Interim Financial Statements (ITR)

LOG Commercial Properties e Participações S.A.

Interim Condensed Individual and Consolidated Financial Statements for the Quarter Ended June 30, 2018 and Report on Review of Condensed Interim Financial Statements

LOG Commercial Properties e Participações S.A.

Interim Condensed Financial Statements (ITR)

June 30, 2018

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Report on review of quarterly information - ITR

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

Introduction
We have reviewed the accompanying individual and consolidated interim financial information of LOG Commercial Properties e Participações S.A. ("Company"), contained in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2018, which comprise the balance sheet and the related statements of income and comprehensive income for the three and six period then ended, the statements of changes in the shareholders equity and cash flows for the six-month period then ended, including the explanatory notes.

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

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

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

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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, issued by IASB applicable to the preparation of the quarterly information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added
The individual and consolidated interim financial information related to the statements of value added (SVA) for the six-month period ended June 30, 2018, 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, were not prepared, in all material respects, consistently with the individual e consolidated interim financial information taken as a whole.

Belo Horizonte, August 6, 2018

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

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

Code	Description	Current Quarter 6/30/2018	Previous year 12/31/2017
1	Total assets	2,770,443	2,751,198
1.01	Current assets	79,629	226,625
1.01.01	Cash and cash equivalents	59,479	2,250
1.01.03	Receivables	5,258	8,520
1.01.03.01	Trade receivables	5,258	8,520
1.01.06	Recoverable taxes	6,110	6,262
1.01.06.01	Recoverable current taxes	6,110	6,262
1.01.07	Prepaid expenses	1,396	816
1.01.08	Other current assets	7,386	208,777
1.01.08.03	Other	7,386	208,777
1.01.08.03.01	Investments securities	7,053	208,447
1.01.08.03.03	Other	333	330
1.02	Noncurrent assets	2,690,814	2,524,573
1.02.01	Long-term assets	148,629	133,453
1.02.01.04	Receivables	3,294	3,013
1.02.01.04.01	Trade receivables	3,294	3,013
1.02.01.07	Deferred taxes	119,065	114,303
1.02.01.07.01	Deferred income tax and social contribution	119,065	114,303
1.02.01.08	Prepaid expenses	408	467
1.02.01.09	Receivables from related parties	10,083	-
1.02.01.09.02	Receivables from subsidiaries	10,083	-
1.02.01.10	Other noncurrent assets	15,779	15,670
1.02.01.10.03	Recoverable taxes	14,127	14,200
1.02.01.10.04	Other	1,132	924
1.02.01.10.05	Investments securities	520	546
1.02.02	Investments	2,540,933	2,389,799
1.02.02.01	Investments in subsidiaries and jointly controlled entities	2,103,217	1,954,717
1.02.02.01.02	Investments in subsidiaries	1,846,819	1,699,966
1.02.02.01.03	Investments in jointly controlled entities	256,398	254,751
1.02.02.02	Investment property	437,716	435,082
1.02.03	Property and equipment	1,252	1,321
1.02.03.01	Property and equipment in use	1,252	1,321

Individual / Balance Sheets – Liabilities and Equity

(In thousands of Brazilian reais – R$)

Code	Description	Current Quarter 6/30/2018	Previous year 12/31/2017
2	Total liabilities	2,770,443	2,751,198
2.01	Current Liabilities	182,508	223,741
2.01.01	Labor and social liabilities	1,988	2,637
2.01.01.01	Social liabilities	503	464
2.01.01.02	Labor liabilities	1,485	2,173
2.01.02	Suppliers	1,394	1,023
2.01.02.01	Domestic trade accounts payable	1,394	1,023
2.01.03	Tax liabilities	1,441	1,266
2.01.03.01	Federal taxes	1,410	1,235
2.01.03.01.01	Income taxes and social contribution	49	49
2.01.03.01.02	Other federal taxes	1,361	1,186
2.01.03.03	Municipal taxes	31	31
2.01.04	Loans and financing	141,114	177,595
2.01.04.01	Loans and financing	37,475	48,468
2.01.04.01.01	Loans and financing in domestic currency	37,475	48,468
2.01.04.02	Debentures	103,639	129,127
2.01.05	Others liabilities	36,571	41,220
2.01.05.02	Other	36,571	41,220
2.01.05.02.02	Mandatory minimum dividend payable	3,554	3,554
2.01.05.02.05	Advances - barters	31,470	37,238
2.01.05.02.06	Derivative	1,434	97
2.01.05.02.07	Other	113	331
2.02	Noncurrent liabilities	454,607	507,661
2.02.01	Loans and financing	453,569	505,337
2.02.01.01	Loans and financing	159,264	105,362
2.02.01.01.01	Loans and financing in domestic currency	159,264	105,362
2.02.01.02	Debentures	294,305	399,975
2.02.02	Others liabilities	1,038	2,324
2.02.02.02	Other	1,038	2,324
2.02.02.02.05	Provisions for labor, tax and civil contingencies	330	618
2.02.02.02.06	Derivative	54	1,019
2.02.02.02.07	Other	654	687
2.03	Equity	2,133,328	2,019,796
2.03.01	Paid-in capital	1,312,287	1,222,287
2.03.02	Capital reserves	(245)	(450)
2.03.02.04	Recognized options granted	2,394	2,189
2.03.02.07	Share issuance costs	(2,639)	(2,639)
2.03.04	Earnings reserve	802,920	802,920
2.03.04.01	Legal reserve	20,501	20,501
2.03.04.05	Retained profit reserve	782,419	782,419
2.03.05	Retained earnings/accumulated losses	23,119	-
2.03.06	Valuation adjustment	(4,753)	(4,961)

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

Code	Description	04/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017
3.01	Revenue from sales and/or services	4,381	8,818	4,224	8,434
3.03	Gross profit	4,381	8,818	4,224	8,434
3.04	Operating income (expenses)	8,862	18,492	5,820	12,239
3.04.01	Selling expenses	(1,050)	(2,039)	(1,326)	(2,555)
3.04.02	General and administrative expenses	(2,576)	(5,251)	(2,286)	(4,682)
3.04.04	Other operating incomes	-	304	3	20
3.04.04.02	Other operating incomes	-	304	3	20
3.04.05	Other operating expenses	(32)	(213)	(1,506)	(2,177)
3.04.05.02	Other operating expenses	(32)	(213)	(1,506)	(2,177)
3.04.06	Results from equity participation	12,520	25,691	10,935	21,633
3.05	Income before financial income and taxes	13,243	27,310	10,044	20,673
3.06	Financial income (expenses)	(2,751)	(8,953)	(5,437)	(10,903)
3.06.01	Financial income	1,543	3,679	1,868	5,847
3.06.02	Financial expenses	(4,294)	(12,632)	(7,305)	(16,750)
3.07	Income before taxes	10,492	18,357	4,607	9,770
3.08	Income tax and social contribution	1,955	4,762	3,127	6,196
3.08.02	Deferred	1,955	4,762	3,127	6,196
3.09	Net income (loss) from continuing operations	12,447	23,119	7,734	15,966
3.11	Net income (loss) for the period	12,447	23,119	7,734	15,966
3.99	Earnings per share (In Reais - R$):	-	-	-	-
3.99.01	Basic	-	-	-	-
3.99.01.01	ON	0.18021	0.33473	0.15209	0.31398
3.99.02	Diluted	-	-	-	-
3.99.02.01	ON	0.17959	0.33357	0.15163	0.31302

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

Code	Description	04/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017
4.01	Net income (loss) for the period	12,447	23,119	7,734	15,966
4.02	Other comprehensive income	208	208	(1,213)	(2,531)
4.02.01	Effect of change in relative interest in joint ventures	208	208	(1,213)	(2,531)
4.03	Comprehensive income for the period	12,655	23,327	6,521	13,435

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

Code	Description	1/1/2018 to 6/30/2018	1/1/2017 to 6/30/2017
6.01	Net cash used in operating activities	32,990	36,784
6.01.01	Cash provided by operating activities	2,193	1,263
6.01.01.01	Net income for the period	23,119	15,966
6.01.01.02	Depreciation	116	121
6.01.01.03	Results from equity participation	(25,691)	(21,633)
6.01.01.04	Financial income (expenses)	8,953	12,391
6.01.01.05	Deferred taxes	(4,762)	(6,196)
6.01.01.06	Stock options	205	114
6.01.01.07	Amortization of prepaid expenses	90	257
6.01.01.10	Allowance for doubtful accounts	163	243
6.01.02	Changes in assets and liabilities	30,797	35,521
6.01.02.01	(Increase) decrease in trade accounts receivable	407	(1,014)
6.01.02.02	(Increase) decrease in recoverable taxes	510	(285)
6.01.02.03	(Increase) decrease in prepaid expenses	(611)	(991)
6.01.02.04	(Increase) decrease in other assets	(419)	(387)
6.01.02.05	Increase (decrease) in payroll, social charges and benefits	(649)	21
6.01.02.06	Increase (decrease) in taxes, charges and contributions	89	111
6.01.02.07	Increase (decrease) in other liabilities	(536)	175
6.01.02.08	Proceeds from subsidiary sale	-	3,037
6.01.02.10	Dividends received from subsidiaries	32,006	34,854
6.02	Net cash provided (used) in investing activities	59,854	38,584
6.02.01	Increase in / acquisition of investments	(139,785)	(58,137)
6.02.02	Acquisition of investment properties	(6,350)	(1,081)
6.02.04	Increase in marketable securities	(185,655)	-
6.02.05	Decrease in marketable securities	389,072	100,395
6.02.06	Proceeds from land purchase cancellation	2,411	-
6.02.08	Other	161	(2,593)
6.03	Net cash provided (used in) by financing activities	(35,615)	(88,931)
6.03.01	Loans, financing and debentures	75,250	-
6.03.02	Interest paid	(27,424)	(36,137)
6.03.03	Shareholders' contributions	90,000	-
6.03.09	Amortization of loans, financing and debentures	(163,862)	(52,794)
6.03.12	Advance to subsidiaries	(9,579)	-
6.05	Increase (decrease) in cash and cash equivalents	57,229	(13,563)
6.05.01	Cash and cash equivalents at beginning of period	2,250	40,190
6.05.02	Cash and cash equivalents at end of period	59,479	26,627

Individual / Statement of Changes in Equity – 1/1/2018 to 6/30/2018

(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	1,222,287	(450)	802,920	-	(4,961)	2,019,796
5.03	Adjusted opening balance	1,222,287	(450)	802,920	-	(4,961)	2,019,796
5.04	Shareholders capital transaction	90,000	205	-	-	-	90,205
5.04.01	Capital increase	90,000	-	-	-	-	90,000
5.04.03	Recognized options granted	-	205	-	-	-	205
5.05	Total comprehensive income	-	-	-	23,119	208	23,327
5.05.01	Net income (loss) for the period	-	-	-	23,119	-	23,119
5.05.02	Other comprehensive income	-	-	-	-	208	208
5.05.02.07	Realization of changes in relative equity participation in joint venture	-	-	-	-	208	208
5.07	Closing balance	1,312,287	(245)	802,920	23,119	(4,753)	2,133,328

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

(In thousands of Brazilian reais – R$)

