LOG Commercial Properties e Participações S.A

Financial Statements Individual and Consolidated Financial Statements for the Year Ended December 31, 2017 and Independent Auditor's Report
(Free translation to English of Financial Statements Originally Issued in Portuguese))

KPDS 214630

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Independent Auditor's Report in the Individual and Consolidated Financial Statements

To the Shareholders and Officers of LOG Commercial Properties e Participações S.A.

Belo Horizonte - MG

Opinion

We have audited the individual and consolidated financial statements of LOG Commercial Properties e Participações S.A. ("the Company"), respectively referred to as Individual and Consolidated, which comprise the statement of financial position as at December 31, 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

Opinion on the individual financial statements

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the financial position of LOG Commercial Properties e Participações S.A. ("the Company") as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with Accounting Practices Adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of LOG Commercial Properties e Participações S.A. as at December 31, 2017, and of its consolidated financial performance and its cash flows for the year then ended in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

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

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

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements included in the Accountant Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of the investment properties' fair value

See Notes 2.2 (c) and 6 to the individual and consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Company and its subsidiaries' investment properties comprise projects in operation, projects in construction phase and land and are measured at fair value on the individual and consolidated financial statements based on the discounted cash flow method, for projects in operation and construction phase, and based on the direct market inputs comparative method, for land. The measurement and recognition of fair value relies on underlying assumptions such as projected revenue, projected expenses, discount rate, divestment rate and comparable market inputs, which are subjected to significant judgment from Management and from the external valuation experts contracted by the Company. Due to the relevance, complexity and level of judgment involved in the measurement and recognition of fair value of the investment properties, and the potential impact that a modification in the underlying assumptions could cause to the individual and consolidated financial statements, we considered this matter significant for our audit.	We obtained an understanding of the design of key internal controls related to the measurement and recognition of fair value of investment properties. We obtained the valuation reports prepared by the Company's external experts and, with the assistance of our valuation and corporate finance specialists, evaluated the assumptions used in the determination of the discounted cash flow and direct market inputs comparative methods and we performed a comparison with expectations and market data information at the financial statements as of date. In order to evaluate the reasonableness of the projected financial information used by the Company in the discounted cash flow model, we assessed what was projected last fiscal year with the amounts projected for the current year. In addition, assisted by our corporate finance specialists, we performed a sensitivity analysis in the main assumptions used by the Company.

	We also assessed the disclosures prepared by the Company, mainly related to the assumptions and methods used to measure the fair value of the investment properties. Based on the evidences obtained through the procedures described above, we considered acceptable the investment properties' value in the context of the financial statements as a whole, related to the fiscal year ended December 31, 2017.

Recoverability of deferred tax asset	
See Notes 2.2(h) and 9 to the individual and consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
A deferred tax asset is recognized in respect of deductible temporary differences only to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences can be utilised. The Company has significant deferred tax asset balance. Due to the uncertainties implied to the business, which affect the taxable profit projections and the underlying assumptions used to determine the recoverability of the deferred tax assets recognized, as well as the potential impact that a modification in the underlying assumptions could cause to the individual and consolidated financial statements, we considered this matter significant for our audit.	We obtained an understanding of the design of key internal controls related to the recoverability of deferred tax asset. We obtained the taxable profit projections prepared by the Company, which were approved by the Chief Executive Officer and Chief Financial Officer, and, with the assistance of our tax and corporate finance specialists, evaluated the deferred tax asset calculation base and the underlying assumptions and methodology used by the Company in the determination of the business plan, budgets or construction contracts already established and other information from the market, such as inflation of expenses and discount rates. We also assessed the disclosures prepared by the Company, mainly related to the projections of the deferred tax asset utilization. Based on the evidences obtained through the procedures described above, we considered acceptable the deferred tax asset's value in the context of the financial statements as a whole, related to the fiscal year ended December 31, 2017.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2017, prepared under the responsibility of the Company's management, and presented herein as supplementary information for IFRS purposes, have been subject to audit procedures jointly performed with the audit of the Company's financial statements. In order to form our opinion, we assessed whether those statements are reconciled with the financial statements and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement 09 (CPC 09) - Statement of Value Added issued by the Committee for Accounting Pronouncements (CPC). In our opinion, the statements of value added have been fairly prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement, and are consistent with the overall individual and consolidated financial statements.

Corresponding amounts

The corresponding amounts related to the individual and consolidated balance sheets as of January 1st, 2016 (derivative from the financial statements for the year ended as at December 31, 2015) and December 31, 2016 and the individual and consolidated statements of income and comprehensive income, changes in equity, cash flows and value added (supplementary information) for the year ended December 31, 2016, presented for comparative purposes, which have been restated as a result of the matters described in Note 2, were audited by other independent auditors who issued an unmodified report dated February 20, 2018.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for the other information comprising the management report.

Our opinion on the individual and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Individual and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and subsidiaries financial reporting process.

Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the individual and consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with

relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Belo Horizonte, February 21, 2018

KPMG Auditores Independentes

CRC SP-014428/O-6 F-MG

Marco Túlio Fernandes Ferreira

Accountant CRC MG-058176/O-0

LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

BALANCE SHEETS AS AT DECEMBER 31, 2017, DECEMBER 31 AND JANUARY 01, 2016
(In thousands of Brazilian Reais - R$)

		Individual			Consolidated		
Assets	**Notes**	**12/31/17**	**12/31/16**	**1/1/16**	**12/31/17**	**12/31/16**	**1/1/16**
Current assets			**Restated**			**Restated**	
Cash and cash equivalents	3	**2,250**	40,190	13,175	**2,815**	40,508	14,059
Marketable securities	3	**208,447**	102,417	-	**209,591**	103,830	-
Receivables	4	**8,520**	11,216	7,243	**22,321**	24,094	19,119
Recoverable taxes		**6,262**	5,327	6,400	**8,646**	7,476	8,532
Prepaid expenses		**816**	5,262	2,386	**2,248**	6,785	4,329
Derivative financial instruments	17(a)	**-**	-	186	**-**	-	186
		330	-	-	**441**	442	1
Total current assets		**226,625**	164,412	29,390	**246,062**	183,135	46,226
Noncurrent assets							
Marketable securities	3	**546**	573	683	**2,553**	2,603	3,199
Receivables	4	**3,013**	4,315	7,451	**13,662**	12,800	14,641
Prepaid expenses		**467**	570	4,214	**4,021**	3,694	7,862
Recoverable taxes		**14,200**	14,658	15,166	**37,809**	40,953	38,403
Deferred income tax and social contribution	9	**114,303**	90,014	51,052	**114,556**	90,213	51,052
Other		**924**	475	150	**1,313**	1,049	608
Total long-term realisable		**133,453**	**110,605**	**78,716**	**173,914**	**151,312**	**115,765**
Investments in subsidiaries and joint ventures	5	**1,954,717**	1,830,040	1,671,313	**254,751**	247,220	237,314
Investment property	6	**435,082**	434,670	430,170	**2,397,662**	2,298,800	2,174,413
Property and equipment and intangible assets		**1,321**	1,495	1,624	**1,414**	1,631	1,800
Total noncurrent assets		**2,524,573**	2,376,810	2,181,823	**2,827,741**	2,698,963	2,529,292
Total assets		**2,751,198**	2,541,222	2,211,213	**3,073,803**	2,882,098	2,575,518
Liabilities and Equity							
Current liabilities							
Suppliers		**1,023**	726	801	**4,867**	3,561	6,601
Loans and financing	7	**48,468**	22,878	79,053	**89,817**	63,400	116,860
Debentures	7	**129,127**	273,850	33,719	**129,127**	273,850	33,719
Derivative financial instruments	17(a)	**97**	-	-	**97**	-	-
Labor and social liabilities		**2,637**	2,293	2,223	**2,993**	2,523	2,401
Tax liabilities		**1,266**	672	620	**3,869**	2,680	2,559
Advances - barters		**37,238**	-	-	**38,749**	1,570	3,518
Deferred taxes	9	**-**	-	-	**1,204**	948	965
Dividend payable	11	**3,554**	8,466	1,634	**3,554**	8,466	1,634
Other		**331**	310	306	**1,650**	632	722
Total current liabilities		**223,741**	309,195	118,356	**275,927**	357,630	168,979
Noncurrent liabilities							
Loans and financing	7	**105,362**	121,155	140,000	**311,115**	356,070	398,352
Debentures	7	**399,975**	295,764	416,027	**399,975**	295,764	416,027
Derivative financial instruments		**1,019**			**1,019**		
Advances - barters		**-**	40,000	40,000	**1,033**	41,073	42,406
Deferred taxes	9	**-**	-	-	**61,057**	54,958	51,125
Provisions for labor, tax and civil risks	10	**618**	495	739	**823**	495	739
Other		**687**	456	326	**2,902**	1,824	2,017
Total noncurrent liabilities		**507,661**	457,870	597,092	**777,924**	750,184	910,666
Total liabilities		**731,402**	767,065	715,448	**1,053,851**	1,107,814	1,079,645
Equity							
Paid-in capital	11	**1,222,287**	1,003,820	729,043	**1,222,287**	1,003,820	729,043
Capital reserves		**(450)**	1,961	24,840	**(450)**	1,961	24,840
Earnings reserve		**802,920**	769,063	741,882	**802,920**	769,063	741,882
Valuation adjustment		**(4,961)**	(687)	-	**(4,961)**	(687)	-
Retained earnings/accumulated losses		**-**	-	-	**-**	-	-
Equity attributable to Company shareholders		**2,019,796**	1,774,157	1,495,765	**2,019,796**	1,774,157	1,495,765
Noncontrolling interests		**-**	-	-	**156**	127	108
Total equity		**2,019,796**	1,774,157	1,495,765	**2,019,952**	1,774,284	1,495,873
Total liabilities and equity		**2,751,198**	2,541,222	2,211,213	**3,073,803**	2,882,098	2,575,518

The accompanying notes are an integral part of these financial statements.

LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In thousands of Brazilian Reais - R$, except earnings per share)

	Notes	Individual		Consolidated	
		2017	2016	2017	2016
Net revenue	13	**17,130**	18,318	**99,494**	96,774
Gross profit		**17,130**	18,318	**99,494**	96,774
Operating income (expenses)					
Selling expenses	14	**(4,911)**	(4,959)	**(10,188)**	(10,961)
General and administrative expenses	14	**(8,570)**	(7,559)	**(9,676)**	(8,538)
Management compensation	14	**(1,051)**	(1,005)	**(1,051)**	(1,005)
Changes in the fair value of investment property	6	**1,842**	(2,031)	**2,787**	(24,477)
Other operating expenses, net	14	**(3,478)**	(197)	**(5,329)**	(528)
Results from equity participation	5	**34,620**	13,009	**(4,123)**	3,186
Income before financial income and taxes		**35,582**	15,576	**71,914**	54,451
Financial income (expenses)					
Financial expenses	15	**(30,760)**	(27,130)	**(58,209)**	(60,672)
Financial income	15	**9,659**	8,239	**10,435**	9,117
Income (loss) before taxes		**14,481**	(3,315)	**24,140**	2,896
Income tax and social contribution					
Current		**-**	-	**(6,177)**	(5,078)
Deferred	9	**22,930**	38,962	**19,450**	37,838
	9	**22,930**	38,962	**13,273**	32,760
Net income for the year		**37,411**	35,647	**37,413**	35,656
Net income attributable to:					
Shareholders of the Company				**37,411**	35,647
Noncontrolling interests				**2**	9
				37,413	35,656
Earnings per share (In Reais - R$):					
Basic	12	**0.65415**	0.81278	**0.65415**	0.81278
Diluted	12	**0.65242**	0.80992	**0.65242**	0.80992

The accompanying notes are an integral part of these financial statements.

LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In thousands of Brazilian Reais - R$)

	Individual		Consolidated	
	2017	**2016**	**2017**	**2016**
Net income for the year	**37,411**	35,647	**37,413**	35,656
Effect of change in relative interest in joint ventures	**(4,274)**	(687)	**(4,274)**	(687)
Total comprehensive income for the year	**33,137**	34,960	**33,139**	34,969
Comprehensive income attributable to:				
Shareholders of the Company			**33,137**	34,960
Noncontrolling interests			**2**	9
			33,139	34,969

The accompanying notes are an integral part of these financial statements.

LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In thousands of Brazilian Reais - R$)

	Paid-in capital		Capital reserves			Earnings reserves				Equity attributable to Company shareholders	Noncontrolling interests	Total
	Subscript	To subscribe	Share issuance costs	Share premium	Recognized options granted	Legal	Earnings retention	Retained earnings	Valuation adjustment			
BALANCE AT DECEMBER 31, 2015	**729,043**	-	-	**23,143**	**1,697**	**16,848**	**725,034**	**-**	**-**	**1,495,765**	**108**	**1,495,873**
Capital increase	250,175	-	-	1,459	-	-	-	-	-	251,634	-	251,634
Capitalization of reserves	24,602	-	-	(24,602)	-	-	-	-	-	-	-	-
Net contributions from noncontrolling shareholders	-	-	-	-	-	-	-	-	-	-	10	10
Recognized options granted	-	-	-	-	264	-	-	-	-	264	-	264
Effect of change in relative interest in joint ventures	-	-	-	-	-	-	-	-	(687)	(687)	-	(687)
Income of the year	-	-	-	-	-	-	-	35,647	-	35,647	9	35,656
Allocation of net income:												
Recognition of legal reserve	-	-	-	-	-	1,782	-	(1,782)	-	-	-	-
Dividend payable	-	-	-	-	-	-	-	(8,466)	-	(8,466)	-	(8,466)
Recognition of earnings retention reserve	-	-	-	-	-	-	25,399	(25,399)	-	-	-	-
BALANCE AT DECEMBER 31, 2016	**1,003,820**	**-**	**-**	**-**	**1,961**	**18,630**	**750,433**	**-**	**(687)**	**1,774,157**	**127**	**1,774,284**
Capital increase	308,466	(90,000)	(2,639)	-	-	-	-	-	-	215,827	-	215,827
Share subcription warrants	1	-	-	-	-	-	-	-	-	1	-	1
Contributions from noncontrolling shareholders	-	-	-	-	-	-	-	-	-	-	27	27
Recognized options granted	-	-	-	-	228	-	-	-	-	228	-	228
Effect of change in relative interest in joint ventures	-	-	-	-	-	-	-	-	(4,274)	(4,274)	-	(4,274)
Net income for the year	-	-	-	-	-	-	-	37,411	-	37,411	2	37,413
Allocation of net income:												
Recognition of legal reserve	-	-	-	-	-	1,871	-	(1,871)	-	-	-	-
Dividend payable	-	-	-	-	-	-	-	(3,554)	-	(3,554)	-	(3,554)
Recognition of earnings retention reserve	-	-	-	-	-	-	31,986	(31,986)	-	-	-	-
BALANCE AT DECEMBER 31, 2017	**1,312,287**	**(90,000)**	**(2,639)**	**-**	**2,189**	**20,501**	**782,419**	**-**	**(4,961)**	**2,019,796**	**156**	**2,019,952**

The accompanying notes are an integral part of these financial statements.

LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 - INDIRECT METHOD
(In thousands of Brazilian Reais - R$)

	Notes	Individual		Consolidated	
		2017	2016	2017	2016
Cash flows from operating activities			Restated		Restated
Net Income for the year		**37,411**	35,647	**37,413**	35,656
Adjustments to reconcile net income to net cash generated by (used in) operating activities:					
Depreciation	14	**236**	228	**243**	235
Results from equity participation	5	**(34,620)**	(13,009)	**4,123**	(3,186)
Amortization of prepaid expenses		**468**	637	**2,273**	3,003
Allowance for doubtful accounts	4	**628**	85	**1,747**	111
Financial result		**21,834**	14,336	**48,722**	46,930
Results from derivative financial instruments		**1,071**	5,301	**1,071**	5,301
Deferred taxes		**(22,930)**	(38,962)	**(16,629)**	(35,345)
Changes in the fair value of investment property	6	**(1,842)**	2,031	**(5,473)**	22,019
Stock options		**228**	264	**228**	264
		2,484	6,558	**73,718**	74,988
(Increase) decrease in operating assets:					
Trade accounts receivable		**578**	(5,462)	**(3,628)**	(7,785)
Recoverable taxes		**(175)**	1,763	**324**	2,841
Prepaid expenses		**4,081**	131	**1,937**	(1,291)
Other assets		**(779)**	(326)	**(263)**	(880)
Increase (decrease) in operating liabilities:		**-**	-	**-**	-
Labor and social liabilities		**344**	70	**470**	122
Tax liabilities		**594**	(146)	**6,834**	4,651
Other liabilities		**375**	(110)	**2,424**	(527)
Proceeds from sale of subsidiary		**5,203**	4,540	**5,203**	4,540
Income tax and social contribution paid		**-**	-	**(5,645)**	(4,728)
Dividends received from subsidiaries	5	**63,806**	71,422	**1,257**	-
Cash provided by operating activities		**76,511**	78,440	**82,631**	71,931
Cash flows from investing activities					
Increase in / acquisition of investments		**(105,880)**	(126,978)	**(10,733)**	(3,887)
Increase in marketable securities		**(314,938)**	(253,020)	**(339,586)**	(294,236)
Decrease in marketable securities		**213,209**	153,425	**238,436**	194,196
Proceeds from land purchase cancellation		**2,410**	-	**2,410**	-
Aquisition of investment properties		**(4,445)**	(3,513)	**(50,597)**	(65,705)
Other		**(4,334)**	(786)	**(4,301)**	(753)
Cash used in investing activities		**(213,978)**	(230,872)	**(164,371)**	(170,385)
Cash flows from financing activities					
Loans, financing and debentures		**273,186**	305,782	**273,186**	305,782
Amortization of loans, financing and debentures		**(304,827)**	(274,610)	**(334,396)**	(301,697)
Redeemed derivative financial instruments		**-**	(5,115)	**-**	(5,115)
Interest paid		**(74,835)**	(95,424)	**(100,773)**	(122,891)
Increase in due to related parties		**-**	110,201	**-**	110,201
Payment of due to related parties		**-**	(111,387)	**-**	(111,387)
Capital increase		**218,467**	251,634	**218,467**	251,634
Share issuance costs		**(3,998)**	-	**(3,998)**	-
Dividends paid	11	**(8,466)**	(1,634)	**(8,466)**	(1,634)
Contributions from noncontrolling shareholders		**-**	-	**27**	10
Net cash (used in) provided by financing activities		**99,527**	179,447	**44,047**	124,903
(Decrease) increase in cash and cash equivalents		**(37,940)**	27,015	**(37,693)**	26,449
Cash and cash equivalents					
At the beginning of the year		**40,190**	13,175	**40,508**	14,059
At the end of the year	3	**2,250**	40,190	**2,815**	40,508
(Decrease) increase in cash and cash equivalents		**(37,940)**	27,015	**(37,693)**	26,449

The accompanying notes are an integral part of these financial statements.

LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

STATEMENTS OF VALUE ADDED FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In thousands of Brazilian Reais - R$)

	Notes	Individual		Consolidated	
		2017	2016	2017	2016
Revenue					
Lease revenue	13	**18,884**	20,150	**106,026**	103,605
Other revenue		**200**	46	**787**	1,168
Changes in the fair value of investment property	6	**1,842**	(2,031)	**5,473**	(22,019)
Revenue from construction of own assets		**55,572**	94,730	**104,714**	140,025
Allowance for doubtful accounts	4	**(628)**	(85)	**(1,747)**	(111)
		75,870	112,810	**215,253**	222,668
Inputs purchased from third-parties (includes the taxes ICMS, IPI, PIS AND COFINS)					
Supplies, power, outside services and other items		**(22,208)**	(18,634)	**(69,001)**	(56,589)
		(22,208)	(18,634)	**(69,001)**	(56,589)
Gross value added		**53,662**	94,176	**146,252**	166,079
Depreciation	14	**(236)**	(228)	**(243)**	(235)
Net wealth created		**53,426**	93,948	**146,009**	165,844
Value added received in transfer					
Results from equity participation	5	**34,620**	13,009	**(4,123)**	3,186
Financial income		**10,128**	8,693	**10,920**	9,601
		44,748	21,702	**6,797**	12,787
Total wealth for distribution		**98,174**	115,650	**152,806**	178,631
Wealth distributed					
Personnel:		**6,982**	5,648	**10,153**	12,741
Salaries and wages		**6,085**	4,928	**8,590**	10,680
Benefits		**565**	465	**1,077**	1,459
Severance pay fund (FGTS)		**332**	255	**486**	602
Taxes and fares:		**(18,904)**	(33,298)	**(472)**	(17,089)
Federal		**(19,055)**	(33,504)	**(594)**	(17,352)
State		**9**	12	**28**	20
Municipal		**142**	194	**94**	243
Lenders and lessors:		**72,685**	107,653	**105,712**	147,323
Interest		**71,844**	107,151	**101,895**	142,148
Rentals		**751**	458	**3,586**	4,996
Leases		**65**	15	**81**	18
Other		**25**	29	**150**	161
Shareholders:		**37,411**	35,647	**37,413**	35,656
Dividends	11	**3,554**	8,466	**3,554**	8,466
Retained earnings	11	**33,857**	27,181	**33,857**	27,181
Noncontrolling interests		**-**	-	**2**	9
Wealth distributed		**98,174**	115,650	**152,806**	178,631

The accompanying notes are an integral part of these financial statements.

1. General information

LOG Commercial Properties e Participações S.A. ("Company") is a publicly traded corporation in category "B" (listed in the Brazilian Securities and Exchange Commission on November 12, 2013), with its head office at 621 Professor Mário Werneck Ave.,10º floor, Belo Horizonte city, Minas Gerais, with CNPJ (taxpayer identification number) nº 09.041.168/0001-10. The Company was incorporated on June 10, 2008 and is engaged in the following activities: (i) management of own assets; (ii) rendering engineering and construction services for residential and/or commercial properties; (iii) development, construction and lease of own or third-party residential and/or commercial buildings, mainly warehouses; and (iv) holding interests in other entities, either as partner or shareholder.

Projects are developed by LOG Commercial Properties e Participações S.A., its subsidiaries and joint ventures ("Group"), which are primarily engaged in the construction and lease (operating leases) of industrial warehouses, stores/offices, shopping malls, strip malls and development and sale of industrial lots. Projects are located in the States of Minas Gerais, São Paulo, Espírito Santo, Paraná, Rio de Janeiro, Goiás, Ceará, Sergipe and Bahia. See list of subsidiaries, joint ventures and additional information in Note 5.

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

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

On August 18, 2017, an Extraordinary General Meeting (ESM) approved a 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 will be allocated in debt repayments and projects development, aiming to increase the Company's operating cash flow.

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

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

2.1 Presentation of financial statements

I. Statement of compliance

The Company's consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil and also in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The Individual financial statements are not considered in conformity with International Financial Reporting Standards (IFRS) because it considers the borrowing cost´s capitalization on its investees´ qualifying assets. In conformity with "OCPC 07 - Evidenciação na Divulgação dos Relatórios Contábil - Financeiros de Propósito Geral" (General Purpose Evidencing the Disclosure of Financial Statements), relevant information regarding the financial statements has been disclosed and belongs to those used by the administration for its management.

The accounting practices adopted in Brazil comprise the policies set out in Brazilian Corporate Law and the pronouncements, guidance and interpretations issued by the Accounting Pronouncements Committee (CPC), approved by the Brazilian Securities and Exchange Commission (CVM) and the Federal Accounting Council (CFC).

II. Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the balances of 'Cash and cash equivalents', 'Marketable securities', 'Derivative financial instrument' and 'Investment property', which are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

III. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled directly by the Company or indirectly through its subsidiaries. The Company's subsidiaries included in consolidation are listed in Note 5.

The full consolidation method is used thus assets, liabilities and profits or losses of subsidiaries are combined with the corresponding line items of the Company's financial statements, on a per line item basis, and the parent company's interests in the subsidiaries' equity, as well as all intragroup transactions, balances, revenue and expenses are eliminated.

2.2 Significant accounting policies

(a) Trade receivables

Trade receivables include receivables from the lease of assets, net of the allowance for doubtful accounts, which is recognized based on management's estimate, on an individualized basis per client, considering the risks involved. The Group's management believes that this allowance is sufficient to cover potential losses.

Lease receivables are not adjusted to present value since they have mainly short-term maturities and/or have an immaterial impact on the financial statement. Noncurrent trade receivable balances refer to straight-line recognition effect as required in CPC 06 (R1) and IAS 17 - *Leases* (Note 2.2 (o)).

(b) Investments in subsidiaries and joint ventures

Investments in subsidiaries are recorded in the Company's individual financial statements using the equity method of accounting, based on the subsidiaries' financial statements as of the Company's reporting period and prepared using the same accounting policies used in the Company's financial statements.

In the Company's individual and consolidated financial statements, investments in joint ventures are recorded using the equity method, based on the related investees' financial statements as of the Company's reporting period and using the same accounting policies used in the Company's financial statements

Profits and losses resulting from intragroup transactions are recognized in the financial statements only to the extent of the interest in the investee that are not related to the group.

(c) Investment property

Investment property is measured at fair value, with level 3 measurement (assumptions described below). Gains and losses resulting from changes in the fair value of an investment property are recognized in profit or loss for the year.

As at December 31, 2017 and December 31 and January 1st, 2016, fair value valuations of investment property were performed by external appraisers, with the required qualifications and recent experience in the valuation of real estate properties in similar locations, as follows:

- Land: use of the Direct Market Inputs Comparative Method, under which fair value is determined by directly comparing the value of other similar properties, located within the same geo-economic region.
- Projects in operation or in construction phase: use the discounted cash flows model for a ten-year period, when the disposal of the investment (divesture) is considered based on a hypothetical sale of the property simulating the perpetuity principle.

The following assumptions have been taken into consideration:

- The discount rates used take into account the characteristics of the properties being valued and range from 8.5% to 10.5% p.a. as at December 31, 2017 (8.75% to 10.75% p.a. and 8.75% to 11.0% p.a. as at December 31 and January 1st, 2016, respectively).
- The divesture has been calculated using rates that range from 8.0% to 8.5% p.a. as at December 31, 2017 (8.25% to 8.5% p.a. and 8.5% to 9.5% p.a. as at December 31 and January 1st, 2016, respectively).
- Projected expenses corresponding to a 1.0 rental revenue as at December 31, 2017 and 2016, for commissions paid to the real estate consultant responsible for the lease of the property (1.0 to 1.5 rental revenue as at January 1st, 2016). As at December 31, 2017, rates of 1.5% and 2.0% of the residual sale price for commissions

paid to the real estate consultant responsible for the sale of the property at the end of horizon (2.0% as at December 31 and January 1st, 2016).

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal, where applicable. Any gain or loss arising on derecognition of the property is recognized in profit or loss in the period in which the property is derecognized.

(d) Provisions

A provision is recognized as a result of a past event, when the Group has a legal or constructive obligation that can be reliably estimated and it is probable that a disbursement will be required to settle the obligation.

When a provision is measured based on the estimated future cash flows required to settle the obligation, the provision is recorded for an amount representing the present value of such cash flows.

(e) Loans, financing and debentures

Initially recognized when funds are received, net of transaction costs. At the end of the reporting period they are carried at their initial recognition amounts, less repayments plus accrued interest. Transaction costs are presented as a reduction to current and noncurrent liabilities, and are recognized in profit or loss over the same repayment term of the financing from which they were originated based on the effective interest rate of each transaction. The Group opted to present the interest paid on loans, financing and debentures as financing activities in the statements of cash flows, since they represent costs of obtaining the referred funds.

(f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized, until the assets are substantially ready for their intended use or sale.

Since financing activities are centrally managed by the Company, interest incurred by the Company on the financing of its investees' qualifying assets are capitalized and presented in the investment line item (financial statements), net of gains obtained on the temporary investment of funds obtained on specific borrowings that have not yet been spent on the qualifying assets. In the consolidated financial statements, subsidiaries' amounts are reclassified to cost of qualifying financed investment properties. Due to the fact that investment properties are measured at fair value, the related costs are allocated to profit or loss by deducting such costs from the calculation of equity participation (individual financial statements) and the calculation of changes in fair value (consolidated financial statements).

