Financial Statements

LOG Commercial Properties e Participações S.A.

Individual and Consolidated Financial Statements for the Year Ended December 31, 2015 and Independent Auditor's Report

LOG Commercial Properties e Participações S.A.

Financial Statements

December 31, 2015

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A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and on consolidated financial information in accordance with IFRS and also with accounting practices adopted in Brazil

Independent auditor's report on financial statements

The Board of Directors and Shareholders
LOG Commercial Properties e Participações S.A.
Belo Horizonte - MG

We have audited the accompanying individual and consolidated financial statements of LOG Commercial Properties e Participações S.A. ("Company"), identified as Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2015, and the related statements of income statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting practices and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Company's financial statements 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 internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the financial position of LOG Commercial Properties e Participações S.A. as of December 31, 2015, and its individual and consolidated financial performance and related cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added (SVA) for the year ended December 31, 2015, prepared under the responsibility of the Company's management, the presentation of which is required by Brazilian Corporation Law for publicly held companies and presented as supplementary information under IFRS, whereby no SVA presentation is required. These statements have been subject to the same auditing procedures previously described and, in our opinion, are presented fairly, in all material respects, in relation to the overall financial statements.

Belo Horizonte, March 07, 2016

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

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

Raphael Augusto Rocha Leite
Accountant CRC-1MG105649/O-0

(Convenience Translation into English from the Original Previously Issued in Portuguese)

LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

BALANCE SHEETS AS AT DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian reais - R$)

	Notes	Individual		Consolidated	
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
Assets					
Current assets					
Cash and cash equivalents	3	**13,858**	60,626	**17,258**	77,334
Receivables	4	**7,243**	4,490	**19,119**	24,806
Recoverable taxes		**6,400**	4,677	**8,532**	6,577
Prepaid expenses		**2,386**	611	**4,329**	2,386
Derivative	17	**186**	-	**186**	-
Other		**-**	1	**1**	3
Total current assets		**30,073**	70,405	**49,425**	111,106
Noncurrent assets					
Receivables	4	**7,451**	2,289	**14,641**	8,293
Prepaid expenses		**4,214**	745	**7,862**	4,442
Recoverable taxes		**15,166**	11,991	**38,403**	38,839
Deferred income tax and social contribution	9	**51,052**	28,535	**51,052**	28,535
Other		**150**	4	**608**	81
Investments in subsidiaries and joint ventures	5	**1,671,313**	1,771,228	**237,314**	242,961
Investment property	6	**430,170**	357,548	**2,174,413**	2,190,831
Property and equipment		**1,624**	844	**1,800**	1,060
Total noncurrent assets		**2,181,140**	2,173,184	**2,526,093**	2,515,042
Total assets		**2,211,213**	2,243,589	**2,575,518**	2,626,148
Liabilities and shareholders' equity					
Current liabilities					
Suppliers		**801**	995	**6,601**	5,692
Loans and financing	7	**79,053**	125,750	**116,860**	162,523
Debentures	7	**33,719**	22,755	**33,719**	22,755
Payroll, social charges and benefits		**2,223**	2,379	**2,401**	2,743
Tax liabilities		**620**	637	**2,559**	3,241
Advances - barters		**-**	**-**	**3,518**	4,029
Deferred taxes	9	**-**	-	**965**	1,666
Mandatory minimum dividend payable	11	**1,634**	25,856	**1,634**	25,856
Other		**306**	535	**722**	1,651
Total current liabilities		**118,356**	178,907	**168,979**	230,156
Noncurrent liabilities					
Loans and financing	7	**140,000**	151,469	**398,352**	430,382
Debentures	7	**416,027**	418,769	**416,027**	418,769
Advances - barters		**40,000**	40,000	**42,406**	42,776
Deferred taxes	9	**-**	-	**51,125**	48,349
Provisions for labor, tax and civil contingencies	10	**739**	203	**739**	203
Other		**326**	250	**2,017**	1,298
Total noncurrent liabilities		**597,092**	610,691	**910,666**	941,777
Total liabilities		**715,448**	789,598	**1,079,645**	1,171,933
Shareholders' equity					
Paid-in capital	11	**729,043**	171,844	**729,043**	171,844
Capital reserves		**24,840**	528,522	**24,840**	528,522
Earnings reserve		**741,882**	753,625	**741,882**	753,625
Equity attributable to Company owners		**1,495,765**	1,453,991	**1,495,765**	1,453,991
Noncontrolling interests		**-**	-	**108**	224
Total shareholders' equity		**1,495,765**	1,453,991	**1,495,873**	1,454,215
Total liabilities and shareholders' equity		**2,211,213**	2,243,589	**2,575,518**	2,626,148

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian reais - R$, except earnings per share)

	Notes	Individual		Consolidated	
		2015	2014	2015	2014
Net revenue	13	**19,877**	15,701	**92,911**	67,968
Gross profit		**19,877**	15,701	**92,911**	67,968
Operating income (expenses)					
Selling expenses	14	**(4,418)**	(4,523)	**(10,146)**	(10,508)
General and administrative expenses	14	**(7,250)**	(7,201)	**(8,416)**	(8,723)
Management compensation	14	**(1,139)**	(1,065)	**(1,139)**	(1,065)
Changes in the fair value of investment property	6	**(26,821)**	(10,648)	**(30,997)**	160,297
Other operating income (expenses), net	14	**(455)**	(554)	**(2,307)**	229
Results from equity participation	5	**24,964**	265,421	**4,439**	77,484
Income before financial income and taxes		**4,758**	257,131	**44,345**	285,682
Financial income (expenses)					
Financial expenses	15	**(29,897)**	(16,066)	**(63,384)**	(37,686)
Financial income	15	**18,735**	3,958	**19,895**	8,571
Income (loss) before taxes		**(6,404)**	245,023	**856**	256,567
Income tax and social contribution					
Current		**(15)**	-	**(5,999)**	(5,694)
Deferred	9	**23,615**	27,150	**22,334**	21,374
	9	**23,600**	27,150	**16,335**	15,680
Income of the year		**17,196**	272,173	**17,191**	272,247
Net income (loss) attributable to:					
Shareholders of the Company				**17,196**	272,173
Non-controlling interests				**(5)**	74
				17,191	272,247
Earnings per share (In Reais - R$):					
Basic	12	**0.09927**	1.58572	**0.09927**	1.58572
Diluted	12	**0.09906**	1.58259	**0.09906**	1.58259

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian reais - R$)

	Individual		Consolidated	
	2015	**2014**	**2015**	**2014**
Income of the year	**17,196**	272,173	**17,191**	272,247
Comprehensive income for the period	**-**	-	**-**	-
Total comprehensive income for the year	**17,196**	272,173	**17,191**	272,247
Comprehensive income (loss) attributable to:				
Shareholders of the Company			**17,196**	272,173
Non-controlling interests			**(5)**	74
			17,191	272,247

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian reais - R$)

		Capital reserves		Earnings reserves			Equity attributable		
	Paid in capital	Share premium	Recognized options granted	Legal	Earnings retention	Retained earnings	to shareholders of the Company	Noncontrolling shareholders	Total
BALANCE AT DECEMBER 31, 2013	**171,453**	**524,634**	**942**	**2,379**	**40,489**	**-**	**739,897**	**88**	**739,985**
Fair value adjustment of investment property	-	-	-	-	-	464,440	464,440	59	464,499
BALANCE AT JANUARY 01, 2014	**171,453**	**524,634**	**942**	**2,379**	**40,489**	**464,440**	**1,204,337**	**147**	**1,204,484**
Capital increase	391	2,547	-	-	-	-	2,938	-	2,938
Net contributions from (distribution to) noncontrolling shareholders	-	-	-	-	-	-	-	3	3
Recognized options granted	-	-	399	-	-	-	399	-	399
Income of the year	-	-	-	-	-	272,173	272,173	74	272,247
Allocation of net income:									
Recognition of legal reserve	-	-	-	13,609	-	(13,609)	-	-	-
Dividends payable	-	-	-	-	-	(25,856)	(25,856)	-	(25,856)
Recognition of earnings retention reserve	-	-	-	-	697,148	(697,148)	-	-	-
BALANCE AT DECEMBER 31, 2014	**171,844**	**527,181**	**1,341**	**15,988**	**737,637**	**-**	**1,453,991**	**224**	**1,454,215**
Capitalization of reserves	554,486	(527,181)	-	-	(27,305)	-	-	-	-
Capital increase	2,713	23,143	-	-	-	-	25,856	-	25,856
Net contributions from (distribution to) noncontrolling shareholders	-	-	-	-	-	-	-	(111)	(111)
Recognized options granted	-	-	356	-	-	-	356	-	356
Income of the year	-	-	-	-	-	17,196	17,196	(5)	17,191
Allocation of net income:									
Recognition of legal reserve	-	-	-	860	-	(860)	-	-	-
Dividends payable	-	-	-	-	-	(1,634)	(1,634)	-	(1,634)
Recognition of earnings retention reserve	-	-	-	-	14,702	(14,702)	-	-	-
BALANCE AT DECEMBER 31, 2015	**729,043**	**23,143**	**1,697**	**16,848**	**725,034**	**-**	**1,495,765**	**108**	**1,495,873**

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 - INDIRECT METHOD
(In thousands of Brazilian reais - R$)

	Notes	Individual		Consolidated	
		2015	2014	2015	2014
Cash flows from operating activities					
Income of the year		**17,196**	272,173	**17,191**	272,247
Adjustments to reconcile net income to net cash generated by (used in) operating activities:					
Depreciation		**216**	28	**243**	34
Results from equity participation	5	**(24,964)**	(265,421)	**(4,439)**	(77,484)
Amortization of prepaid expenses		**611**	571	**2,585**	1,995
Allowance for doubtful debts	4	**-**	-	**2,288**	-
Incurred interest		**29,180**	15,863	**62,436**	36,343
Results from derivative financial instruments	17	**(6,259)**	-	**(6,259)**	-
Deferred taxes		**(24,918)**	(27,150)	**(20,538)**	(12,439)
Changes in the fair value of investment property	6	**28,123**	10,648	**29,016**	(169,563)
Stock options		**356**	399	**356**	399
		19,541	7,111	**82,879**	51,532
(Increase) decrease in operating assets:					
Trade accounts receivable		**994**	(1,134)	**(5,014)**	(11,437)
Recoverable taxes		**(911)**	182	**(507)**	(3,547)
Prepaid expenses		**(5,691)**	(347)	**(7,948)**	(4,327)
Other assets		**(144)**	(2)	**(525)**	(78)
Increase (decrease) in operating liabilities:					
Payroll, social charges and benefits		**(260)**	(232)	**(342)**	(1,281)
Taxes, charges and contributions		**(115)**	(447)	**4,806**	4,524
Other liabilities		**2,519**	485	**421**	520
Income tax and social contribution paid		**-**	(9)	**(5,488)**	(5,481)
Proceeds from land sales / subsidiary		**96,261**	-	**105,954**	13,290
Dividends received from subsidiaries and joint ventures	5	**83,016**	65,055	**20,000**	-
Cash provided by operating activities		**195,210**	70,662	**194,236**	43,715
Cash flows from investing activities					
Increase in / aquisition of investments		**(71,519)**	(119,544)	**(5,544)**	(72,281)
Aquisition of investment properties		**(12,245)**	(40,948)	**(39,821)**	(204,046)
Other		**(983)**	(496)	**(983)**	(481)
Cash used in investing activities		**(84,747)**	(160,988)	**(46,348)**	(276,808)
Cash flows from financing activities					
Loans, financing and debentures		**207,406**	492,265	**209,716**	585,524
Amortization of loans, financing and debentures		**(267,005)**	(347,924)	**(297,604)**	(350,882)
Contracted and redeemed derivative financial instruments		**6,073**	-	**6,073**	-
Interest paid		**(103,705)**	(65,778)	**(126,038)**	(75,418)
Payment of due to related parties		**-**	(129,350)	**-**	(5,948)
Increase in due to related parties		**-**	122,601	**-**	5,948
Capital increase	11	**25,856**	2,938	**25,856**	2,938
Dividends paid	11	**(25,856)**	(2,938)	**(25,856)**	(2,938)
(Distributions to) contributions from noncontrolling shareholders		**-**	-	**(111)**	3
Net cash (used in) provided by financing activities		**(157,231)**	71,814	**(207,964)**	159,227
Decrease in cash and cash equivalents		**(46,768)**	(18,512)	**(60,076)**	(73,866)
Cash and cash equivalents					
At the beginning of the year		**60,626**	79,138	**77,334**	151,200
At the end of the year	3	**13,858**	60,626	**17,258**	77,334
Decrease in cash and cash equivalents		**(46,768)**	(18,512)	**(60,076)**	(73,866)

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

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LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.