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

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

Code	Description	1/1/2018 to 6/30/2018	1/1/2017 to 6/30/2017
7.01	Revenue	24,692	39,433
7.01.01	Revenues from sales of goods, services and products	9,745	9,294
7.01.02	Other revenue	38	7
7.01.02.01	Other revenue	38	7
7.01.03	Revenue from construction of own assets	15,072	30,375
7.01.04	Allowance for doubtful accounts	(163)	(243)
7.02	Inputs purchased from third parties	(13,842)	(8,855)
7.02.02	Supplies, power, outside services and other items	(13,842)	(8,855)
7.03	Gross value added	10,850	30,578
7.04	Retentions	(116)	(121)
7.04.01	Depreciation, amortization and depletion	(116)	(121)
7.05	Net value added generated	10,734	30,457
7.06	Value added received in transfer	29,547	27,763
7.06.01	Results from equity participation	25,691	21,633
7.06.02	Financial income	3,856	6,130
7.07	Total value added for distribution	40,281	58,220
7.08	Value added distributed	40,281	58,220
7.08.01	Personnel	3,532	3,497
7.08.01.01	Salaries and wages	2,998	3,098
7.08.01.02	Benefits	375	247
7.08.01.03	Severance Pay Fund (FGTS)	159	152
7.08.02	Taxes, charges and contributions	(2,709)	(4,218)
7.08.02.01	Federal	(2,782)	(4,262)
7.08.02.02	State	2	6
7.08.02.03	Municipal	71	38
7.08.03	Debt remuneration	16,339	42,975
7.08.03.01	Interest	16,112	42,709
7.08.03.02	Rentals	209	202
7.08.03.03	Others	18	64
7.08.03.03.01	Leases	6	50
7.08.03.03.02	Other	12	14
7.08.04	Shareholders	23,119	15,966
7.08.04.03	Earnings retained in the period	23,119	15,966

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

Code	Description	Current Quarter 6/30/2018	Previous year 12/31/2017
1	Total assets	3,006,644	3,073,803
1.01	Current assets	98,919	246,062
1.01.01	Cash and cash equivalents	60,426	2,815
1.01.03	Receivables	19,008	22,321
1.01.03.01	Trade receivables	19,008	22,321
1.01.06	Recoverable taxes	8,119	8,646
1.01.06.01	Recoverable current taxes	8,119	8,646
1.01.07	Prepaid expenses	2,837	2,248
1.01.08	Other current assets	8,529	210,032
1.01.08.03	Other	8,529	210,032
1.01.08.03.01	Investments securities	8,076	209,591
1.01.08.03.03	Other	453	441
1.02	Noncurrent assets	2,907,725	2,827,741
1.02.01	Long-term assets	182,435	173,914
1.02.01.04	Receivables	15,179	13,662
1.02.01.04.01	Trade receivables	15,179	13,662
1.02.01.07	Deferred taxes	119,431	114,556
1.02.01.07.01	Deferred income tax and social contribution	119,431	114,556
1.02.01.08	Prepaid expenses	4,117	4,021
1.02.01.10	Other noncurrent assets	43,708	41,675
1.02.01.10.03	Recoverable taxes	38,179	37,809
1.02.01.10.04	Investments securities	4,178	2,553
1.02.01.10.05	Other	1,351	1,313
1.02.02	Investments	2,723,950	2,652,413
1.02.02.01	Investments in subsidiaries and jointly controlled entities	256,398	254,751
1.02.02.01.04	Investments in jointly controlled entities	256,398	254,751
1.02.02.02	Investment property	2,467,552	2,397,662
1.02.03	Property and equipment	1,340	1,414
1.02.03.01	Property and equipment in use	1,340	1,414

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

Code	Description	Current Quarter 6/30/2018	Previous year 12/31/2017
2	Total liabilities	3,006,644	3,073,803
2.01	Current Liabilities	223,562	275,927
2.01.01	Labor and social liabilities	2,342	2,993
2.01.01.01	Social liabilities	647	591
2.01.01.02	Labor liabilities	1,695	2,402
2.01.02	Suppliers	9,001	4,867
2.01.02.01	Domestic trade accounts payable	9,001	4,867
2.01.03	Tax liabilities	3,621	3,869
2.01.03.01	Federal taxes	3,457	3,454
2.01.03.01.01	Income taxes and social contribution	1,504	1,818
2.01.03.01.02	Other federal taxes	1,953	1,636
2.01.03.02	State taxes	-	265
2.01.03.03	Municipal taxes	164	150
2.01.04	Loans and financing	166,740	218,944
2.01.04.01	Loans and financing	63,101	89,817
2.01.04.01.01	Loans and financing in domestic currency	63,101	89,817
2.01.04.02	Debentures	103,639	129,127
2.01.05	Others liabilities	41,858	45,254
2.01.05.02	Other	41,858	45,254
2.01.05.02.02	Mandatory minimum dividend payable	3,554	3,554
2.01.05.02.05	Advances - barters	33,461	38,749
2.01.05.02.06	Deferred taxes	1,316	1,204
2.01.05.02.07	Derivative	1,434	97
2.01.05.02.08	Other	2,093	1,650
2.02	Noncurrent liabilities	649,562	777,924
2.02.01	Loans and financing	583,277	711,090
2.02.01.01	Loans and financing	288,972	311,115
2.02.01.01.01	Loans and financing in domestic currency	288,972	311,115
2.02.01.02	Debentures	294,305	399,975
2.02.02	Others liabilities	4,141	5,777
2.02.02.02	Other	4,141	5,777
2.02.02.02.04	Advances - barters	74	1,033
2.02.02.02.05	Provisions for labor, tax and civil contingencies	1,010	823
2.02.02.02.06	Derivative	54	1,019
2.02.02.02.07	Other	3,003	2,902
2.02.03	Deferred taxes	62,144	61,057
2.02.03.01	Deferred income tax and social contribution	62,144	61,057
2.03	Equity	2,133,520	2,019,952
2.03.01	Paid-in capital	1,312,287	1,222,287
2.03.02	Capital reserves	(245)	(450)
2.03.02.04	Recognized options granted	2,394	2,189
2.03.02.07	Share issuance costs	(2,639)	(2,639)
2.03.04	Earnings reserve	802,920	802,920
2.03.04.01	Legal reserve	20,501	20,501
2.03.04.05	Retained profit reserve	782,419	782,419
2.03.05	Retained earnings/accumulated losses	23,119	-
2.03.06	Valuation adjustment	(4,753)	(4,961)
2.03.09	Shareholders non-controlling interest	192	156

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

Code	Description	04/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017
3.01	Revenue from sales and/or services	25,301	50,410	25,033	49,021
3.03	Gross profit	25,301	50,410	25,033	49,021
3.04	Operating income (expenses)	(6,330)	(10,098)	(6,308)	(10,382)
3.04.01	Selling expenses	(2,175)	(4,495)	(2,676)	(5,170)
3.04.02	General and administrative expenses	(2,820)	(5,798)	(2,622)	(5,291)
3.04.04	Other operating incomes	295	962	479	1,077
3.04.04.01	Changes in the fair value of investment property	236	489	415	878
3.04.04.02	Other operating incomes	59	473	64	199
3.04.05	Other operating expenses	(1,914)	(2,355)	(2,244)	(2,984)
3.04.05.02	Other operating expenses	(1,914)	(2,355)	(2,244)	(2,984)
3.04.06	Results from equity participation	284	1,588	755	1,986
3.05	Income before financial income and taxes	18,971	40,312	18,725	38,639
3.06	Financial income (expenses)	(6,646)	(18,325)	(12,235)	(25,016)
3.06.01	Financial income	1,544	3,665	2,039	6,299
3.06.02	Financial expenses	(8,190)	(21,990)	(14,274)	(31,315)
3.07	Income before taxes	12,325	21,987	6,490	13,623
3.08	Income tax and social contribution	124	1,137	1,248	2,349
3.08.01	Current	(1,482)	(3,187)	(1,467)	(2,876)
3.08.02	Deferred	1,606	4,324	2,715	5,225
3.09	Net income (loss) from continuing operations	12,449	23,124	7,738	15,972
3.11	Net income (loss) for the period	12,449	23,124	7,738	15,972
3.11.01	Attributable to shareholders of the Company	12,447	23,119	7,734	15,966
3.11.02	Attributable to Non-controlling	2	5	4	6
3.99	Earnings per share (In Reais - R$):	-	-	-	-
3.99.01	Basic	-	-	-	-
3.99.01.01	ON	0.18021	0.33473	0.15209	0.31398
3.99.02	Diluted	-	-	-	-
3.99.02.01	ON	0.17959	0.33357	0.15163	0.31302

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

Code	Description	04/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017
4.01	Net income for the period	12,449	23,124	7,738	15,972
4.02	Other comprehensive income	208	208	(1,213)	(2,531)
4.02.01	Effect of change in relative interest in joint ventures	208	208	(1,213)	(2,531)
4.03	Comprehensive income for the period	12,657	23,332	6,525	13,441
4.03.01	Attributable to shareholders of the Company	12,655	23,327	6,521	13,435
4.03.02	Attributable to Non-controlling	2	5	4	6

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

Code	Description	1/1/2018 to 6/30/2018	1/1/2017 to 6/30/2017
6.01	Net cash used in operating activities	34,917	38,301
6.01.01	Cash provided by operating activities	37,445	36,742
6.01.01.01	Net income for the period	23,124	15,972
6.01.01.02	Depreciation	119	124
6.01.01.03	Results from equity participation	(1,588)	(1,986)
6.01.01.04	Financial income (expenses)	18,325	26,675
6.01.01.05	Deferred taxes	(3,676)	(4,073)
6.01.01.06	Stock options	205	114
6.01.01.07	Amortization of prepaid expenses	1,056	1,133
6.01.01.08	Allowance for doubtful accounts	950	702
6.01.01.10	Changes in the fair value of investment property	(1,070)	(1,919)
6.01.02	Changes in assets and liabilities	(2,528)	1,559
6.01.02.01	(Increase) decrease in trade accounts receivable	(1,565)	(2,091)
6.01.02.02	(Increase) decrease in recoverable taxes	1,037	(77)
6.01.02.03	(Increase) decrease in prepaid expenses	(1,741)	(1,631)
6.01.02.04	(Increase) decrease in other assets	(258)	(399)
6.01.02.05	Increase (decrease) in payroll, social charges and benefits	(651)	44
6.01.02.06	Increase (decrease) in taxes, charges and contributions	2,874	2,992
6.01.02.07	Increase (decrease) in other liabilities	749	1,141
6.01.02.08	Proceeds from subsidiary sale	-	3,037
6.01.02.09	Income tax and social contribution paid	(3,122)	(2,713)
6.01.02.10	Dividends received from subsidiaries	149	1,256
6.02	Net cash provided (used) in investing activities	149,608	65,360
6.02.01	Increase in / Acquisition of investments	-	(8,989)
6.02.02	Acquisition of investment properties	(54,987)	(24,162)
6.02.04	Increase in marketable securities	(206,032)	-
6.02.05	Decrease in marketable securities	408,053	101,075
6.02.06	Proceeds from land purchase cancellation	2,411	-
6.02.07	Other	163	(2,564)
6.03	Net cash provided (used in) by financing activities	(126,914)	(116,763)
6.03.01	Loans, financing and debentures	75,088	-
6.03.02	Amortization of loans, financing and debentures	(256,109)	(67,337)
6.03.03	Interest paid	(35,924)	(49,440)
6.03.04	Shareholders' contributions	90,000	-
6.03.08	Contributions from (distributions to) noncontrolling shareholders	31	14
6.05	Increase (decrease) in cash and cash equivalents	57,611	(13,102)
6.05.01	Cash and cash equivalents at beginning of period	2,815	40,508
6.05.02	Cash and cash equivalents at end of period	60,426	27,406

Consolidated / Statement of Changes in Equity – 1/1/2018 to 6/30/2018

(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	1,222,287	(450)	802,920	-	(4,961)	2,019,796	156	2,019,952
5.03	Adjusted opening balance	1,222,287	(450)	802,920	-	(4,961)	2,019,796	156	2,019,952
5.04	Shareholders capital transaction	90,000	205	-	-	-	90,205	31	90,236
5.04.01	Capital increase	90,000	-	-	-	-	90,000	-	90,000
5.04.03	Recognized options granted	-	205	-	-	-	205	-	205
5.04.11	Net contributions from noncontrolling shareholders	-	-	-	-	-	-	31	31
5.05	Total comprehensive income	-	-	-	23,119	208	23,327	5	23,332
5.05.01	Net income (loss) for the period	-	-	-	23,119	-	23,119	5	23,124
5.05.02	Other comprehensive income	-	-	-	-	208	208	-	208
5.05.02.07	Realization of changes in relative equity participation in joint venture	-	-	-	-	208	208	-	208
5.07	Closing balance	1,312,287	(245)	802,920	23,119	(4,753)	2,133,328	192	2,133,520

