888	**104,150**	104,013	**328**	888
LOG Viana	**132,453**	130,912	**2,274**	1,597	**132,440**	130,899	**2,274**	1,597
LOG Londrina	**83,244**	80,983	**1,621**	2,071	**83,236**	80,975	**1,621**	2,071
LOG Itatiaia	**38,985**	38,854	**257**	75	**38,981**	38,850	**257**	75
LOG Rio	**119,277**	114,231	**1,223**	2,206	**119,265**	114,220	**1,223**	2,206
LOG SJC Sony	**105,268**	105,051	**(13)**	3,957	**105,268**	105,051	**(13)**	3,957
LOG Sumaré	**8**	8	**-**	-	**8**	8	**-**	-
LOG SJRP	**23,447**	22,734	**591**	671	**23,445**	22,732	**591**	671
LOG Macaé	**40,925**	39,896	**822**	954	**40,921**	39,892	**822**	954
LOG RP	**54,687**	53,245	**1,289**	1,473	**54,682**	53,240	**1,289**	1,473
LOG Curitiba	**45,181**	43,472	**1,659**	1,935	**45,176**	43,468	**1,659**	1,935
LOG Aracajú	**22,566**	21,612	**897**	1,038	**22,564**	21,610	**897**	1,038
LOG Uberaba	**11,019**	10,644	**361**	415	**10,909**	10,538	**357**	411
LDI	**491**	488	**5**	2	**491**	488	**5**	2
Capitalized interest (*)	**-**	-	**-**	-	**-**	-	**(14,024)**	(20,706)
Total subsidiaries	**1,613,182**	1,583,162	**23,497**	29,383	**1,612,826**	1,582,820	**9,467**	8,670
Total do Separate	**2,163,832**	2,123,177	**24,804**	30,200	**1,865,251**	1,830,040	**10,698**	9,062

(*) 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 on profit or loss
	LOG	LDI	
Sale price	**109,989**	**11**	**110,000**
Discount to present value	**(5,801)**	**(1)**	**(5,802)**
	104,188	**10**	**104,198**
Investment write-off	**(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$3,605 as at March 31, 2017 (R$4,768 at December 31, 2016). These amounts will be received in monthly installments through October 2017.

b) Joint ventures:

The main financial information is as follows:

	Cabral		Torino		Betim subdivision	
	3/31/17	**12/31/16**	**3/31/17**	**12/31/16**	**3/31/17**	**12/31/16**
Cash and cash equivalents	**15,961**	15,415	**5,460**	1,147	**4**	16
Trade receivables	**480**	548	**10**	10	**4**	-
Inventories	**-**	-	**-**	-	**3,482**	6,973
Other current assets	**611**	41	**193**	197	**-**	12
Total current	**17,052**	16,004	**5,663**	1,354	**3,490**	7,001
Inventories	**-**	-	**-**	-	**84,735**	78,835
Investment property	**107,703**	107,483	**351,836**	347,400	**-**	-
Other noncurrent assets	**644**	-	**61**	57	**1**	3
Total noncurrent assets	**108,347**	107,483	**351,897**	347,457	**84,736**	78,838
Total assets	**125,399**	123,487	**357,560**	348,811	**88,226**	85,839
Current liabilities	**5,843**	2,944	**519**	170	**58**	322
Noncurrent liabilities	**2,760**	3,294	**11,355**	11,392	**-**	-
Equity	**116,796**	117,249	**345,686**	337,249	**88,168**	85,517
Liabilities and shareholders'	**125,399**	123,487	**357,560**	348,811	**88,226**	85,839

	Cabral		Torino		Betim subdivision	
	1st quarter of		**1st quarter of**		**1st quarter of**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Operating revenue	**1,037**	514	**805**	606	**-**	**-**
Cost of services	**-**	-	**-**	(22)	**-**	-
Other operating expenses	**(427)**	-	**(238)**	-	**1**	-
Financial income (expenses)	**397**	342	**38**	(330)	**(1)**	(2)
Changes in the fair value of investment property	**-**	66	**-**	-	**-**	-
Income tax and social contribution	**(204)**	(263)	**(101)**	(94)	**-**	-
Net income (loss)	**803**	659	**504**	160	**-**	(2)

c) Changes in the balances of investments in subsidiaries and joint ventures for the three-month period ended March 31, 2017 and 2016 are as follows:

	Opening balances	**Capital contributions (reversals)**	**Result from equity participation**		**Dividends received**	**Other**	**Closing balances**
Quarter ended March 31, 2017:							
Joint ventures:							
Cabral	57,984	-	1,029	(**)	(1,256)	-	57,757
Torino	134,926	3,172	202		-	-	138,300
Betim subdivision	42,759	1,325	-		-	-	44,084
Capitalized interest	11,551	-	-		-	733	12,284
Total joint ventures - Consolidated	**247,220**	**4,497**	**1,231**		**(1,256)**	**733**	**252,425**
Subsidiaries:							
LOG I	177,056	718	3,325		(3,755)	-	177,344
LOG II	44,347	151	254		(543)	-	44,209
LOG Jundiaí	73,340	712	765		(1,331)	-	73,486
LOG Goiânia	119,310	5,877	2,387		(305)	-	127,269
LOG Hortolândia	129,736	297	1,549		(1,069)	-	130,513
LOG SJP	31,989	766	73		-	-	32,828
LOG Juiz de Fora	67,642	1,139	1,018		(594)	-	69,205
LOG Feira de Santana	26,941	598	66		-	-	27,605

	Opening balances	Capital contributions (reversals)	Result from equity participation	Dividends received	Other	Closing balances
Subsidiaries:						
LOG Fortaleza	146,475	1,520	2,744	(1,908)	-	148,831
LOG Via Expressa	104,013	2,309	328	(2,500)	-	104,150
LOG Viana	130,899	3,938	2,274	(4,671)	-	132,440
LOG Londrina	80,975	1,050	1,621	(410)	-	83,236
LOG Itatiaia	38,850	1,048	257	(1,174)	-	38,981
LOG Rio	114,220	3,822	1,223	-	-	119,265
LOG SJC Sony	105,051	230	(13)	-	-	105,268
LOG Sumaré	8	-	-	-	-	8
LOG SJRP	22,732	122	591	-	-	23,445
LOG Macaé	39,892	207	822	-	-	40,921
LOG RP	53,240	153	1,289	-	-	54,682
LOG Curitiba	43,468	49	1,659	-	-	45,176
LOG Aracajú	21,610	57	897	-	-	22,564
LOG Uberaba	10,538	73	357	(59)	-	10,909
LDI	488	(2)	5	-	-	491
Capitalized interest (*)	-	-	(14,024)	-	14,024	-
Total subsidiaries	**1,582,820**	**24,834**	**9,467**	**(18,319)**	**14,024**	**1,612,826**
Total Separate	**1,830,040**	**29,331**	**10,698**	**(19,575)**	**14,757**	**1,865,251**
Quarter ended March 31, 2016:						
Total Consolidated	237,314	252	392	-	638	238,596
Total Separate	1,671,313	23,129	9,062	(16,523)	21,344	1,708,325

(*) 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 as follows:

	Separate		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Industrial warehouses	**385,445**	384,740	**2,278,034**	2,248,870
Strip Mall	**50,713**	49,930	**50,713**	49,930
Total	**436,158**	434,670	**2,328,747**	2,298,800

Changes in investment property for the three-month period ended March 31, 2017 and 2016 are as follows:

	Separate		Consolidated	
	1st quarter of		1st quarter of	
	2017	2016	2017	2016
Opening balance	**434,670**	430,170	**2,298,800**	2,174,413
Additions	**578**	441	**14,001**	3,413
Capitalized interest (note 7)	**910**	600	**14,934**	21,878
Changes in fair value	**-**	-	**1,012**	1,494
Closing balance	**436,158**	431,211	**2,328,747**	2,201,198

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

	Separate		Consolidated	
	1st quarter of		1st quarter of	
	2017	2016	2017	2016
Changes in fair value of investment property	-	-	1,012	1,494
Deferred PIS/COFINS	-	-	(549)	(810)
Changes in fair value of investment property in net income	-	-	463	684

The 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:

- Projects under construction and completed by December 31, 2016: fair values at that date were maintained, except for cases that suffer significant changes, for which new valuations were performed.
- Land purchased through December 31, 2016: fair values determined as at that date were maintained, increased by the construction costs incurred in the three-month period ended March 31, 2017.
- Land purchased in 2017: stated at the acquisition cost increased by the construction costs incurred in the three-month period ended March 31, 2017, when applicable.

As at March 31, 2017, out of the total amount in investment property, R$2,025,046 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).

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 March 31, 2017 and December 31, 2016 are as follows:

			3/31/17			12/31/16
Type	Maturity of principal	Effective financial charges p.a. (*)	Current	Noncurrent	Total	Total
Separate						
Construction financing	Dec 13 to Oct 24	CDI + 1.92%	5,717	33,854	39,571	40,331
Construction financing	Dec 13 to Nov 23	TR + 9.42%	3,374	17,673	21,047	21,534
Construction financing	Dec 13 to Nov 23	TR + 9.43%	1,672	8,755	10,427	10,668
Construction financing	Jul 14 to Jun 22	TR + 11.33%	4,041	15,929	19,970	20,614
Construction financing	Aug 14 to Jul 22	TR + 11.32%	2,294	9,215	11,509	11,866
Construction financing	Apr 15 to Sep 22	TR + 11.07%	2,802	11,707	14,509	14,935
Construction financing	Oct 15 to Sep 25	TR + 9.72%	568	3,902	4,470	4,540
Construction financing	Mar 15 to Jul 23	TR + 9.62%	1,518	7,530	9,048	9,377
Construction financing	Sep 16 to Aug 26	TR + 10.10%	452	3,437	3,889	3,936
Construction financing	Sep 16 to Aug 26	TR + 10.04%	980	7,455	8,435	8,541
(-) Funding cost			(410)	(1,797)	(2,207)	(2,309)
Total Separate			23,008	117,660	140,668	144,033
Subsidiaries:						
Construction financing	Dec 13 to Nov 23	TR + 9.37%	1,790	9,368	11,158	11,427
Construction financing	Feb 14 to Jan 22	TR + 11.62%	3,115	11,083	14,198	14,702
Construction financing	Aug 14 to Jul 22	TR + 11.05%	1,430	5,748	7,178	7,399
Construction financing	Nov 14 to Oct 22	TR + 10.74%	759	3,231	3,990	4,108
Construction financing	Feb 15 to Jan 25	TR + 10.05%	1,839	11,540	13,379	13,621
Construction financing	Apr 15 to Mar 25	TR + 9.99%	1,574	10,072	11,646	11,844
Construction financing	Feb 15 to Jan 25	TR + 9.99%	2,603	16,335	18,938	19,279

Type	Maturity of principal	Effective financial charges p.a. (*)	3/31/17 Current	3/31/17 Noncurrent	3/31/17 Total	12/31/16 Total
Construction financing	Apr 15 to Mar 25	TR + 9.99%	**3,420**	**21,883**	**25,303**	25,745
Construction financing	Apr 15 to Mar 25	TR + 10.00%	**1,515**	**9,727**	**11,242**	11,442
Construction financing	Apr 15 to Mar 25	TR + 10.02%	**1,776**	**11,367**	**13,143**	13,373
Construction financing	Oct 15 to Sep 25	TR + 9.71%	**2,644**	**18,169**	**20,813**	21,145
Construction financing	Aug 14 to Jul 25	TR + 9.78%	**2,286**	**15,344**	**17,630**	17,918
Construction financing	Jan 15 to Dec 22	TR + 10.14%	**3,351**	**14,732**	**18,083**	18,799
Construction financing	May 15 to Apr 23	TR + 10.05%	**2,090**	**9,809**	**11,899**	12,343
Construction financing	Aug 15 to Jul 23	TR + 10.07%	**1,422**	**6,995**	**8,417**	8,717
Construction financing	Jan 15 to Apr 23	TR + 9.59%	**3,519**	**16,676**	**20,195**	20,963
Construction financing	Jan 15 to Apr 23	TR + 9.61%	**2,136**	**10,120**	**12,256**	12,721
Construction financing	Apr 16 to Mar 26	TR + 10.14%	**3,112**	**22,632**	**25,744**	26,096
Construction financing	Feb 16 to Jan 26	TR + 9.75%	**952**	**6,825**	**7,777**	7,892
(-) Funding cost			**(657)**	**(3,278)**	**(3,935)**	(4,097)
Total subsidiaries			**40,676**	**228,378**	**269,054**	275,437
Total Consolidated			**63,684**	**346,038**	**409,722**	419,470

(*) 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	
	3/31/17	12/31/16	3/31/17	12/31/16
Af ter the reporting period				
12 months	**23,008**	22,878	**63,684**	63,400
13 to 24 months	**21,372**	21,048	**58,929**	58,168
25 to 36 months	**21,370**	21,046	**58,924**	58,166
37 to 48 months	**21,423**	21,070	**59,022**	58,216
More than 48 months	**53,495**	57,991	**169,163**	181,520
Total	**140,668**	144,033	**409,722**	419,470

Changes in loans and financing are as follows:

	Separate 1st quarter of		Consolidated 1st quarter of	
	2017	2016	2017	2016
Opening balance	**144,033**	219,053	**419,470**	515,212
Funding	**-**	30,000	**-**	30,000
Accrued financial charges	**4,233**	7,007	**11,623**	15,400
Funding costs	**-**	(7)	**-**	(7)
Amortization of funding costs	**101**	434	**263**	598
Repayment of principal	**(3,749)**	(5,348)	**(10,959)**	(11,605)
Payment of financial charges	**(3,950)**	(4,559)	**(10,675)**	(11,011)
Closing balance	**140,668**	246,580	**409,722**	538,587

b) Debentures

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

The position of debenture at March 31, 2017 and December 31, 2016 is as follows:

			Separate and Consolidated			
			3/31/17			12/31/16
Issue	Principal maturity	Effective financial charges p.a. (*)	Current	Noncurrent	Total	Total
3rd issue	Jun 14 to Jun 20	CDI + 1.97%	**24,017**	**66,000**	**90,017**	86,956
4th issue	Aug 16 to Feb 19	CDI + 1.90%	**30,933**	**50,000**	**80,933**	94,629
6th issue	Dec 15 to Dec 19	CDI + 2.21%	**18,738**	**70,000**	**88,738**	85,700
7th issue	Jan 17 to Oct 18	118% CDI + 0.14%	**53,090**	**37,496**	**90,586**	102,505
8th issue	Nov 17 to Dec 19	119% CDI + 0.29%	**15,004**	**48,000**	**63,004**	60,802
9th issue	Oct 17	CDI + 2.36%	**149,275**	**-**	**149,275**	144,037
(-) Funding cost			**(1,784)**	**(2,785)**	**(4,569)**	(5,015)
Total			**289,273**	**268,711**	**557,984**	569,614

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

As at March 31, 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	Semiannual	Quarterly
8th	Unsecured (*)	60.000	Dec 15	119% CDI	May 16	Semiannual	Semiannual
9th	Unsecured	135.000	Jul 16	CDI + 2.36% p.a.	Oct 16	Bullet payment	Bullet payment

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

The table below shows the debentures payment schedule:

	Separate and Consolidated							
	3/31/17							12/31/16
After the reporting period	3rd issue	4rd issue	6rd issue	7rd issue	8rd issue	9rd issue	Total	Total
Amortization:								
12 months	**24,017**	**30,933**	**18,738**	**53,090**	**15,004**	**149,275**	**291,057**	275,633
13 to 24 months	**24,000**	**50,000**	**25,000**	**37,496**	**24,000**	**-**	**160,496**	152,996
25 to 36 months	**27,000**	**-**	**45,000**	**-**	**24,000**	**-**	**96,000**	131,000
37 to 48 months	**15,000**	**-**	**-**	**-**	**-**	**-**	**15,000**	15,000
Total	**90,017**	**80,933**	**88,738**	**90,586**	**63,004**	**149,275**	**562,553**	574,629
Costs:								
12 months	**(452)**	**(300)**	**(415)**	**(264)**	**(353)**	**-**	**(1,784)**	(1,783)
13 to 24 months	**(452)**	**(275)**	**(417)**	**(194)**	**(355)**	**-**	**(1,693)**	(1,789)
25 to 36 months	**(455)**	**-**	**(279)**	**-**	**(269)**	**-**	**(1,003)**	(1,241)
37 to 48 months	**(89)**	**-**	**-**	**-**	**-**	**-**	**(89)**	(202)
Total	**(1,448)**	**(575)**	**(1,111)**	**(458)**	**(977)**	**-**	**(4,569)**	(5,015)
Total, net	**88,569**	**80,358**	**87,627**	**90,128**	**62,027**	**149,275**	**557,984**	569,614

Changes in debentures are as follows:

	Separate e Consolidated	
	1st quarter of	
	2017	2016
Opening balance	**569,614**	449,746
Accrued financial charges	**19,810**	17,126
Funding costs	**-**	(56)
Amortization of funding costs	**445**	449
Principal Payment	**(22,500)**	-
Payment of financial charges	**(9,385)**	(7,689)
Closing balance	**557,984**	459,576

c) Guarantees

The types of guarantee for loans, financing and debentures as at March 31, 2017 are as follows:

	Consolidated			
	Construction financing	Debentures	Total	
Collateral/surety	415,864	-	415,864	
Collateral/receivables	-	413,278	413,278	
No guaranties	-	149,275	149,275	
Total	415,864	562,553	978,417	(*)

(*) 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		Consolidated	
	1st quarter of		1st quarter of	
	2017	2016	2017	2016
Finance charges:				
Loans, financing and debentures	**(24,589)**	(25,017)	**(32,141)**	(33,573)
Charges due to related parties	**-**	(103)	**-**	(103)
Other financial charges	**(24,589)**	(25,120)	**(32,141)**	(33,676)
Interest capitalized on:				
Investment property (note 6)	**910**	600	**14,934**	21,878
Investment	**14,757**	21,344	**733**	638
Financial charges allocated to profit or loss (note 15)	**(8,922)**	(3,176)	**(16,474)**	(11,160)

In the three-month period ended March 31, 2017, total capitalized loans, financing and debentures represented an average charge rate of 13.71% per annum (14.90% per annum for the same period in 2016).