STATEMENTS OF VALUE ADDED FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian reais - R$)

	Nota explicativa	Individual		Consolidated	
		2015	2014	2015	2014
Revenue					
Lease revenue	13	**21,902**	17,312	**98,949**	72,437
Other revenue		**4,946**	27	**(14,188)**	764
Changes in the fair value of investment property	6	**(28,123)**	(10,648)	**(29,016)**	169,563
Revenue from construction of own assets		**93,685**	30,171	**122,898**	237,935
Allowance for doubtful accounts	4	**-**	-	**(2,288)**	-
		92,410	36,862	**176,355**	480,699
Inputs purchased from third-parties (includes the taxes ICMS, IPI, PIS AND COFINS)					
Supplies, power, outside services and other items		**(26,697)**	(28,071)	**(49,944)**	(150,214)
		(26,697)	(28,071)	**(49,944)**	(150,214)
Gross value added		**65,713**	8,791	**126,411**	330,485
Depreciation	14	**(216)**	(28)	**(243)**	(34)
Net wealth created		**65,497**	8,763	**126,168**	330,451
Value added received in transfer					
Results from equity participation	5	**24,964**	265,421	**4,439**	77,484
Financial income		**19,018**	3,958	**20,193**	8,571
		43,982	269,379	**24,632**	86,055
Total wealth for distribution		**109,479**	278,142	**150,800**	416,506
Wealth distributed					
Personnel:		**7,158**	10,308	**8,781**	25,673
Salaries and wages		**6,191**	8,310	**7,361**	20,216
Benefits		**644**	1,342	**973**	3,600
Severance pay fund (FGTS)		**323**	656	**447**	1,857
Taxes and fees:		**(18,692)**	(20,226)	**(3,059)**	9,642
Federal		**(18,890)**	(20,357)	**(3,488)**	6,566
State		**14**	4	**16**	6
Municipal		**184**	127	**413**	3,070
Lenders and lessors:		**103,817**	15,887	**127,887**	108,944
Interest		**102,890**	13,878	**125,682**	94,697
Rentals		**888**	1,942	**2,068**	14,115
Leases		**23**	47	**21**	45
Other		**16**	20	**116**	87
Shareholders:		**-**	272,173	**17,191**	272,247
Dividends		**118,356**	25,856	**168,979**	25,856
Retained earnings	11	**(118,356)**	246,317	**(151,788)**	246,317
Noncontrolling interests		**-**	-	**-**	74
Wealth distributed		**92,283**	278,142	**150,800**	416,506

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

1. General information

LOG Commercial Properties e Participações S.A. ("Company") is a corporation publicly trade in category "B", with its head office in Belo Horizonte, Minas Gerais, established on June 10, 2008, which is engaged in the: (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 office buildings; and (iv) holding interests in other entities, either as partner or shareholder.

The 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 (under operating leases rules) of industrial warehouses, stores/offices, shopping malls, strip malls and development and sale of industrial lots. The projects are located in the States of Minas Gerais, São Paulo, Espírito Santo, Paraná, Rio de Janeiro, Goiás, Ceará, Sergipe and Bahia. See the list of and supplemental information on subsidiaries and joint ventures in note 5.

The Company, its subsidiaries, and its joint ventures are 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. Within this context and aiming at maintaining an adequate level of liquidity and ensuring its investment capacity, the Group holds continual discussions with financial institutions regarding new operations for the purpose of improving the Group's debt profile and maintain the level of liquidity and the ability to make new investments. The Company may divest assets in its portfolio, depending on existing business and market conditions for such divestures, taking into account the future ability to add shareholder value from such assets. In addition, are also being considered new resources through capital increases to enhance capital structure and to meet its financial commitments.

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 individual and consolidated financial statements are presented in accordance with accounting practices adopted in Brazil (BR GAAP) and also in accordance with the International Financial Reporting Standards ("IFRSs"), issued by the International Accounting Standards Board ("IASB"). In conformity with "OCPC 07 - Evidenciação na Divulgação dos Relatórios Contábil - Financeiros de Propósito Geral" (General Purpose Evidencing on Disclosure of Financial Statements), relevant information regarding the financial statements have 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 10 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' 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 and the interests in the assets, liabilities and profits or losses of subsidiaries are combined with the corresponding line items in the Company's consolidated financial statements, on a per line item basis, and the parent company's interests in the subsidiaries' equities, as well as all intragroup transactions, balances, revenue, and expenses are eliminated.

2.2 Significant accounting policies

(a) Cash and cash equivalents

Include cash, positive bank account balances, and short-term investments redeemable within three months from contract date and with an immaterial risk of changes in fair value. Cash and cash equivalents are classified as financial assets measured at fair value, and the income thereon is recognized in profit or loss.

(b) Trade receivables

Represented basically by rents receivables from leased assets, net of the allowance for doubtful debts, which is recognized based on management's assessment, taking into account the involved risks. The Company's management believes that this allowance is sufficient to cover identified losses. Lease receivables are not adjusted to present value since they have short-term maturities and/or have an immaterial impact on the financial statements. Short-term (if material) and long-term land receivables are adjusted to present value as explained in item 2.2 (l).

(c) Investments in subsidiaries and joint ventures

The financial information of subsidiaries is recognized in the Company's individual financial statements by the equity method of accounting, based on the investees' financial statements for the same reporting periods and prepared using the same accounting criteria used in the Company's financial statements. In the individual and consolidated financial statements, the information on subsidiaries and joint ventures is recognized using the equity method, based on the related investees' financial statements for the same reporting periods and using the same accounting criteria of 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.

(d) Investment property

Beginning 2014, after being initially recognized at cost, including transaction costs and interest incurred during the construction stage, investment property is measured at fair value (Note 2.4 - Change in accounting policy). Up to December 31, 2013 investment property was measured at cost. All income arising on the operating lease of assets for rental or appreciation in value is recognized as investment property and measured using the fair value model. Gains and losses resulting from changes in the fair value of an investment property are recognized in profit or loss for the year when the changes took place.

As at December 31, 2015 and 2014, the fair value measurement of investment property was made by external and internal appraisers, with the required qualifications and recent experience in the valuation of real estate in similar locations.

The external appraisal as at December 31, 2015 was made as follows:

- Land: valued made using the Direct Market Inputs Comparative Method, under which the land value is obtained by directly comparing the land with other similar properties, located within the same geo-economic region.
- Projects in operation or at construction stage: valuation made using discounted cash flows 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 8.75% to 11.0% per annum.
    - The divesture has been calculated using rates that range from 8.5% to 9.5% per annum.

- Projected expenses corresponding to a 1.0 to 1.5 rentals as compensation for the work of the real estate consultant responsible for the lease of the property and a 2.0% of the residual sale price as compensation for the work of the real estate consultant responsible for the sale of the property at the end of horizon.

The internal appraisal as at December 31, 2014 used the following assumptions:

- It was based on the external appraisal conducted on June 30, 2014, which used criteria and assumptions similar to those used as at December 31, 2015 described above.

- For projects that did not underwent a material change in the value perception, whether driven by factors inherent to the property itself or its lessee portfolio, fair value was attributed by maintaining the transactions value determined by the external appraiser as at June 30, 2014, plus cost incurred in the second half of 2014;

- For projects that underwent a material change in the value perception, whether driven by factors inherent to the property itself or its lessee portfolio, fair value was attributed by adjusting/deriving the Discount Cash Flows determined by the external appraiser as at June 30, 2014 for December 31, 2014. The adjustments were restricted to the operating assumptions (average lease price, selling costs, and common area maintenance costs), without any changes in the risk and market assumptions, except for LOG Goiânia, the exit cap rate of which was adjusted to 10.00% from 11.07%, in order to equate the rates for comparable LOG projects, and LOG Itatiaia, the discount rate of which decreased to 10.00% from 10.25%. The purpose of this change is to reflect the risk reduction perception due to the business performance obtained from the external appraisal date, as at June 30, 2014 (the project was delivered in July 2014) and the internal appraisal base date.

Investment property is measured at fair value. All income arising on the operating lease of assets for rental or appreciation in value is recognized as investment property and measured using the fair value model. Gains and losses resulting from changes in the fair value of an investment property are recognized in profit or loss for the year when the changes took place.

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.

(e) 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 estimate and it is probable that a disbursement will be required to settle the obligation.

When a provision is measured based on the estimated cash flows to settle the obligation, its carrying amount corresponds to the present value of such cash flows.

(f) Loans, financing and debentures

Initially recognized when funds are received, net of transaction costs. At the end of the reporting period there are carried at their initial recognition amounts, less repayments plus the relevant charges incurred. Transaction costs are presented as a reduction to current and noncurrent liabilities, and are allocated to profit or loss over the same repayment term of the financing from which they were originated based on the effective rate of each transaction.

(g) 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Since financing activities are centrally coordinated 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 (individual 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).

(h) Stock option plan

The Company has a share-based compensation plan under which it receives services from certain employees in exchange for equity instruments (stock options). The Company recognizes the cost of compensation in profit or loss on a straight-line basis over the vesting period, from grant date to the date an option becomes exercisable, with a corresponding increase in equity. Compensation costs are measured at fair value on the date the stock options are granted and were estimated based on the Black & Scholes pricing model (see note 11 (e)).

(i) Taxes

Current and deferred income tax, social contribution, and taxes on sales are recognized in profit or loss for the year as expenses or income, 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 a 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 income from the provision of commercial property lease services, land sales, and taxes on 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 differences between assets and liabilities recognized for tax purposes and related amounts recognized in the financial statements and are determined taking into account the tax rates (and laws) in effects on the date the financial statements were prepared and applicable when the related income tax and social contribution are realized.

Deferred taxes assets are recognized only to the extent that it is probable that there will be a positive tax base for which temporary differences can be used and tax loss carryforwards can be offset. The recovery of deferred tax assets is reviewed at the end of each annual reporting period and, when it is no longer probable that future taxable income will be available to allow the recovery of all or part of the assets, these are adjusted to the expected recoverable amount.

Taxes on revenue

Revenue is carried net of taxes on sales (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.

(j) Income and expense recognition

Lease revenues are recognized on a straight-line basis over term of the underlying agreement and are being carried net, i.e., less the taxes levied thereon to the extent it is probable that economic benefits will flow to the Company and their amount can be reliably measured.

Revenue from land sales is recognized when land is delivered and ownership is transferred so that all the criteria set forth by CPC 30 (IAS 18) *Revenue* are met.

Revenue and expenses are recorded on the accrual basis.