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

(In thousands of Brazilian reais – R$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	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	-	114	-	-	-	114	14	128
5.04.03	Recognized options granted	-	114	-	-	-	114	-	114
5.04.11	Net contributions from noncontrolling shareholders	-	-	-	-	-	-	14	14
5.05	Total comprehensive income	-	-	-	15,966	(2,531)	13,435	6	13,441
5.05.01	Net income (loss) for the period	-	-	-	15,966	-	15,966	6	15,972
5.05.02	Other comprehensive income	-	-	-	-	(2,531)	(2,531)	-	(2,531)
5.05.02.06	Effect of change in relative interest in joint ventures	-	-	-	-	(2,531)	(2,531)	-	(2,531)
5.07	Closing balance	1,003,820	2,075	769,063	15,966	(3,218)	1,787,706	147	1,787,853

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

Code	Description	1/1/2018 to 6/30/2018	1/1/2017 to 6/30/2017
7.01	Revenue	120,995	109,655
7.01.01	Revenues from sales of goods, services and products	53,712	52,223
7.01.02	Other revenue	1,320	2,097
7.01.02.01	Other revenue	250	178
7.01.02.02	Changes in the fair value of investment property	1,070	1,919
7.01.03	Revenue from construction of own assets	66,913	56,037
7.01.04	Allowance for doubtful accounts	(950)	(702)
7.02	Inputs purchased from third parties	(61,896)	(32,712)
7.02.02	Supplies, power, outside services and other items	(61,896)	(32,712)
7.03	Gross value added	59,099	76,943
7.04	Retentions	(119)	(124)
7.04.01	Depreciation, amortization and depletion	(119)	(124)
7.05	Net value added generated	58,980	76,819
7.06	Value added received in transfer	5,438	8,578
7.06.01	Results from equity participation	1,588	1,986
7.06.02	Financial income	3,850	6,592
7.07	Total value added for distribution	64,418	85,397
7.08	Value added distributed	64,418	85,397
7.08.01	Personnel	6,168	5,522
7.08.01.01	Salaries and wages	4,932	4,761
7.08.01.02	Benefits	942	516
7.08.01.03	Severance Pay Fund (FGTS)	294	245
7.08.02	Taxes, charges and contributions	5,697	3,536
7.08.02.01	Federal	5,576	3,672
7.08.02.02	State	3	7
7.08.02.03	Municipal	118	(143)
7.08.03	Debt remuneration	29,429	60,367
7.08.03.01	Interest	26,077	58,671
7.08.03.02	Rentals	3,271	1,561
7.08.03.03	Others	81	135
7.08.03.03.01	Leases	12	59
7.08.03.03.02	Other	69	76
7.08.04	Shareholders	23,124	15,972
7.08.04.03	Earnings retained in the period	23,119	15,966
7.08.04.04	Profit attributable to non-controlling interests	5	6

1. General information

The information disclosed in Note 1 to the audited consolidated financial statements for the year ended December 31, 2017, published on March 1st, 2018 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, 2017") 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, in April 2018, the Company's Board of Directors approved the issuance of private debentures for backing certificates of real estate receivables ("CRI"), in the amount of R$60,000, which may reach R$81,000, depending on the total or partial exercise of additional lots. In July 2018, the issue was completed and fully allocated, in the amount of R$81,000 (see Note 21). Additionally, in August 2018, the Company completed negotiation to change the repayment cashflow of 8th issue of debentures outstanding balance. The original maturity was November 2019, extended to August 2021, thus improving the debt profile (see Note 21).

These operations, jointly to the growing cash flow from operations and other loans operations in advanced negotiation stage that total more than R$175,000 provide the liquidity support necessary for the Company to carry out its planning. However, in addition to the above operations, the Company continues to evaluate market opportunities to obtain third party resources (capital increases and / or loans) and / or own capital, to accelerate its business plan.

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

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

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

Other information in relation to basis of preparation and basis of presentation, did not significantly change in relation to the information disclosed in Note 2 to the financial statements for the year ended December 31, 2017.

Significant accounting policies

Except as described below, the accounting policies applied in this quarterly information are the same as those applied in the Group's financial statements for the year ended December 31, 2017.

The Group adopted CPC 47 / IFRS 15 - Revenues from Contracts with Costumers and CPC 48 / IFRS 9 - Financial Instruments as of January 1, 2018. According to Management's analysis, the measurement effect resulting from these new adoptions is related to the concept of impairment of accounts receivable resulting from the linearization of revenues from customers which, from January 1, 2018 on, is being measured considering the Group's historical loss expectation, without causing material effects on the quarterly financial information. The classification effects resulting from these new adoptions are restricted to CPC 48 / IFRS 9, and the new classification criteria for financial assets and liabilities are reflected in note 17 (b).

New standards

The standards issued but not yet adopted up to the date of issuance of the Group's interim financial statements are presented below. The Group intends to adopt these standards when they come into force.

IFRS	CPC	Standard	Effective date
IFRS 16	CPC 06 (R2)	Lease	Annual reporting periods beginning on
IFRIC 23	-	Uncertainty over income tax treatments	or after January 1st, 2019

There are no other issued standards and interpretations not yet adopted that could, according to management, have a significant impact on the financial position or result of operations of the Group.

3. Cash and cash equivalents and Marketable securities

Breakdown is as follows:

	Individual		Consolidated	
	6/30/18	12/31/17	6/30/18	12/31/17
Cash and cash equivalents:				
Cash	**13**	13	**18**	18
Bank accounts	**74**	65	**1,008**	622
Short-term investments:				
Bank certificates of deposit (CDB)	**49,235**	2,172	**49,243**	2,173
Unrestricted investment funds	**10,157**	-	**10,157**	-
Securities with repurchase agreement back by debentures (i)	**-**	-	**-**	2
Total cash and cash equivalents	**59,479**	2,250	**60,426**	2,815

	Individual		Consolidated	
	6/30/18	12/31/17	6/30/18	12/31/17
Marketable securities:				
Restricted investment funds (ii)	**7,053**	98,206	**8,076**	99,007
Unrestricted investment funds (iii)	**520**	110,787	**3,798**	112,794
Securities with repurchase agreement back by debentures (i)	**-**	-	**-**	204
Bank certificates of deposit (CDB) (iv)	**-**	-	**380**	139
Total marketable securities	**7,573**	208,993	**12,254**	212,144
Current	**7,053**	208,447	**8,076**	209,591
Noncurrent	**520**	546	**4,178**	2,553
	7,573	208,993	**12,254**	212,144

(i) Securities with repurchase agreement backed by debentures have daily repurchase guaranteed by the issuer, allowing immediate redemption as required by the Company and yields the Interbank Deposit rate (CDI) variation. Balance classified in line item “Marketable securities” essentially arise from guarantees for loans, financing and debentures.

(ii) The Group 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 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.

(iii) Unrestricted investment fund units refer to amounts pledged as collateral for “Plano Empresário” program loans, working capital and debentures.

(iv) Bank certificated of deposits (CDB) held as collateral for loans, financing and debentures, infrastructure works and others.

Short-term investments and marketable securities include interest income earned, equivalent to 102.10% of CDI in the Individual financial statements and 101.80% of CDI on a consolidated basis as at June 30, 2018 (98.61% of CDI in the Individual financial statements and 98.72% of CDI on a Consolidated basis as at December 31, 2017) 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:

	Individual		Consolidated	
	6/30/18	12/31/17	6/30/18	12/31/17
Bank certificates of deposit (CDB)	**384**	4,069	**440**	4,101
Securities with repurchase agreement	**106**	1,730	**121**	1,744
Unrestricted investment funds	**6,069**	77,641	**6,950**	78,275
Debentures	**99**	1,096	**114**	1,105
Financial treasury bills	**395**	13,670	**451**	13,782
Total	**7,053**	98,206	**8,076**	99,007

4. Trade receivables

Trade receivables are broken down as follows:

	Individual		Consolidated	
	6/30/18	12/31/17	6/30/18	12/31/17
Rentals	**8,021**	8,541	**37,947**	36,145
Land purchase cancellation (Note 16 (g))	**-**	2,411	**-**	2,411
Other	**1,329**	1,216	**2,006**	2,243
	9,350	12,168	**39,953**	40,799
Allowance for doubtful accounts	**(798)**	(635)	**(5,766)**	(4,816)
Total	**8,552**	11,533	**34,187**	35,983
Current	**5,258**	8,520	**19,008**	22,321
Noncurrent	**3,294**	3,013	**15,179**	13,662
	8,552	11,533	**34,187**	35,983

The table below shows the aging of trade receivables:

	Individual		Consolidated	
	6/30/18	12/31/17	6/30/18	12/31/17
In due:				
Up to 12 months	**4,707**	8,058	**16,450**	20,760
13 to 24 months	**3,294**	3,013	**15,179**	13,662
	8,001	11,071	**31,629**	34,422
Past due:				
Up to 30 days	**148**	30	**781**	192
31 to 90 days	**186**	136	**1,109**	161
More than 90 days	**1,015**	931	**6,434**	6,024
	1,349	1,097	**8,324**	6,377
Total	**9,350**	12,168	**39,953**	40,799

Changes in the allowance for doubtful accounts for the six-month period ended June 30, 2018 and 2017 are as follows:

	Individual		Consolidated	
	1st half of		1st half of	
	2018	2017	2018	2017
Opening balance	**(635)**	(85)	**(4,816)**	(3,147)
Recognition	**(163)**	(243)	**(950)**	(702)
Write-off	**-**	78	**-**	78
Closing balance	**(798)**	(250)	**(5,766)**	(3,771)

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

	Individual		Consolidated	
	6/30/18	12/31/17	6/30/18	12/31/17
12 months	**21,778**	21,732	**116,722**	104,633
13 to 24 months	**19,122**	16,203	**93,120**	83,892
25 to 36 months	**12,502**	9,938	**66,001**	56,431
37 to 48 months	**7,578**	7,709	**41,725**	37,181
49 to 60 months	**4,910**	6,451	**32,526**	28,279
After 60 months	**19,031**	21,263	**115,669**	92,576
Total	**84,921**	83,296	**465,763**	402,992

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, 2017.

