(A free translation of the original in Portuguese)

Sonae Sierra Brasil S.A. and Subsidiaries

Quarterly Information (ITR) at March 31, 2018 and report on review of quarterly information

(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
Sonae Sierra Brasil S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Sonae Sierra Brasil S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2018, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21 - "Interim Financial" Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34 - "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

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

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

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Sonae Sierra Brasil S.A.

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the quarter ended March 31, 2018. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

São Paulo, May 7, 2018

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Marcelo Orlando
Contador CRC 1SP217518/O-7

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SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

BALANCE SHEET AS OF MARCH 31, 2018
(In thousands of Brazilian Reais - R$)

		Company		Consolidated				Company		Consolidated	
ASSETS	Note	03/31/18	12/31/17	03/31/18	12/31/17	LIABILITIES AND EQUITY	Note	03/31/18	12/31/17	03/31/18	12/31/17
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	7 and 29	96,914	273,327	294,128	448,429	Loans and financing	14	-	-	72,246	72,011
Trade receivables, net	8	-	-	36,796	46,883	Debentures	15	163,291	175,567	163,291	175,567
Recoverable taxes	9	228	227	8,006	7,368	Domestic trade accounts payable		26	-	5,099	3,977
Prepaid expenses		78	8	221	18	Taxes payable	18	29	78	5,656	8,290
Other receivables	8	-	-	5,816	6,669	Personnel, payroll taxes, benefits, and rewards		18	17	7,846	9,324
Total current assets		97,220	273,562	344,967	509,367	Key money	16	-	-	1,020	1,280
						Dividends payable		30,000	30,000	30,000	30,000
NONCURRENT ASSETS HELD FOR SALE	13	-	-	32,316	32,316	Earnings payable		-	-	6,985	7,666
						Other payables		189	1,855	8,786	8,450
						Total current liabilities		193,553	207,517	300,929	316,565
NON-CURRENT ASSETS											
Trade receivables, net	8	-	-	12,952	12,514	NON-CURRENT LIABILITIES					
Recoverable taxes	9	29,712	28,254	29,712	28,254	Loans and financing	14	-	-	308,288	324,645
Loans related to condominiums	10	-	-	23,902	24,978	Debentures	15	250,418	402,154	250,418	402,154
Deferred income tax and social contribution	23	-	-	1,134	2,026	Key money	16	-	-	1,316	1,725
Escrow deposits	17	2,674	2,597	21,666	20,830	Deferred income tax and social contribution	23	-	-	656,373	654,969
Other receivables	8	-	-	3,714	2,614	Provision for contingencies	17 and 29	2,616	2,597	7,751	7,794
Investments	11 and 29	2,926,968	2,892,971	41,670	41,932	Accruals for variable compensation	25	-	-	3,132	2,708
Investment properties	12	-	-	4,653,034	4,645,310	Total non-current liabilities		253,034	404,751	1,227,278	1,393,995
Property, plant and equipment		-	-	3,783	3,315						
Intangible assets		-	-	1,913	2,205	EQUITY	19				
Total non-current assets		2,959,354	2,923,822	4,793,480	4,783,978	Capital		1,397,866	1,397,866	1,397,866	1,397,866
						Capital reserves		80,115	80,115	80,115	80,115
						Earnings reserves		1,107,135	1,107,135	1,107,135	1,107,135
						Retained earnings		24,871	-	24,871	-
						Equity attributable to owners of the Company		2,609,987	2,585,116	2,609,987	2,585,116
						Non-controlling interests		-	-	1,032,569	1,029,985
						Total equity		2,609,987	2,585,116	3,642,556	3,615,101
TOTAL ASSETS		3,056,574	3,197,384	5,170,763	5,325,661	TOTAL LIABILITIES AND EQUITY		3,056,574	3,197,384	5,170,763	5,325,661

The accompanying notes are an integral part of these interim financial information.