(g) Stock option plan

The Company has a share-based compensation plan under which certain employee's services are compensated through the grant of stock options. The Company recognizes compensation cost in profit or loss on a straight-line basis over the vesting period, from grant date to the date the options become exercisable,

with a corresponding adjustment in equity. Compensation cost was determined based on the fair value of the options on the grant date using the Black & Scholes pricing model. See Note 11 (e).

(h) Taxes

Current and deferred income tax, social contribution, and taxes on sales are recognized in profit or loss, except when they correspond to items recognized in 'Other comprehensive income', or are directly recognized in equity, in which case current and deferred taxes are also recognized in 'Other comprehensive income' or directly in equity, respectively.

Income tax and social contribution

The Company and some subsidiaries calculate income tax and social contribution based on actual taxable income. As permitted by the Brazilian tax law, the subsidiaries and most joint ventures opted for taxation based on deemed income, where the income tax and social contribution taxable base is calculated at the rate of 32% of gross revenues from lease services plus the financial income. The regular 15% income tax rate is levied on deemed taxable income, plus 10% surtax on income exceeding R$240 per annum, and for social contribution the rate levied is 9%.

As permitted by the prevailing tax law, the subsidiaries and the joint ventures that elected the deemed income taxation regime calculate lease revenues, and financial income on a cash basis.

Deferred taxes

Deferred income tax and social contribution ("deferred taxes") are fully recognized as prescribed by CPC 32 and IAS 12 *Income Tax* on the temporary differences between assets and liabilities recognized for tax purposes and related amounts recognized in the financial statements by applying the statutory tax rates in effect on the date the financial statements were prepared and applicable when such temporary differences reverse.

Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be generated to realize such deferred tax assets or loss carryforwards. The realization of deferred tax assets is assessed at the end of each annual reporting period and, when it is no longer probable that future taxable income will be available to recover of all or part of the assets, they are adjusted to the expected recoverable amount.

Taxes on revenue

Revenue is recorded net of sales taxes (PIS and COFINS). The aggregate tax rate of the Social Integration Program Tax on Revenue (PIS) and the Social Security Funding Tax on Revenue (COFINS) is 9.25%, levied on actual income (noncumulative regime) or 3.65%, levied of deemed income.

(i) Income and expense recognition

Lease revenue is recognized on a straight-line basis over term of the underlying agreement, net of applicable taxes. Lease revenue is recognized to the extent it is probable that economic benefits will flow to the Company and the amount can be reliably measured.

Revenue and expenses are recorded on the accrual basis.

(j) Financial instruments

Financial assets and liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments and are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issuance of the financial assets and liabilities (other than financial assets and liabilities at fair value through profit or loss) deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets and financial liabilities are stated at their net amounts in the balance sheet if, and only if, the Company has a legally enforceable right to offset the amounts recognized and if there is intent to simultaneously realize the asset and settle the liability.

Financial assets

Financial assets are classified into the one of the following four categories: (i) financial assets at fair value through profit or loss; (ii) held-to-maturity' investments; (iii) loans and receivables; and (iv) available-for-sale. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Ordinary purchases or sales of financial assets are recognized and derecognized on a trade date basis. Ordinary purchases or sales are purchases or sales of financial assets that require delivery of assets in accordance with regulation or market practice.

The Group discloses financial assets, which are classified into the categories described below:

Category	Financial assets	Measurement
At fair value through profit or loss	- Cash and cash equivalents - Marketable securities - Derivative financial instruments	Measured at fair value and any gains or losses resulting from subsequent measurement are recognized in profit or loss.
Loans and receivables	- Trade receivables	Measured at amortized cost using the effective interest method, less any impairment losses.

The Company's main financial assets are shown below:

- Cash and cash equivalent: Include amounts held as cash, bank accounts, and short-term investments, redeemable within ninety days or less as of the acquisition date, and subject to insignificant risk of change in market value.

- Marketable securities: The balances represent substantially restricted investment funds that include public and private securities (both post fixed), with high liquidity in active markets.

- Derivative financial instruments: Non-speculative derivative financial instruments for exposure management, as described in Note 17(a).

- Trade receivables: Represented substantially by rental receivables from leased assets, as described in item 2.2 (a).

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. Upon fully derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

At the end of the reporting periods, the Group assesses if there is objective evidence that a financial asset or group of financial assets has been impaired. A financial asset or a group of financial assets is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. As at December 31, 2017 and December 31 and January 1st, 2016, except for the allowance for doubtful accounts (Note 4), there were no events that indicated potential asset impairment.

Financial liabilities

Financial liabilities held by the Group are loans, financing and debentures. These financial liabilities are measured and presented as mentioned in item "e" above.

The Group derecognizes financial liabilities when obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and sum of the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

The Company contracts non-speculative derivative financial instruments mainly to manage its exposure to interest rate risks. Derivatives are initially recognized at fair value at the contract date and at the end of the reporting periods. Gains or losses arising from changes in the fair value of derivative instruments are recognized in profit or loss.

(k) Discount to present value

Monetary assets and liabilities are adjusted to their present value based on an effective interest rate resulting from short- (if material) and long-term transactions, without yield or subject to: (i) fixed interest; (ii) interest rates clearly below market rates for similar transactions; and (iii) inflation adjustment only, with no interest. The Group periodically assesses the effect of this standard.

(l) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, and revenues and expenses in the reporting periods.
Assets and liabilities subject to these estimates and assumptions include the fair value of investment property, cash and cash equivalents, marketable securities and derivative financial instruments, deferred tax assets, asset impairment testing, and provisions for labor, tax, and civil risks. Since management's judgment involves estimates related to the probability of future events, actual results could differ from those estimates.

The Company revises its estimates and assumptions at least annually.
The effects arising from these revisions are recognized in the year when the estimates are revised if such revision impacts just such year, or also in subsequent years if the revision impacts both the current period and future years.

(m) Functional and reporting currency

The individual and consolidated financial statements are presented in Brazilian reais (R$), which is the Group´s functional currency.

(n) Statement of value added

The Company prepares individual and consolidated statements of value added in accordance with Brazilian Accounting Standard (CPC) 09 - *Demonstração do Valor Adicionado* (Statement of Value Added), which are presented as an integral part of the financial statements prepared in accordance with accounting practices adopted in Brazil applicable to publicly held companies, while for IFRS purposes they are presented as supplemental information.

(o) Leases

Determining whether an arrangement is or contains a lease is based on the arrangement's substance at its inception.

Leases where the Group, as a lessor, does not transfer substantially all the risks and rewards incidental to ownership are classified as operating leases.

Lease revenue from operating leases is recognized on a straight-line basis over the term of the relevant lease agreement.

(p) Earnings per share

Basic earnings per share are calculated by dividing net income attributed to the holders of common shares of the parent entity by the weighted average number of common shares outstanding during the year, less treasury shares, if any.

Diluted earnings per share are calculated by dividing net income attributed to the holders of common shares of the parent entity by the weighted average number of common shares outstanding during the year, less treasury shares, if any, plus the number of common shares that would be issued assuming that the stock options would be exercised at a price lower than the market price.

(q) Segment information

The Company presents the operating segment of rental, which includes rental of industrial warehouses and to a smaller extent rental of retail space (shopping center and strip malls).

2.3 New standards

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

IFRS	CPC	Standard	Effective date
IFRS 15	CPC 47	Revenue from contracts with customers	Annual reporting periods beginning on or after January 1st, 2018
IFRS 9	CPC 48	Financial instruments	
IFRS 16	CPC 06 (R2)	Lease	Annual reporting periods beginning on or after January 1st, 2019

Considering the Group's current operations, management does not anticipate any material impacts on the financial statements from these changes after their adoption.

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 Company.

2.4 Restatement of financial statements 2016

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

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

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

		Individual			Consolidated		
		2016			2016		
Statements of Cash Flows	Item	Originally stated	Reclassifications	Restated	Originally stated	Reclassifications	Restated
Cash flows from operating activities							
Net income for the year		35,647	-	35,647	35,656	-	35,656
Adjustments to reconcile net income to net cash generated by (used in) operating activities:							
Financial result	(a)	17,048	(2,712)	14,336	50,124	(3,194)	46,930
Other adjustments		(43,425)		(43,425)	(7,598)		(7,598)
		9,270	(2,712)	6,558	78,182	(3,194)	74,988
(Increase) decrease in operating assets		(3,894)	-	(3,894)	(7,115)	-	(7,115)
Increase (decrease) in operating liabilities		75,776	-	75,776	4,058	-	4,058
Net cash generated by operating activities		81,152	(2,712)	78,440	75,125	(3,194)	71,931
Increase in marketable securities	(a)	-	(253,020)	(253,020)	-	(294,236)	(294,236)
Decrease in marketable securities	(a)	-	153,425	153,425	-	194,196	194,196
Other adjustments		(131,277)	-	(131,277)	(70,345)	-	(70,345)
Net cash used in investing activities		(131,277)	(99,595)	(230,872)	(70,345)	(100,040)	(170,385)
Net cash provided by financing activities		179,447	-	179,447	124,903	-	124,903
Net increase in cash and cash equivalents		129,322	(102,307)	27,015	129,683	(103,234)	26,449
Cash and cash equivalents							
At the beginning of the year		13,858	(683)	13,175	17,258	(3,199)	14,059
At the end of the year		143,180	(102,990)	40,190	146,941	(106,433)	40,508
Net increase in cash and cash equivalents		129,322	(102,307)	27,015	129,683	(103,234)	26,449

(a) Reclassification of balances related to restricted investment fund and blocked balances resulting from guarantees provided by the Company, from "Cash and cash equivalents" to "Marketable securities". The reclassifications related to the restricted fund were carried out as a result of the presence of private bonds (post fixed) in the fund´s portfolio, which have maturities over ninety days as of the date of acquisition of these investments.

3. Cash and cash equivalents and marketable securities

Breakdown is as follows:

	Individual			Consolidated		
	12/31/17	12/31/16	1/1/16	12/31/17	12/31/16	1/1/16
		Restated			Restated	
Cash and cash equivalents:						
Cash	**13**	16	21	**18**	19	22
Bank accounts	**65**	61	478	**622**	361	661
Short-term investments:						
Bank certificates of deposit (CDBs)	**2,172**	25,067	12,676	**2,173**	25,067	12,676
Securities with repurchase agreement back by debentures (i)	**-**	15,046	-	**2**	15,061	700
Total cash and cash equivalents	**2,250**	40,190	13,175	**2,815**	40,508	14,059
Marketable securities:						
Restricted investment funds (ii)	**98,206**	102,417	-	**99,007**	103,187	-
Unrestricted investment funds (iii)	**110,787**	573	683	**112,794**	2,603	3,199
Securities with repurchase agreement back by debentures (i)	**-**	-	-	**204**	643	-
Bank certificates of deposit (CDBs) (iv)	**-**	-	-	**139**	-	-
Total marketable securities	**208,993**	102,990	683	**212,144**	106,433	3,199
Current	**208,447**	102,417	-	**209,591**	103,830	-
Noncurrent	**546**	573	683	**2,553**	2,603	3,199
	208,993	102,990	683	**212,144**	106,433	3,199

(i) Securities with repurchase agreement back 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 Interbank Deposit rate (CDI). The fund invests in government and other banks securities and in others unrestricted investment funds, which in turn invest primarily in fixed-income securities.

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

(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 98.61% of CDI in individual and 98.72% of CDI in consolidated at December 31, 2017 (103.53% of CDI in individual and 103.39% of CDI on a consolidated at December 31, 2016 and 107.62% of CDI in individual and 105.05% of CDI in consolidated at January 1st, 2016) and adjusted to fair value, when applicable.

Breakdown of restricted investment fund’s portfolio, proportionately to the units held by the Company and subsidiaries is as follows:

	Individual			Consolidated		
	12/31/17	12/31/16	1/1/16	12/31/17	12/31/16	1/1/16
		Restated			Restated	
Bank certificates of deposit (CDBs)	**4,069**	5,066	-	**4,101**	5,104	-
Securities w ith repurchase agreement	**1,730**	2,792	-	**1,744**	2,813	-
Unrestricted investment funds	**77,641**	73,700	-	**78,275**	74,254	-
Debentures	**1,096**	562	-	**1,105**	566	-
Financial treasury bills	**13,670**	20,297	-	**13,782**	20,450	-
Total	**98,206**	102,417	-	**99,007**	103,187	-

4. Trade receivables

Trade receivables are broken down as follows:

	Individual			Consolidated		
	12/31/17	12/31/16	1/1/16	12/31/17	12/31/16	1/1/16
Rentals	**8,541**	9,299	7,666	**36,145**	32,679	27,720
Sale of subsidiary (Note 5 (a))	**-**	4,767	5,062	**-**	4,768	5,062
Land purchase cancellation (Note 16 (h))	**2,411**	-	-	**2,411**	-	-
Other	**1,216**	1,550	1,966	**2,243**	2,594	4,014
	12,168	15,616	14,694	**40,799**	40,041	36,796
Allow ance for doubtful accounts	**(635)**	(85)	-	**(4,816)**	(3,147)	(3,036)
Total	**11,533**	15,531	14,694	**35,983**	36,894	33,760
Current	**8,520**	11,216	7,243	**22,321**	24,094	19,119
Noncurrent	**3,013**	4,315	7,451	**13,662**	12,800	14,641
	11,533	15,531	14,694	**35,983**	36,894	33,760

Leases trade receivables balance refers to the lease of industrial warehouses and *strip malls*, under operating leases subject to Law 8245/91 ("Lease Law"), which provisions include, among other, procedures for cancellation of lease agreements and their termination penalties, which are commercially agreed with each tenant. The lease agreements are adjusted on an annual basis using the General Market Price Index (IGPM) or the National Broad Consumer Price Index (IPCA).

Receivable for sale of subsidiary refers to sale of MRV LOG SP I Incorporações SPE Ltda. (“Office Park Pirituba”) to MRV Engenharia e Participações S.A., as disclosed in Note 5 (a).

Land purchase cancellation refers to receivables arising from cancellation of land purchase contract with MDI Desenvolvimento Imobiliário Ltda., as described in Note 16 (h).