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”)	11/13	Contagem/MG
Parque Torino Imóveis S.A. (“Torino”)	4/15	Betim/MG
Betim I Incorporações SPE Ltda. (“Loteamento Betim”)	3/18	Betim/MG
Subsidiaries - In operation:		
Contagem I SPE Ltda. (“LOG I”)	2/9	Contagem/MG
Contagem II Incorporações SPE Ltda. (“LOG II”)	3/11	Contagem/MG
Jundiaí Incorporações SPE Ltda. (“LOG Jundiaí”)	4/11	Jundiaí/SP
Goiânia I Incorporações Imobiliárias SPE Ltda. (“LOG Goiânia”)	4/12	Goiânia/GO
Hortolândia Incorporações SPE Ltda. (“LOG Hortolândia”)	9/12	Hortolândia/SP
LOG São José dos Pinhais I SPE Ltda. (“LOG SJP”)	4/13	São José dos Pinhais/PR
LOG Juiz de Fora I SPE Ltda. (“LOG Juiz de Fora”)	6/13	Juiz de Fora/MG
LOG Feira de Santana I SPE Ltda. (“LOG Feira de Santana”)	6/13	Feira de Santana/BA
LOG Maracanaú I SPE Ltda. (“LOG Fortaleza”)	8/13	Maracanaú/CE
LOG Via Expressa SPE Ltda. (“LOG Via Expressa”)	11/13	Betim/MG
LOG Viana I SPE Ltda. ("LOG Viana")	4/14	Viana/ES
LOGCP Londrina I SPE Ltda. ("LOG Londrina")	6/14	Londrina/PR
LOG Itatiaia SPE Ltda. (“LOG Itatiaia”)	7/14	Itatiaia/RJ
LOG Rio SPE Ltda. (“LOG Rio”)	2/17	Campo Grande/RJ
Subsidiaries - At start-up stage:		
MRV LOG MDI SJC I Incorporações SPE Ltda. (“LOG SJC Sony”)	-	São José dos Campos/SP
LOG Sumaré Deltalog I SPE Ltda. (“LOG Sumaré”)	-	Sumaré/SP
LOG SJRP I Incorporações SPE Ltda. ("LOG SJRP")	-	São José do Rio Preto/SP
LOG Macaé I SPE Ltda. (“LOG Macaé”)	-	Macaé/RJ
LOG RP I SPE Ltda. ("LOG RP")	-	Ribeirão Preto/SP
LOG Curitiba I SPE Ltda. ("LOG Curitiba")	-	Curitiba/PR
LOG Aracajú SPE Ltda. (“LOG Aracajú”)	-	Nossa Senhora do Socorro/SE
LOG Uberaba SPE Ltda. (“LOG Uberaba”)	-	Uberaba/MG
LDI LOG Desenvolvimento Imobiliário Ltda. (“LDI”)	-	Belo Horizonte/MG
LE Empreendimentos e Participações S.A. ("LE Empreendimentos")	-	Belo Horizonte/MG

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

	Information on investees		Company information		
	Issued capital		Equity interest		
	6/30/18		6/30/18		12/31/17
	Amount	Number of shares	Number of shares	Contractual percentage	Contractual percentage
Joint ventures:					
Cabral	39,247	78,494,000	39,247,000	50.00%	50.00%
Torino	139,656	318,600	127,440	40.00%	40.00%
Loteamento Betim	47,124	84,325,968	42,162,984	50.00%	50.00%
Subsidiaries:					
LOG I	75,012	61,460,917	61,455,917	99.99%	99.99%
LOG II	22,795	20,353,954	20,352,154	99.99%	99.99%
LOG Jundiaí	48,497	35,874,919	35,873,675	99.99%	99.99%
LOG Goiânia	129,191	46,930,180	46,930,170	99.90%	99.90%
LOG Hortolândia	78,671	13,000,000	12,999,999	100.00%	100.00%
LOG SJP	36,849	23,351,000	23,350,999	100.00%	100.00%
LOG Juiz de Fora	50,276	10,000	9,999	99.99%	99.99%
LOG Feira de Santana	20,485	19,041,000	19,040,999	99.99%	99.99%
LOG Fortaleza	89,731	34,037,979	34,037,978	99.99%	99.99%
LOG Via Expressa	81,062	47,000,000	46,999,999	99.99%	99.99%
LOG Viana	165,882	10,000	9,999	99.99%	99.99%
LOG Londrina	62,706	10,000	9,999	99.99%	99.99%
LOG Itatiaia	36,531	27,410,838	27,410,837	99.99%	99.99%
LOG Rio	87,371	10,000	9,999	99.99%	99.99%
LOG SJC Sony	54,717	52,500,000	52,499,999	100.00%	100.00%
LOG Sumaré	712	10,000	9,999	99.99%	99.99%
LOG SJRP	10,057	10,000	9,999	99.99%	99.99%
LOG Macaé	14,596	10,000	9,999	99.99%	99.99%
LOG RP	22,148	10,000	9,999	99.99%	99.99%
LOG Curitiba	27,250	10,000	9,999	99.99%	99.99%
LOG Aracajú	27,391	10,000	9,999	99.99%	99.99%
LOG Uberaba	5,979	10,000	9,900	99.00%	99.00%
LDI	4,737	24,690,048	24,689,948	100.00%	100.00%
LE Empreendimentos	1,271	10,000	9,900	99.00%	99.00%

	Information on investees			
	Equity		Investment	
	6/30/18	12/31/17	6/30/18	12/31/17
Joint ventures:				
Cabral	**113,422**	112,248	**56,070**	55,483
Torino	**349,139**	346,218	**139,682**	138,513
Loteamento Betim	**94,988**	94,052	**47,494**	47,026
Capitalized interest (*)	**-**	-	**13,152**	13,729
Total joint ventures - Consolidated	**557,549**	552,518	**256,398**	254,751
Subsidiaries:				
LOG I	**188,555**	186,649	**188,536**	186,630
LOG II	**45,347**	44,997	**45,342**	44,993
LOG Jundiaí	**81,059**	80,767	**81,051**	80,759
LOG Goiânia	**183,567**	147,963	**183,383**	147,815
LOG Hortolândia	**143,532**	142,680	**143,532**	142,680
LOG SJP	**48,002**	38,280	**48,002**	38,280
LOG Juiz de Fora	**73,992**	71,368	**73,985**	71,361
LOG Feira de Santana	**31,308**	29,802	**31,305**	29,799
LOG Fortaleza	**143,349**	135,195	**143,335**	135,181
LOG Via Expressa	**112,043**	110,348	**112,032**	110,337
LOG Viana	**170,956**	137,533	**170,939**	137,519
LOG Londrina	**107,974**	87,508	**107,963**	87,499
LOG Itatiaia	**42,813**	42,063	**42,809**	42,059
LOG Rio	**142,305**	129,923	**142,291**	129,910
LOG SJC Sony	**103,196**	103,196	**103,196**	103,196
LOG Sumaré	**6**	7	**6**	7
LOG SJRP	**24,372**	23,508	**24,370**	23,506
LOG Macaé	**42,196**	41,877	**42,192**	41,873
LOG RP	**54,086**	51,919	**54,081**	51,914
LOG Curitiba	**53,764**	53,668	**53,759**	53,663
LOG Aracajú	**41,816**	28,623	**41,812**	28,620
LOG Uberaba	**12,641**	12,135	**12,515**	12,014
LDI	**283**	268	**283**	268
LE Empreendimentos	**101**	84	**100**	83
Total subsidiaries	**1,847,263**	1,700,361	**1,846,819**	1,699,966
Total Individual	**2,404,812**	2,252,879	**2,103,217**	1,954,717

	Information on investees				Results from equity participation for the			
	Net income (loss) for the							
	2nd quarter of		1st half of		2nd quarter of		1st half of	
	2018	2017	2018	2017	2018	2017	2018	2017
Joint ventures:								
Cabral	**929**	833	**1,323**	1,636	**464**	416	**736**	1,446
Torino	**1,447**	849	**2,922**	1,352	**579**	340	**1,169**	541
Loteamento Betim	**52**	(1)	**936**	(2)	**26**	(1)	**468**	(1)
Capitalized interest (*)	**-**	-	**-**	-	**(577)**	-	**(577)**	-
Others	**-**	-	**-**	-	**(208)**	-	**(208)**	-
Total joint ventures - Consolidated	**2,428**	1,681	**5,181**	2,986	**284**	755	**1,588**	1,986
Subsidiaries:								
LOG I	**2,564**	3,323	**5,149**	6,648	**2,562**	3,323	**5,147**	6,647
LOG II	**523**	294	**1,082**	548	**523**	294	**1,082**	548
LOG Jundiaí	**864**	816	**1,883**	1,581	**864**	816	**1,883**	1,581
LOG Goiânia	**2,450**	2,483	**4,892**	4,872	**2,447**	2,480	**4,887**	4,867
LOG Hortolândia	**1,806**	1,375	**3,752**	2,924	**1,806**	1,375	**3,752**	2,924
LOG SJP	**258**	(350)	**318**	(277)	**258**	(350)	**318**	(277)
LOG Juiz de Fora	**995**	1,088	**1,969**	2,106	**995**	1,088	**1,969**	2,106
LOG Feira de Santana	**65**	57	**115**	123	**65**	57	**115**	123
LOG Fortaleza	**2,166**	2,389	**4,054**	5,134	**2,166**	2,389	**4,054**	5,133
LOG Via Expressa	**(539)**	97	**(479)**	425	**(539)**	97	**(479)**	425
LOG Viana	**3,090**	2,187	**4,962**	4,461	**3,090**	2,187	**4,962**	4,461
LOG Londrina	**1,554**	1,465	**2,811**	3,086	**1,554**	1,465	**2,811**	3,086
LOG Itatiaia	**289**	374	**602**	631	**289**	374	**602**	631
LOG Rio	**1,730**	2,231	**3,989**	3,454	**1,730**	2,231	**3,989**	3,454
LOG SJC Sony	**(12)**	(15)	**(23)**	(28)	**(12)**	(15)	**(23)**	(28)
LOG Sumaré	**-**	-	**(1)**	-	**-**	-	**(1)**	-
LOG SJRP	**397**	517	**778**	1,108	**397**	517	**778**	1,108
LOG Macaé	**(13)**	726	**173**	1,548	**(13)**	726	**173**	1,548
LOG RP	**901**	1,139	**1,768**	2,428	**901**	1,139	**1,768**	2,428
LOG Curitiba	**(11)**	1,449	**(22)**	3,108	**(11)**	1,449	**(22)**	3,108
LOG Aracajú	**913**	784	**1,559**	1,681	**913**	784	**1,559**	1,681
LOG Uberaba	**237**	316	**466**	677	**234**	313	**461**	670
LDI	**(833)**	5	**(829)**	12	**(833)**	5	**(829)**	12
LE Empreendimentos	**(1)**	-	**(31)**	-	**(1)**	-	**(31)**	-
Capitalized interest (*)	**-**	-	**-**	-	**(7,149)**	(12,564)	**(14,822)**	(26,589)
Total subsidiaries	**19,393**	22,750	**38,937**	46,250	**12,236**	10,180	**24,103**	19,647
Total Individual	**21,821**	24,431	**44,118**	49,236	**12,520**	10,935	**25,691**	21,633

(*) 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.

b) Joint ventures:

The main financial information is as follows:

	Cabral		Torino		Loteamento Betim	
	6/30/18	12/31/17	6/30/18	12/31/17	6/30/18	12/31/17
Cash and cash equivalents and marketable securities	**18,007**	16,354	**4,576**	3,485	**1,700**	4
Trade receivables	**155**	101	**-**	-	**3,271**	-
Inventories	**-**	-	**-**	-	**11,697**	9,459
Other current assets	**161**	374	**224**	216	**-**	-
Total current	**18,323**	16,829	**4,800**	3,701	**16,668**	9,463
Trade receivables	**332**	-	**-**	-	**3,883**	-
Inventories	**-**	-	**-**	-	**75,473**	84,890
Investment property	**101,610**	101,360	**354,996**	353,460	**-**	-
Other noncurrent assets	**2,038**	1,934	**247**	61	**1**	1
Total noncurrent assets	**103,980**	103,294	**355,243**	353,521	**79,357**	84,891
Total assets	**122,303**	120,123	**360,043**	357,222	**96,025**	94,354
Current liabilities	**7,239**	6,003	**269**	394	**299**	71
Noncurrent liabilities	**1,642**	1,872	**10,635**	10,610	**738**	231
Equity	**113,422**	112,248	**349,139**	346,218	**94,988**	94,052
Liabilities and equity	**122,303**	120,123	**360,043**	357,222	**96,025**	94,354

	Cabral				Torino				Loteamento Betim			
	2nd quarter of		1st half of		2nd quarter of		1st half of		2nd quarter of		1st half of	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Operating revenue	**1,263**	1,078	**2,367**	2,114	**1,828**	1,138	**3,848**	1,944	**81**	**-**	**8,917**	**-**
Cost of products and services	**-**	-	**-**	-	**-**	-	**-**	-	**(20)**	-	**(7,663)**	-
Other operating expenses	**(393)**	(382)	**(1,149)**	(807)	**(219)**	(244)	**(576)**	(484)	**(22)**	-	**(53)**	-
Financial income (expenses)	**203**	320	**409**	717	**60**	125	**113**	163	**15**	(1)	**15**	(2)
Income tax and social contribution	**(144)**	(183)	**(304)**	(388)	**(222)**	(170)	**(463)**	(271)	**(2)**	-	**(280)**	-
Net income (loss)	**929**	833	**1,323**	1,636	**1,447**	849	**2,922**	1,352	**52**	(1)	**936**	(2)

c) Changes in investment balances in subsidiaries and jointly-owned subsidiaries for the six-month period ended June 30, 2018 and 2017 are as follows:

	Opening balances	Capital contributions (reversals)	Results from equity participation		Dividends received	Other	Closing balances
Six-month period ended June 30, 2018:							
Joint ventures:							
Cabral	55,483	-	736	(*)	(149)	-	56,070
Torino	138,513	-	1,169		-	-	139,682
Loteamento Betim	47,026	-	468		-	-	47,494
Capitalized interest	13,729	-	(577)		-	-	13,152
Others (**)	-	-	(208)		-	208	-
Total joint ventures - Consolidated	**254,751**	**-**	**1,588**		**(149)**	**208**	**256,398**
Subsidiaries:							
LOG I	186,630	1,414	5,147		(4,655)	-	188,536
LOG II	44,993	279	1,082		(1,012)	-	45,342
LOG Jundiaí	80,759	1,069	1,883		(2,660)	-	81,051
LOG Goiânia	147,815	34,539	4,887		(3,858)	-	183,383
LOG Hortolândia	142,680	482	3,752		(3,382)	-	143,532
LOG SJP	38,280	9,404	318		-	-	48,002
LOG Juiz de Fora	71,361	2,248	1,969		(1,593)	-	73,985
LOG Feira de Santana	29,799	1,391	115		-	-	31,305
LOG Fortaleza	135,181	6,391	4,054		(2,291)	-	143,335
LOG Via Expressa	110,337	4,595	(479)		(2,421)	-	112,032
LOG Viana	137,519	35,759	4,962		(7,301)	-	170,939
LOG Londrina	87,499	17,712	2,811		(59)	-	107,963
LOG Itatiaia	42,059	2,161	602		(2,013)	-	42,809
LOG Rio	129,910	9,004	3,989		(612)	-	142,291
LOG SJC Sony	103,196	23	(23)		-	-	103,196
LOG Sumaré	7	-	(1)		-	-	6
LOG SJRP	23,506	86	778		-	-	24,370
LOG Macaé	41,873	146	173		-	-	42,192
LOG RP	51,914	399	1,768		-	-	54,081
LOG Curitiba	53,663	118	(22)		-	-	53,759
LOG Aracajú	28,620	11,633	1,559		-	-	41,812
LOG Uberaba	12,014	40	461		-	-	12,515
LDI	268	844	(829)		-	-	283
LE Empreendimentos	83	48	(31)		-	-	100
Capitalized interest (***)	-	-	(14,822)		-	14,822	-
Total subsidiaries	**1,699,966**	**139,785**	**24,103**		**(31,857)**	**14,822**	**1,846,819**
Total Individual	**1,954,717**	**139,785**	**25,691**		**(32,006)**	**15,030**	**2,103,217**
Six-month period ended June 30, 2017:							
Total Consolidated	247,220	8,989	1,986		(1,256)	1,438	258,377
Total Individual	1,830,040	58,137	21,633		(34,854)	28,027	1,902,983

(*) Includes R$75 related to disproportionate profit distributions.
(**) Valuation adjustment realization regarding changes in relative equity participation in project Loteamento Betim.
(***) Write-off of the capitalized interest as a result of the adoption of the fair value for investment property.

Other information on Interests in subsidiaries and joint ventures did not significantly change from the information disclosed in Note 5 to the financial statements for the year ended December 31, 2017.

6. Investment property

Broken down is as follows:

	Individual		Consolidated	
	6/30/18	**12/31/17**	**6/30/18**	**12/31/17**
Industrial warehouses	**397,271**	395,142	**2,427,107**	2,357,722
Strip malls	**40,445**	39,940	**40,445**	39,940
Total	**437,716**	435,082	**2,467,552**	2,397,662

Changes in the balance of investment properties for the six-month period ended June 30, 2018 and 2017 are as follows:

	Individual		Consolidated	
	1st half of		1st half of	
	2018	**2017**	**2018**	**2017**
Opening balance	**435,082**	434,670	**2,397,662**	2,298,800
Additions	**1,478**	920	**52,842**	26,512
Capitalized interest (Note 7)	**1,156**	1,438	**15,978**	28,027
Changes in fair value	**-**	-	**1,070**	1,919
Closing balance	**437,716**	437,028	**2,467,552**	2,355,258

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

	Individual		Consolidated	
	1st half of		1st half of	
	2018	**2017**	**2018**	**2017**
Changes in fair value of investment property	**-**	-	**1,070**	1,919
Deferred PIS/COFINS	**-**	-	**(581)**	(1,041)
Changes in fair value of investment property	**-**	-	**489**	878

Fair value of the investment properties has been determined at December 31, 2017 and updated to the date of this interim financial statements, as follows:

- Completed projects up to December 31, 2017: 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, 2017: the fair values at that date were maintained, increased by the constriction cost incurred in the six-month period ended June 30, 2018.

- Land purchased through December 31, 2017: fair values determined as at that date were maintained, increased by the construction costs incurred in the six-month period ended June 30, 2018.

- Land purchased in 2018: stated at the acquisition cost increased by the construction costs incurred in the six-month period ended June 30, 2018, when applicable.

As at June 30, 2018, from the total amount in investment property, R$2,142,201 has been pledged as collateral of loans, financing and debentures entered into by the Company and its subsidiaries (R$2,087,150 as at December 31, 2017).

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, 2017.

7. Loans, financing and debentures

a) Loans and financing

Loans and financing as at June 30, 2018 and December 31, 2017 are as follows:

Type	Maturity of principal	Effective rate p.a. (*)	6/30/18 Current	6/30/18 Noncurrent	6/30/18 Total	12/31/17 Total
Individual:						
Working capital	3/24	CDI + 2.10%	**12,817**	**65,162**	**77,979**	-
Working capital	4/18	CDI + 2.51%	**-**	**-**	**-**	25,109
Construction financing	12/13 to 10/24	CDI + 1.92%	**5,821**	**28,974**	**34,795**	36,865
Construction financing	12/13 to 11/23	TR + 9.42%	**3,747**	**14,293**	**18,040**	19,308
Construction financing	12/13 to 11/23	TR + 9.43%	**1,856**	**7,081**	**8,937**	9,565
Construction financing	7/14 to 6/22	TR + 11.33%	**4,516**	**11,677**	**16,193**	17,784
Construction financing	8/14 to 7/22	TR + 11.32%	**2,563**	**6,819**	**9,382**	10,283
Construction financing	4/15 to 9/22	TR + 11.07%	**3,128**	**8,797**	**11,925**	13,016
Construction financing	10/15 to 9/25	TR + 9.72%	**591**	**3,429**	**4,020**	4,212
Construction financing	3/15 to 7/23	TR + 9.62%	**1,603**	**5,674**	**7,277**	7,996
Construction financing	9/16 to 8/26	TR + 10.10%	**467**	**3,091**	**3,558**	3,699
Construction financing	9/16 to 8/26	TR + 10.04%	**1,013**	**6,702**	**7,715**	8,025
(-) Funding cost			**(647)**	**(2,435)**	**(3,082)**	(2,032)
Total Individual			**37,475**	**159,264**	**196,739**	153,830
Subsidiaries:						
Construction financing	12/13 to 11/23	TR + 9.37%	**1,987**	**7,580**	**9,567**	10,240
Construction financing (**)	2/14 to 1/22	TR + 11.62%	**-**	**-**	**-**	12,482
Construction financing (**)	8/14 to 7/22	TR + 11.05%	**-**	**-**	**-**	6,409
Construction financing (**)	11/14 to 10/22	TR + 10.74%	**-**	**-**	**-**	3,585
Construction financing	2/15 to 1/25	TR + 10.05%	**2,044**	**9,830**	**11,874**	12,513
Construction financing	4/15 to 3/25	TR + 9.99%	**1,745**	**8,630**	**10,375**	10,913
Construction financing	2/15 to 1/25	TR + 9.99%	**2,893**	**13,918**	**16,811**	17,717
Construction financing	4/15 to 3/25	TR + 9.99%	**3,789**	**18,753**	**22,542**	23,718
Construction financing (**)	4/15 to 3/25	TR + 10.00%	**-**	**-**	**-**	10,533
Construction financing	4/15 to 3/25	TR + 10.02%	**1,969**	**9,744**	**11,713**	12,321
Construction financing	10/15 to 9/25	TR + 9.71%	**2,751**	**15,961**	**18,712**	19,610
Construction financing	8/14 to 7/25	TR + 9.78%	**2,380**	**13,422**	**15,802**	16,583
Construction financing (**)	1/15 to 12/22	TR + 10.14%	**-**	**-**	**-**	15,766
Construction financing (**)	5/15 to 4/23	TR + 10.05%	**-**	**-**	**-**	10,459
Construction financing (**)	8/15 to 7/23	TR + 10.07%	**-**	**-**	**-**	7,441
Construction financing (**)	1/15 to 4/23	TR + 9.59%	**-**	**-**	**-**	17,748
Construction financing	1/15 to 4/23	TR + 9.61%	**2,255**	**7,503**	**9,758**	10,770
Construction financing	4/16 to 3/26	TR + 10.14%	**3,230**	**20,160**	**23,390**	24,392
Construction financing	2/16 to 1/26	TR + 9.75%	**990**	**6,046**	**7,036**	7,352
(-) Funding cost			**(407)**	**(1,839)**	**(2,246)**	(3,450)
Total subsidiaries			**25,626**	**129,708**	**155,334**	247,102
Total Consolidated			**63,101**	**288,972**	**352,073**	400,932

(*) Consider the contractual debt cost plus other funding and debt service costs
(**) Construction financing repaid in advance in the first quarter ended March 31, 2018.

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

	Individual		Consolidated	
	6/30/18	12/31/17	6/30/18	12/31/17
After the reporting period:				
12 months	**37,475**	48,468	**63,101**	89,817
13 to 24 months	**35,230**	22,234	**58,255**	61,205
25 to 36 months	**35,514**	22,284	**58,510**	61,333
37 to 48 months	**35,496**	22,339	**58,566**	61,413
After 48 months	**53,024**	38,505	**113,641**	127,164
Total	**196,739**	153,830	**352,073**	400,932

Changes in loans and financing are as follows:

	Individual		Consolidated	
	1st half of		1st half of	
	2018	2017	2018	2017
Opening balance	**153,830**	144,033	**400,932**	419,470
Funding	**80,000**	-	**80,000**	-
Accrued financial charges	**7,560**	7,991	**15,335**	22,128
Funding cost	**(1,492)**	-	**(1,654)**	-
Amortization of funding costs	**441**	205	**1,807**	528
Repayment of principal	**(35,862)**	(7,790)	**(128,109)**	(22,333)
Payment of financial charges	**(7,738)**	(7,493)	**(16,238)**	(20,796)
Closing balance	**196,739**	136,946	**352,073**	398,997

Funding during the six-month period ended June 30, 2018 is as follows:

Funding	Interest date	Repayme payment	Maturity of principal	Amount rate p.a.	Amount raised (*)
Individual and Consolidated:					
Working capital	4/18	Monthly	Monthly	CDI + 1.95%	80,000
	Total				**80,000**

b) Debentures

The debentures position as of June 30, 2018 and December 31, 2017 is as follows:

			Individual and Consolidated			
			6/30/18			12/31/17
Issue	Principal maturity	Effective rate p.a. (*)	Current	Noncurrent	Total	Total
3rd issue	6/14 to 12/22	CDI + 2.04%	**403**	**65,999**	**66,402**	66,408
4th issue	8/16 to 2/19	CDI + 1.90%	**51,364**	**-**	**51,364**	67,048
6th issue	12/15 to 12/19	CDI + 2.21%	**-**	**-**	**-**	70,289
8th issue	11/17 to 12/19	119% CDI + 0.29%	**24,222**	**12,000**	**36,222**	48,308
9th issue	Until 1/18	CDI + 2.36%	**-**	**-**	**-**	31,212
10th issue	12/20 to 12/23	CDI + 1.77%	**4,257**	**100,000**	**104,257**	100,262
11th issue	12/18 to 12/21	CDI + 2.23%	**14,886**	**36,429**	**51,315**	51,140
12th issue	1/18 to 12/27	CDI + 2.42%	**10,127**	**85,001**	**95,128**	100,035
(-) Funding cost			**(1,620)**	**(5,124)**	**(6,744)**	(5,600)
Total			**103,639**	**294,305**	**397,944**	529,102

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

On February 5, 2018, the Company repaid in advance the 6th issue of debentures in the amount of R$70,894.