(A free translation of the original in Portuguese)

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

STATEMENT OF INCOME
FOR THE PERIOD ENDED MARCH 31, 2018
(In thousands of Brazilian Reais - R$, except earnings per share)

	Note	Company		Consolidated	
		03/31/18	03/31/17	03/31/18	03/31/17
NET OPERATING REVENUE FROM RENTALS, SERVICES, AND OTHERS	20	-	-	89,124	85,079
COST OF RENTALS AND SERVICES	21	-	-	(18,327)	(22,006)
GROSS PROFIT		-	-	70,797	63,073
OPERATING (EXPENSES) INCOME					
General and administrative expenses	21	(443)	(593)	(6,305)	(5,746)
Tax expenses		(222)	(140)	(439)	(657)
Equity pick-up	11 and 29	33,997	28,319	877	839
Other operating income, net		-	-	1,426	1,324
Total income (expenses) from operations, net		33,332	27,586	(4,441)	(4,240)
OPERATING INCOME BEFORE FINANCIAL EXPENSES		33,332	27,586	66,356	58,833
FINANCIAL EXPENSES, NET	22	(8,461)	(8,132)	(13,736)	(14,825)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		24,871	19,454	52,620	44,008
INCOME TAX AND SOCIAL CONTRIBUTION					
Current		-	(1,793)	(7,717)	(9,196)
Deferred		-	-	(2,296)	(903)
Total	23	-	(1,793)	(10,013)	(10,099)
NET INCOME FOR THE PERIOD		24,871	17,661	42,607	33,909
NET INCOME ATTRIBUTABLE TO					
Owners of the Company				24,871	17,661
Non-controlling interests				17,736	16,248
BASIC AND DILUTED EARNINGS PER SHARE - R$	19	0.33	0.23	0.33	0.23

The accompanying notes are an integral part of these interim financial information.

(A free translation of the original in Portuguese)

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2018
(In thousands of Brazilian Reais - R$)

	Company		Consolidated	
	03/31/18	03/31/17	03/31/18	03/31/17
NET INCOME FOR THE PERIOD	24,871	17,661	42,607	33,909
Other comprehensive income	-	-	-	-
TOTAL OF COMPREHENSIVE INCOME	24,871	17,661	42,607	33,909
NET INCOME ATTRIBUTABLE TO				
Owners of the Company			24,871	17,661
Noncontrolling interests			17,736	16,248

The accompanying notes are an integral part of these interim financial information.

(A free translation of the original in Portuguese)

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

STATEMENT OF CHANGE IN EQUITY (COMPANY AND CONSOLIDATED)
FOR THE PERIOD ENDED MARCH 31, 2018
(In thousands of Brazilian Reais - R$)

		Capital reserves		Earnings reserves				Total equity attributable		
	Capital	Share Issuance costs	Share subscription premium	Legal reserve	Earnings retention reserve	Unrealized earnings	Retained earnings	to owners of the parent	Noncontrolling interests	Total equity
BALANCES AS OF DECEMBER 31, 2016	1,397,866	(16,083)	96,198	59,112	850,088	89,514	-	2,476,695	981,470	3,458,165
Net income for the period	-	-	-	-	-	-	17,661	17,661	16,248	33,909
Dividends arising from operation of Fundo de Investimento Imobiliário Shopping Parque D. Pedro and Fundo de Investimento Parque D. Pedro Shopping Center	-	-	-	-	-	-	-	-	(15,140)	(15,140)
BALANCES AS OF MARCH 31, 2017	1,397,866	(16,083)	96,198	59,112	850,088	89,514	17,661	2,494,356	982,578	3,476,934
BALANCES AS OF DECEMBER 31, 2017	1,397,866	(16,083)	96,198	66,033	948,713	92,389	-	2,585,116	1,029,985	3,615,101
Net income for the period	-	-	-	-	-	-	24,871	24,871	17,736	42,607
Dividends arising from the operations of Fundo de Investimento Imobiliário Shopping Parque D. Pedro and Fundo de Investimento Parque D. Pedro Shopping Center	-	-	-	-	-	-	-	-	(15,152)	(15,152)
BALANCES AS OF MARCH 31, 2018	1,397,866	(16,083)	96,198	66,033	948,713	92,389	24,871	2,609,987	1,032,569	3,642,556

The accompanying notes are an integral part of these interim financial information.