e) Contractual obligations

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

The Company is subject to certain contractual requirements that must be complied throughout the debt period, such as: providing information requested within contractual deadlines; do not perform operations that are not in accordance with its corporate purpose, in compliance with the statutory, legal and regulatory provisions in force; obtaining the mandatory project issuance, according to its defined policies; complying with the payments provided for in the agreements; ensuring compliance with all laws, rules and regulations in any jurisdiction in which conducts businesses or have assets; keeping licenses valid for the business operation; honoring the guarantees provided in the agreements; providing information on material acts and facts that may affect its financial condition or ability to fulfill its obligations; proving the allocation of funds raised in the projects described in the agreements, among others. Failure to comply with the mentioned covenants could result in early maturity of the agreements. As at December 31, 2016, the Company is compliant with all the contractual requirements of 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		Consolidated	
	1st quarter of		1st quarter of	
	2017	**2016**	**2017**	**2016**
Income before income tax and social contribution	**5,163**	9,930	**7,133**	11,787
Statutory rate - income tax and social contribution	34%	34%	34%	34%
Nominal expense	**(1,755)**	(3,376)	**(2,425)**	(4,008)
Effect of IRPJ and CSLL on permanent differences:				
Results from equity participation grossed with written-off capitalized interest	**8,405**	10,121	**419**	133
Unrecognized tax credit	**(4,768)**	(7,040)	**(4,768)**	(7,040)
Depreciation of investment properties	**813**	-	**1,064**	-
Tax basis difference for companies taxed on deemed income	**-**	-	**6,691**	8,746
Other	**374**	691	**120**	711
IRPJ and CSLL credit (expenses) in profit or loss	**3,069**	396	**1,101**	(1,458)

(b) Deferred tax balances

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

	Separate		Consolidated	
	3/31/17	**12/31/16**	**3/31/17**	**12/31/16**
Noncurrent assets:				
Income tax and social contribution	**93,083**	90,014	**93,083**	90,213
Liabilities:				
Income tax and social contribution	**-**	-	**(24,217)**	(23,857)
PIS/COFINS	**-**	-	**(32,654)**	(32,049)
	-	-	**(56,871)**	(55,906)
Current	**-**	-	**(1,005)**	(948)
Noncurrent	**-**	-	**(55,866)**	(54,958)
Total	**-**	-	**(56,871)**	(55,906)

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

	Separate		Consolidated	
	3/31/17	**12/31/16**	**3/31/17**	**12/31/16**
Tax effect on:				
Deferred assets:				
Tax loss carryforwards	**37,009**	33,985	**41,390**	38,279
Capitalized interest	**96,075**	96,075	**96,075**	96,075
Temporary differences	**139**	94	**152**	117
	133,223	130,154	**137,617**	134,471
Reclassified deferred liabilities	**(40,140)**	(40,140)	**(44,534)**	(44,258)
Deferred assets	**93,083**	90,014	**93,083**	90,213
Deferred liabilities:				
Fair value appreciation on investment property	**(40,140)**	(40,140)	**(67,283)**	(66,820)
Rents receivable	**-**	-	**(1,451)**	(1,295)
Financial income taxed by cash	**-**	-	**(17)**	-
	(40,140)	(40,140)	**(68,751)**	(68,115)
Reclassified deferred liabilities	**40,140**	40,140	**44,534**	44,258
Deferred tax liabilities	**-**	-	**(24,217)**	(23,857)

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

As at March 31, 2017, the estimated realization of deferred tax assets, based on the projection of future taxable income, prepared by the Company's management, is as follows:

	IRPJ and CSLL	
	Separate	**Consolidated**
Expected realization:		
2017	126	179
2018	1,792	2,180
2019	3,198	4,074
2020	4,591	6,060
2021	5,879	6,986
After 2021	117,637	118,138
Total	133,223	137,617

As at March 31, 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 three-month period ended March 31, 2017 and 2016 is as follows:

	Separate				Consolidated			
	2017			2016	2017			2016
	Assets	**Liabilities**	**Net**	**Net**	**Assets**	**Liabilities**	**Net**	**Net**
Opening balance	**130,154**	**(40,140)**	**90,014**	51,052	**134,471**	**(68,115)**	**66,356**	28,518
Effect of deferred IRPJ and CSLL recognized in:								
Net income for the period	**3,069**	**-**	**3,069**	396	**3,146**	**(636)**	**2,510**	(77)
Closing balance	**133,223**	**(40,140)**	**93,083**	51,448	**137,617**	**(68,751)**	**68,866**	28,441

10. Provisions for labor, tax and civil contingencies

Changes in for the three-month period ended March 31, 2017 and 2016 is as follows:

	Separate		Consolidated	
	1st quarter of		1st quarter of	
	2017	**2016**	**2017**	**2016**
Opening balance	**495**	739	**495**	739
Additions	**-**	223	**21**	223
Payment	**(4)**	(40)	**(4)**	(40)
Reversal	**(14)**	-	**(17)**	-
Closing balance	**477**	922	**495**	922

Lawsuits assessed as possible losses by the legal counsel related to labor lawsuits, amounted to R$737 as at March 31, 2017 (R$747 at December 31, 2016).