The table below shows the aging list of trade receivables:

	Individual			Consolidated		
	12/31/17	12/31/16	1/1/16	12/31/17	12/31/16	1/1/16
In due:						
Up to 12 months	**8,058**	10,262	6,902	**20,760**	22,187	17,824
13 to 24 months	**3,013**	4,315	7,451	**13,662**	12,800	14,641
	11,071	14,577	14,353	**34,422**	34,987	32,465
Past due:						
Up to 30 days	**30**	79	159	**192**	192	545
31 to 90 days	**136**	123	92	**161**	190	627
More than 90 days	**931**	837	90	**6,024**	4,672	3,159
	1,097	1,039	341	**6,377**	5,054	4,331
Total	**12,168**	15,616	14,694	**40,799**	40,041	36,796

Changes in the allowance for doubtful accounts for the years ended December 31, 2017 and 2016 are as follows:

	Individual		Consolidated	
	2017	2016	2017	2016
Opening balance	**(85)**	-	**(3,147)**	(3,036)
Recognition	**(628)**	(85)	**(1,747)**	(111)
Write-off	**78**	-	**78**	-
Closing balance	**(635)**	(85)	**(4,816)**	(3,147)

Future minimum lease receivables under non-cancellable operating leases are as follows:

	Individual			Consolidated		
	12/31/17	12/31/16	1/1/16	12/31/17	12/31/16	1/1/16
1 year	**21,732**	21,605	22,811	**104,633**	105,756	103,156
2 years	**16,203**	20,872	22,312	**83,892**	81,811	89,132
3 years	**9,938**	6,986	18,494	**56,431**	48,987	63,023
4 years	**7,709**	2,519	4,976	**37,181**	29,131	31,182
5 years	**6,451**	1,865	1,965	**28,279**	19,518	14,290
After 5 years	**21,263**	4,197	5,176	**92,576**	43,455	16,720
Total	**83,296**	58,044	75,734	**402,992**	328,658	317,503

5. Investment in subsidiaries and joint ventures

Refer 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
Joint ventures at start-up stage:		
Betim I Incorporações SPE Ltda. (“Loteamento Betim”)	-	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) Main information on each investment is summarized below:

	Information on investees		Company information				
	Issued capital		Equity interest				
	12/31/17		12/31/17		12/31/16	1/1/16	
	Amount	Number of shares	Number of shares	Contractual percentage	Contractual percentage	Contractual percentage	
Joint ventures:							
Cabral	39,247	78,494,000	39,247,000	50.00%	50.00%	50.00%	
Torino	138,487	318,600	127,440	40.00%	40.00%	40.00%	
Loteamento Betim	47,124	84,325,968	42,162,984	50.00%	50.00% (*)	50.00%	(*)
Subsidiaries:							
LOG I	73,601	61,460,917	61,455,917	99.99%	99.99%	99.99%	
LOG II	22,514	20,353,954	20,352,154	99.99%	99.99%	99.99%	
LOG Jundiaí	47,429	35,874,919	35,873,675	99.99%	99.99%	99.99%	
LOG Goiânia	94,617	46,930,180	46,930,170	99.90%	99.90%	99.90%	
LOG Hortolândia	78,188	13,000,000	12,999,999	100.00%	100.00%	100.00%	
LOG SJP	27,445	23,351,000	23,350,999	100.00%	100.00%	100.00%	
LOG Juiz de Fora	48,027	10,000	9,999	99.99%	99.99%	99.99%	
LOG Feira de Santana	19,094	19,041,000	19,040,999	99.99%	99.99%	99.99%	
LOG Fortaleza	83,340	34,037,979	34,037,978	99.99%	99.99%	99.99%	
LOG Via Expressa	76,467	47,000,000	46,999,999	99.99%	99.99%	99.99%	
LOG Viana	130,118	10,000	9,999	99.99%	99.99%	99.99%	
LOG Londrina	44,991	10,000	9,999	99.99%	99.99%	99.99%	
LOG Itatiaia	34,370	27,410,838	27,410,837	99.99%	99.99%	99.99%	
LOG Rio	78,365	10,000	9,999	99.99%	99.99%	99.99%	
LOG SJC Sony	54,695	52,500,000	52,499,999	100.00%	100.00%	100.00%	
LOG Sumaré	712	10,000	9,999	99.99%	99.99%	99.99%	
LOG SJRP	9,971	10,000	9,999	99.99%	99.99%	99.99%	
LOG Macaé	14,449	10,000	9,999	99.99%	99.99%	99.99%	
LOG RP	21,749	10,000	9,999	99.99%	99.99%	99.99%	
LOG Curitiba	27,131	10,000	9,999	99.99%	99.99%	99.99%	
LOG Aracajú	15,757	10,000	9,999	99.99%	99.99%	99.99%	
LOG Uberaba	5,940	10,000	9,900	99.00%	99.00%	99.00%	
LDI	3,893	24,690,048	24,689,948	100.00%	100.00%	100.00%	
LE Empreendimentos	1,223	10,000	9,900	99.00%	0.00%	0.00%	

(*) Actual equity interest percentage of 50.00% at December 31, 2016 (48.03% at December 31, 2015).

	Information on investees									
	Equity			Net income (loss) for the year		Investment			Results from equity participation	
	12/31/17	12/31/16	1/1/16	2017	2016	12/31/17	12/31/16	1/1/16	2017	2016
Joint ventures:										
Cabral	**112,248**	117,249	115,145	**(3,745)**	2,104	**55,483**	57,984	56,932	**(1,244)**	1,052
Torino	**346,218**	337,249	331,910	**(7,185)**	5,340	**138,513**	134,926	132,790	**(2,874)**	2,136
Betim subdivision	**94,052**	85,517	80,943	**(10)**	(4)	**47,026**	42,759	38,876	**(5)**	(2)
Capitalized interest (*)	**-**	-	-	**-**	-	**13,729**	11,551	8,716	**-**	-
Total joint ventures - Consolidated	**552,518**	540,015	527,998	**(10,940)**	7,440	**254,751**	247,220	237,314	**(4,123)**	3,186
Subsidiaries:										
LOG I	**186,649**	177,074	161,303	**21,892**	29,946	**186,630**	177,056	161,286	**21,890**	29,943
LOG II	**44,997**	44,351	44,013	**2,027**	2,297	**44,993**	44,347	44,008	**2,027**	2,297
LOG Jundiaí	**80,767**	73,347	73,639	**9,720**	452	**80,759**	73,340	73,632	**9,719**	452
LOG Goiânia	**147,963**	119,429	107,779	**1,360**	8,910	**147,815**	119,310	107,672	**1,359**	8,901
LOG Hortolândia	**142,680**	129,736	129,653	**16,564**	3,524	**142,680**	129,736	129,653	**16,564**	3,524
LOG SJP	**38,280**	31,989	28,486	**3,277**	468	**38,280**	31,989	28,486	**3,277**	468
LOG Juiz de Fora	**71,368**	67,649	62,730	**1,686**	2,684	**71,361**	67,642	62,724	**1,686**	2,684
LOG Feira de Santana	**29,802**	26,944	25,968	**690**	(1,086)	**29,799**	26,941	25,965	**690**	(1,086)
LOG Fortaleza	**135,195**	146,490	122,759	**(13,446)**	4,983	**135,181**	146,475	122,747	**(13,445)**	4,983
LOG Via Expressa	**110,348**	104,023	100,318	**2,579**	3,151	**110,337**	104,013	100,308	**2,579**	3,151
LOG Viana	**137,533**	130,912	123,054	**8,966**	9,423	**137,519**	130,899	123,042	**8,965**	9,422
LOG Londrina	**87,508**	80,983	73,774	**4,381**	5,534	**87,499**	80,975	73,767	**4,381**	5,533
LOG Itatiaia	**42,063**	38,854	35,872	**3,089**	2,806	**42,059**	38,850	35,869	**3,089**	2,806
LOG Rio	**129,923**	114,231	61,454	**7,892**	12,204	**129,910**	114,220	61,448	**7,891**	12,203
LOG SJC Sony	**103,196**	105,051	102,776	**(2,204)**	2,178	**103,196**	105,051	102,776	**(2,204)**	2,178
LOG Sumaré	**7**	8	8	**-**	(1)	**7**	8	8	**-**	(1)
LOG SJRP	**23,508**	22,734	22,611	**606**	(180)	**23,506**	22,732	22,609	**606**	(180)
LOG Macaé	**41,877**	39,896	38,487	**1,579**	1,218	**41,873**	39,892	38,483	**1,579**	1,218
LOG RP	**51,919**	53,245	52,277	**(2,177)**	379	**51,914**	53,240	52,272	**(2,177)**	379
LOG Curitiba	**53,668**	43,472	40,762	**9,934**	2,503	**53,663**	43,468	40,758	**9,933**	2,503
LOG Aracajú	**28,623**	21,612	19,936	**5,952**	1,437	**28,620**	21,610	19,934	**5,951**	1,437
LOG Uberaba	**12,135**	10,644	6,211	**1,571**	4,339	**12,014**	10,538	6,149	**1,555**	4,296
LDI	**268**	488	403	**(239)**	38	**268**	488	403	**(239)**	38
LE Empreendimentos	**84**	-	-	**(1,139)**	-	**83**	-	-	**(1,128)**	-
Capitalized interest (*)	**-**	-	-	**-**	-	**-**	-	-	**(45,805)**	(87,326)
Total subsidiaries	**1,700,361**	1,583,162	1,434,273	**84,560**	97,207	**1,699,966**	1,582,820	1,433,999	**38,743**	9,823
Total Individual	**2,252,879**	2,123,177	1,962,271	**73,620**	104,647	**1,954,717**	1,830,040	1,671,313	**34,620**	13,009

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

In March 2015, the Company and subsidiary LDI LOG Desenvolvimento Imobiliário Ltda. ("LDI") sold their equity interests in the company MRV LOG SP I Incorporações SPE Ltda. ("Office Park Pirituba") to MRV Engenharia e Participações S.A. ("MRV"). The details of this transaction are as follows:

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

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

Under the transfer agreement, the Company retained the right to receive the amounts related to the adjustment for the IPCA (since March 2015), which total nil as at December 31, 2017 (R$4,768 and R$5,062 as at December 31 and January 1st, 2016, respectively). These amounts were received in monthly installments through October 2017.

b) Joint ventures:

- Cabral Investimentos SPE Ltda. ("Cabral") is mainly engaged in building investment proprieties in shopping centers and store segments and other assets for rental.
- Parque Torino Imóveis S.A. ("Torino") is engaged in the lease of own properties, construction, and development of real estate projects.
- Betim I Incorporações SPE Ltda. ("Loteamento Betim") is mainly engaged in the subdivision of industrial land for sale and development, building and rental of business assets, primarily, logistics warehouses.

Even though the main strategic decisions regarding the business to be developed and the definition of the joint ventures' capital structure to be jointly decided, the Company has a major role in the financial, accounting and operating of the companies Cabral and Betim Subdivision.

Risks and rewards arising on the net results generated by these entities are assumed by each shareholder, according to the percentage equity interest held.

Joint ventures do not entail contractual restrictions to the distributions or funds generated by their operating activities to their controlling shareholders.

Main financial information is as follows:

	Cabral			Torino			Loteamento Betim		
	12/31/17	**12/31/16**	**1/1/16**	**12/31/17**	**12/31/16**	**1/1/16**	**12/31/17**	**12/31/16**	**1/1/16**
Cash and cash equivalents and Marketable securities	**16,354**	15,415	20,724	**3,485**	1,147	3,731	**4**	16	3
Trade receivables	**101**	548	5,076	**-**	10	10	**-**	-	-
Inventories	**-**	-	-	**-**	-	-	**9,459**	6,973	12,033
Other current assets	**374**	41	719	**216**	197	199	**-**	12	-
Total current	**16,829**	16,004	26,519	**3,701**	1,354	3,940	**9,463**	7,001	12,036
Inventories	**-**	-	-	**-**	-	-	**84,890**	78,835	68,962
Investment property	**101,360**	107,483	95,830	**353,460**	347,400	339,225	**-**	-	-
Other noncurrent assets	**1,934**	-	234	**61**	57	-	**1**	3	2
Total noncurrent assets	**103,294**	107,483	96,064	**353,521**	347,457	339,225	**84,891**	78,838	68,964
Total assets	**120,123**	123,487	122,583	**357,222**	348,811	343,165	**94,354**	85,839	81,000
Current liabilities	**6,003**	2,944	2,628	**394**	170	110	**71**	322	57
Noncurrent liabilities	**1,872**	3,294	4,810	**10,610**	11,392	11,145	**231**	-	-
Equity	**112,248**	117,249	115,145	**346,218**	337,249	331,910	**94,052**	85,517	80,943
Liabilities and equity	**120,123**	123,487	122,583	**357,222**	348,811	343,165	**94,354**	85,839	81,000

	Cabral		Torino		Loteamento Betim	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Operating revenue	**4,568**	2,812	**5,559**	3,138	**-**	**-**
Cost of services	**-**	-	**-**	-	**-**	-
Other operating expenses	**(1,551)**	(1,589)	**(1,313)**	(1,128)	**(8)**	(2)
Financial income (expenses)	**1,212**	2,473	**256**	186	**(2)**	(2)
Changes in the fair value of investment property	**(7,441)**	(660)	**(11,348)**	3,661	**-**	-
Income tax and social contribution	**(533)**	(932)	**(339)**	(517)	**-**	-
Net income (loss)	**(3,745)**	2,104	**(7,185)**	5,340	**(10)**	(4)

c) Changes in the balances of investments in subsidiaries and joint ventures in the years ended December 31, 2017 and 2016 are as follows:

	Opening balances	**Capital contributions (reversals)**	**Results from equity participation**		**Dividends received**	**Other**	**Closing balances**
Year ended December 31, 2017:							
Joint ventures:							
Cabral	57,984	-	(1,244)	(*)	(1,257)	-	55,483
Torino	134,926	6,461	(2,874)		-	-	138,513
Loteamento Betim	42,759	4,272	(5)		-	-	47,026
Capitalized interest	11,551	-	-		-	2,178	13,729
Total joint ventures - Consolidated	**247,220**	**10,733**	**(4,123)**		**(1,257)**	**2,178**	**254,751**
Subsidiaries:							
LOG I	177,056	1,897	21,890		(14,213)	-	186,630
LOG II	44,347	597	2,027		(1,978)	-	44,993
LOG Jundiaí	73,340	2,668	9,719		(4,968)	-	80,759
LOG Goiânia	119,310	27,451	1,359		(305)	-	147,815
LOG Hortolândia	129,736	968	16,564		(4,588)	-	142,680
LOG SJP	31,989	3,014	3,277		-	-	38,280
LOG Juiz de Fora	67,642	4,165	1,686		(2,132)	-	71,361
LOG Feira de Santana	26,941	2,168	690		-	-	29,799
LOG Fortaleza	146,475	7,078	(13,445)		(4,927)	-	135,181
LOG Via Expressa	104,013	9,610	2,579		(5,865)	-	110,337
LOG Viana	130,899	12,871	8,965		(15,216)	-	137,519
LOG Londrina	80,975	3,811	4,381		(1,668)	-	87,499
LOG Itatiaia	38,850	4,325	3,089		(4,205)	-	42,059
LOG Rio	114,220	10,028	7,891		(2,229)	-	129,910
LOG SJC Sony	105,051	349	(2,204)		-	-	103,196
LOG Sumaré	8	(1)	-		-	-	7

	Opening balances	Capital contributions (reversals)	Results from equity participation	Dividends received	Other	Closing balances
Subsidiaries:						
LOG SJRP	22,732	168	606	-	-	23,506
LOG Macaé	39,892	402	1,579	-	-	41,873
LOG RP	53,240	851	(2,177)	-	-	51,914
LOG Curitiba	43,468	262	9,933	-	-	53,663
LOG Aracajú	21,610	1,059	5,951	-	-	28,620
LOG Uberaba	10,538	176	1,555	(255)	-	12,014
LDI	488	19	(239)	-	-	268
LE Empreendimentos	-	1,211	(1,128)	-	-	83
Capitalized interest (**)	-	-	(45,805)	-	45,805	-
Total subsidiaries	**1,582,820**	**95,147**	**38,743**	**(62,549)**	**45,805**	**1,699,966**
Total Individual	**1,830,040**	**105,880**	**34,620**	**(63,806)**	**47,983**	**1,954,717**
Year ended December 31, 2016:						
Total Consolidated	237,314	3,885	3,186	-	2,835	247,220
Total Individual	1,671,313	126,979	13,009	(71,422)	90,161	1,830,040

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

6. Investment property

Investment property consists of properties held to generate lease income or for appreciation in value (including construction in progress) and are broken down as follows:

	Individual			Consolidated		
	12/31/17	12/31/16	1/1/16	12/31/17	12/31/16	1/1/16
Industrial w arehouses	**395,142**	384,740	370,100	**2,357,722**	2,248,870	2,114,343
Strip malls	**39,940**	49,930	60,070	**39,940**	49,930	60,070
Total	**435,082**	434,670	430,170	**2,397,662**	2,298,800	2,174,413

Changes in balances of investment property for the years ended December 31, 2017 and 2016 are as follows:

	Individual		Consolidated	
	2017	2016	2017	2016
Opening balance	**434,670**	430,170	**2,298,800**	2,174,413
Additions	**1,678**	3,256	**50,692**	55,049
Capitalized interest (Note 7)	**2,552**	3,275	**48,357**	91,357
Cancellation (*)	**(5,660)**	-	**(5,660)**	-
Changes in fair value	**1,842**	(2,031)	**5,473**	(22,019)
Closing balance	**435,082**	434,670	**2,397,662**	2,298,800

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

Effects of changes in the fair value of investment property on profit or loss, net of taxes are as follows:

	Individual		Consolidated	
	2017	2016	2017	2016
Changes in fair value of investment property	**1,842**	(2,031)	**5,473**	(22,019)
Deferred PIS/COFINS	**-**	-	**(2,686)**	(2,458)
Changes in fair value of investment property	**1,842**	(2,031)	**2,787**	(24,477)

As at December 31, 2017, from the total amount of investment property, R$2,087,150 that has been pledged as collateral of loans, financing and debentures entered into by the Company and its subsidiaries (R$2,195,570 and R$2,030,985 as at December 31 and January 1st, 2016, respectively).

7. Loans, financing and debentures

a) Loans and financing

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

Type	Maturity of principal	Effective rate p.a. (*)	12/31/17 Current	12/31/17 Noncurrent	12/31/17 Total	12/31/16 Total	1/1/16 Total
Individual:							
Working capital	9/13 to 9/17	CDI + 1.83%	-	-	-	-	15,372
Working capital	6/16	CDI + 4.85%	-	-	-	-	50,212
Working capital	2/18	CDI + 2.51%	**25,109**	-	**25,109**	-	-
Construction financing	12/13 to 10/24	CDI + 1.92%	**5,739**	**31,126**	**36,865**	40,331	42,835
Construction financing	12/13 to 11/23	TR + 9.42%	**3,460**	**15,848**	**19,308**	21,534	23,204
Construction financing	12/13 to 11/23	TR + 9.43%	**1,714**	**7,851**	**9,565**	10,668	11,495
Construction financing	7/14 to 6/22	TR + 11.33%	**4,176**	**13,608**	**17,784**	20,614	22,790
Construction financing	8/14 to 7/22	TR + 11.32%	**2,372**	**7,911**	**10,283**	11,866	13,088
Construction financing	4/15 to 9/22	TR + 11.07%	**2,890**	**10,126**	**13,016**	14,935	16,404
Construction financing	10/15 to 9/25	TR + 9.72%	**582**	**3,630**	**4,212**	4,540	4,769
Construction financing	3/15 to 7/23	TR + 9.62%	**1,514**	**6,482**	**7,996**	9,377	10,619
Construction financing	9/16 to 8/26	TR + 10.10%	**459**	**3,240**	**3,699**	3,936	3,697
Construction financing	9/16 to 8/26	TR + 10.04%	**997**	**7,028**	**8,025**	8,541	8,022
(-) Funding cost			**(544)**	**(1,488)**	**(2,032)**	(2,309)	(3,454)
Total Individual			**48,468**	**105,362**	**153,830**	144,033	219,053
Subsidiaries:							
Construction financing	12/13 to 11/23	TR + 9.37%	**1,836**	**8,404**	**10,240**	11,427	12,317
Construction financing	2/14 to 1/22	TR + 11.62%	**3,227**	**9,255**	**12,482**	14,702	16,408
Construction financing	8/14 to 7/22	TR + 11.05%	**1,478**	**4,931**	**6,409**	7,399	8,169
Construction financing	11/14 to 10/22	TR + 10.74%	**783**	**2,802**	**3,585**	4,108	4,507
Construction financing	2/15 to 1/25	TR + 10.05%	**1,886**	**10,627**	**12,513**	13,621	14,398
Construction financing	4/15 to 3/25	TR + 9.99%	**1,608**	**9,305**	**10,913**	11,844	12,487
Construction financing	2/15 to 1/25	TR + 9.99%	**2,672**	**15,045**	**17,717**	19,279	20,393
Construction financing	4/15 to 3/25	TR + 9.99%	**3,501**	**20,217**	**23,718**	25,745	27,167
Construction financing	4/15 to 3/25	TR + 10.00%	**1,553**	**8,980**	**10,533**	11,442	12,077
Construction financing	4/15 to 3/25	TR + 10.02%	**1,819**	**10,502**	**12,321**	13,373	14,112
Construction financing	10/15 to 9/25	TR + 9.71%	**2,709**	**16,901**	**19,610**	21,145	22,211
Construction financing	8/14 to 7/25	TR + 9.78%	**2,344**	**14,239**	**16,583**	17,918	18,854
Construction financing	1/15 to 12/22	TR + 10.14%	**3,322**	**12,444**	**15,766**	18,799	21,490
Construction financing	5/15 to 4/23	TR + 10.05%	**2,070**	**8,389**	**10,459**	12,343	14,005
Construction financing	8/15 to 7/23	TR + 10.07%	**1,408**	**6,033**	**7,441**	8,717	9,839
Construction financing	1/15 to 4/23	TR + 9.59%	**3,511**	**14,237**	**17,748**	20,963	23,680
Construction financing	1/15 to 4/23	TR + 9.61%	**2,130**	**8,640**	**10,770**	12,721	14,478
Construction financing	4/16 to 3/26	TR + 10.14%	**3,177**	**21,215**	**24,392**	26,096	26,173
Construction financing	2/16 to 1/26	TR + 9.75%	**975**	**6,377**	**7,352**	7,892	8,147
(-) Funding cost			**(660)**	**(2,790)**	**(3,450)**	(4,097)	(4,753)
Total subsidiaries			**41,349**	**205,753**	**247,102**	275,437	296,159
Total Consolidated			**89,817**	**311,115**	**400,932**	419,470	515,212

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

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

	Individual			Consolidated		
	12/31/17	12/31/16	1/1/16	12/31/17	12/31/16	1/1/16
After the reporting period						
1 year	**48,468**	22,878	79,053	**89,817**	63,400	116,860
2 years	**22,234**	21,048	26,169	**61,205**	58,168	61,425
3 years	**22,284**	21,046	19,607	**61,333**	58,166	54,862
4 years	**22,339**	21,070	19,606	**61,413**	58,216	54,860
After 4 years	**38,505**	57,991	74,618	**127,164**	181,520	227,205
Total	**153,830**	144,033	219,053	**400,932**	419,470	515,212

Changes in loans and financing are as follows:

	Individual		Consolidated	
	2017	2016	2017	2016
Opening balance	**144,033**	219,053	**419,470**	515,212
Funding	**25,000**	172,000	**25,000**	172,000
Accrued financial charges	**14,711**	29,483	**41,236**	62,655
Exchange variations (*)	**-**	(3,406)	**-**	(3,406)
Funding costs	**(161)**	(1,161)	**(161)**	(1,161)
Amortization of funding costs	**438**	2,305	**1,085**	2,965
Repayment of principal	**(16,045)**	(247,610)	**(45,614)**	(274,697)
Payment of financial charges	**(14,146)**	(26,631)	**(40,084)**	(54,098)
Closing balance	**153,830**	144,033	**400,932**	419,470

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

Funding during the year ended December 31, 2017 is as follows:

	Funding date	Interest payment	Repayment of principal	Maturity of principal	Effective rate p.a.	Amount raised (*)
Individual and Consolidated:						
Working capital	12/17	Bullet	Bullet	2/18	CDI + 2.50%	25,000
Total						**25,000**

(*) Does not consider funding costs.

b) Debentures

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

			Individual and Consolidated				
			12/31/17			12/31/16	1/1/16
Issue	Principal maturity	Effective rate p.a. (*)	Current	Noncurrent	Total	Total	Total
3rd issue	6/14 to 12/22	CDI + 1.97%	**408**	**66,000**	**66,408**	86,956	94,066
4th issue	8/16 to 2/19	CDI + 1.90%	**32,048**	**35,000**	**67,048**	94,629	105,209
6th issue	12/15 to 12/19	CDI + 2.21%	**25,289**	**45,000**	**70,289**	85,700	95,690
7th issue	1/17 to 10/18	118% CDI + 0.14%	**-**	**-**	**-**	102,505	101,246
8th issue	11/17 to 12/19	119% CDI + 0.29%	**24,308**	**24,000**	**48,308**	60,802	60,301
9th issue	Until 1/18	CDI + 2.36%	**31,212**	**-**	**31,212**	144,037	-
10th issue	6/18 to 12/23	CDI + 1.73%	**262**	**100,000**	**100,262**	-	-
11th issue	6/18 to 12/21	CDI + 2.04%	**7,426**	**43,714**	**51,140**	-	-
12th issue	1/18 to 12/27	CDI + 2.42%	**10,035**	**90,000**	**100,035**	-	-
(-) Funding			**(1,861)**	**(3,739)**	**(5,600)**	(5,015)	(6,766)
Total			**129,127**	**399,975**	**529,102**	569,614	449,746

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

According to the General Meeting of Debentures Holders held on December 29, 2017, it was approved the extension of the final maturity of the 3rd issue of debentures, from June 2020 to December 2022.

As at December 31, 2017, 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
6th	Collateral	100,000	12/14	CDI + 2.00%	6/15	Semiannual	Annual
8th	Unsecured (*)	60,000	12/15	119% CDI	5/16	Semiannual	Semiannual
9th	Unsecured	135,000	7/16	CDI + 2.36%	10/17	Bullet	Bullet
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										
	12/31/17									12/31/16	1/1/16
After the reporting period	3rd issue	4th issue	6th issue	8th issue	9th issue	10th issue	11th issue	12th issue	Total	Total	Total
Amortization:											
1 year	**408**	**32,048**	**25,289**	**24,308**	**31,212**	**262**	**7,426**	**10,035**	**130,988**	275,633	35,512
2 years	**9,429**	**35,000**	**45,000**	**24,000**	**-**	**-**	**14,571**	**10,000**	**138,000**	152,996	122,004
3 years	**18,857**	**-**	**-**	**-**	**-**	**14,286**	**14,571**	**10,000**	**57,714**	131,000	152,996
4 years	**18,857**	**-**	**-**	**-**	**-**	**28,571**	**14,572**	**10,000**	**72,000**	15,000	131,000
After 4 years	**18,857**	**-**	**-**	**-**	**-**	**57,143**	**-**	**60,000**	**136,000**	-	15,000
Total	**66,408**	**67,048**	**70,289**	**48,308**	**31,212**	**100,262**	**51,140**	**100,035**	**534,702**	574,629	456,512
Costs:											
1 year	**(453)**	**(313)**	**(416)**	**(354)**	**-**	**(132)**	**(19)**	**(174)**	**(1,861)**	(1,783)	(1,793)
2 years	**(454)**	**(51)**	**(382)**	**(356)**	**-**	**(132)**	**(19)**	**(173)**	**(1,567)**	(1,789)	(1,793)
3 years	**(202)**	**-**	**-**	**-**	**-**	**(121)**	**(18)**	**(160)**	**(501)**	(1,241)	(1,750)
4 years	**-**	**-**	**-**	**-**	**-**	**(132)**	**(19)**	**(174)**	**(325)**	(202)	(1,228)
After 4 years	**-**	**-**	**-**	**-**	**-**	**(276)**	**(2)**	**(1,068)**	**(1,346)**	-	(202)
Total	**(1,109)**	**(364)**	**(798)**	**(710)**	**-**	**(793)**	**(77)**	**(1,749)**	**(5,600)**	(5,015)	(6,766)
Total, net	**65,299**	**66,684**	**69,491**	**47,598**	**31,212**	**99,469**	**51,063**	**98,286**	**529,102**	569,614	449,746