(A free translation of the original in Portuguese)

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED MARCH 31, 2018
(In thousands of Brazilian Reais - R$)

	Company		Consolidated	
	03/31/18	03/31/17	03/31/18	03/31/17
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	24,871	17,661	42,607	33,909
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	-	523	613
Result value of property and equipment sold	-	-	38	110
(Gains) Losses on derivative transactions, net	(107)	892	(107)	892
Unbilled revenue from rentals	-	-	(79)	111
Allowance for doubtful accounts	-	-	2,628	1,370
	-	-	(138)	(47)
Reversal of civil, tax, labor, and social security risks	19	36	95	76
Accrual for variable compensation	-	-	825	817
Deferred income tax and social contribution	-	-	2,296	903
Income tax and social contribution	-	1,793	7,717	9,196
Interest on borrowing, financing and debentures	11,576	8,244	20,374	19,804
Equity pick-up	(33,997)	(28,319)	(877)	(839)
(Increase)/decrease in operating assets:				
Trade receivables	-	-	7,100	5,803
Loans related to condominiums	-	-	1,076	458
Recoverable taxes	(1,459)	(1,198)	(2,096)	(1,382)
Prepaid expenses	(70)	(63)	(203)	(165)
Escrow deposits	(77)	(36)	(836)	(680)
Other	-	-	(248)	1,210
Increase (decrease) in operating liabilities:				
Domestic trade accounts payable	26	93	1,122	(363)
Taxes payable	(49)	(33)	(3,645)	(4,210)
Personnel, payroll taxes, benefits and rewards	1	-	(1,879)	(1,246)
Key money	-	-	(669)	(544)
Other payables	(1,666)	45	336	272
Cash (used in) provided by operating activities	(932)	(885)	75,960	66,068
Interest and derivative transactions paid	(28,184)	(18,188)	(37,080)	(28,484)
Income tax and social contribution paid	-	-	(6,706)	(6,815)
Net cash (used in) provided by operating activities	(29,116)	(19,073)	32,174	30,769
CASH FLOW FROM INVESTING ACTIVITIES				
Acquisition or construction of investment property	-	-	(7,724)	(2,984)
Acquisition of property and equipment	-	-	(541)	(234)
Acquisition of intangible assets	-	-	(196)	(124)
Dividends received	-	-	1,139	1,000
Net cash used in investing activities	-	-	(7,322)	(2,342)
CASH FLOW FROM FINANCING ACTIVITIES				
Debentures paid - principal	(147,297)	(47,750)	(147,297)	(47,750)
Loans and financing paid - principal	-	-	(16,023)	(15,418)
Distributed earnings of real estate funds - non-controlling interests	-	-	(15,833)	(15,576)
Net cash used in financing activities	(147,297)	(47,750)	(179,153)	(78,744)
DECREASE IN CASH AND CASH EQUIVALENTS, NET	(176,413)	(66,823)	(154,301)	(50,317)
CASH AND CASH EQUIVALENTS				
At the end of the period	96,914	23,301	294,128	205,729
At the beginning of the period	273,327	90,124	448,429	256,046
DECREASE IN CASH AND CASH EQUIVALENTS, NET	(176,413)	(66,823)	(154,301)	(50,317)

The accompanying notes are an integral part of these interim financial information.