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

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

11. Shareholder´s equity

(a) Common shares and issued capital

	Separate and Consolidated	
	3/31/2017	**12/31/2016**
Capital social	**1,003,820**	1,003,820
Number of common shares, without par value (thousand)	**50,851**	203,402

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

The Company's authorized capital as at March 31, 2017 and December 31, 2016 was R$2,000,000.

(b) Mandatory minimum dividend payable to shareholders

Fiscal year 2016 dividends, amounting to R$8,466, were approved at the Annual Shareholders' Meeting held on April 28, 2017 and will be paid on June 29, 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.

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

12. Earnings per share

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

	Separate and Consolidated	
	1st quarter of	
	2017	**2016**
Basic earnings per share		
Net income for the period	**8,232**	10,326
Weighted average number of outstanding common shares (in thousands)	**50,851**	43,639
Basic earnings per share - in R$	**0.16188**	0.23662
Diluted earnings per share:		
Net income for the period	**8,232**	10,326
Weighted average number of outstanding common shares (in thousands)	**50,851**	43,639
Dilutive effect of stock options (in thousands)	**156**	161
Weighted average number of outstanding common shares (in thousands)	**51,007**	43,800
Diluted earnings per share - in R$	**0.16139**	0.23575

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		Consolidated	
	1st quarter of		1st quarter of	
	2017	**2016**	**2017**	**2016**
Rental revenue	**4,638**	5,579	**25,568**	25,799
PIS/COFINS on revenue	**(428)**	(516)	**(1,580)**	(1,735)
Net revenue	**4,210**	5,063	**23,988**	24,064

14. Costs and expenses by nature

	Separate		Consolidated	
	1st quarter of		1st quarter of	
	2017	2016	2017	2016
Depreciation	**(60)**	(61)	**(62)**	(67)
Advertising	**(163)**	(89)	**(163)**	(89)
Salaries, charges and benefits	**(1,450)**	(1,187)	**(1,450)**	(1,187)
Management compensation	**(259)**	(243)	**(259)**	(243)
Outside services	**(650)**	(593)	**(1,356)**	(1,389)
General expenses	**(531)**	(611)	**(500)**	(757)
Stock options	**(57)**	(84)	**(57)**	(84)
Vacancy expenses	**(455)**	(378)	**(1,316)**	(1,099)
Other	**(654)**	(180)	**(605)**	204
	(4,279)	(3,426)	**(5,768)**	(4,711)
Classified as:				
Selling expenses	**(1,229)**	(922)	**(2,494)**	(2,340)
General and administrative expenses	**(2,137)**	(2,074)	**(2,410)**	(2,321)
Management compensation	**(259)**	(243)	**(259)**	(243)
Other operating income (expenses)	**(654)**	(187)	**(605)**	193
	(4,279)	(3,426)	**(5,768)**	(4,711)

15. Financial expenses and income

	Separate		Consolidated	
	1st quarter of		1st quarter of	
	2017	2016	2017	2016
Financial expenses				
Interest on loans, financing and debentures (note 7 (d))	**(8.922)**	(3.176)	**(16.474)**	(11.160)
Inflation adjustments	**(387)**	-	**(387)**	-
Other financial expenses	**(136)**	(448)	**(180)**	(545)
	(9.445)	(3.624)	**(17.041)**	(11.705)
Financial income				
Gain on short-term investment	**3.659**	266	**3.771**	362
Inflation adjustments	**305**	2.234	**305**	2.234
Other financial income	**15**	355	**184**	467
	3.979	2.855	**4.260**	3.063
Financial income (expenses)	**(5.466)**	(769)	**(12.781)**	(8.642)

16. Related parties

Related-party balances and transactions are as follows:

	Separate		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Balance sheet:				
Short-term investments (a)	**25,866**	25,067	**25,866**	25,067
Rental receivables (b)	**18**	20	**271**	273
Service supplier (c)	**71**	-	**155**	-
Receivables for sale of subsidiary (e)	**3,605**	4,767	**3,605**	4,768
Debentures (f)	**149,275**	144,037	**149,275**	144,037
Rental payables (g)	**37**	37	**37**	37

	Separate		Consolidated	
	1st quarter of		1st quarter of	
	2017	2016	2017	2016
Transactions:				
Gain on short-term investments (a)	**799**	211	**799**	211
Rental receivables (b)	**73**	68	**1,185**	1,070
Expenses on administrative services (c)	**222**	136	**483**	348
Financial expenses due to related parties (d)	**-**	103	**-**	103
Financial expenses with debentures (f)	**5,238**	-	**5,238**	-
Rental expense (g)	**112**	-	**112**	-

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

Joint venture Cabral Investimentos SPE Ltda ("Cabral") holds short-term investments on Intermedium amounting to R$9,581 at March 31, 2017 (R$9,277 at December 31, 2016). The financial income arising on these investments was R$304 for the three-month period of 2017 (R$664 for the same period of 2016).