(k) Financial instruments

Financial assets and financial 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 issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or 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 or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are classified into the following 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. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Category	Financial assets
At fair value through profit or loss	Cash and cash equivalents
Loans and receivables	Trade receivables

- Financial assets at fair value through profit or loss

Any gains or losses arising from the financial assets measured at fair value through profit or loss when they are held for trading or on their initial recognition are recognized in profit or loss.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, measured at amortized cost using the effective interest method, less any impairment losses. Interest revenue, when applicable, is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest is immaterial.

- Derecognition

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

- Impairment of financial assets

The Group assesses at the end of the reporting periods 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, 2015, except for the allowance for doubtful debts (Note 4), there were no events that would indicate the need to recognize an allowance for impairment losses and, therefore, no allowance for losses was recognized.

Financial liabilities

The main financial liabilities held by the Group are: loans, financing, debentures, and trade payables. These liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest method.

- Derecognition

The Group derecognizes financial liabilities when, and only when, the Company's, its subsidiaries', or its joint ventures' obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

- Net statement

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 set off the amounts recognized and if there is an intent to simultaneously realize the asset and settle the liability.

Derivative financial instrument

The Company holds a derivative financial instrument to manage its exposure to the interest rate risk, consisting of an option contract. Derivatives are initially recognized at fair value, on contract date and at the end of the reporting period. Any gains or losses are immediately recognized in profit or loss. This derivative instrument is classified in the category at fair value through profit or loss held for trading.

(l) Discount to present value

Monetary assets and monetary 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 policy and, for the annual reporting periods, this adjustment is restricted to land receivables.

(m) 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, the fair value of cash and cash equivalents and the derivative financial instrument, deferred income tax and social contribution assets, asset impairment testing, and provisions for labor, tax, and civil contingencies. 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.

(n) Functional and reporting currency

The individual and consolidated financial statements are presented in Brazilian reais (R$), which is the Company's, its subsidiaries', and its jointly controlled entities' functional currency.

(o) 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 the BRGAAP applicable to publicly heal companies, while for IFRS purposes they are presented as supplemental information.

(p) 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 an operating leases.

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

(q) Earnings per share

Basic

Basic earnings per share are calculated by dividing profit attributable to the owners of the Company by the weighted average number of common shares outstanding in the year, excluding the common shares bought back by the Company.

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares to presume the conversion of all potentially dilutive common shares. The Company only has a type of potentially dilutive common shares: stock options, for which a calculation is made to determine the number of shares that could have been acquired at their fair value (determined as the market price of Company stock), based on the monetary value of the subscription rights linked to the outstanding stock options.

(r) Segment information

The Company has the following operating segments: industrial warehouses and retail (shopping center and strip mall), which do not meet the minimum quantitative parameters established by CPC 22 and IAS 14 *Segment Reporting*, to be separately disclosed.

2.3 New standards

The accounting standards IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers*, and IFRS 16 *Leases* were issued but have not yet become effective and, therefore, have not been early adopted by the Group for the year ended December 31, 2015.

In light of the Company's and its subsidiaries' 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 net income or the shareholders' equity disclosed by the Company.

2.4 Change in accounting policy

In 2014, the Group, aiming at a more appropriate presentation of its operations, decided to change the valuation of its investment properties from the cost method to the fair value method, accordingly, pursuant to CPC 28 - *Propriedades para Investimento* (IAS 40 *Investment Properties*), Paragraph 80, and recognized the impact of this change as an adjustment to the opening balance of retained earnings as at January 1, 2014.

The effect on shareholders' equity is as follows:

	Individual	Consolidated
Shareholders' equity as at December 31, 2013	**739,897**	**739,985**
Adjustment to fair value:		
Investment property	**116,602**	**502,327**
Investments in subsidiaries	**352,839**	**-**
Deferred taxes	**(5,001)**	**(37,828)**
	464,440	**464,499**
Adjusted shareholders' equity - January 1, 2014	**1,204,337**	**1,204,484**

3. Cash and cash equivalents

Cash and cash equivalents are broken down as follows:

	Individual		Consolidated	
	12/31/15	**12/31/14**	**12/31/15**	**12/31/14**
Cash	**21**	20	**22**	22
Bank accounts	**478**	455	**661**	801
Short-term investments:				
Bank Certificates of Deposit (CDBs)	**12,676**	30,605	**12,676**	45,725
Certificates backed by debentures	**-**	14,938	**700**	15,374
Mutual fund	**683**	14,608	**3,199**	15,412
Total	**13,858**	60,626	**17,258**	77,334

Short-term investments, classified as held for trading, have daily liquidity, are immediately redeemable and subject to an immaterial risk of change in value, carried at cost plus income earned, which at December 31, 2015 is approximately 107.62% of the interbank deposit rate (CDI) in Individual and 105.05% of CDI on a consolidated basis (110.00% of CDI in Individual and 107.00% of CDI on a consolidated basis at December 31, 2014), and adjusted to fair value, when applicable.

Investment in certificates backed by debentures, which have its repurchase guaranteed by financial institutions, can be immediately redeemed according to Company needs and their yield is pegged to the CDI.

The investment funds are highly-liquid nonexclusive funds, pegged to the fixed income DI rate, and are aimed to accompany the CDI variance.

4. Trade receivables

Trade receivables are broken down as follows:

	Individual		Consolidated	
	12/31/15	**12/31/14**	**12/31/15**	**12/31/14**
Leases	**7,666**	6,241	**27,720**	21,157
Land sales	**-**	-	**-**	9,787
Sale of subsidiary	**5,062**	-	**5,062**	-
Other	**1,966**	538	**4,014**	2,903
	14,694	6,779	**36,796**	33,847
Allowance for doubtful debts	**-**	-	**(3,036)**	(748)
Total	**14,694**	6,779	**33,760**	33,099
Current	**7,243**	4,490	**19,119**	24,806
Noncurrent	**7,451**	2,289	**14,641**	8,293
	14,694	6,779	**33,760**	33,099

Leases refer to the lease of industrial warehouses, under operating leases subject to Law 8245/91 ("Lease Law"), which requires, without limitations, 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 using the General Market Price Index (IGPM).

The land was sold in 2013 and the related proceeds received through September 2015 in fixed installments.

The sale of subsidiary refers to the amounts receivable from the sale of MRV LOG SP I Incorporações SPE Ltda. ("Office Park Pirituba") to MRV Engenharia e Participações S.A., as reported in note 5(a).

The table below shows the aging list of trade receivables:

	Individual		Consolidated	
	12/31/15	**12/31/14**	**12/31/15**	**12/31/14**
Undue:				
Up to 12 months	**6,902**	4,441	**17,824**	23,408
13 to 24 months	**7,451**	2,289	**14,641**	8,293
	14,353	6,730	**32,465**	31,701
Past due:				
Up to 30 days	**159**	25	**545**	25
31 to 90 days	**92**	1	**627**	1,113
More than 90 days	**90**	23	**3,159**	1,008
	341	49	**4,331**	2,146
Total	**14,694**	6,779	**36,796**	33,847

Changes in the allowance for doubtful debts for the years ended December 31, 2015 and 2014 are as follows:

	Consolidated	
	2015	**2014**
Opening balance	**(748)**	(748)
Recognition	**(2,288)**	-
Closing balance	**(3,036)**	(748)

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

	Individual		Consolidated	
	12/31/15	**12/31/14**	**12/31/15**	**12/31/14**
12 months	**22,811**	20,024	**103,156**	90,696
13 to 24 months	**22,312**	18,478	**89,132**	84,250
25 to 36 months	**18,494**	10,059	**63,023**	62,219
37 to 48 months	**4,976**	4,347	**31,182**	40,941
More than 48 months	**7,141**	9,715	**31,010**	48,132
Total	**75,734**	62,623	**317,503**	326,238

5. Investments 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")	November 2013	Contagem, MG
Parque Torino Imóveis S.A. ("Torino")	April 2015	Betim, MG
Joint ventures at start-up stage:		
Betim I Incorporações SPE Ltda. ("Betim subdivision")	-	Betim, MG

Project	Startup date	Location
Subsidiaries in operation:		
Contagem I SPE Ltda. (“LOG I”)	February 2009	Contagem, MG
Contagem II Incorporações SPE Ltda. (“LOG II”)	March 2011	Contagem, MG
Jundiaí Incorporações SPE Ltda. (“LOG Jundiaí”)	April 2011	Jundiaí, SP
Goiânia I Incorporações Imobiliárias SPE Ltda. (“LOG Goiânia”)	April 2012	Goiânia, GO
Hortolândia Incorporações SPE Ltda. (“LOG Hortolândia”)	September 2012	Hortolândia, SP
LOG São José dos Pinhais I SPE Ltda. (“LOG SJP”)	April 2013	São José dos Pinhais, PR
LOG Juiz de Fora I SPE Ltda. (“LOG Juiz de Fora”)	June 2013	Juiz de Fora, MG
LOG Feira de Santana I SPE Ltda. (“LOG Feira de Santana”)	June 2013	Feira de Santana, BA
LOG Maracanaú I SPE Ltda. (“LOG Fortaleza”)	August 2013	Maracanaú, CE
LOG Via Expressa SPE Ltda. (“LOG Via Expressa”)	November 2013	Betim, MG
Campos Sociedade em Conta de Participação (“LOG Campos”)	December 2013	Campo dos Goytacazes, RJ
LOG Viana I SPE Ltda. ("LOG Viana")	April 2014	Viana, ES
LOGCP Londrina I SPE Ltda. ("LOG Londrina")	June 2014	Londrina, PR
LOG Itatiaia SPE Ltda. (“LOG Itatiaia”)	July 2014	Itatiaia, RJ
Subsidiaries at start-up stage:		
MRV LOG MDI SJC I Incorporações SPE Ltda. (“LOG SJC Sony”)	-	São José dos Campos SP
LOG Sumaré Deltalog I SPE Ltda. (“LOG Sumaré”)	-	Sumaré, SP
LOG SJRP I Incorporações SPE Ltda. ("LOG SJRP")	-	São José do Rio Preto, SP
LOG Macaé I SPE Ltda. (“LOG Macaé”)	-	Macaé, RJ
LOG RP I SPE Ltda. ("LOG RP")	-	Ribeirão Preto, SP
LOG Curitiba I SPE Ltda. ("LOG Curitiba")	-	Curitiba, PR
LOG Rio SPE Ltda. (“LOG Rio”)	-	Campo Grande, RJ
LOG Aracajú SPE Ltda. (“LOG Aracajú”)	-	Nossa Senhora do Socorro, SE
LOG Uberaba SPE Ltda. (“LOG Uberaba”)	-	Uberaba, MG
LDI LOG Desenvolvimento Imobiliário Ltda. (“LDI”)	-	Belo Horizonte, MG

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

	Information on investees		Company information				
	Capital		Equity interest				
	12/31/15		12/31/15			12/31/14	
	Amount	Number of shares	Number of shares	Contractual percentage		Contractual percentage	
Joint ventures:							
Cabral	39,247	78,494,000	39,247,000	50.00%		50.00%	
Torino	132,764	318,600	127,440	40.00%		40.00%	
Betim subdivision	38,961	84,325,968	42,162,984	50.00%	(*)	50.00%	(*)
Subsidiaries:							
LOG I	68,572	61,460,971	61,455,971	99.99%		99.99%	
LOG II	21,024	20,353,954	20,352,154	99.99%		99.99%	
LOG Jundiaí	41,258	35,874,919	35,873,675	99.99%		99.99%	
LOG Goiânia	58,143	46,930,180	46,930,170	99.90%		99.90%	
LOG Hortolândia	75,260	13,000,000	12,999,999	100.00%		100.00%	
LOG SJP	21,394	23,351,000	23,350,999	100.00%		100.00%	
LOG Juiz de Fora	39,461	10,000	9,999	99.99%		99.00%	
LOG Feira de Santana	14,863	29,541,000	29,540,999	99.99%		99.99%	
LOG Fortaleza	53,505	34,037,979	34,037,978	99.99%		99.99%	
LOG Via Expressa	57,499	47,000,000	46,999,999	99.99%		99.99%	
LOG Campos	-	-	-	-		99.90%	
LOG Viana	102,811	10,000	9,999	99.99%		99.99%	
LOG Londrina	37,956	10,000	9,999	99.99%		99.99%	
LOG Itatiaia	27,068	27,410,838	27,410,837	99.99%		99.99%	
LOG SJC Sony	54,248	52,500,000	52,499,999	100.00%		100.00%	
LOG Sumaré	713	10,000	9,999	99.99%		99.99%	
LOG SJRP	9,471	10,000	9,999	99.99%		99.99%	
LOG Macaé	13,855	10,000	9,999	99.99%		99.99%	
LOG RP	20,308	10,000	9,999	99.99%		99.99%	
LOG Curitiba	26,650	10,000	9,999	99.99%		99.99%	
LOG Rio	27,763	10,000	9,999	99.99%		99.99%	
LOG Aracajú	14,459	10,000	9,999	99.99%		99.99%	
LOG Uberaba	5,668	10,000	9,900	99.00%		99.00%	
LDI	3,836	24,690,048	24,689,948	100.00%		100.00%	

(*) Actual equity interest percentage of 48.03% at December 31, 2015 (44.21% at December 31, 2014).