On May 3, 2018, the Company's Board of Directors approved the thirteenth issue of debentures for private placement, non-convertible into shares, of unsecured type, to be converted in kind with collateral guaranty, for backing the initial issuance of 60,000 real estate receivables certificates ("CRI") in the unit value of one thousand reais, initially totaling R$60,000, which can reach a total funding of R$81,000, with the issue of additional lots of 20% and 15%. The CRI's will be issued by the securitization company, with public distribution and will bear interest by 108% of CDI with semiannually interest payments and maturity of principal in three years from the date of issue (see Note 21).

As at June 30, 2018, the debentures are simple, nonconvertible, registered, book-entry, and had the following main features:

Issue	Type	Amount raised	Funding date	Contractual rate (p.a.)	Interest - maturity 1st installment	Interest payment	Repayment of principal
3rd	Collateral	100,000	6/13	CDI + 1.90%	12/13	Semiannual	Semiannual
4th	Unsecured (*)	100,000	2/14	CDI + 1.85%	8/14	Semiannual	Semiannual
8th	Unsecured (*)	60,000	12/15	119% CDI	5/16	Semiannual	Semiannual
10th	Unsecured	100,000	12/17	CDI + 1.60%	6/18	Semiannual	Semiannual
11th	Unsecured	51,000	12/17	CDI + 2.00%	6/18	Semiannual	Semiannual
12th	Unsecured	100,000	12/17	CDI + 2.25%	1/18	Monthly	Monthly

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

The table below shows the debentures payment schedule:

	Individual and Consolidated							
	6/30/18							12/31/17
After the reporting period	3rd issue	4th issue	8th issue	10th issue	11th issue	12th issue	Total	Total
Amortization:								
12 months	**403**	**51,364**	**24,222**	**4,257**	**14,886**	**10,127**	**105,259**	130,988
13 to 24 months	**18,857**	**-**	**12,000**	**-**	**14,571**	**10,000**	**55,428**	138,000
25 to 36 months	**18,857**	**-**	**-**	**28,571**	**14,571**	**10,000**	**71,999**	57,714
37 to 48 months	**18,857**	**-**	**-**	**28,571**	**7,287**	**19,999**	**74,714**	72,000
After 48 months	**9,428**	**-**	**-**	**42,858**	**-**	**45,002**	**97,288**	136,000
Total	**66,402**	**51,364**	**36,222**	**104,257**	**51,315**	**95,128**	**404,688**	534,702
Costs:								
12 months	**(290)**	**(209)**	**(356)**	**(405)**	**(165)**	**(195)**	**(1,620)**	(1,861)
13 to 24 months	**(291)**	**-**	**(179)**	**(373)**	**(152)**	**(180)**	**(1,175)**	(1,567)
25 to 36 months	**(290)**	**-**	**-**	**(406)**	**(166)**	**(196)**	**(1,058)**	(501)
37 to 48 months	**(291)**	**-**	**-**	**(407)**	**(99)**	**(196)**	**(993)**	(325)
After 48 months	**(147)**	**-**	**-**	**(647)**	**-**	**(1,104)**	**(1,898)**	(1,346)
Total	**(1,309)**	**(209)**	**(535)**	**(2,238)**	**(582)**	**(1,871)**	**(6,744)**	(5,600)
Total, net	**65,093**	**51,155**	**35,687**	**102,019**	**50,733**	**93,257**	**397,944**	529,102

Changes in debentures are as follows:

	Individual and Consolidated	
	1st half of	
	2018	2017
Opening balance	**529,102**	569,614
Accrued financial charges	**17,672**	36,293
Funding cost	**(3,258)**	-
Amortization of funding costs	**2,114**	896
Repayment of principal	**(128,000)**	(45,004)
Payment of financial charges	**(19,686)**	(28,644)
Closing balance	**397,944**	533,155

c) Guarantees

The types of guarantees for loans, financing and debentures as at June 30, 2018 are as follows:

	Consolidated				
	Working capital	Construction financing	Debentures	Total	
Collateral / receivables	77,979	279,422	404,688	762,089	(*)

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

d) Allocation of financial charges

Financial charges are capitalized as follows:

	Individual			
	2018		2017	
	2nd quarter	1st half	2nd quarter	1st half
Financial charges on:				
Loans, financing and debentures	**(13,015)**	**(27,787)**	(20,796)	(45,385)
Derivative financial instruments	**(579)**	**(962)**	-	-
Total financial charges	**(13,594)**	**(28,749)**	(20,796)	(45,385)
Interest capitalized on:				
Investment property (Note 6)	**676**	**1,156**	528	1,438
Investment	**7,149**	**14,822**	13,269	28,027
Financial charges allocated to profit or loss (Note 15)	**(5,769)**	**(12,771)**	(6,999)	(15,920)

	Consolidated			
	2018		2017	
	2nd quarter	1st half	2nd quarter	1st half
Financial charges on:				
Loans, financing and debentures	**(16,796)**	**(36,928)**	(27,704)	(59,845)
Derivative financial instruments	**(579)**	**(962)**	-	-
Total financial charges	**(17,375)**	**(37,890)**	(27,704)	(59,845)
Interest capitalized on:				
Investment property (Note 6)	**7,825**	**15,978**	13,092	28,027
Investment	**-**	**-**	705	1,438
Financial charges allocated to profit or loss (Note 15)	**(9,550)**	**(21,912)**	(13,907)	(30,380)

In the six-month period ended June 30, 2018, total capitalized loans, financing and debentures represented an average charge rate of 9.31% per annum (13.08% per annum for the six-month period ended June 30, 2017).

e) Contractual commitments

Loans, financing and debentures do not have restrictive clauses related to financial indicators. As of June 30, 2018, the Group 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, 2017.

8. Advances - barters

This balance refers to commitments arising from agreed upon barters under which the Group purchased land in exchange for industrial warehouses. The balances were recognized at fair value at the transactions dates, 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:

	Individual			
	2018		2017	
	2nd quarter	1st half	2nd quarter	1st half
Income (loss) before income tax and social contribution	**10,492**	**18,357**	4,607	9,770
Statutory rate - income tax and social contribution	**34%**	**34%**	34%	34%
Nominal expense	**(3,567)**	**(6,241)**	(1,567)	(3,322)
Effect of IRPJ and CSLL on permanent differences:				
Results from equity participation grossed of written-off capitalized interest	**6,884**	**13,971**	7,990	16,395
Unrecognized tax credit	**(2,431)**	**(5,040)**	(4,058)	(8,826)
Depreciation of investment property	**825**	**1,648**	815	1,628
Other	**244**	**424**	(53)	321
IRPJ and CSLL credit in profit or loss	**1,955**	**4,762**	3,127	6,196

	Consolidated			
	2018		2017	
	2nd quarter	1st half	2nd quarter	1st half
Income (loss) before income tax and social contribution	**12,325**	**21,987**	6,490	13,623
Statutory rate - income tax and social contribution	**34%**	**34%**	34%	34%
Nominal expense	**(4,191)**	**(7,476)**	(2,207)	(4,632)
Effect of IRPJ and CSLL on permanent differences:				
Results from equity participation grossed of written-off capitalized interest	**293**	**736**	256	675
Unrecognized tax credit	**(2,431)**	**(5,040)**	(4,058)	(8,826)
Depreciation of investment property	**1,260**	**2,337**	1,066	2,130
Tax basis difference for companies taxed on deemed	**5,397**	**10,846**	6,493	13,184
Other	**(204)**	**(266)**	(302)	(182)
IRPJ and CSLL credit in profit or loss	**124**	**1,137**	1,248	2,349

On June 30, 2018, the Company did not recognize deferred taxes on tax losses carryforwards of subsidiaries in the amount of R$7,231 (R$6,801 as of December 31, 2017).

(b) Deferred tax balances

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

	Individual		Consolidated	
	6/30/18	12/31/17	6/30/18	12/31/17
Noncurrent assets:				
Income tax and social contribution	**119,065**	114,303	**119,431**	114,556
Liabilities:				
Income tax and social contribution	**-**	-	**(27,942)**	(27,391)
PIS/COFINS	**-**	-	**(35,518)**	(34,870)
	-	-	**(63,460)**	(62,261)
Current	**-**	-	**(1,316)**	(1,204)
Noncurrent	**-**	-	**(62,144)**	(61,057)
Total	**-**	-	**(63,460)**	(62,261)

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

	Individual		Consolidated	
	6/30/18	**12/31/17**	**6/30/18**	**12/31/17**
Tax effect on:				
Deferred assets:				
Tax loss carryforwards	**51,147**	46,717	**54,894**	50,219
Capitalized interests written-off	**110,709**	110,709	**110,709**	110,709
Temporary differences	**1,035**	703	**1,035**	703
	162,891	158,129	**166,638**	161,631
Reclassified deferred liabilities	**(43,826)**	(43,826)	**(47,207)**	(47,075)
Deferred tax assets	**119,065**	114,303	**119,431**	114,556
Deferred liabilities:				
Fair value appreciation on investment property	**(43,826)**	(43,826)	**(73,263)**	(72,774)
Rental receivables and others	**-**	-	**(1,886)**	(1,692)
	(43,826)	(43,826)	**(75,149)**	(74,466)
Reclassified deferred liabilities	**43,826**	43,826	**47,207**	47,075
Deferred tax liabilities	**-**	-	**(27,942)**	(27,391)

As at June 30, 2018, 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	
	Individual	**Consolidated**
Expected realization:		
2018	489	512
2019	2,727	3,263
2020	3,427	4,169
2021	4,415	5,832
2022	9,018	9,333
2023 to 2025	40,038	40,752
2026 to 2027	102,777	102,777
Total	162,891	166,638

As at June 30, 2018, the balance of deferred PIS/COFINS liabilities refers to the tax effect on: (i) fair value appreciation on investment property; and (ii) rents receivable for the remaining balance.

Changes in deferred income tax (IRPJ) and social contribution (CSLL) assets and liabilities for the six-month period ended June 30, 2018 and 2017 is as follows:

	Individual				Consolidated			
	2018			2017	2018			2017
	Assets	**Liabilities**	**Net**	**Net**	**Assets**	**Liabilities**	**Net**	**Net**
Opening balance	**158,129**	**(43,826)**	**114,303**	90,014	**161,631**	**(74,466)**	**87,165**	66,356
Effect of deferred IRPJ and CSLL recognized in:								
Net income for the period	**4,762**	**-**	**4,762**	6,196	**5,007**	**(683)**	**4,324**	5,225
Closing balance	**162,891**	**(43,826)**	**119,065**	96,210	**166,638**	**(75,149)**	**91,489**	71,581

Other information on the income tax and social contribution is not significantly different from the information disclosed in Note 9 to the financial statements for the year ended December 31, 2017.