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

(c) Amounts related to expenses incurred on the provision of administrative services by MRV Engenharia e Participações S.A. The agreement provides for the monthly payment of R$4.5 per project developed by the Company or its investees, as at March 31, 2017 (R$4.0 as at March 31, 2016). This amount is annually adjusted using the average salary increase percentage granted to the employees of MRV Engenharia e Participações S.A. The agreement is effective for three years, beginning December 02, 2013, automatically extendable for an equal period, if not apposed by any of the parties. On December 02, 2016, in the absence of opposition by the parties, the contract was automatically extended for an equal period.

(d) Refers to the expenses on loan between the Company and its joint parent company MRV Engenharia e Participações S.A. amounting to R$12,333, granted in first quarter of 2016. The loan was subject to CDI + spread of 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 March 31, 2017 and December 31, 2016 provides for monthly payment of R$37.

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$39 for the three-month period ended March 31, 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 March 31, 2017, these transactions consist of loans, financing, and debentures totaling R$443,981 (R$460,206 at December 31, 2016). During the three-month period ended March 31, 2017, these transactions, conducted at usual market rates, generated financial expenses of R$13,880. (R$15,122 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	
	1st quarter of	
	2017	2016
Short-term benefits granted to management:		
Management compensation	**259**	243
Profit sharing	**125**	120
Non-monetary benefits	**12**	9
Share-based compensation:		
Stock option plan	**44**	65
	440	437

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

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

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

17. Financial instruments and risk management

(a) Financial instruments

Financial instruments are represented by the balances of: cash, banks, short-term investments, trade receivables, trade payables, loans, financing, debentures, and derivatives. All financial instruments held by the Group were recorded as at March 31, 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	Impact on profit or loss Loss on transaction
Swap	US dollar fluctuation + 3.20% p.a. CDI + 1.47% p.a.	09/30/16	8,253	30,000	29,808	30,016	(208)

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

(b) Category of financial instruments

	Separate		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Financial assets:				
Cash and cash equivalents	**89**	77	**361**	380
Fair value through profit or loss held for trading (*)	**96,098**	143,103	**99,248**	146,561
Loans and receivables	**14,834**	15,531	**36,709**	36,894
Financial liabilities:				
Amortized cost	**699,182**	714,373	**970,984**	992,645

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

(c) Exposure to interest rates and inflation adjustment indices

The analysis below at March 31, 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 3/31/2017	Estimated annual rate for 2017 (*)		Change in effective rate for the relevant scenario	Total estimated effect
Probable scenario:								
CDI	99,248	(602,124)	(502,876)	13.75%	9.88%	(i)	-3.87%	19,461
TR	-	(376,293)	(376,293)	1.92%	0.00%	(i)	-1.92%	7,225
								26,686
Scenario I:								
CDI	99,248	(602,124)	(502,876)	13.75%	12.35%		-1.4%	7,040
TR	-	(376,293)	(376,293)	1.92%	0.00%		-1.92%	7,225
								14,265
Scenario II:								
CDI	99,248	(602,124)	(502,876)	13.75%	14.82%		1.07%	(5,381)
TR	-	(376,293)	(376,293)	1.92%	0.00%		-1.92%	7,225
								1,844

(i) Data obtained on the BM&F Bovespa website.
(*) Effective change for the first three months of 2017 plus a projection for the next nine 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 at March 31, 2017 and December 31, 2016, the debt-to-equity ratio is as follows:

	Separate		Consolidated	
	03/31/17	**12/31/16**	**03/31/17**	**12/31/16**
Loans, financing and debentures	**698,652**	713,647	**967,706**	989,084
Cash and cash equivalents	**(96,187)**	(143,180)	**(99,609)**	(146,941)
Net debt	**602,465**	570,467	**868,097**	842,143
Shareholders' equity	**1,781,128**	1,774,157	**1,781,263**	1,774,284
Net debt to equity	**33.8%**	32.2%	**48.7%**	47.5%

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 March 31, 2017 through their due date, are as follows:

	Up to 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Separate:					
Floating rates	365,405	217,231	135,595	132,844	851,075
Non-interest bearing securities	530	-	-	-	530
Total	365,935	217,231	135,595	132,844	851,605
Consolidated:					
Floating rates	423,076	274,631	188,333	378,792	1,264,832
Non-interest bearing securities	3,278	-	-	-	3,278
Total	426,354	274,631	188,333	378,792	1,268,110