	Information on investees							
	Shareholders' equity		Net income (loss) for the year		Investment		Results from equity participation	
	12/31/15	12/31/14	2015	2014	12/31/15	12/31/14	2015	2014
Joint ventures:								
Cabral	**115,145**	133,004	**20,860**	32,027	**56,932**	66,502	**10,430**	14,732
Torino	**331,910**	346,873	**(14,963)**	163,747	**132,790**	138,775	**(5,985)**	65,499
Betim subdivision	**80,943**	75,406	**(12)**	(3)	**38,876**	33,338	**(6)**	(1)
Capitalized interest (*)	**-**	-	**-**	-	**8,716**	4,346	**-**	(2,746)
Total joint ventures - Consolidated	**527,998**	555,283	**5,885**	195,771	**237,314**	242,961	**4,439**	77,484
Subsidiaries:								
LOG I	**161,303**	144,761	**25,583**	9,582	**161,286**	144,747	**25,580**	9,581
LOG II	**44,013**	36,459	**10,377**	3,300	**44,008**	36,455	**10,376**	3,300
LOG Jundiaí	**73,639**	69,934	**3,248**	4,512	**73,632**	69,927	**3,248**	4,512
LOG Goiânia	**107,779**	110,336	**(6,722)**	35,149	**107,672**	110,226	**(6,715)**	35,114
LOG Hortolândia	**129,653**	118,341	**17,353**	(4,022)	**129,653**	118,341	**17,353**	(4,022)
LOG SJP	**28,486**	21,932	**1,819**	5,371	**28,486**	21,932	**1,819**	5,371
LOG Juiz de Fora	**62,730**	57,008	**3,946**	(187)	**62,724**	57,002	**3,946**	(187)
LOG Feira de Santana	**25,968**	19,439	**5,174**	(1,222)	**25,965**	19,437	**5,173**	(1,222)
LOG Fortaleza	**122,759**	108,254	**8,321**	34,026	**122,747**	108,243	**8,320**	34,023
LOG Via Expressa	**100,318**	91,134	**12,796**	2,173	**100,308**	91,125	**12,795**	2,173
LOG Campos	**-**	83,447	**-**	36,166	**-**	83,364	**-**	36,130
LOG Viana	**123,054**	109,256	**8,148**	20,202	**123,042**	109,245	**8,147**	20,200
LOG Londrina	**73,774**	71,188	**30**	28,991	**73,767**	71,181	**30**	28,988
LOG Itatiaia	**35,872**	26,521	**9,903**	(1,368)	**35,869**	26,518	**9,902**	(1,368)
LOG SJC Sony	**102,776**	84,001	**18,700**	8,958	**102,776**	84,001	**18,700**	8,958
Office Park Pirituba	**-**	127,593	**(23,846)**	(30,481)	**-**	127,580	**(23,844)**	(30,478)
LOG Sumaré	**8**	9	**(1)**	(7)	**8**	9	**(1)**	(7)
LOG SJRP	**22,611**	23,798	**(1,271)**	9,148	**22,609**	23,796	**(1,271)**	9,147
LOG Macaé	**38,487**	19,404	**18.740**	409	**38,483**	19,402	**18,737**	409
LOG RP	**52,277**	52,823	**(1,100)**	19,473	**52,272**	52,818	**(1,100)**	19,471
LOG Curitiba	**40,762**	93,452	**(53,100)**	61,105	**40,758**	93,443	**(53,095)**	61,099
LOG Rio	**61,454**	21,456	**29,582**	3,600	**61,448**	21,454	**29,579**	3,600
LOG Aracajú	**19,936**	16,522	**3,089**	(1,772)	**19,934**	16,520	**3,089**	(1,772)
LOG Uberaba	**6,211**	6,736	**(642)**	1,186	**6,149**	6,669	**(636)**	1,174
LDI	**403**	14,832	**13**	1,527	**403**	14,832	**13**	1,527
Capitalized interest (*)	**-**	-	**-**	-	**-**	-	**(69,620)**	(57,784)
Total subsidiaries	**1,434,273**	1,528,636	**90,140**	245,819	**1,433,999**	1,528,267	**20,525**	187,937
Total Individual	**1,962,271**	2,083,919	**96,025**	441,590	**1,671,313**	1,771,228	**24,964**	265,421

(*) 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 February 2015 the Company merged subsidiary Campos Sociedade em Conta de Participação ("LOG Campos").

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") for R$110,000 (R$109,989 receivable by the Company and R$11 receivable by LDI), receivable through September 2017, payable in a down payment of R$11,000 and 30 monthly installments of R$3,300, adjusted using the IPCA (National Broad Consumer Price Index). As the amount receivable is adjustable using the IPCA, the Company discounted the amount to present value at the real interest rate of 4.8% per annum. The effects of the sale to MRV are broken down as follows:

	Divesture		Total impact on profit or loss
	LOG	LDI	
Amount	**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)**
Gain on divesture	**-**	**-**	**-**
Deferred Income tax and social contribution	**1,000**	**-**	**1,000**
	1,000	**-**	**1,000**

On November 25, 2015, the Company assigned receivables amounting to R$75,892 to HSBC Bank Brasil S.A. corresponding to the installments receivable on that date under the transaction above. The Company received R$65,734 from the bank, which charged an acquisition fee of 1.17% per month. Since the Company no longer retains the risks and responsibilities of the assigned receivables, these amounts were derecognized from line item trade receivables.

Under the assignment agreement, the Company retains the right to receive the amounts related to the adjustment for the IPCA (since march 2015), which total R$5,062 as at December 31, 2015 (nil at December 31, 2014). These amounts will be received in monthly installments through September 2017.

b) Joint ventures:

- Cabral Investimentos SPE Ltda. (“Cabral”) is mainly engaged in building investment proprieties in shopping mall 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.

The risks and rewards arising on the net results generated by these entities are assumed by each shareholder, according to the percentage equity interest held. The joint ventures do not entail contractual restrictions to the distributions or funds generated by their operating activities to their controlling shareholders.

The main financial information is as follows:

	Cabral		Torino		Betim subdivision	
	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14
Cash and cash equivalents	**20,724**	54,214	**3,731**	30,423	**3**	3
Trade receivables	**5,076**	631	**10**	1,000	**-**	-
Inventories	**-**	-	**-**	-	**12,033**	10,582
Other current assets	**719**	429	**199**	40	**-**	(1)
Total current	**26,519**	55,274	**3,940**	31,463	**12,036**	10,584
Inventories	**-**	-	**-**	-	**68,962**	64,947
Investment property	**95,830**	85,120	**339,225**	328,015	**-**	-
Other noncurrent assets	**234**	1,111	**-**	-	**2**	2
Total noncurrent assets	**96,064**	86,231	**339,225**	328,015	**68,964**	64,949
Total assets	**122,583**	141,505	**343,165**	359,478	**81,000**	75,533

	Cabral		Torino		Betim subdivision	
	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14
Current liabilities	**2,628**	3,253	**110**	290	**57**	127
Noncurrent liabilities	**4,810**	5,248	**11,145**	12,315	**-**	-
Shareholders' equity	**115,145**	133,004	**331,910**	346,873	**80,943**	75,406
Liabilities and shareholders' equity	**122,583**	141,505	**343,165**	359,478	**81,000**	75,533

	Cabral		Torino		Betim subdivision	
	2015	2014	2015	2014	2015	2014
Operating revenue	**10,376**	8,572	**3,721**	-	**-**	-
Cost of services	**(3,385)**	(2,867)	**-**	(193)	**-**	-
Financial income (expenses)	**4,330**	2,080	**(805)**	3,263	**(9)**	(3)
Changes in the fair value of investment property	**12,231**	26,568	**(17,768)**	167,124	**-**	-
Income tax and social contribution	**(2,692)**	(2,326)	**(111)**	(6,447)	**(3)**	-
Net income (loss)	**20,860**	32,027	**(14,963)**	163,747	**(12)**	(3)

c) The changes in the balances of investments in subsidiaries and joint ventures in the years ended December 31, 2015 and 2014 were as follows:

	Opening balances	Capital contributions (reversals)	Result from equity participation	Dividends received	Other	Closing balances
Year ended December 31, 2015:						
Joint ventures:						
Cabral	66,502	-	10,430	(20,000)	-	56,932
Torino	138,775	-	(5,985)	-	-	132,790
Betim subdivision	33,338	5,544	(6)	-	-	38,876
Capitalized interest	4,346	-	-	-	4,370	8,716
Total joint ventures - Consolidated	**242,961**	**5,544**	**4,439**	**(20,000)**	**4,370**	**237,314**
Subsidiaries:						
LOG I	144,747	2,641	25,580	(11,682)	-	161,286
LOG II	36,455	489	10,376	(3,312)	-	44,008
LOG Jundiaí	69,927	4,278	3,248	(3,821)	-	73,632
LOG Goiânia	110,226	8,367	(6,715)	(4,206)	-	107,672
LOG Hortolândia	118,341	1,672	17,353	(7,713)	-	129,653
LOG SJP	21,932	4,735	1,819	-	-	28,486
LOG Juiz de Fora	57,002	3,843	3,946	(2,067)	-	62,724
LOG Feira de Santana	19,437	1,355	5,173	-	-	25,965
LOG Fortaleza	108,243	8,101	8,320	(1,917)	-	122,747
LOG Via Expressa	91,125	6,804	12,795	(10,416)	-	100,308
LOG Campos (*)	83,364	1,984	-	(2,164)	(83,184)	-
LOG Viana	109,245	16,614	8,147	(10,964)	-	123,042
LOG Londrina	71,181	4,408	30	(1,852)	-	73,767
LOG Itatiaia	26,518	(551)	9,902	-	-	35,869
LOG SJC Sony	84,001	81	18,700	(6)	-	102,776
Office Park Pirituba (*)	127,580	452	(23,844)	-	(104,188)	-
LOG Sumaré	9	-	(1)	-	-	8
LOG SJRP	23,796	84	(1,271)	-	-	22,609
LOG Macaé	19,402	344	18,737	-	-	38,483
LOG RP	52,818	556	(1,100)	(2)	-	52,272
LOG Curitiba	93,443	410	(53,095)	-	-	40,758
LOG Rio	21,454	10,415	29,579	-	-	61,448
LOG Aracajú	16,520	325	3,089	-	-	19,934
LOG Uberaba	6,669	116	(636)	-	-	6,149
LDI	14,832	(11,548)	13	(2,894)	-	403
Capitalized interest (**)	-	-	(69,620)	-	69,620	-
Total subsidiaries	**1,528,267**	**65,975**	**20,525**	**(63,016)**	**(117,752)**	**1,433,999**
Total Individual	**1,771,228**	**71,519**	**24,964**	**(83,016)**	**(113,382)**	**1,671,313**
Year ended December 31, 2014:						
Total Consolidated	156,929	6,331	77,484	-	2,217	242,961
Total Individual (***)	1,452,249	58,612	265,421	(65,055)	60,001	1,771,228

(*) See letter (a) above.
(**) Write-off of the capitalized interest as a result of the adoption of the fair value for investment property.
(***) The opening balance in 2014 was adjusted to fair value as described in note 2.4.