10. Provisions for labor, tax and civil contingencies

Changes for the six-month period ended June 30, 2018 and 2017 is as follows:

	Individual		Consolidated	
	1st half of		1st half of	
	2018	**2017**	**2018**	**2017**
Opening balance	**618**	495	**823**	495
Additions and inflation adjustments	**34**	223	**239**	787
Payments	**(34)**	(72)	**(40)**	(137)
Reversals	**(12)**	(41)	**(12)**	(211)
Transfer (*)	**(276)**	-	**-**	-
Closing balance	**330**	605	**1,010**	934

(*) Provisions initially recognized in the Company and transferred to subsidiaries.

Lawsuits assessed as possible losses by the legal counsel, amounted R$3,692 as at June 30, 2018 (R$2,855 at December 31, 2017).

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, 2017.

11. Equity

(a) Common shares and issued capital

	Individual and Consolidated	
	6/30/18	**12/31/17**
Subscribed capital	**1,312,287**	1,312,287
Unpaid capital	**-**	(90,000)
Paid-in capital	**1,312,287**	1,222,287
Shares issued	**69,068**	69,068
Unpaid shares issued	**-**	(4,091)
Shares issued and fully paid (Common shares, without par value - thousand)	**69,068**	64,977

The Company's authorized capital as at June 30, 2018 and December 31, 2017 is R$2,000,000 (two billion reais).

The capital increase of R$308,466 related to the issuance of 14,021,186 new common shares, registered and without par value, was subscribed by the Company's current shareholders and paid in three installments, being the first in the amount of R$113,466, paid in August 18, 2017, same date of the Extraordinary General Meeting that deliberated on this matter, the second installment in the amount of R$105,000 paid in October 18, 2017 and the third and last by R$90,000 paid in January 2018. The proceeds from this capital increase were allocated in debts repayments and new investments through the construction and expansion of assets already held by the Company.

(b) Mandatory minimum dividend payable to shareholders

Fiscal year 2017 dividends, amounting to R$3,554, were approved at the Annual Shareholders' Meeting held on April 30, 2018 and paid on July 13, 2018.

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.

(c) Stock option plan

On April 16, 2018, the Company granted the program 6 of the stock option plan to directors and managers. The program contemplates 352 thousand options with vesting period of up to 4 years and exercise deadline date in December 2025. The stock option fair value is R$4.66 each, totaling cost of remuneration by R$1,642. Additionally, on the same date, the Board of Directors approved an extension of 3 years in exercise deadline date of programs 1, 2, 3, 4 and 5, with immaterial effects on the options fair value of these plans and on the expenses to be recognized.

Other information on equity did not significantly change in relation to the information disclosed in Note 11 to the financial statements for the year ended December 31, 2017.

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:

	Individual and Consolidated			
	2018		2017	
	2nd quarter	1st half	2nd quarter	1st half
Basic earnings per share:				
Net income for the period	**12,447**	**23,119**	7,734	15,966
Weighted average number of outstanding common (thousand)	**69,068**	**69,068**	50,851	50,851
Basic earnings per share - in R$	**0.18021**	**0.33473**	0.15209	0.31398
Diluted earnings per share:				
Net income for the period	**12,447**	**23,119**	7,734	15,966
Weighted average number of outstanding common (thousand)	**69,068**	**69,068**	50,851	50,851
Dilutive effect of stock options (thousand)	**240**	**240**	155	155
Total shares after dilutive effect (thousand)	**69,308**	**69,308**	51,006	51,006
Diluted earnings per share - in R$	**0.17959**	**0.33357**	0.15163	0.31302

13. Net revenue

	Individual			
	2018		2017	
	2nd quarter	1st half	2nd quarter	1st half
Lease revenue	**4,852**	**9,745**	4,656	9,294
PIS/COFINS on revenue	**(471)**	**(927)**	(432)	(860)
Net revenue	**4,381**	**8,818**	4,224	8,434

	Consolidated			
	2018		2017	
	2nd quarter	1st half	2nd quarter	1st half
Lease revenue	**26,967**	**53,712**	26,655	52,223
PIS/COFINS on revenue	**(1,666)**	**(3,302)**	(1,622)	(3,202)
Net revenue	**25,301**	**50,410**	25,033	49,021

14. Costs and expenses by nature

	Individual			
	2018		2017	
	2nd quarter	1st half	2nd quarter	1st half
Depreciation	**(59)**	**(116)**	(60)	(121)
Advertising	**(283)**	**(503)**	(214)	(377)
Salaries, charges and benefits	**(1,662)**	**(3,312)**	(1,535)	(2,985)
Management compensation	**(303)**	**(596)**	(264)	(523)
Outside services	**(467)**	**(1,101)**	(578)	(1,227)
General expenses	**(489)**	**(1,061)**	(479)	(1,010)
Stock options	**(164)**	**(205)**	(57)	(114)
Vacancy expenses	**(199)**	**(396)**	(425)	(880)
Other	**(32)**	**91**	(1,503)	(2,157)
	(3,658)	**(7,199)**	(5,115)	(9,394)
Classified as:				
Selling expenses	**(1,050)**	**(2,039)**	(1,326)	(2,555)
General and administrative expenses	**(2,273)**	**(4,655)**	(2,022)	(4,159)
Management compensation	**(303)**	**(596)**	(264)	(523)
Other operating expenses	**(32)**	**91**	(1,503)	(2,157)
	(3,658)	**(7,199)**	(5,115)	(9,394)

	Consolidated			
	2018		2017	
	2nd quarter	1st half	2nd quarter	1st half
Depreciation	**(60)**	**(119)**	(62)	(124)
Advertising	**(283)**	**(503)**	(214)	(377)
Salaries, charges and benefits	**(1,662)**	**(3,312)**	(1,536)	(2,986)
Management compensation	**(303)**	**(596)**	(264)	(523)
Outside services	**(1,137)**	**(2,503)**	(1,330)	(2,687)
General expenses	**(588)**	**(1,256)**	(583)	(1,083)
Stock options	**(164)**	**(205)**	(58)	(114)
Vacancy expenses	**(798)**	**(1,799)**	(1,251)	(2,567)
Other	**(1,855)**	**(1,882)**	(2,180)	(2,785)
	(6,850)	**(12,175)**	(7,478)	(13,246)
Classified as:				
Selling expenses	**(2,175)**	**(4,495)**	(2,676)	(5,170)
General and administrative expenses	**(2,517)**	**(5,202)**	(2,358)	(4,768)
Management compensation	**(303)**	**(596)**	(264)	(523)
Other operating expenses	**(1,855)**	**(1,882)**	(2,180)	(2,785)
	(6,850)	**(12,175)**	(7,478)	(13,246)

15. Financial expenses and income

	Individual			
	2018		2017	
	2nd quarter	1st half	2nd quarter	1st half
Financial expenses				
Interest on loans, financing and debentures (Note 7 (d))	**(5.769)**	**(12.771)**	(6.999)	(15.920)
Results from derivative financial instruments liabilities	**1.630**	**590**	-	-
Financial adjustments	**-**	**-**	(211)	(597)
Other financial expenses	**(155)**	**(451)**	(95)	(233)
	(4.294)	**(12.632)**	(7.305)	(16.750)
Financial income				
Income from short-term investments	**1.296**	**3.266**	1.665	5.324
Interest income on intercompany loans	**213**	**418**	-	-
Financial adjustments	**-**	**-**	132	436
Other financial income (*)	**34**	**(5)**	71	87
	1.543	**3.679**	1.868	5.847
Financial (expenses) income	**(2.751)**	**(8.953)**	(5.437)	(10.903)

(*) Includes tax effect on financial income.

	Consolidated			
	2018		2017	
	2nd quarter	1st half	2nd quarter	1st half
Financial expenses				
Interest on loans, financing and debentures (Note 7 (d))	**(9.550)**	**(21.912)**	(13.907)	(30.380)
Results from derivative financial instruments liabilities	**1.630**	**590**	-	-
Financial adjustments	**-**	**-**	(211)	(597)
Other financial expenses	**(270)**	**(668)**	(156)	(338)
	(8.190)	**(21.990)**	(14.274)	(31.315)
Financial income				
Income from short-term investments	**1.373**	**3.411**	1.752	5.523
Financial adjustments	**-**	**-**	132	436
Other financial income (*)	**171**	**254**	155	340
	1.544	**3.665**	2.039	6.299
Financial (expenses) income	**(6.646)**	**(18.325)**	(12.235)	(25.016)

(*) Includes tax effect on financial income.

16. Related parties

Related-party balances and transactions are as follows:

	Individual		Consolidated	
	6/30/18	12/31/17	6/30/18	12/31/17
Balance sheet:				
Short-term investments (a)	**39,213**	2,172	**39,213**	2,172
Rental receivables (b)	**21**	20	**326**	291
Receivables from subsidiaries (d)	**10,083**	-	**-**	-
Debentures (e)	**-**	31,212	**-**	31,212
Rental payables (f)	**38**	38	**38**	38
Receivables for land purchase cancellation (g)	**-**	2,411	**-**	2,411

	Individual			
	2018		2017	
	2nd quarter	1st half	2nd quarter	1st half
Income statement:				
Income from short-term investments (a)	**597**	**1,038**	692	1,491
Rental receivables (b)	**73**	**146**	73	146
Financial income due to related parties (d)	**213**	**418**	-	-
Expenses on the provision of administrative services (c)	**187**	**375**	230	452
Financial expenses on debentures (e)	**-**	**22**	4,670	9,908
Rental expenses (f)	**112**	**225**	118	230

	Consolidated			
	2018		2017	
	2nd quarter	1st half	2nd quarter	1st half
Income statement:				
Income from short-term investments (a)	**597**	**1,038**	692	1,491
Rental receivables (b)	**1,203**	**2,397**	1,111	2,296
Expenses on the provision of administrative services (c)	**407**	**815**	499	982
Financial expenses on debentures (e)	**-**	**22**	4,670	9,908
Rental expenses (f)	**112**	**225**	118	230

(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 June 30, 2018, short-term investments yielded 103.19% of CDI in the Individual financial statements and on a Consolidated basis (104.00% on December 31, 2017).

Joint venture Cabral Investimentos SPE Ltda ("Cabral") holds short-term investments on Inter amounting to R$10,337 at June 30, 2018 (RR10,278 as at December 31, 2017). The financial income arising on these investments for

the period of three and six-month ended June 30, 2018 was R$166 and R$341, respectively (R$264 and R$568 for the same period of 2017).

(b) Refers to rental agreement entered 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 June 30, 2018 (R$3.7 as at December 31, 2017). 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 2, 2013, automatically extendable for an equal period, if not opposed by any of the parties. On December 2, 2016, in the absence of opposition by the parties, the contract was automatically extended for an equal period.

(d) Refers to loan between the Company and its subsidiary, granted in January 2018. This loan is subject to interest by CDI + 2.25% p.a.

(e) 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 and was fully repaid in January 3, 2018.

(f) 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 (IGP-M) and as at June 30, 2018 provides for monthly payment of R$38 (R$38 as of December 31, 2017).

(g) 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 paid 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 was 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. Financial income and expenses were recognized in the third quarter of 2017.

The Group conducts transactions with Banco Bradesco, controlling shareholder of Banco Bradesco Investimentos (BBI), which in turn is the controlling shareholder of 2bCapital, current manager of the mutual fund Fundo de Investimento em Participações Multisetorial Plus, a Company shareholder. As at June 30, 2018, these transactions consist of loans, financing and debentures totaling R$325,401 (R$386,445 as at December 31, 2017). During the period of three and six-month

ended June 30, 2018, these transactions, conducted at usual market rates, generated financial expenses of R$7,426 and R$15,266, respectively (R$12,034 and R$25,914 for the same period of 2017).

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.

	Individual and Consolidated			
	2018		2017	
	2nd quarter	1st half	2nd quarter	1st half
Short-term benefits granted to management:				
Management compensation (*)	**303**	**596**	264	523
Profit sharing	**154**	**307**	125	250
Non-monetary benefits	**16**	**31**	13	25
Long-term benefits to management:				
Retirement private plan	**13**	**25**	11	11
Share-based compensation:				
Stock option plan	**147**	**179**	44	88
	633	**1,138**	457	897

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

On April 30, 2018, the Extraordinary Shareholders' Meeting approved overall management compensation of R$2,446.