(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					
	3/31/17			**12/31/16**		
Financial instruments	**Carrying amount**	**Fair value**	**Difference**	**Carrying amount**	**Fair value**	**Difference**
Debêntures:						
CDI + 1.90%p.a.	**90,017**	**90,058**	**(41)**	86,956	86,803	153
CDI + 1.85%p.a.	**80,933**	**80,029**	**904**	94,629	88,130	6,499
CDI + 2.00%p.a.	**88,738**	**86,625**	**2,113**	85,700	81,780	3,920
118% CDI p.a.	**90,586**	**89,621**	**965**	102,505	100,644	1,861
119% CDI p.a.	**63,004**	**61,560**	**1,444**	60,802	58,438	2,364
CDI + 2.36%p.a.	**149,275**	**149,275**	**-**	144,037	144,037	-
Total	**562,553**	**557,168**	**5,385**	574,629	559,832	14,797
Financing:						
Construction financing	**142,875**	**142,875**	**-**	146,342	146,342	-
Total	**142,875**	**142,875**	**-**	146,342	146,342	-
Grand total (w/o issuance costs)	**705,428**	**700,043**	**5,385**	720,971	706,174	14,797

	Consolidated					
	3/31/17			12/31/16		
Financial instruments	**Carrying amount**	**Fair value**	**Difference**	**Carrying amount**	**Fair value**	**Difference**
Debentures:						
CDI + 1.90%p.a.	**90,017**	**90,058**	**(41)**	86,956	86,803	153
CDI + 1.85%p.a.	**80,933**	**80,029**	**904**	94,629	88,130	6,499
CDI + 2.00%p.a.	**88,738**	**86,625**	**2,113**	85,700	81,780	3,920
118% CDI p.a.	**90,586**	**89,621**	**965**	102,505	100,644	1,861
119% CDI p.a.	**63,004**	**61,560**	**1,444**	60,802	58,438	2,364
CDI + 2.36%p.a.	**149,275**	**149,275**	**-**	144,037	144,037	-
Total	**562,553**	**557,168**	**5,385**	574,629	559,832	14,797
Financing:						
Construction financing	**415,864**	**415,864**	**-**	425,876	425,876	-
Total	**415,864**	**415,864**	**-**	425,876	425,876	-
Grand total (w/o issuance costs)	**978,417**	**973,032**	**5,385**	1,000,505	985,708	14,797

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

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

The table below shows a comparison of the contracted and market rates, Separate and Consolidated, at March 31, 2017, is as follows:

	Current market rate	Maturity dates
Debentures:		
CDI + 1.90% p.a.	CDI + 1.87% p.a.	June 2020
CDI + 1.85% p.a.	CDI + 2.77% p.a.	February 2019
CDI + 2.00% p.a.	CDI + 3.40% p.a.	December 2019
118% CDI p.a.	CDI + 3.30% p.a.	October 2018
119% CDI p.a.	CDI + 3.40% p.a.	December 2019
CDI + 2.36% p.a.	CDI + 2.36% p.a.	October 2017
Construction financing:		
CDI + 1.65% p.a.	CDI + 1.65%p.a.	October 2024
TR + 9.30% a 11.50% p.a.	TR + 9.30% a 11.50% p.a.	August 2026

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

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

18. Guarantees

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

19. Commitments

On November 8, 2010, the Company entered into a shareholders' agreement with Agropecuária Aroeiras Ltda. mainly aimed at establishing how the capital of Betim I Incorporações SPE Ltda. will be contributed, and other shareholders contractual relationship. Considering that Agropecuária Aroeiras Ltda. capital contribution was land at the time the SPE was created and the Company contributions is in cash over time, the unpaid balance will be adjusted using a rate equivalent to 66% of the CDI. As at March 31, 2017, the amount to be paid by the Company is R$5,850 (R$8,270 as at December 31, 2016).

20. Noncash transactions

During the three-month period ended March 31, 2017 and 2016, the Company and its subsidiaries conducted the following investment and financing transactions that did not involve contributed cash, and, therefore, are not reflected in the statement of cash flows:

	Separate		Consolidated	
	1st quarter of		1st quarter of	
	2017	2016	2017	2016
Interest capitalization	**15,667**	21,944	**15,667**	22,516

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 March 31, 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.	15,562
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.	5,985
Corporate insurance	Insures payment of compensation to the Company for covered events occurring in leased commercial properties, events such as electric damages, fire, lightening, windstorm, etc.	87,286
Legal guarantee insurance	Insures to the policyholder the payment of any disputed amount in full related to any lawsuit filed with any court or threatened. The contracted guarantee replaces escrow deposits.	68

22. Approval of the interim financial statements

These interim financial statements were approved by the executive committee and authorized for issue on May 11, 2017.