Changes in debentures are as follows:

	Individual and Consolidated	
	2017	2016
Opening balance	**569,614**	449,746
Funding	**251,000**	135,000
Accrued financial charges	**58,545**	78,910
Funding costs	**(2,653)**	(57)
Amortization of funding costs	**2,067**	1,808
Repayment of principal	**(288,782)**	(27,000)
Payment of financial charges	**(60,689)**	(68,793)
Closing balance	**529,102**	569,614

Funding of debentures during the year ended December 31, 2017 is as follows:

Type	Funding date	Interest payment	Repayment of principal	Maturity of principal	Effective rate p.a.	Amount raised (*)
Individual and Consolidated:						
10th issue	12/17	Semiannual	Semiannual	12/20 to 12/23	CDI + 1.60 %	100,000
11th issue	12/17	Semiannual	Semiannual	12/18 to 12/21	CDI + 2.00 %	51,000
12th issue	12/17	Monthly	Monthly	1/18 to 12/27	CDI + 2.25 %	100,000
Total						**251,000**

(*) Does not consider funding costs.

c) Guarantees

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

	Consolidated				
	Working capital	Construction financing	Debentures	Total	
Collateral/receivables	25,109	381,305	503,490	909,904	
No guaranties	-	-	31,212	31,212	
Total	25,109	381,305	534,702	941,116	(*)

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

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

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

d) Allocation of financial charges

Financial charges are capitalized as follows:

	Individual		Consolidated	
	2017	2016	2017	2016
Financial charges on:				
Loans, financing and debentures	**(75,806)**	(114,401)	**(102,978)**	(148,233)
Loans with related parties	**-**	(1,384)	**-**	(1,384)
Total financial charges	**(75,806)**	(115,785)	**(102,978)**	(149,617)
Interest capitalized on:	**-**	-	**-**	-
Investment property (Note 6)	**2,552**	3,275	**48,357**	91,357
Investment	**47,983**	90,161	**2,178**	2,835
Financial charges allocated to profit or loss (Note 15)	**(25,271)**	(22,349)	**(52,443)**	(55,425)

For the year ended December 31, 2017, total capitalized borrowing costs on loans, financing and debentures represented an average rate of 11.86% p.a. (14.43% p.a. for the year ended December 31, 2016).

e) Contractual obligations

Loans, financing and debentures do not have restrictive clauses related to financial indicators.

The Company is subject to certain contractual requirements that must be complied throughout the debt period, such as: providing information requested within contractual deadlines; do not perform operations that are not in accordance with its corporate purpose, in compliance with the statutory, legal and regulatory provisions in force; obtaining the mandatory project issuance, according to its defined policies; complying with the payments provided for in the agreements; ensuring compliance with all laws, rules and regulations in any jurisdiction in which conducts businesses or have assets; keeping licenses valid for the business operation; honoring the guarantees provided in the agreements; providing information on material acts and facts that may affect its financial condition or ability to fulfill its obligations; proving the allocation of funds raised in the projects described in the agreements, among others. Failure to comply with the mentioned covenants could result in early maturity of the agreements. As at December 31, 2017, the Company is complying with all contractual obligation of the loan, financing and debenture agreements.

8. Advances - barters

This balance refers to commitments arising from barter transactions under which the Group acquired land in exchange of industrial warehouses. The transaction was recorded at fair value on transaction date, measured based on the sales price of the land obtained through technical reports. The commitments will be discharged by handing over the completed industrial warehouses.

9. Income tax and social contribution

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

	Individual		Consolidated	
	2017	**2016**	**2017**	**2016**
Income (loss) before income tax and social contribution	**14,481**	(3,315)	**24,140**	2,896
Statutory rate - income tax and social contribution	**34%**	34%	**34%**	34%
Nominal expense	**(4,924)**	1,127	**(8,208)**	(985)
Effect of IRPJ and CSLL on permanent differences:				
Results from equity participation grossed of w ritten-off capitalized interest	**27,345**	34,114	**(1,402)**	1,083
Tax basis difference for companies taxes based on deemed income	**-**	-	**22,378**	28,958
Other	**509**	3,721	**505**	3,704
IRPJ and CSLL credit in profit or loss	**22,930**	38,962	**13,273**	32,760

On December 31, 2017, the Company did not to recognize deferred taxes on tax losses carryforwards of subsidiaries in the amount of R$6,801 (R$6,289 as of December 31, 2016).

(b) Deferred tax balances

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

	Individual			Consolidated		
	12/31/17	**12/31/16**	**1/1/16**	**12/31/17**	**12/31/16**	**1/1/16**
Noncurrent assets:						
Income tax and social contribution	**114,303**	90,014	51,052	**114,556**	90,213	51,052
Liabilities:						
Income tax and social contribution	**-**	-	-	**(27,391)**	(23,857)	(22,534)
PIS/COFINS	**-**	-	-	**(34,870)**	(32,049)	(29,556)
	-	-	-	**(62,261)**	(55,906)	(52,090)
Current	**-**	-	-	**(1,204)**	(948)	(965)
Noncurrent	**-**	-	-	**(61,057)**	(54,958)	(51,125)
Total	**-**	-	-	**(62,261)**	(55,906)	(52,090)

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

	Individual			Consolidated		
	12/31/17	12/31/16	1/1/16	12/31/17	12/31/16	1/1/16
Tax effect on:						
Deferred assets:						
Tax loss carryforwards	**46,717**	33,985	23,160	**50,219**	38,279	26,391
Capitalized interests written-off	**110,709**	96,075	66,384	**110,709**	96,075	66,384
Temporary differences	**703**	94	2,338	**703**	117	2,347
	158,129	130,154	91,882	**161,631**	134,471	95,122
Reclassified deferred liabilities	**(43,826)**	(40,140)	(40,830)	**(47,075)**	(44,258)	(44,070)
Deferred tax assets	**114,303**	90,014	51,052	**114,556**	90,213	51,052
Deferred liabilities:						
Fair value appreciation on investment property	**(43,826)**	(40,140)	(40,830)	**(72,774)**	(66,820)	(65,437)
Rental receivables and others	**-**	-	-	**(1,692)**	(1,295)	(1,167)
	(43,826)	(40,140)	(40,830)	**(74,466)**	(68,115)	(66,604)
Reclassified deferred liabilities	**43,826**	40,140	40,830	**47,075**	44,258	44,070
Deferred tax liabilities	**-**	-	-	**(27,391)**	(23,857)	(22,534)

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

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

	IRPJ and CSLL	
	Individual	Consolidated
Expected realization:		
2018	489	512
2019	2,727	3,263
2020	3,427	4,169
2021	4,415	5,861
2022	9,018	9,232
2023 to 2025	40,039	40,580
2026 to 2027	98,014	98,014
Total	158,129	161,631

The above-mentioned projection is based on conclusion of the construction of new industrial warehouse projects, which are already in operation, on the construction and start-up of new industrial warehouse projects which are in pre-operational phase in the Company's portfolio. Projected lease revenue of these assets contributes to generate taxable income compatible with the deferred tax assets realization.

As at December 31, 2017, the balance of deferred PIS/COFINS liabilities refers to the tax effect on: (i) fair value appreciation on investment property; and (ii) rents receivable for the remaining balance.

Changes in deferred income tax (IRPJ) and social contribution (CSLL) assets and liabilities for the years ended December 31, 2017 and 2016 are as follows:

	Individual				Consolidated			
	2017			2016	2017			2016
	Assets	Liabilities	Net	Net	Assets	Liabilities	Net	Net
Opening balance	**130,154**	**(40,140)**	**90,014**	51,052	**134,471**	**(68,115)**	**66,356**	28,518
Effect of deferred IRPJ and CSLL recognized in:								
Equity (Note 11 (f))	**1,359**	**-**	**1,359**	-	**1,359**	**-**	**1,359**	-
Net income for the year	**26,616**	**(3,686)**	**22,930**	38,962	**25,801**	**(6,351)**	**19,450**	37,838
Closing balance	**158,129**	**(43,826)**	**114,303**	90,014	**161,631**	**(74,466)**	**87,165**	66,356

10. Provisions for labor, tax and civil risks

The Group recorded provisions for risks related to claims for which an unfavorable outcome is probable, based on the assessment of its legal counsel. These claims consist essentially of labor claims. Changes for the years ended December 31, 2017 and 2016 are as follows:

	Individual		Consolidated	
	2017	**2016**	**2017**	**2016**
Opening balance	**495**	739	**495**	739
Additions and inflation adjustments	**345**	375	**1,096**	375
Payments	**(138)**	(371)	**(469)**	(371)
Reversal	**(84)**	(248)	**(299)**	(248)
Closing balance	**618**	495	**823**	495

The lawsuits assessed as possible losses by the legal counsel amounted to R$2.855 as at December 31, 2017 (R$752 and R$557 at December 31 and January 1st, 2016, respectively).

11. Equity

(a) Common shares and capital

	Individual and Consolidated		
	12/31/17	**12/31/16**	**1/1/16**
Subscribed capital	**1,312,287**	1,003,820	729,043
Unpaid capital	**(90,000)**	-	-
Paid-in capital	**1,222,287**	1,003,820	729,043
Shares issued	**69,068**	203,402	174,557
Unpaid shares issued	**(4,091)**	-	-
Shares issued and fully paid (Common shares, without par value - thousand)	**64,977**	203,402	174,557

The Company's authorized capital as at December 31, 2017, December 31 and January 1st, 2016 is R$2,000,000 (two billion reais).

Each common share is entitled to one vote in decisions at the shareholders' meeting and the shareholders' meeting can create new classes of shares, such as preferred shares, limited to fifty percent of total shares issued.

The holders of Company shares have preemptive rights, proportionally to their interests, in the subscription of new shares or their partial or total transfer to third parties. These rights can be exercised within the statutory period of thirty days.

During the years ended December 31, 2017 and 2016, the Annual and Extraordinary Shareholders' Meetings and the Board of Directors approved, within the Company's authorized capital ceiling, the following changes in its capital:

Date of approval	Description	Number of shares (**)	Total outstanding shares after issuance	Unit price	Total capital increase	Share capital after capital increase	Share issuance premium
		(thousand)	(thousand)	R$	R$'000	R$'000	R$'000
2017:							
8/18/17	Issue of new shares	14,021	64,872	22.00	308,466	1,312,286	-
9/26/17	Issue of new shares	4,196	69,068	-	1	1,312,287	-
2016:							
6/28/16	Issue of new shares	175	174,732	9.32 (*)	175	729,218	1,459
6/28/16	Capitalization of share issuance premium	-	174,732	-	24,602	753,820	-
12/22/16	Issue of new shares	28,670	203,402	8.72	250,000	1,003,820	-

(*) R$1.00 allocated to the capital increase and R$8.32 allocated to the premium reserve.
(**) Year 2016 does not consider the reverse split of shares, as mentioned below.

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 18, 2018. The proceeds from this capital increase will be allocated in debts repayments and new investments through the construction and expansion of assets already held by the Company.

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

On February 06, 2017, the Extraordinary Shareholders' Meeting approved the reverse split of the Company's shares in the ratio of four to one. The fractional shares generated after the reverse split were canceled and the amount corresponding to such fractions were reimbursed to the shareholders based on the equity value of each share.

(b) Capital reserve - share subscription premium

It is the amount contributed by the shareholders that exceeds the amount allocated to the capital increase, net of costs incurred in the share issuances.

(c) Earnings reserves

Legal reserve

The legal reserve is recognized based on the allocation of 5% of profit for the year, up to a ceiling of 20% of share capital. The constitution of a legal reserve is not mandatory when the balance of this reserve, plus the amount share capital, exceeds 30% of share capital. The objective of the legal reserve is to preserve capital and can only be utilized to offset losses or increase capital. The calculation

schedules for the recognition of the 2017 and 2016 legal reserve is shown in (d) below.

Earnings retention

The earnings retention reserves represent profits not distributed to shareholders with the purpose of reserving funds to be used in investments according to the Company's capital budget. As at December 31, 2017, the Company recognized an earnings retention reserve of R$31,986 (R$25,399 as at December 31, 2016).

(d) Mandatory minimum dividend payable to shareholders

Under its bylaws, which amendment was approved at the Extraordinary General Meeting held in August 18, 2017, the Company can, by decision of the Board of Directors (i) prepare semiannual, quarterly financial statements or for shorter periods, and declare dividends based on the profits disclosed in such financial statements; or (ii) declare interim dividends, charged to retained earnings or earnings reserves disclosed in the latest annual or semiannual financial statements. The distributed interim dividends can be deducted from the mandatory dividends. The Shareholders' Meeting can change the percentage of dividends to be paid to shareholders. Shareholders are entitled to an annual mandatory minimum dividend of no less than 10% of the net income for the fiscal year (25% in 2016), which can be decreased or increased by the following amounts: (i) amount to be allocated to the legal reserve; (ii) amount to be allocated to the recognition of a provision for contingencies and reversal of the same provisions recognized in prior years; and (iii) amount derived from the reversal of prior years' unrealized earnings reserve, pursuant to Article 202, II, of Corporate Law. Under the law, the payment of the mandatory dividend can be limited to realized net income for the fiscal year.

According to the Company's management's proposal, to be approved at the Annual Shareholders' Meeting (ASM), 2017 dividends are as follows (2016 and 2015 dividends are presented for comparative purposes):

	2017	**2016**	**2015**
Net income for the year	**37,411**	35,647	17,196
Legal reserve - 5% of net income	**(1,871)**	(1,782)	(860)
Net income available for distribution	**35,540**	33,865	16,336
Proposed dividends - 10% of net income available for distribution (*)	**3,554**	8,466	1,634
Proposed dividends per share (R$ per share) (**)	**0.0515**	0.0416	0.0094

(*) 25% of net income available for distribution in 2016.
(**) Proposed dividends per share, considering the reverse split of shares mentioned in Note 22, is 0.1665 in 2016 and 0.0374 in 2015.

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

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

(e) Stock option plan

The Stock Option Plan approved by the Company prescribes a maximum of 892.149 shares, equivalent to 5% of total Company shares in November 2010, to be issued under the plan. The plan's statute also establishes the exercise terms and conditions.