As referred to in note 2.4, in 2014 the Group changed its investment property valuation accounting policy from the cost method to the fair value method. Accordingly, it made a R$352,839 adjustment to investment in subsidiaries as at January 1, 2014. Additionally, the balances of the joint ventures Cabral and Torino were also adjusted to be measured at fair value and in accordance with ICPC 09 – *Demonstrações contábeis individuais, demonstrações separadas, demonstrações consolidadas e aplicação do método da equivalência patrimonial* (Individual, Separate and Consolidated Financial Statements and Adoption of the Equity Method of Accounting), paragraph 63, the Company elected to recognize the impact of this adjustment in 2014 net income. The impacts for the year ended December 31, 2014, for these joint ventures, were as follows:

	Cabral	**Torino**
Results from equity participation - net income for the year	**3,153**	**786**
Fair value adjustment of investment property	**11,579**	**64,713**
Closing results from equity participation	**14,732**	**65,499**

6. Investment property

Investment property consists of properties held to earn rentals or for capital appreciation (including construction in progress for such purpose) and is stated as follows:

	Individual		**Consolidated**	
	12/31/15	**12/31/14**	**12/31/15**	**12/31/14**
Industrial warehouses	**370,100**	286,695	**2,114,343**	1,990,788
Offices	**-**	-	**-**	129,190
Strip mall	**60,070**	70,853	**60,070**	70,853
Total Consolidated	**430,170**	357,548	**2,174,413**	2,190,831

The movements in investment property balances for the years ended December 31, 2015 and 2014 were as follows:

	Individual		**Consolidated**	
	2015	**2014**	**2015**	**2014**
Opening balance	**357,548**	185,998	**2,190,831**	1,246,621
Fair value adjustment to opening balance (note 2.4)	**-**	116,602	**-**	502,327
Adjusted opening balance	**357,548**	302,600	**2,190,831**	1,748,948
Additions	**10,803**	66,238	**39,020**	204,328
Impact of upstream merger (*)	**84,042**	-	**-**	-
Contributions to investees (**)	**-**	(5,018)	**-**	-
Capitalized interest (note 7)	**5,900**	4,376	**77,649**	67,992
Write-off of subsidiary divesture (*)	**-**	-	**(104,071)**	-
Changes in fair value	**(28,123)**	(10,648)	**(29,016)**	169,563
Closing balance	**430,170**	357,548	**2,174,413**	2,190,831

(*) See note 5 (a).
(**) Refers to land acquired that were contributed to subsidiaries.

The effects of the changes in the fair value on profit or loss, net of deferred taxes on

	Individual		**Consolidated**	
	2015	**2014**	**2015**	**2014**
Changes in fair value of investment property	**(28,123)**	(10,648)	**(29,016)**	169,563
Deferred PIS/COFINS	**1,302** (*)	-	**(1,981)**	(9,266)
Changes in fair value of investment property in profit or loss	**(26,821)**	(10,648)	**(30,997)**	160,297

(*) Merger of SCP Campos with and into the Company, as described in note 5 (a).

As at December 31, 2015, out of the total amount in investment properties, R$2,030,985 has been pledged as collateral of loans, financing and debentures entered into by the Company and its subsidiaries (R$2,054,378 at December 31, 2014).

7. Loans, financing and debentures

a) Loans and financing

The position of loans and financing as at December 31, 2015 and 2014 was as follows:

Type	Maturity of principal	Effective financial charges p.a. (*)	12/31/15 Current	12/31/15 Noncurrent	12/31/15 Total		12/31/14 Total
Individual:							
Working capital	Dec 2015 (**)	115% CDI + 2.39%	**-**	**-**	**-**		100,100
Working capital	Sep 13 to Sep 17	CDI + 1.83%	**8,759**	**6,613**	**15,372**		23,905
Working capital	Dec 15 to Jul 16	CDI + 4.44%	**50,212**	**-**	**50,212**		-
Construction financing	Dec 13 to Oct 24	CDI + 1.92%	**5,439**	**37,396**	**42,835**		45,108
Construction financing	Dec 13 to Nov 23	TR + 9.42%	**3,171**	**20,033**	**23,204**		24,698
Construction financing	Dec 13 to Nov 23	TR + 9.43%	**1,571**	**9,924**	**11,495**		12,235
Construction financing	Jul 14 to Jun 22	TR + 11.33%	**3,781**	**19,009**	**22,790**		24,684
Construction financing	Aug 14 to Jul 22	TR + 11.32%	**2,146**	**10,942**	**13,088**		14,156
Construction financing	Apr 15 to Sep 22	TR + 11.07%	**2,615**	**13,789**	**16,404**		17,315
Construction financing	Oct 15 to Sep 25	TR + 9.72%	**538**	**4,231**	**4,769**		4,449
Construction financing	Mar 15 to Jul 23	TR + 9.62%	**1,513**	**9,106**	**10,619**		11,206
Construction financing	Sep 16 to Aug 26	TR + 10.10%	**124**	**3,573**	**3,697**		3,159
Construction financing	Sep 16 to Aug 26	TR + 10.04%	**270**	**7,752**	**8,022**		-
(-) Funding cost			**(1,086)**	**(2,368)**	**(3,454)**		(3,796)
Total Individual			**79,053**	**140,000**	**219,053**		277,219
Subsidiaries:							
Working capital	Oct 14 to Oct 15	13.11%	**-**	**-**	**-**		10,000
Construction financing	Dec 13 to Nov 23	TR + 9.37%	**1,687**	**10,630**	**12,317**		13,117
Construction financing	Feb 14 to Jan 22	TR + 11.62%	**2,905**	**13,503**	**16,408**		17,894
Construction financing	Aug 14 to Jul 22	TR + 11.05%	**1,338**	**6,831**	**8,169**		8,847
Construction financing	Nov 14 to Oct 22	TR + 10.74%	**711**	**3,796**	**4,507**		4,859
Construction financing	Feb 15 to Jan 25	TR + 10.05%	**1,740**	**12,658**	**14,398**		14,910
Construction financing	Apr 15 to Mar 25	TR + 9.99%	**1,478**	**11,009**	**12,487**		12,624
Construction financing	Feb 15 to Jan 25	TR + 9.99%	**2,463**	**17,930**	**20,393**		21,102
Construction financing	Apr 15 to Mar 25	TR + 9.99%	**3,222**	**23,945**	**27,167**		27,369
Construction financing	Apr 15 to Mar 25	TR + 10.00%	**1,433**	**10,644**	**12,077**		12,164
Construction financing	Apr 15 to Mar 25	TR + 10.02%	**1,674**	**12,438**	**14,112**		14,217
Construction financing	Oct 15 to Sep 25	TR + 9.71%	**2,508**	**19,703**	**22,211**		20,705
Construction financing	Aug 14 to Jul 25	TR + 9.78%	**2,165**	**16,689**	**18,854**		19,691
Construction financing	Jan 15 to Dec 22	TR + 10.14%	**3,311**	**18,179**	**21,490**		24,116
Construction financing	May 15 to Apr 23	TR + 10.05%	**2,066**	**11,939**	**14,005**		15,003
Construction financing	Aug 15 to Jul 23	TR + 10.07%	**1,406**	**8,433**	**9,839**		10,193
Construction financing	Jan 15 to Apr 23	TR + 9.59%	**3,481**	**20,199**	**23,680**		26,209
Construction financing	Jan 15 to Apr 23	TR + 9.61%	**2,128**	**12,350**	**14,478**		15,905
Construction financing	Apr 16 to Mar 26	TR + 10.14%	**1,992**	**24,181**	**26,173**		23,348
Construction financing	Feb 16 to Jan 26	TR + 9.75%	**756**	**7,391**	**8,147**		6,970
Construction financing	Sep 16 to Aug 26	TR + 10.14%	**-**	**-**	**-**	(***)	1,961
(-) Funding cost			**(657)**	**(4,096)**	**(4,753)**		(5,518)
Total subsidiaries			**37,807**	**258,352**	**296,159**		315,686
Total Consolidated			**116,860**	**398,352**	**515,212**		592,905

(*) Consider the contractual debt cost plus other funding and debt service costs.
(**) Maturity changed to December 2015, when it was settled.
(***) Financing transferred to the Company due to the merger of SCP Campos, described in note 5 (a).

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

	Individual		Consolidated	
	12/31/15	**12/31/14**	**12/31/15**	**12/31/14**
After the reporting period				
12 months	**79,053**	125,750	**116,860**	162,523
13 to 24 months	**26,169**	26,348	**61,425**	59,916
25 to 36 months	**19,607**	24,283	**54,862**	57,852
37 to 48 months	**19,606**	17,721	**54,860**	51,289
More than 48 months	**74,618**	83,117	**227,205**	261,325
Total	**219,053**	277,219	**515,212**	592,905

The movements in loans and financing are as follows:

	Individual		Consolidated	
	2015	**2014**	**2015**	**2014**
Opening balance	**277,219**	283,533	**592,905**	491,869
Funding	**53,293**	161,265	**56,063**	257,036
Accrued financial charges	**35,579**	31,854	**69,855**	59,614
Funding costs	**(1,622)**	(2,280)	**(2,082)**	(4,792)
Amortization of funding costs	**2,075**	3,129	**3,184**	3,999
Repayment of principal	**(119,005)**	(167,924)	**(149,604)**	(170,882)
Payment of financial charges	**(32,776)**	(32,358)	**(55,109)**	(43,939)
Impact of upstream merger (*)	**4,290**	-	**-**	-
Closing balance	**219,053**	277,219	**515,212**	592,905

(*) Merger of SCP Campos with and into the Company, as described in note 5 (a).

Funding during the year ended December 31, 2015 was as follows:

	Maturity of principal	Effective financial charges p.a.	Amount raised	
Individual:				
Construction financing	Mar 15 to Jul 23	TR + 9.62%	192	
Construction financing	Sep 16 to Aug 26	TR + 10.04%	2,571	(*)
Construction financing	Sep 16 to Aug 26	TR + 10.10%	165	
Construction financing	Sep 16 to Aug 26	TR + 10.04%	365	
Working capital	Dec 15 to Jul 16	CDI + 4.44%	50,000	
Total Individual			53,293	
Subsidiaries:				
Construction financing	Sep 16 to Aug 26	TR + 10.04%	2,416	(*)
Construction financing	Feb 16 to Jan 26	TR + 9.75%	354	
Total subsidiaries			2,770	
Total Consolidated			56,063	

(*) Financing obtained by SCP Campos, which was merged with and into the Company, see note 5 (a).

b) Debentures

On December 2, 2015, the Company recognized proceeds received totaling R$100,000 related to the seventh public issue of simple, nonconvertible debentures, with unsecured guarantees, represented by 10,000 debentures with par value of ten thousand Brazilian reais. The par value will be repaid in eight (8) quarterly installments with maturities starting in January 2017 and ending in October 2018. These debentures pay interest, charged on the par value, equivalent to the 118% of the CDI rate (contractual interest).