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 June 30, 2018.

In the 4th quarter of 2017, the Company entered non-speculative derivative financial instruments to hedge its exposure to interbank deposit rate (CDI) variation, main index of working capital and debentures listed in Note 7. The sole purpose of these transactions is to hedge the risk of CDI interest rate fluctuations, by swapping the CDI for fixed interest rates. These operations were structured considering matures of loans and debentures between 2018 and 2019. Main conditions and effects are described below:

Type of transaction	Hiring	Asset / Liability	Maturity	Notional amount	Long position	Short position	Effect on result: Gain or loss on transaction	Effect on result: Mark-to-market	6/30/18 Derivative fair value
Swap	10/17	100% CDI / 6.89%	7/18	50,000	52,416	52,524	(108)	(17)	(125)
Swap	10/17	100% CDI / 7.19%	1/19	60,000	62,899	63,161	(262)	(176)	(438)
Swap	10/17	100% CDI / 7.64%	4/19	100,000	104,832	105,401	(569)	(302)	(871)
Swap	12/17	100% CDI / 7.50%	7/19	15,000	15,489	15,557	(68)	14	(54)
				225,000			**(1,007)**	**(481)**	**(1,488)**

	Individual and Consolidated
Current liability	(1,434)
Noncurrent liability	(54)
Total	**(1,488)**

Impact on profit or loss – Individual and Consolidated

	Loss on transaction	Mark-to-market	Total
2nd quarter of 2018	(579)	1,630	1,051
1st half of 2018	(962)	590	(372)

Impacts on profit or loss related to derivatives above are recognized in line item financial charges and financial income, according to their nature.

(b) Category of financial instruments

	Note	Individual 6/30/18	Individual 12/31/17	Consolidated 6/30/18	Consolidated 12/31/17
Financial assets:					
Amortized cost		**8,639**	**11,611**	**35,213**	**36,623**
Cash and cash equivalents	3	87	78	1,026	640
Receivables	4	8,552	11,533	34,187	35,983
Fair value through profit or loss (mandatorily measured) (*)		**66,965**	**211,165**	**71,654**	**214,319**
Restricted investment funds	3	7,053	98,206	8,076	99,007
Unrestricted investment funds	3	10,677	110,787	13,955	112,794
Bank certificates of deposit (CDB)	3	49,235	2,172	49,623	2,312
Short-term investments	3	-	-	-	206
Financial liabilities:					
Amortized cost		**596,077**	**683,955**	**759,018**	**934,901**
Loans, financing and debentures	7	594,683	682,932	750,017	930,034
Suppliers		1,394	1,023	9,001	4,867
Fair value through profit or loss (mandatorily measured) (*)		**1,488**	**1,116**	**1,488**	**1,116**
Derivative financial instruments	17 (a)	1,488	1,116	1,488	1,116

(*) Financial assets and liabilities recognized at fair value with level 2 measurement, using the discounted cash flows valuation techniques.

(c) Exposure to interest rates and inflation adjustment indices

The analysis below at June 30, 2018, has been prepared in accordance to Note 17 (c), to the financial statements for the year ended December 31, 2017.

Index	Financial asset	Financial liability	Net exposed financial liability	Effective rate for the 12-month period ended 6/30/18	Estimated annual rate for 2018 (*)		Change in effective rate for the relevant scenario	Total estimated effect
Probable scenario:								
CDI	296,654	(517,462)	(220,808)	7.36%	6.82%	(i)	-0.54%	1,192
TR	-	(244,627)	(244,627)	0.11%	0.01%	(i)	-0.10%	245
								1,437
Scenario I:								
CDI	296,654	(517,462)	(220,808)	7.36%	8.53%		1.17%	(2,583)
TR	-	(244,627)	(244,627)	0.11%	0.01%		-0.10%	245
								(2,338)
Scenario II:								
CDI	296,654	(517,462)	(220,808)	7.36%	10.23%		2.87%	(6,337)
TR	-	(244,627)	(244,627)	0.11%	0.02%		-0.09%	220
								(6,117)

(i) Data obtained on the BM&F Bovespa website.
(*) Effective change for the first six months of 2018 plus a projection for the next six months of 2018.

(d) Capital risk management

As of June 30, 2018 and December 31, 2017, the debt-to-equity ratio is as follows:

	Individual		Consolidated	
	6/30/18	12/31/17	6/30/18	12/31/17
Loans, financing and debentures	**594,683**	682,932	**750,017**	930,034
Cash and cash equivalents and marketable securities	**(67,052)**	(211,243)	**(72,680)**	(214,959)
Net debt	**527,631**	471,689	**677,337**	715,075
Equity	**2,133,328**	2,019,796	**2,133,520**	2,019,952
Net debt-to-equity ratio	**24.7%**	23.4%	**31.7%**	35.4%

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

(e) Liquidity and interest rate risk table

The undiscounted cash flows of financial liabilities based on the closest date when the Group is expected to settle the related obligations, and based on the future estimated indices at June 30, 2018 through their due date, are as follows:

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Individual:					
Floating rates liabilities	182,235	129,054	143,813	333,057	788,159
Non-interest bearing liabilities	1,394	-	-	-	1,394
Total	183,629	129,054	143,813	333,057	789,553
Consolidated:					
Floating rates liabilities	213,952	158,223	175,506	453,839	1,001,520
Non-interest bearing liabilities	9,001	-	-	-	9,001
Total	222,953	158,223	175,506	453,839	1,010,521

(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:

	Individual					
	6/30/18			12/31/17		
Financial instruments	Carrying amount	Fair value (*)	Difference	Carrying amount	Fair value (*)	Difference
Debentures:						
CDI + 1.90% p.a.	**66,402**	**66,420**	**(18)**	66,408	66,675	(267)
CDI + 1.85% p.a.	**51,364**	**51,364**	**-**	67,048	67,048	-
119% CDI p.a.	**36,222**	**36,222**	**-**	48,308	48,308	-
CDI + 1.60% p.a.	**104,257**	**104,257**	**-**	100,262	100,262	-
CDI + 2.00% p.a.	**51,315**	**51,315**	**-**	121,429	121,429	-
CDI + 2.25% p.a.	**95,128**	**95,128**	**-**	100,035	100,035	-
CDI + 2.36% p.a.	**-**	**-**	**-**	31,212	31,212	-
Total	**404,688**	**404,706**	**(18)**	534,702	534,969	(267)
Working capital loans:						
CDI + 1.95% p.a.	**77,979**	**77,979**	**-**	-	-	-
CDI + 2.50% p.a.	**-**	**-**	**-**	25,109	25,109	-
Total	**77,979**	**77,979**	**-**	25,109	25,109	-
Financing:						
Construction financing	**121,842**	**121,842**	**-**	130,753	130,753	-
Grand total (w/o issuance costs)	**604,509**	**604,527**	**(18)**	690,564	690,831	(267)

	Consolidated					
	6/30/18			12/31/17		
Financial instruments	Carrying amount	Fair value (*)	Difference	Carrying amount	Fair value (*)	Difference
Debentures:						
CDI + 1.90% p.a.	**66,402**	**66,420**	**(18)**	66,408	66,675	(267)
CDI + 1.85% p.a.	**51,364**	**51,364**	**-**	67,048	67,048	-
119% CDI p.a.	**36,222**	**36,222**	**-**	48,308	48,308	-
CDI + 1.60% p.a.	**104,257**	**104,257**	**-**	100,262	100,262	-
CDI + 2.00% p.a.	**51,315**	**51,315**	**-**	121,429	121,429	-
CDI + 2.25% p.a.	**95,128**	**95,128**	**-**	100,035	100,035	-
CDI + 2.36% p.a.	**-**	**-**	**-**	31,212	31,212	-
Total	**404,688**	**404,706**	**(18)**	534,702	534,969	(267)
Working capital loans:						
CDI + 1.95% p.a.	**77,979**	**77,979**	**-**	-	-	**-**
CDI + 2.50% p.a.	**-**	**-**	**-**	25,109	25,109	**-**
Total	**77,979**	**77,979**	**-**	25,109	25,109	**-**
Financing:						
Construction financing	**279,422**	**279,422**	**-**	381,305	381,305	-
Grand total (w/o issuance costs)	**762,089**	**762,107**	**(18)**	941,116	941,383	(267)

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

The fair values of loans, financing and debentures subject to CDI rate plus spread and TR plus spread, were estimated by the Company's management based on the future value of the loans on maturity at the contracted rate, discounted to present value at the market rate at June 30, 2018 and December 31, 2017.

The table below shows a comparative of the contracted and market rates, at June 30, 2018:

	Current market rate	Maturity dates
Debentures:		
CDI + 1.90% p.a.	CDI + 1.89% p.a.	12/22
CDI + 1.85% p.a.	CDI + 1.85% p.a.	2/19
119% CDI p.a.	119% CDI p.a.	12/19
CDI + 1.60% p.a.	CDI + 1.60% p.a.	12/23
CDI + 2.00% p.a.	CDI + 2.00% p.a.	12/21
CDI + 2.25% p.a.	CDI + 2.25% p.a.	12/27
Working capital:		
CDI + 1.95% p.a.	CDI + 1.95% p.a.	3/24
Construction financing:		
CDI + 1.65% p.a.	CDI + 1.65% p.a.	10/24
TR + 9.30% to 11.50% p.a.	TR + 9.30% to 11.50% p.a.	8/26

Management believes that the carrying value of other financial instruments such as cash, banks, short-term investments, marketable securities, 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 is not significantly different from the information disclosed in Note 17 to the financial statements for the year ended December 31, 2017.

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. Noncash transactions

During the six-month period ended June 30, 2018 and 2017, the Company and its subsidiaries conducted the following financing transaction that did not involve cash, and, therefore, is not reflected in the statement of cash flows:

	Individual		Consolidated	
	1st half of		1st half of	
	2018	2017	2018	2017
Interest capitalization	**15,978**	29,465	**15,978**	29,465

20. Insurance

The Group has an insurance policy that considers primarily risk concentration and materiality, considering its business´ nature, and advice of the insurance brokers. As at June 30, 2018, 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.	187,219
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.	17,259
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.	105,044
Legal guarantee insurance	Insures to the policyholder the payment of any disputed amount in full related to any law suit filed with any court or threatened. The contracted guarantee replaces escrow deposits.	384

21. Subsequent events

On July 13, 2018, the Extraordinary Shareholders' Meeting approved the Company's capital increase in the amount of R$3,554, through the issuance of 161,548 (one hundred sixty-one thousand, five hundred and forty-eight) new common, registered and without par value shares.

As mentioned in note 7 (b), up to the issuance date of this quarterly information, the Company received R$81,000, regarding 13th issue of debentures.

On August 6, 2018, at General Meeting of Real Estate Receivables Holders (“CRI meeting”) of the 21st series of 1st issue of ISEC Securitizadora S.A. (successor ISEC Brasil Secutirizadora S.A., since 9/1/2017), backed by the 8th private issue of simple debentures, non-convertible into shares, in a single series, of the unsecured debentures issued by the Company, approved the following items:

- Extend the term of both the debenture and CRI in three (3) years as of the CRI meeting date;
- Establish a grace period for all installments of principal due up to this date for the Debentures and CRIs, and, from 18th (eighteenth) month, as of this date, approve modifications of the amortization period of principal, from semiannually to quarterly, in equal and consecutive installments;
- In relation to payment of interest of Debentures and CRIs, change the payment frequency for each CRI holder, from semiannual to quarterly, as of the CRI Meeting date;
- Exclude plot land located in Nossa Senhora do Socorro, State of Sergipe (“LOG Aracajú”), from the guarantee fiduciary alienation.

22. Approval of the interim financial statements

These interim financial statements were approved by the executive committee and authorized for issue on August 6, 2018.