Once an option is exercised, the corresponding shares will be issued through an increase of the Company's share capital. The exercise price will be equivalent to the book value of each share determined by the Board of Directors at the time each program is discussed and approved. The Company's officers and employees, including of direct and indirect subsidiaries, may be eligible for the plan. Should the employment agreement or mandate of the employee or officer terminates due to (a) respectively, quitting or resignation; or (b) dismissal (with or without just cause) or removal from office (with or without fair reason), providing the definition of fair reason is provided for in corporate law or of cause is provided for in labor law, as applicable is observed, the options whose exercise right (i) had not been vested until such date will be cancelled; and (ii) had already been vested by such date, may be exercised within ninety day of the date of the termination of said employment agreement or mandate, by means of a written notice sent to the Chairman of the Company´s Board and, after this period, they will be cancelled. In case of death or permanent disability of the beneficiary, his or her successors shall have the right to exercise any unexercised stock options, regardless of the share sale restrictions periods set out in the Plan and even if such stock options are unvested, immediately and during the exercise period set out in the related program, where the number of shares to which the beneficiary's successors are entitled will be calculated on a prorated basis, according to the Plan.

The table below shows the main terms and conditions of the stock option programs:

Program	Approval	Number (**)	% of total approved in the plan	Vesting	Option price	Participants	Initial exercise deadline	Exercise deadline (*)
1	6/11	280,000	7.83%	Up to 4 year	R$ 1.00	Officers	8/11	12/18
2	6/11	89,774	2.52%	Up to 4 year	R$ 5.59	Officers	8/12	8/19
3	10/13	131,515	3.69%	Up to 4 year	R$ 7.51	Officers and managers	12/13	12/20
4	11/14	127,341	3.57%	Up to 4 year	R$ 7.51	Officers and managers	11/14	11/21
5	12/15	110,841	3.11%	Up to 4 year	R$ 7.51	Officers and managers	12/15	12/22

(*) After each plan's last vesting, the beneficiary has three additional exercise years.
(**) After the Company's reverse stock split in the ratio of four to one mentioned above, four options grant right to one share to the plans' beneficiaries.

The tables below show the changes in stock options plan per program for the years ended December 31, 2017 and 2016 and supplemental information thereon:

		Movements in 2017 (thousand shares)					
Program	Number of participants	Opening balance	Granted	Expired/ forfeited	Exercised	Effect of reverse split of shares	Closing balance
1	2	280	-	-	-	(210)	**70**
2	2	90	-	-	-	(68)	**22**
3	4	120	-	-	-	(90)	**30**
4	4	117	-	-	-	(88)	**29**
5	3	111	-	-	-	(83)	**28**
		718	-	-	-	(539)	**179**
Weighted average price		4.73	-	-	-	-	**18.92**

		Movements in 2016 (thousand shares)				
Program	Number of participants	Opening balance	Granted	Expired/ forfeited	Exercised	Closing balance
1	2	280	-	-	-	280
2	2	90	-	-	-	90
3	4	131	-	(11)	-	120
4	4	127	-	(10)	-	117
5	3	111	-	-	-	111
		739	-	(21)	-	718
Weighted average price		4.81	-	7.51	-	4.73

Program	Number of vested shares (thou.)	Compensation cost for the year	Unrecognized compensation cost	Remaining compensation cost period (in years)
1	70	-	-	-
2	22	-	-	-
3	30	48	-	-
4	4	87	74	0.9
5	4	93	161	2.0
2017	130	228	235	1.7
2016	426	264	463	2.4

None of the programs requires that the beneficiary pay any amount when the option is granted. Stock options granted represents 20.72% of the total approved plan.

Under Article 171, Par. 3, of the Brazilian Corporate Law, the Company's shareholders do not have preemptive rights on the exercise of stock options.

The Company records the employees' share-based compensation in the financial statements based on its fair value. The fair value of the stock option program was estimated based on the Black & Scholes stock option pricing model, considering the following weighed average assumptions:

	1st plan	2nd plan	3rd plan	4th plan	5th plan
Risk-f ree rate	12.08%	8.66%	10.86%	12.42%	16.20%
Vesting period in years (*)	7	7	7	7	7
Expected annualized volatility	45.73%	42.26%	36.56%	27.17%	26.73%
Expected dividends	5%	5%	5%	5%	6.02%
Stock options fair value on grant date per share	R$ 4.04	R$ 2.73	R$ 2.09	R$ 3.43	R$ 3.48

(*) Vesting period of up to 4 years.

The risk-free rate is based on an average of future CDI rates for the maximum exercise period of each tranche of the plans, using the projection of BM&FBOVESPA (São Paulo Stock Exchange).

Due to the lack of historical data, the expected volatility was calculated based on the average historical volatility of companies operating in the same industry.

As at December 31, 2017, had all options currently granted been exercised, the Company would have issued 179 thousand, which would represent a 0.26% dilution in relation to total Company shares of 69,068 thousand (0.35% and 0.42% at December 31 and January 1st, 2016, respectively).

(f) Share issuance costs

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

12. Earnings per share

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

	Individual and Consolidated	
	2017	**2016**
Basic earnings per share:		
Net income for the year	**37,411**	35,647
Weighted average number of outstanding common (thousand)	**57,190**	43,858
Basic earnings per share - in R$	**0.65415**	0.81278
Diluted earnings per share:		
Net income for the year	**37,411**	35,647
Weighted average number of outstanding common (thousands)	**57,190**	43,858
Dilutive effect of stock options (thousand)	**152**	155
Total shares after dilutive effect (thousand)	**57,342**	44,013
Diluted earnings per share - in R$	**0.65242**	0.80992

In conformity with CPC 41- Earning per share, item 64, basic and diluted earnings per share calculations were performed considering the reverse split of shares occurred on February 6, 2017 (See Note 11 (a)).

13. Net revenue

	Individual		Consolidated	
	2017	**2016**	**2017**	**2016**
Lease revenue	**18,884**	20,150	**106,026**	103,605
PIS/COFINS on revenue	**(1,754)**	(1,832)	**(6,532)**	(6,831)
Net revenue	**17,130**	18,318	**99,494**	96,774

14. Costs and expenses by nature

	Individual		Consolidated	
	2017	**2016**	**2017**	**2016**
Depreciation	**(236)**	(228)	**(243)**	(235)
Advertising	**(1,119)**	(750)	**(1,119)**	(750)
Salaries, charges and benefits	**(6,015)**	(4,950)	**(6,015)**	(4,932)
Management compensation	**(1,051)**	(1,005)	**(1,051)**	(1,005)
Outside services	**(2,411)**	(2,425)	**(5,250)**	(5,788)
General expenses	**(2,045)**	(1,941)	**(2,290)**	(2,191)
Stock options	**(228)**	(264)	**(228)**	(264)
Vacancy expenses	**(1,427)**	(1,960)	**(4,719)**	(5,339)
Other (*)	**(3,478)**	(197)	**(5,329)**	(528)
	(18,010)	(13,720)	**(26,244)**	(21,032)
Classified as:				
Selling expenses	**(4,911)**	(4,959)	**(10,188)**	(10,961)
General and administrative expenses	**(8,570)**	(7,559)	**(9,676)**	(8,538)
Management compensation	**(1,051)**	(1,005)	**(1,051)**	(1,005)
Other operating expenses	**(3,478)**	(197)	**(5,329)**	(528)
	(18,010)	(13,720)	**(26,244)**	(21,032)

(*) Year 2017 includes share issuance cost recognition regarding aborted IPO in the amount of R$2,686

15. Financial expenses and income

	Individual		Consolidated	
	2017	2016	2017	2016
Financial expenses				
Interest on loans, financing and debentures (Note 7 (d))	**(25,271)**	(22,349)	**(52,443)**	(55,425)
Loss on derivative financial instruments	**(1,071)**	-	**(1,071)**	-
Financial adjustments	**(697)**	(4,181)	**(697)**	(4,181)
Other financial expenses (*)	**(3,721)**	(600)	**(3,998)**	(1,066)
	(30,760)	(27,130)	**(58,209)**	(60,672)
Financial income				
Income from short-term investments	**6,804**	3,767	**7,143**	4,229
Financial adjustments	**-**	4,245	**-**	4,246
Other financial income (*)	**2,855**	227	**3,292**	642
	9,659	8,239	**10,435**	9,117
Financial (expenses) income	**(21,101)**	(18,891)	**(47,774)**	(51,555)

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

16. Related parties

Related-party balances and transactions are as follows:

	Individual			Consolidated		
	12/31/17	12/31/16	1/1/16	12/31/17	12/31/16	1/1/16
Balance sheet:						
Short-term investments (a)	**2,172**	25,067	12,676	**2,172**	25,067	12,676
Rental receivables (b)	**20**	20	18	**291**	273	325
Receivables for sale of subsidiary (e)	**-**	4,767	5,062	**-**	4,768	5,062
Debentures (f)	**31,212**	144,037	-	**31,212**	144,037	-
Rental payables (g)	**38**	37	-	**38**	37	-
Receivables for land purchase cancellation (h)	**2,411**	-	-	**2,411**	-	-

	Individual		Consolidated	
	2017	2016	2017	2016
Income statement:				
Income from short-term investments (a)	**2,225**	1,083	**2,225**	1,083
Rental receivables (b)	**292**	272	**4,652**	4,360
Expenses on the provision of administrative services (c)	**811**	826	**1,759**	1,798
Financial expenses due to related parties (d)	**-**	1,384	**-**	1,384
Financial expenses on debentures (f)	**14,680**	9,037	**14,680**	9,037
Rental expenses (g)	**455**	432	**455**	432
Financial income related to land purchase cancellation (h)	**2,281**	-	**2,281**	-

(a) Refers to short-term investments in CDBs with Banco Inter S.A. (“Inter”), which is controlled by the controlling shareholder of MRV Engenharia e Participações S.A. As at December 31, 2017, short-term investments yielded 104.00% of CDI in individual and on a consolidated basis (105.00% and 108.00% at December 31 and January 1st, 2016, respectively).

Joint venture Cabral Investimentos SPE Ltda (“Cabral”) holds short-term investments in Inter amounting to R$10,278 at December 31, 2017 (R$9,277 and R$13,899 at December 31 and January 1st, 2016, respectively). The financial income arising on these short-term investments was R$1,001 for the year ended December 31, 2017 (R$1,766 for the same period of 2016).

(b) Refers to the lease agreement entered into by the Company and subsidiaries with Patrus Transportes Urgentes Ltda., controlled by a noncontrolling shareholder of the Company.

(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 at December 31, 2017 (R$4.1 at December 31, 2016). This amount is annually adjusted using the average salary increase percentage granted to the employees of MRV Engenharia e Participações S.A. The agreement is effective for three years, beginning December 2, 2013, automatically extendable for an equal period, if not apposed by any of the parties. On December 02, 2016, in the absence of opposition by the parties, the contract was automatically extended for an equal period.

(d) Refer to financial expenses generated by loan between the Company and its joint venturer MRV Engenharia e Participações S.A. in the amount of R$110,201 granted during year 2016. The loan was adjusted to CDI + 2.36% per annum and the outstanding balance was fully repaid during 2016.

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

(f) Refers to the ninth issue of simple debentures with total proceeds of R$135,000, non-convertible, with unsecured guarantee, bearing interest of CDI + 2.36% p.a., which was fully subscribed and paid by joint venturer MRV Engenharia e Participações S.A. on July 29, 2016.

(g) Refers into 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, noncontrolling shareholder and member of the Company's board. The rental agreements are effective until February 28, 2025, adjustable by the General Market Price Index (IGPM) and as at December 31, 2017 provides for the monthly payment of R$38 (R$37 and R$34 as at December 31 and January 1st, 2016, respectively).

(h) On July 3rd, 2017, the Company cancelled land purchase acquired from MDI Desenvolvimento Imobiliário Ltda. (MDI), a company controlled by the joint venturer MRV Engenharia e Participações S.A. As result, MDI will pay LOG the total amount of R$4,821, R$2,540 corresponding to the amount originally paid by LOG and R$2,281 referring to yields equivalent to interbank deposit rate (CDI), calculated from the date of each original payment to the cancellation date, recognized in line "Financial income". This amount will be paid in 12 equal and successive installments, being the first installment received on that date. In this operation, the Company recognized immediately in profit or loss in line "Financial expenses", interest that was priorly capitalized, in the amount of R$3,223.

On August 13, 2015, joint venture Cabral Investimentos SPE Ltda. sold a plot of land to MRV Engenharia e Participações S.A. for R$7,500, paid in a R$750 down payment and 12 monthly installments of R$563, adjusted using the INCC (National Construction Cost Index). The balance was repaid in August 2016 and the financial income earned on this transaction was R$97 for the year ended December 31, 2016.

The Group conduct transactions with Banco Bradesco, controlling shareholder of Banco Bradesco Investimentos (BBI), which in turn is the controlling shareholder of 2bCapital, current manager of the Investment Fund for Multisectorial Holdings Plus, a shareholder of the Company. As at December 31, 2017, the transactions consist of financing and

debentures, totaling R$386,445 (R$460,206 and R$468,076 as at December 31 and January 1st, 2016, respectively). In the year ended December 31, 2017, these transactions, conducted at usual market rates, generated financial expenses of R$46,165 (R$63,475 for the same period in 2016).

Compensation of key management personnel

Pursuant to CPC 05 and IAS 24 *Related Party Disclosures*, 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	
	2017	**2016**
Short-term benefits granted to management:		
Management compensation (*)	**1,051**	1,005
Profit sharing	**501**	481
Non-monetary benefits	**54**	44
Long-term benefits to management:		
Retirement private plan	**34**	-
Share-based compensation:		
Stock option plan	**173**	204
	1,813	1,734

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

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

Besides the benefits above, the Company does not grant any other benefits such as postemployment benefits, other long-term benefits, or severance pay.

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 December 31, 2017.