On December 22, 2015, the Company recognized proceeds received totaling R$60,000 related to the eighth issue of simple, private, nonconvertible debentures, with unsecured guarantees, represented by 60 debentures with par value of one million Brazilian reais. The par value will be repaid in five (5) semiannual installments with maturities starting in November 2017 and ending in November 2019. These debentures pay interest, charged on the par value, equivalent to the 119% of the CDI rate (contractual interest).

During the year ended December 31, 2015, the Company settled in advance the 5th issue of debentures.

The position of debentures as at December 31, 2015 and 2014 was as follows:

			Individual and Consolidated			
			12/31/15			12/31/14
Issue	Principal - maturity	Effective financial charges p.a. (*)	Current	Noncurrent	Total	Total
3rd issue	Jun 14 to Jun 20	CDI + 2.27%	**8,066**	**86,000**	**94,066**	96,932
4th issue	Aug 16 to Feb 19	CDI + 2.13%	**15,209**	**90,000**	**105,209**	104,395
5th issue	Aug 16 to Aug 18	118% CDI + 0.62%	**-**	**-**	**-**	147,588
6th issue	Dec 15 to Dec 19	CDI + 2.38%	**10,690**	**85,000**	**95,690**	100,721
7th issue	Jan 17 to Oct 18	118% CDI + 0.29%	**1,246**	**100,000**	**101,246**	-
8th issue	Nov 17 to Dec 19	119% CDI + 0.57%	**301**	**60,000**	**60,301**	-
(-) Funding cost			**(1,793)**	**(4,973)**	**(6,766)**	(8,112)
Total			**33,719**	**416,027**	**449,746**	441,524

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

As at December 31, 2015, the debentures were simple, nonconvertible, registered, book-entry, and had the following other main features:

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

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

The table below shows the debentures payment schedule:

	Individual and Consolidated						
	12/31/15						12/31/14
After the reporting period	3rd issue	4th issue	6th issue	7th issue	8th issue	Total	Total
Amortization:							
12 months	**8,066**	**15,209**	**10,690**	**1,246**	**301**	**35,512**	24,636
13 to 24 months	**20,000**	**25,000**	**15,000**	**50,004**	**12,000**	**122,004**	62,000
25 to 36 months	**24,000**	**30,000**	**25,000**	**49,996**	**24,000**	**152,996**	112,000
37 to 48 months	**27,000**	**35,000**	**45,000**	**-**	**24,000**	**131,000**	131,000
After 48 months	**15,000**	**-**	**-**	**-**	**-**	**15,000**	120,000
Total	**94,066**	**105,209**	**95,690**	**101,246**	**60,301**	**456,512**	449,636
Costs:							
12 months	**(454)**	**(300)**	**(414)**	**(287)**	**(338)**	**(1,793)**	(1,881)
13 to 24 months	**(452)**	**(300)**	**(415)**	**(287)**	**(339)**	**(1,793)**	(1,892)
25 to 36 months	**(453)**	**(300)**	**(416)**	**(240)**	**(341)**	**(1,750)**	(1,894)
37 to 48 months	**(454)**	**(49)**	**(382)**	**-**	**(343)**	**(1,228)**	(1,534)
After 48 months	**(202)**	**-**	**-**	**-**	**-**	**(202)**	(911)
Total	**(2,015)**	**(949)**	**(1,627)**	**(814)**	**(1,361)**	**(6,766)**	(8,112)
Total, net	**92,051**	**104,260**	**94,063**	**100,432**	**58,940**	**449,746**	441,524

The movements in debentures are as follows:

	Individual and Consolidated	
	2015	2014
Opening balance	**441,524**	275,047
Funding	**160,000**	340,000
Accrued financial charges	**65,805**	40,611
Funding costs	**(4,265)**	(6,720)
Amortization of funding costs	**5,611**	2,128
Repayment of principal	**(148,000)**	(180,000)
Payment of financial charges	**(70,929)**	(29,542)
Closing balance	**449,746**	441,524

c) Guarantees

The types of guarantee for loans, financing and debentures as at December 31, 2015 were as follows:

	Consolidated				
	Working capital	Construction financing	Debentures	Total	
Collateral/surety	65,584	457,835	-	523,419	
Collateral/receivables	-	-	456,512	456,512	
Total	65,584	457,835	456,512	979,931	(*)

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

Collaterals consist of the land, improvements, and properties of the financed projects (see note 6).

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

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

d) Allocation of financial charges

Financial charges are capitalized as follows:

	Individual		Consolidated	
	2015	2014	2015	2014
Finance charges:				
Loans, financing and debentures	**(109,070)**	(77,722)	**(144,455)**	(106,352)
Charges due to related parties	**-**	(1,686)	**-**	(34)
Realization of PVA and adjustment of land payable	**-**	(166)	**-**	(166)
Total financial charges	**(109,070)**	(79,574)	**(144,455)**	(106,552)
Interest capitalized on:				
Investment property (note 6)	**5,900**	4,376	**77,649**	67,992
Investment	**73,990**	60,001	**4,370**	2,217
	(29,180)	(15,197)	**(62,436)**	(36,343)
Other financial expenses	**(717)**	(869)	**(948)**	(1,343)
Financial charges allocated to profit or loss	**(29,897)**	(16,066)	**(63,384)**	(37,686)

In the year ended December 31, 2015, total capitalized loans, financing and debentures represented an average charge rate of 14.34% per annum (12.73% per annum in the year ended December 31, 2014).

8. Advances - barters

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

9. Income tax and social contribution

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

	Individual		Consolidated	
	2015	**2014**	**2015**	**2014**
(Loss) income before income tax and social contribution	**(6,404)**	245,023	**856**	256,567
Statutory rate - income tax and social contribution	**34%**	34%	**34%**	34%
Nominal credit (expense)	**2,177**	(83,308)	**(291)**	(87,233)
Effect of IRPJ and CSLL on permanent differences:				
Results from equity participation grossed with written-off capitalized interest	**32,159**	110,823	**1,509**	27,278
Tax basis difference for companies taxes based on deemed income	**-**	-	**25,850**	76,009
Upstream merger	**(11,026)**	-	**(11,026)**	-
Write-off of fair value on divesture	**1,000**	-	**1,000**	-
Other	**(710)**	(365)	**(707)**	(374)
IRPJ and CSLL credit in profit or loss	**23,600**	27,150	**16,335**	15,680

(b) Deferred tax balances

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

	Individual		Consolidated	
	12/31/15	**12/31/14**	**12/31/15**	**12/31/14**
Noncurrent assets:				
Income tax and social contribution	**51,052**	28,535	**51,052**	28,535
Liabilities:				
Income tax and social contribution	**-**	-	**(22,534)**	(22,255)
PIS/COFINS	**-**	-	**(29,556)**	(27,760)
	-	-	**(52,090)**	(50,015)
Current	**-**	-	**(965)**	(1,666)
Noncurrent	**-**	-	**(51,125)**	(48,349)
Total	**-**	-	**(52,090)**	(50,015)

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

	Individual		Consolidated	
	12/31/15	**12/31/14**	**12/31/15**	**12/31/14**
Tax effect on:				
Deferred assets:				
Tax loss carryforwards	**23,160**	11,354	**26,391**	13,359
Capitalized interest	**66,384**	54,794	**66,384**	54,794
Temporary differences	**2,338**	206	**2,347**	240
	91,882	66,354	**95,122**	68,393
Reclassified deferred liabilities	**(40,830)**	(37,819)	**(44,070)**	(39,858)
Deferred assets	**51,052**	28,535	**51,052**	28,535
Deferred liabilities:				
Fair value appreciation on investment property	**(40,830)**	(37,819)	**(65,437)**	(60,657)
Rents receivable	**-**	-	**(1,167)**	(1,011)
Land sales receivable	**-**	-	**-**	(301)
Finance income taxed on a cash basis	**-**	-	**-**	(144)
	(40,830)	(37,819)	**(66,604)**	(62,113)
Reclassified deferred liabilities	**40,830**	37,819	**44,070**	39,858
Deferred tax liabilities	**-**	-	**(22,534)**	(22,255)

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

As at December 31, 2015, the estimated realization of deferred tax assets, based on the projection of future taxable income, prepared by the Company's management, was as follows:

	Individual	Consolidated
	IRPJ and CSLL	
Expected realization:		
2016	**576**	599
2017	**753**	820
2018	**5,522**	5,822
2019	**7,568**	8,386
2020	**6,908**	8,108
After 2020	**70,555**	71,387
Total	**91,882**	95,122

As at December 31, 2015, the balance of deferred PIS/COFINS liabilities refers to the tax effect on: (i) fair value appreciation on investment property; and (ii) rents receivable for the remaining balance.

The movements in deferred income tax (IRPJ) and social contribution (CSLL) assets and liabilities for the years ended December 31, 2015 and 2014 were as follows:

	Individual				Consolidated			
	2015			2014	2015			2014
	Assets	Liabilities	Net	Net	Assets	Liabilities	Net	Net
Opening balance	**66,354**	**(37,819)**	**28,535**	6,386	**68,393**	**(62,113)**	**6,280**	4,926
Write-offs for:								
- divestures	**-**	**-**	**-**	-	**-**	**(96)**	**(96)**	-
- upstream merger	**-**	**(1,098)**	**(1,098)**	-	**-**	**-**	**-**	-
Deferred effects recognized in:								
- shareholders' equity (*)	**-**	**-**	**-**	(5,001)	**-**	**-**	**-**	(20,020)
- net income (loss) for the year	**25,528**	**(1,913)**	**23,615**	27,150	**26,729**	**(4,395)**	**22,334**	21,374
Closing balance	**91,882**	**(40,830)**	**51,052**	28,535	**95,122**	**(66,604)**	**28,518**	6,280

(*) Effect in 2014 as described in note 2.4.

10. Provisions for labor, tax and civil contingencies

The Group set up provisions for contingencies related to the lawsuits subject to a probable possibility of an unfavorable outcome, based on the assessment of its legal counsel, which forecasts that a disbursement of funds will be required to discharge its obligations. These lawsuits consist only of labor and environmental claims. The movements in 2015 and 2014 were as follows:

	Individual and Consolidated	
	2015	2014
Opening balance	**203**	64
Additions	**669**	308
Payment	**(114)**	(110)
Reversal	**(19)**	(59)
Closing balance	**739**	203

The lawsuits assessed as possible losses by the legal counsel, related basically to labor lawsuits, amount to R$552 as at December 31, 2015 (R$426 at December 31, 2014).

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

11. Shareholders' equity

(a) Common shares and issued capital

	Individual and Consolidated	
	12/31/15	**12/31/14**
Capital	**729,043**	171,844
Number of common shares, without par value (thousand)	**174,557**	171,844

The Company's authorized capital as at December 31, 2015 and December 31, 2014 was R$2,000,000.

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 50 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 (30) days.

During the years ended December 31, 2015 and 2014, the Annual and Extraordinary Shareholders' Meetings approved, within the Company's authorized capital ceiling, the following changes in its capita:

Date of ESM approval	Description	Number of shares	Total outstanding shares after issuance	Unit price		Total capital increase	Capital after capital increase	Share issuance premium
		(thousand)	(thousand)	R$		R$'000	R$'000	R$'000
2015:								
06/29/15	Issue of new shares	2,713	174,557	9.53	(*)	2,713	729,043	23,143
04/30/15	Capitalization of reserves	-	171,844	-		554,486	726,330	-
2014:								
07/11/14	Issue of new shares	391	171,844	7.51	(**)	391	171,844	2,547

(*) R$1.00 allocated to the capital increase and R$8.53 allocated to the premium reserve.
(**) R$1.00 allocated to the capital increase and R$6.51 allocated to the premium reserve.

(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 allocation of part of profit for the year to this line item is not mandatory is years where the balance of this reserve, plus the amount of capital reserves, exceeds 30% of shares capital. The objective of the legal reserve is to ensure the integrity of capital and can only be utilized to offset losses or increase capital. The calculation schedules for the recognition of the 2015 and 2014 legal reserve is broken down in (d) below.

Earnings retention

The earnings retention reserves refer to profits not distributed to shareholders basically because of the Company's need for funds to be used in investments according to the capital budget. As at December 31, 2015 the Company recognized an earnings retention reserves amounting to R$14,702 (R$697,148 at December 31, 2014).

(d) Mandatory minimum dividend payable to shareholders

Under its bylaws the Company can, by decision of the Board of Directors (i) prepare semiannual, quarterly financial statements or for smaller 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 profit, 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 profit for the year.

According to the Company's management's proposal, to be approved at the Annual Shareholders' Meeting (ASM), 2015 dividends are as follows (2014 dividends are presented for comparative purposes):

	2015	2014
(Loss) net income for the period	**17,196**	272,173
Legal reserve - 5% of net income	**(860)**	(13,609)
(Offset of loss) net income available for distribution	**16,336**	258,564
Proposed dividends - 10% of net income available for distribution	**1,634**	25,856
Proposed dividends per share (R$ per share)	**0.0094**	0.1505

The 2014 dividends, amounting to R$25,856, were approved at the Annual and Annual Shareholders' Meetings held on April 30, 2015 and paid on June 29, 2015. The 2013 dividends, amounting to R$2,938, were approved at the Annual Shareholders' Meeting held on April 30, 2014 and paid in 2014.

(e) Stock option plan

The Stock Option Plan approved by the Company, pursuant to the related charter, shall correspond to a ceiling of 3,568,596 shares, equivalent to 5% of total Company shares in November 2010. The plan's charter also establishes the exercise terms and conditions. Once an option is exercised by its beneficiary, the corresponding shares will be issued through an increase of the Company's capital. The exercise price of the Stock Option Plan 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 details the features and terms of the stock option programs:

Program	Approval	Number	% of total approved in the plan	Vesting	Option price	Participants	initial exercise deadline	Exercise deadline (*)
1	06/2011	280,000	7.85%	Up to 4 year	R$1.00	Officers	08/2011	12/2018
2	06/2012	89,774	2.52%	Up to 4 year	R$5.59	Officers	08/2012	08/2019
3	10/2013	131,515	3.69%	Up to 4 year	R$7.51	Officers and managers	12/2013	12/2020
4	11/2014	127,341	3.57%	Up to 4 year	R$7.51	Officers and managers	11/2014	11/2021
5	12/2015	110,841	3.11%	Up to 4 year	R$7.51	Officers and managers	12/2015	12/2022

(*) After each plan's last vesting, the beneficiary has three additional exercise years.

The other information on the programs is as follows:

Program	Number of vested shares (thou.)	Compensation cost for the year	Unrecognized compensation cost	Remaining compensation cost period (in years)
1	280	97	-	-
2	18	51	24	0.4
3	20	63	109	2.0
4	13	126	279	2.9
5	5	19	367	3.9
2015	336	356	779	3.9
2014	89	399	750	3.0

None of the programs requires that the beneficiary pay any amount when the option is granted. The stock options granted correspond to 20.74% of total approved for the plan.

In the years ended December 31, 2015 and 2014 there were no cancelled, exercised or expired stock options.

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-free 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 the São Paulo Mercantile and Stock Exchange (BM&FBOVESPA).

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, 2015, had all options currently granted been exercised, the Company would have issued 739 thousand, which would represent a 0.42% dilution in relation to total Company shares of 174,557 thousand.

12. Earnings per share

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

	Individual and Consolidated	
	2015	2014
Basic earnings per share		
Net income for the year	**17,196**	272,173
Weighted average number of outstanding common shares (in thousands)	**173,227**	171,640
Basic earnings per share - in R$	**0.09927**	1.58572
Diluted earnings per share:		
Net income for the year	**17,196**	272,173
Weighted average number of outstanding common shares (in thousands)	**173,227**	171,640
Dilutive effect of stock options (in thousands)	**359**	339
Weighted average number of outstanding common shares (in thousands)	**173,586**	171,979
Diluted earnings per share - in R$	**0.09906**	1.58259

13. Net revenue

	Individual		Consolidated	
	2015	2014	2015	2014
Lease revenue	**21,902**	17,312	**98,949**	72,437
PIS/COFINS on revenue	**(2,025)**	(1,611)	**(6,038)**	(4,469)
Net revenue	**19,877**	15,701	**92,911**	67,968

14. Costs and expenses by nature

	Individual		Consolidated	
	2015	2014	2015	2014
Depreciation	**(216)**	(28)	**(243)**	(34)
Advertising	**(954)**	(1,270)	**(954)**	(1,322)
Salaries, charges and benefits	**(4,562)**	(4,545)	**(4,562)**	(4,558)
Management compensation	**(1,139)**	(1,065)	**(1,139)**	(1,065)
Outside services	**(2,439)**	(2,646)	**(5,569)**	(5,555)
General expenses	**(1,486)**	(1,444)	**(1,640)**	(1,625)
Stock options	**(356)**	(399)	**(356)**	(399)
Vacancy expenses	**(1,655)**	(1,392)	**(5,238)**	(5,738)
Other (*)	**(455)**	(554)	**(2,307)**	229
	(13,262)	(13,343)	**(22,008)**	(20,067)
Classified as:				
Selling expenses	**(4,418)**	(4,523)	**(10,146)**	(10,508)
General and administrative expenses	**(7,250)**	(7,201)	**(8,416)**	(8,723)
Management compensation	**(1,139)**	(1,065)	**(1,139)**	(1,065)
Other operating expenses	**(455)**	(554)	**(2,307)**	229
	(13,262)	(13,343)	**(22,008)**	(20,067)

(*) For 2015, in includes the recognition for the allowance for doubtful debts, amounting to R$2,288, as described in note 4.

15. Financial expenses and income

	Individual		Consolidated	
	2015	2014	2015	2014
Financial expenses (note 7 (d)):				
Interest on loans, financing and debentures	**(29,180)**	(15,197)	**(62,436)**	(36,343)
Other financial expenses	**(717)**	(869)	**(948)**	(1,343)
	(29,897)	(16,066)	**(63,384)**	(37,686)
Financial income:				
Income from short-term investments	**5,132**	3,737	**5,784**	6,416
Gain on derivative financial instruments	**6,723**	-	**6,723**	-
Financial adjustments	**6,033**	-	**6,034**	1,207
Other financial income	**847**	221	**1,354**	948
	18,735	3,958	**19,895**	8,571
Financial income (expenses)	**(11,162)**	(12,108)	**(43,489)**	(29,115)

16. Related parties

Related-party balances and transactions are as follows:

	Individual		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Balance sheets:				
Short-term investments (a)	**12,676**	30,605	**12,676**	45,725
Lease receivables (b)	**18**	-	**325**	272
Receivables for sale of subsidiary (e)	**5,062**	-	**5,062**	-

	Individual		Consolidated	
	2015	2014	2015	2014
Transactions:				
Income from short-term investments (a)	**3,614**	2,084	**3,957**	3,730
Lease receivables (b)	**246**	-	**3,769**	2,262
Expenses on the provision of administrative services (c)	**956**	1,018	**2,087**	2,441
Financial expenses - due to related parties:				
MRV Engenharia e Participações S.A.	**-**	34	**-**	34
Loan with controlled SPEs (d)	**-**	1,652	**-**	-
Sale of subsidiary (e)	**109,989**	-	**110,000**	-

(a) Refers to short-term investments in CDBs with Intermedium Crédito Financiamento e Investimento S.A. (“Intermedium”), which is controlled by the controlling shareholder of MRV Engenharia e Participações S.A. As at December 31, 2015, short-term investments yielded approximately 108.00% of CDI in Individual and on a consolidated basis (110.52% of CDI in Individual and 109.79% of CDI on a consolidated basis at December 31, 2014).

Joint venture Cabral Investimentos SPE Ltda (“Cabral”) holds short-term investments in Banco Intermedium amounting to R$13,899 at December 31, 2015 (R$30,468 at December 31, 2014). The financial income arising on these short-term investments was R$3,417 for the year ended December 31, 2015 (R$2,030 for the same period of 2014).

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

(c) Amounts payable related to expenses incurred on the provision of administrative services by MRV Engenharia e Participações S.A. The agreement provides for the monthly payment of R$4.5 per project developed by the Company or its investees, in 2015 (R$5.5 in 2014). 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 1, 2015, the parties entered into an amendment that changed the monthly payment amount to R$4.0 per project.

(d) Refers to an intragroup loan between the Company and subsidiaries. The loan was adjusted using the CDI + spread of 1.84% per annum. The loan was repaid in 2014.

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

On August 13, 2015, joint venture Cabral Investimentos SPE Ltda. sold a plot of land to MRV Engenharia e Participações S.A. for R$7,500, to be paid in a R$750 down payment and 12 monthly installments of R$563, adjusted using the INCC (National Construction Cost Index). The balance receivable as at December 31, 2015 is R$4,568 (nil at December 31 2014). In the year ended December 31, 2015, this transaction generated a gain of R$4,151 and, consequently, a R$2,075 impact on the Company’s results from equity participation. The financial income earned on this transaction, included in the amount above, was R$91 for the same period (nil for the year ended December 31, 2014).

The Group conducts transactions with Banco Bradesco, manager of the mutual fund Fundo de Investimento em Participações Multisetorial Plus, a Company shareholder. As at December 31, 2015, the transactions consist of loans, financing, debentures, and factoring of receivables totaling R$468,076 (R$567,592 at December 31, 2014) and short-term investments amounting to nil (R$14,413 at December 31, 2014). In the year ended December 31, 2015, these transactions, conducted at usual market rates, generated financial expenses of R$58,410 (R$57,719 in 2014) and financial income of R$247 (R$1,198 in 2014), respectively.

Compensation of key management personnel

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

	Individual and Consolidated	
	2015	**2014**
Short-term benefits granted to management:		
Management compensation	**1,139**	1,065
Profit sharing	**567**	586
Share-based compensation:		
Stock option plan	**294**	353
	2,000	2,004

On April 30, 2015, the Extraordinary Shareholders' Meeting approved the overall management compensation at R$2,200.

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, trade receivables, trade payables, loans, financing, debentures, and derivatives. All financial instruments held by the Group were recorded as at December 31, 2015.

In 2015, the Company contracted non-speculative derivative financial instruments to hedge against the exposure to interest rates in financing and debentures, pegged to the CDI variance. The sole purpose of these transactions is value hedging by minimizing the impacts of changes in interest rate by replacing the floating rate (CDI) for fixed rates.