During year 2017, the Company entered into 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	Asset / Liability	Maturity	Notional amount	Long position	Short position	Effect on result: Gain or loss on transaction	Effect on result: Mark-to-market	12/31/17 Derivative fair value
Swap	100% CDI / 6.89%	7/18	50,000	50,803	50,784	19	(116)	(97)
Swap	100% CDI / 7.19%	1/19	60,000	60,963	60,981	(18)	(307)	(325)
Swap	100% CDI / 7.64%	4/19	100,000	101,605	101,650	(45)	(628)	(673)
Swap	100% CDI / 7.50%	7/19	15,000	15,012	15,013	(1)	(20)	(21)
			225,000			**(45)**	**(1,071)**	**(1,116)**

	Individual and Consolidated
Current liability	(97)
Noncurrent liability	(1,019)
Total	**(1,116)**

On March 30, 2016, the Company entered into a non-speculative derivative financial instrument to hedge its exposure to the US dollar fluctuation in the working capital transaction, described in Note 7 (a). This derivative was fully redeemed on its maturity date by the amount of R$5,301 and its sole purpose was to hedge the risk of foreign exchange fluctuations by swapping the US dollar fluctuation for a CDI floating rate. Main conditions and effects are described below.

Type of transaction	Asset / Liabilities	Maturity	Notional Dollar (USD) amount	Notional Real (R$) amount	Long position	Short position
Swap	US dollar fluctuation + 3.20% p.a. / CDI + 1.47% p.a.	9/16	8,253	30,000	27,039	32,340

Impact on profit or loss – Individual and Consolidated			
	Loss on transaction	Mark-to-market	Total
2016	(5,301)	-	(5,301)

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

	Individual			Consolidated		
	12/31/17	12/31/16	1/1/16	12/31/17	12/31/16	1/1/16
Financial assets:						
Cash and banks	**78**	77	499	**640**	380	683
Fair value through profit or loss held for trading (*)	**211,165**	143,103	13,545	**214,319**	146,561	16,761
Loans and receivables	**11,533**	15,531	14,694	**35,983**	36,894	33,760
Financial liabilities:						
Amortized cost	**683,955**	714,373	669,600	**934,901**	992,645	971,559
Fair value through profit or loss held for trading (*)	**1,116**	-	-	**1,116**	-	-

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

(c) Exposure to interest rates and inflation adjustment indices

The Group is exposed to interest rates on its short-term investments, trade receivables, loans, financing and debentures, as described in Notes 3, 4, and 7, respectively.

Sensitivity analysis

The Group is exposed to market risks arising from changes in interest rates and inflation adjustment indices. The sensitivity analysis was developed considering the exposure to changes in CDI and the savings accounts adjustment index ("TR") because the Group's main financial instruments are pegged to such indices, as detailed below.

- *Exposure to CDI*

  CDI is the main index to which the Group's loans, debentures, and short-term investments are pegged.

  Market expectations, based on BM&F (Futures and Commodities Exchange) inputs at December 31, 2017, pointed out an effective mean CDI rate estimated at 6.86% as the probable scenario for 2018, against an effective rate of 9.93% incurred in the year ended December 31, 2017.

- *Exposure to TR*

  The main financial instruments pegged to the Referential Rate ("TR") are the "Corporate Plan" loans.

  Market expectations, based on indicators released by the BM&F (Commodities and Futures Exchange) at December 31, 2017, pointed to an estimated TR of 0.01% as the probable scenario for 2018, against an effective rate of 0.60% incurred in the year ended December 31, 2017.

The change between the estimated rate for 2018 ("probable scenario") and the effective rate for the last year, in relation to the end of the reporting period, multiplied by the exposed net balance as at December 31, 2017, was used to calculate the financial impact, should the probable scenario materialize in 2017. In conformity with the information required by CVM Instruction 475/08, we have also calculated scenarios I and II, considering a 25% and 50% increase in the rates estimated for 2018, respectively.

Accordingly, the financial effects for the scenarios and indices described above would be as follows on a consolidated basis:

Index	Financial asset	Financial liability	Net exposed financial liability	Effective annual rate for 2017	Estimated annual rate for 2018 (*)		Change in effective rate for the relevant scenario	Total estimated effect
Probable scenario:								
CDI	439,319	(596,676)	(157,357)	9.93%	6.86%	(i)	-3.07%	4,831
TR	-	(344,440)	(344,440)	0.60%	0.01%	(i)	-0.59%	2,032
								6,863
Scenario I:								
CDI	439,319	(596,676)	(157,357)	9.93%	8.58%		-1.35%	2,124
TR	-	(344,440)	(344,440)	0.60%	0.01%		-0.59%	2,032
								4,156
Scenario II:								
CDI	439,319	(596,676)	(157,357)	9.93%	10.29%		0.36%	(566)
TR	-	(344,440)	(344,440)	0.60%	0.02%		-0.58%	1,998
								1,432

(i) Data obtained on the BM&F Bovespa website.
(*) Projection for 2018.

As required by IFRS 7, management believes that the estimated annual rates presented in the probable scenario above reflect the reasonable possible scenario for 2018.

(d) Capital risk management

The Group manages its capital to ensure that all group companies can continue as going concerns, and at the same time maximizes the return of all their stakeholders by optimizing the balance debt and equity.

The Group's equity structure consists of net debt (debt broken down in Note 7, less cash and cash equivalents and marketable securities, broken down in Note 3) and the Group's equity.

The Management periodically review the Company's equity structure. As part of this review, the Management consider the cost of capital, asset liquidity, the risks associated to each class of equity, and the Group's debt-to-equity ratio. As at December 31, 2017, December 31 and January 1st, 2016, the debt-to-equity ratio is as follows:

	Individual			Consolidated		
	12/31/17	**12/31/16**	**1/1/16**	**12/31/17**	**12/31/16**	**1/1/16**
Loans, financing and debentures	**682,932**	713,647	668,799	**930,034**	989,084	964,958
Cash and cash equivalents and Marketable securities	**(211,243)**	(143,180)	(13,858)	**(214,959)**	(146,941)	(17,258)
Net debt	**471,689**	570,467	654,941	**715,075**	842,143	947,700
Equity	**2,019,796**	1,774,157	1,495,765	**2,019,952**	1,774,284	1,495,873
Net debt-to-equity ratio	**23.4%**	32.2%	43.8%	**35.4%**	47.5%	63.4%

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 their cash flows and improve their capital structure.

(e) Liquidity and interest rate risk table

The table below details the remaining contractual maturity of the Group's non-derivative financial liabilities and the contractual amortization periods. These tables have been prepared using the undiscounted cash flows of the financial liabilities based on the nearest date on which the Group should settle the related obligations. The tables include interest and principal cash flows. As the interest flows refer to floating rates, the undiscounted was obtained based on the index projections from December 31, 2017 to the contractual maturity, which is based on the nearest date on which the Group should settle the related obligations.

	Up to 1 year	**1 to 2 year**	**2 to 3 year**	**Over 3 year**	**Total**
Individual:					
Floating rates liabilities	222,831	201,540	110,730	347,777	882,878
Non-interest bearing liabilities	1,023	-	-	-	1,023
Total	223,854	201,540	110,730	347,777	883,901
Consolidated:					
Floating rates liabilities	277,517	255,696	159,794	533,352	1,226,359
Non-interest bearing liabilities	4,867	-	-	-	4,867
Total	282,384	255,696	159,794	533,352	1,231,226

(f) Credit risk

It refers to the risk of a counterparty failing to meet its contractual obligations, leading the Group to incur in financial losses. The Group has the policy of only negotiating with counterparties with creditworthiness and obtaining adequate guarantees, when appropriate, as a way to mitigate the risk of financial loss due to default.

(g) 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								
	12/31/17			12/31/16			1/1/16		
Financial instruments	**Carrying amount**	**Fair value (*)**	**Difference**	**Carrying amount**	**Fair value (*)**	**Difference**	**Carrying amount**	**Fair value (*)**	**Difference**
Debentures:									
CDI + 1.90% p.a.	**66,408**	**66,675**	**(267)**	86,956	86,803	153	94,066	90,373	3,693
CDI + 1.85% p.a.	**67,048**	**67,048**	**-**	94,629	88,130	6,499	105,209	101,492	3,717
CDI + 2.00% p.a.	**121,429**	**121,429**	**-**	85,700	81,780	3,920	95,690	91,448	4,242
118% CDI p.a.	**-**	**-**	**-**	102,505	100,644	1,861	101,246	99,356	1,890
119% CDI p.a.	**48,308**	**48,308**	**-**	60,802	58,438	2,364	60,301	58,695	1,606
CDI + 1.60% p.a.	**100,262**	**100,262**	**-**	-	-	-	-	-	-
CDI + 2.25% p.a.	**100,035**	**100,035**	**-**	-	-	-	-	-	-
CDI + 2.36% p.a.	**31,212**	**31,212**	**-**	144,037	144,037	-	-	-	-
Total	**534,702**	**534,969**	**(267)**	574,629	559,832	14,797	456,512	441,364	15,148
Working capital loans:									
CDI + 1.60% p.a.	**-**	**-**	**-**	**-**	**-**	**-**	15,372	15,323	49
CDI + 2.00% p.a.	**-**	**-**	**-**	**-**	**-**	**-**	50,212	50,212	-
CDI + 2.50% p.a.	**25,109**	**25,109**	**-**	**-**	**-**	**-**	-	-	-
Total	**25,109**	**25,109**	**-**	-	-	-	65,584	65,535	49
Financing:									
Construction financing	**130,753**	**130,753**	**-**	146,342	146,342	-	156,923	156,923	-
Grand total (w /o issuance costs)	**690,564**	**690,831**	**(267)**	720,971	706,174	14,797	679,019	663,822	15,197

	Consolidated								
	12/31/17			12/31/16			1/1/16		
Financial instruments	**Carrying amount**	**Fair value (*)**	**Difference**	**Carrying amount**	**Fair value (*)**	**Difference**	**Carrying amount**	**Fair value (*)**	**Difference**
Debentures:									
CDI + 1.90% p.a.	**66,408**	**66,675**	**(267)**	86,956	86,803	153	94,066	90,373	3,693
CDI + 1.85% p.a.	**67,048**	**67,048**	**-**	94,629	88,130	6,499	105,209	101,492	3,717
CDI + 2.00% p.a.	**121,429**	**121,429**	**-**	85,700	81,780	3,920	95,690	91,448	4,242
118% CDI p.a.	**-**	**-**	**-**	102,505	100,644	1,861	101,246	99,356	1,890
119% CDI p.a.	**48,308**	**48,308**	**-**	60,802	58,438	2,364	60,301	58,695	1,606
CDI + 1.60% p.a.	**100,262**	**100,262**	**-**	-	-	-	-	-	-
CDI + 2.25% p.a.	**100,035**	**100,035**	**-**	-	-	-	-	-	-
CDI + 2.36% p.a.	**31,212**	**31,212**	**-**	144,037	144,037	-	-	-	-
Total	**534,702**	**534,969**	**(267)**	574,629	559,832	14,797	456,512	441,364	15,148
Working capital loans:									
CDI + 1.60% p.a.	**-**	**-**	**-**	**-**	**-**	**-**	15,372	15,323	49
CDI + 2.00% p.a.	**-**	**-**	**-**	**-**	**-**	**-**	50,212	50,212	-
CDI + 2.50% p.a.	**25,109**	**25,109**	**-**	**-**	**-**	**-**	-	-	-
Total	**25,109**	**25,109**	**-**	**-**	**-**	**-**	65,584	65,535	49
Financing:									
Construction financing	**381,305**	**381,305**	**-**	425,876	425,876	-	457,835	457,835	-
Grand total (w /o issuance costs)	**941,116**	**941,383**	**(267)**	1,000,505	985,708	14,797	979,931	964,734	15,197

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

Fair values of loans, financing, and debentures subject to CDI plus spread and TR, 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 December 31, 2017, December 31 and January 1st, 2016.

The table below shows a comparative of the contracted and market rates, at December 31, 2017:

	Current market rate	Maturity dates
Debentures:		
CDI + 1.90% p.a.	CDI + 1.76% p.a.	12/22
CDI + 1.85% p.a.	CDI + 1.85% p.a.	2/19
CDI + 2.00% p.a.	CDI + 2.00% p.a.	12/21
119% CDI p.a.	119% CDI p.a.	12/19
CDI + 1.60% p.a.	CDI + 1.60% p.a.	12/23
CDI + 2.25% p.a.	CDI + 2,25% a.a.	12/27
CDI + 2.36% p.a.	CDI + 2.36% p.a.	1/18
Working capital:		
CDI + 2.50% p.a.	CDI + 2.50% p.a.	2/18
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.

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 types of third-party transactions.

19. Commitments

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

20. Noncash transactions

During the years ended December 31, 2017 and 2016, the Company and its subsidiaries conducted the following investment and financing transactions that did not involve cash, and, therefore, are not reflected in the statement of cash flows:

	Individual		Consolidated	
	2017	2016	2017	2016
Interest capitalization	**50,535**	93,436	**50,535**	94,192
Capital increase arising from the capitalization of reserve	**-**	24,602	**-**	24,602

21. Insurance

The Company has an insurance policy that considers primarily risk concentration and their materiality, taking into consideration the nature of its business, and advice of the insurance brokers. As at December 31, 2017, insurance coverage is as follows:

Items	Type of coverage	Insured amount
Engineering risk insurance	Insures, during the project construction period, any compensation for damages caused to the construction, such as fire, lightening, theft, and other specific coverage of facilities and assemblies on the insured site.	155,687
Civil liability (officers)	Insures the coverage of pain and suffering payable by Company officers (D&O).	5,000
Group life and personal injury insurance	Insures payment of compensation related to involuntary personal injuries to employees, contractors, interns, and officers.	13,612
Corporate insurance	Insures payment of compensation to the Company for covered events occurring in leased commercial properties, events such as electric damages, fire, lightening, w indstorm, etc.	105,151
Legal guarantee insurance	Insures to the policyholder the payment of any disputed amount in full related to any law suit filed w ith any court or threatened. The contracted guarantee replaces escrow deposits.	590

22. Subsequent event

On January 03, 2018, the Company repaid the remaining amount of R$31,235 regarding the ninth issue of debentures, for private placement, non-convertible, with unsecured guarantee, fully subscribed and paid by joint venturer MRV Engenharia e Participações S.A.

On January 18, 2018, the Company received the third and last installment in the amount of R$90,000, regarding the capital increase in the total amount of R$308,466, subscribed by the Company's current shareholders.

On February 05, 2018, the Company repaid the remaining amount of R$71,353 regarding the sixth issue of debentures, non-convertible, with collateral guarantee.

23. Approval of the financial statements

These financial statements were approved by the Board of Directors and authorized for issue by the executive committee on February 21, 2018.