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

As at December 31, 2015, the DI call option (*) maturing in January 2016 remains outstanding in Individual and on a consolidated basis, as follows:

			12/31/2015	Impact on profit or loss		
Type of transaction	**Maturity**	**Notional amount**	**Derivative fair value**	**Gain or loss on transaction**	**Mark-to-market**	**Total**
Option (*)	04/01/16	250,000	186	**-**	**(464)**	**(464)**
Swap			-	**3,482**	**-**	**3,482**
Swap			-	**3,241**	**-**	**3,241**
Current			186	**6,723**	**(464)**	**6,259**
Noncurrent			-			
Total			186			

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

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

(b) Category of financial instruments

	Individual		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Financial assets:				
Cash and banks	**499**	475	**683**	823
Fair value through profit or loss held for trading (*)	**13,545**	60,151	**16,761**	76,511
Loans and receivables	**14,694**	6,779	**33,760**	33,099
Financial liabilities:				
Amortized cost	**669,600**	719,738	**971,559**	1,040,121

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

(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 usual 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 and debentures, and short-term investments are pegged.

Market expectations, based on BM&F (Futures and Commodities Exchange) inputs at December 31, 2015, pointed out an effective mean CDI rate estimated at 15.87% as the probable scenario for 2016, against an effective rate of 13.26% incurred in the year ended December 31, 2015.

- *Exposure to the 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, 2015, pointed to an estimated TR of 2.42% as the probable scenario for 2016, against an effective rate of 1.80% incurred in the year ended December 31, 2015.

- *Exposure to the IPCA*

The IPCA is the index of receivables from the sale of subsidiary MRV LOG SP I Incorporações SPE Ltda. ("Office Park Pirituba").

Market expectations, based on indicators released by the BM&F (Commodities and Futures Exchange) at December 31, 2015, pointed to an estimated IPCA of 8.57% as the probable scenario for 2016, against an effective rate of 10.67% incurred in the year ended December 31, 2015.

The change between the estimated rate for 2016 ("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, 2015, was used to calculate the financial impact, should the probable scenario materialize in 2015. 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 2016, respectively.

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

Index	Financial asset	Financial liability	Net exposed financial liability	Effective rate for 2015	Estimated annual rate for 2016 (*)		Change in effective rate for the relevant scenario	Total estimated effect
Probable scenario:								
CDI	16,575	(564,931)	(548,356)	13.26%	15.87%	(i)	2.61%	(14,312)
TR	-	(415,000)	(415,000)	1.80%	2.42%	(i)	0.62%	(2,573)
IPCA	72,600	-	72,600	10.67%	8.57%	(**)	-2.10%	(1,525)
								(18,410)
Scenario I:								
CDI	16,575	(564,931)	(548,356)	13.26%	19.84%		6.58%	(36,082)
TR	-	(415,000)	(415,000)	1.80%	3.03%		1.23%	(5,105)
IPCA	72,600	-	72,600	10.67%	6.43%		-4.24%	(3,078)
								(44,265)
Scenario II:								
CDI	16,575	(564,931)	(548,356)	13.26%	23.81%		10.55%	(57,852)
TR	-	(415,000)	(415,000)	1.80%	3.63%		1.83%	(7,595)
IPCA	72,600	-	72,600	10.67%	4.29%		-6.38%	(4,632)
								(70,079)

(i) Data obtained on the BM&F Bovespa website.
(*) Projection for 2016.
(**) As described in note 5 (a), the Company holds the rights to receive the IPCA adjustment on the receivables assigned to HSBC.

In order to minimize the impacts of the changes in the interest rates on financing and debentures pegged to the CDI variance, the Company contracted derivative financial instruments, as disclosed in (a) above.

As required by IFRS 7, management believes that the estimated annual rates presented in the probable scenario above reflect the reasonable possible scenario for 2016.

(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 shareholders' equity.

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

The Directors periodically review the Company's equity structure. As part of this review, the Directors 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, 2015 and 2014, the consolidated debt-to-equity ratio is as follows:

	Individual		Consolidated	
	12/31/15	**12/31/14**	**12/31/15**	**12/31/14**
Loans, financing and debentures	**668,799**	718,743	**964,958**	1,034,429
Cash and cash equivalents	**(13,858)**	(60,626)	**(17,258)**	(77,334)
Net debt (cash)	**654,941**	658,117	**947,700**	957,095
Shareholders' equity	**1,495,765**	1,453,991	**1,495,873**	1,454,215
Net debt (cash) to equity	**43.8%**	45.3%	**63.4%**	65.8%

The Company, its subsidiaries, and its joint ventures are 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 tables below detail 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, 2015 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 years	2 to 3 years	Over 3 years	Total
Individual:					
Floating rates	193,248	223,203	226,358	297,859	940,668
Non-interest bearing securities	801	-	-	-	801
Total	194,049	223,203	226,358	297,859	941,469
Consolidated:					
Floating rates	244,395	280,272	283,508	612,620	1,420,795
Non-interest bearing securities	6,601	-	-	-	6,601
Total	250,996	280,272	283,508	612,620	1,427,396

(f) Credit risk

Credit risk refers to the risk of a counterparty not complying with its contract obligations, which would result in financial losses for the Group. 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					
	12/31/2015			12/31/2014		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial instruments						
Debentures:						
CDI + 1.90% p.a.	**(94,066)**	**(90,373)**	**3,693**	(96,932)	(96,432)	500
CDI + 1.85% p.a.	**(105,209)**	**(101,492)**	**3,717**	(104,395)	(104,395)	-
CDI + 2.00% p.a.	**(95,690)**	**(91,448)**	**4,242**	(100,721)	(97,110)	3,611
118% of CDI p.a.	**-**	**-**	**-**	(147,588)	(144,756)	2,832
118% of CDI p.a.	**(101,246)**	**(99,356)**	**1,890**	-	-	-
119% of CDI p.a.	**(60,301)**	**(58,695)**	**1,606**	-	-	-
Total	**(456,512)**	**(441,364)**	**15,148**	(449,636)	(442,693)	6,943
Working capital loans						
115% of CDI p.a.	**-**	**-**	**-**	(100,100)	(99,920)	180
CDI + 1.60% p.a.	**(15,372)**	**(15,323)**	**49**	(23,905)	(23,905)	-
CDI + 2.00% p.a.	**(50,212)**	**(50,212)**	**-**	-	-	-
Total	**(65,584)**	**(65,535)**	**49**	(124,005)	(123,825)	180
Financing:						
Construction financing	**(156,923)**	**(156,923)**	**-**	(157,010)	(157,010)	-
Total	**(156,923)**	**(156,923)**	**-**	(157,010)	(157,010)	-
Grand total (w/o issuance costs)	**(679,019)**	**(663,822)**	**15,197**	(730,651)	(723,528)	7,123

	Consolidated					
	12/31/2015			12/31/2014		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial instruments						
Debentures:						
CDI + 1.90% p.a.	**(94,066)**	**(90,373)**	**3,693**	(96,932)	(96,432)	500
CDI + 1.85% p.a.	**(105,209)**	**(101,492)**	**3,717**	(104,395)	(104,395)	-
CDI + 2.00% p.a.	**(95,690)**	**(91,448)**	**4,242**	(100,721)	(97,110)	3,611
118% of CDI p.a.	**-**	**-**	**-**	(147,588)	(144,756)	2,832
118% of CDI p.a.	**(101,246)**	**(99,356)**	**1,890**	-	-	-
119% of CDI p.a.	**(60,301)**	**(58,695)**	**1,606**	-	-	-
Total	**(456,512)**	**(441,364)**	**15,148**	(449,636)	(442,693)	6,943
Working capital loans						
115% of CDI p.a.	**-**	**-**	**-**	(100,100)	(99,920)	180
13.11% p.a.	**-**	**-**	**-**	(10,000)	(10,000)	-
CDI + 1.60% p.a.	**(15,372)**	**(15,323)**	**49**	(23,905)	(23,905)	-
CDI + 2.00% p.a.	**(50,212)**	**(50,212)**	**-**	-	-	-
Total	**(65,584)**	**(65,535)**	**49**	(134,005)	(133,825)	180
Financing:						
Construction financing	**(457,835)**	**(457,835)**	**-**	(468,214)	(468,214)	-
Total	**(457,835)**	**(457,835)**	**-**	(468,214)	(468,214)	-
Grand total (w/o issuance costs)	**(979,931)**	**(964,734)**	**15,197**	(1,051,855)	(1,044,732)	7,123

The fair values of loans, financing, and debentures subject to CDI plus spread and TR, a managed prime rate, were estimated by the Company's management based on the future value of the loans on maturity at the contracted rate, discounted to present value at the market rate at December 31, 2015 and 2014.

The table below shows a comparative of the contracted and market rates, Company and consolidated, at December 31, 2015:

	Current market rate	Maturity dates
Debentures:		
CDI + 1.90% p.a.	CDI + 3.71% p.a.	June 2020
CDI + 1.85% p.a.	CDI + 3.90% p.a.	February 2019
CDI + 2.00% p.a.	CDI + 3.96% p.a.	December 2019
118% of CDI p.a.	CDI + 3.99% p.a.	October 2018
119% of CDI p.a.	CDI + 3.96% p.a.	November 2019
Working capital loans		
CDI + 1.60% p.a.	CDI + 2.00% p.a.	September 2017
CDI + 2.00% p.a.	CDI + 2.00% p.a.	June 2016
Construction financing:		
CDI + 1.65% p.a.	CDI + 1.65% p.a.	October 2024
TR + 9.30% to 11.50% p.a.	TR + 9.30% to 11.50% p.a.	August 2026

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

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 paid in, and other relationships between the shareholders. As Agropecuária Aroeiras Ltda. paid in the capital through the assignment of own land at the time the SPE was established and the Company is paying in capital basically in cash over time, the unpaid balance will be adjusted using a rate equivalent to 66% of the CDI variance, which will be the amount contributed by the Company as capital increase in SPE Betim. As at December 31, 2015, the amount to be paid by the Company is R$11,986 (R$16,319 at December 31, 2014).

20. Noncash transactions

During the years ended December 31, 2015 and 2014, the Company and its subsidiaries conducted the following investment and financing transactions that did not involve not affecting cash, which, therefore, are not reflected in the statement of cash flows:

	Individual		Consolidated	
	2015	2014	2015	2014
Capital contribution to investee with investment properties	**-**	5,018	**-**	-
Capital contribution to investee with investment properties – barter and realization	**-**	40,000	**880**	34,347
Interest capitalization	**79,890**	64,377	**82,019**	70,209
Upstream merger	**84,042**	-	**-**	-
Capital increase arising from the capitalization of reserves	**554,486**	-	**554,486**	-
Initial effects of adopting the investment property fair value:				
Investment property	**-**	116,602	**-**	502,327
Investment	**-**	352,839	**-**	-
Deferred taxes	**-**	(5,001)	**-**	(37,828)

21. Insurance

The Group has an insurance policy that considers primarily risk concentration and their materiality, taking into consideration the nature of its business, and advice of the insurance brokers. As at December 31, 2015, insurance coverage is as follows:

Items	Type of coverage	Insured amount
Engineering risk insurance	Insures, during the project construction period, any compensation for damages caused to the construction, such as fire, lightening, theft, and other specific coverage of facilities and assemblies on the insured site.	50,060
Civil liability (officers)	Insures the coverage of pain and suffering payable by Company officers (D&O).	5,000
Group life and personal injury insurance	Insures payment of compensation related to involuntary personal injuries to employees, contractors, interns, and officers.	6,450
Corporate insurance	Insures payment of compensation to the Company for covered events occurring in leased commercial properties, events such as electric damages, fire, lightening, windstorm, etc.	100,748
Legal guarantee insurance	Insures to the policyholder the payment of any disputed amount in full related to any lawsuit filed with any court or threatened. The contracted guarantee replaces escrow deposits.	68

22. Approval of the Financial Statements

These financial statements were approved by the Board of Directors on March 07, 2016 and authorized for issue by the executive committee.