(A free translation of the original in Portuguese)

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

STATEMENT OF VALUE ADDED
FOR THE PERIOD ENDED MARCH 31, 2018
(In thousands of Brazilian Reais - R$)

	Company		Consolidated	
	03/31/18	03/31/17	03/31/18	03/31/17
REVENUE				
Revenue from rentals and services	-	-	101,970	98,480
Other income	-	-	365	243
Expenditures related to the construction of investment property and property and equipment	-	-	8,461	3,342
Allowance for doubtful accounts	-	-	(2,628)	(1,370)
	-	-	108,168	100,695
SERVICES AND SUPPLIES PURCHASED FROM THIRD PARTIES	-	-	(17,769)	(18,217)
Supplier, power, outside services and others	(297)	(452)	(10,699)	(6,694)
	(297)	(452)	(28,468)	(24,911)
GROSS VALUE ADDED	(297)	(452)	79,700	75,784
DEPRECIATION AND AMORTIZATION	-	-	(523)	(613)
WEALTH CREATED BY THE COMPANY	(297)	(452)	79,177	75,171
WEALTH RECEIVED IN TRANSFER				
Equity pick-up	33,997	28,319	877	839
Financial income	3,119	1,980	6,740	7,025
	37,116	30,299	7,617	7,864
DISTRIBUTION OF WEALTH	36,819	29,847	86,794	83,035
WEALTH DISTRIBUTED				
Personnel:				
Salaries and wages	146	141	6,517	8,433
Benefits	-	-	653	750
Severance pay fund (FGTS)	-	-	167	755
	146	141	7,337	9,938
Taxes and fees:				
Federal	222	1,933	15,021	16,134
Municipal	-	-	754	726
	222	1,933	15,775	16,860
Lenders and lessors:				
Interest expenses	11,580	10,112	20,476	21,850
Rentals	-	-	599	478
	11,580	10,112	21,075	22,328
Interest on capital:				
Retained earnings	24,871	17,661	24,871	17,661
Noncontrolling interests	-	-	17,736	16,248
	24,871	17,661	42,607	33,909
Total	36,819	29,847	86,794	83,035

The accompanying notes are an integral part of these interim financial information.

1. General information

Sonae Sierra Brasil S.A. ("Sonae" or "Company"), headquartered in São Paulo City, São Paulo State, was established on September 18, 2003, and is primarily engaged in: (a) planning, developing, implementing and investing in real estate, namely shopping malls and related activities, as a developer, builder, lessor and advisor; (b) operating and managing own and/or third party properties and stores and providing related services; and (c) holding equity interests in other companies and/or real estate investment funds, directly or indirectly through subsidiaries and associates.

The Company trades its shares on Brasil Bolsa Balcão – B3 (São Paulo Stock Exchange), under the ticker symbol "SSBR3", and reports its information to the Brazilian Securities Commission (CVM).

The Company's immediate parent is Sierra Brazil 1 BV, a company headquartered in the Kingdom of the Netherlands while its ultimate parents are Sonae Sierra SGPS S.A., headquartered in Portugal, and Mr. Alexander Otto and his associates located in Germany.

At March 31, 2018 and 2017, the Company' direct and indirect subsidiaries included in the consolidated financial statements are the following:

	Equity interest - %
Direct subsidiaries:	
Sierra Investimentos Brasil Ltda.	99.99
Unishopping Consultoria Imobiliária Ltda.	99.99
Indirect subsidiaries:	
Fundos de Investimento Imobiliário I (a)	42.28
Fundos de Investimento Imobiliário II (a)	50.10
Pátio Boavista Shopping Ltda.	100.00
Pátio São Bernardo Shopping Ltda.	100.00
Pátio Sertório Shopping Ltda.	100.00
Pátio Uberlândia Shopping Ltda.	100.00
Pátio Londrina Empreendimentos e Participações Ltda.	100.00
Pátio Goiânia Shopping Ltda.	100.00
Pátio São Paulo Shopping Ltda.	100.00
Unconsolidated associate:	
Campo Limpo Empreendimentos e Participações Ltda.	20.00

(a) Fundo de Investimento II held a 17.72% interest from Fundo de Investimento I. Considering that Fundo de Investimento I and II held 85% and 15%, respectively, of Shopping Parque D. Pedro, the Company held 51% of this property on a combined basis as of March 31, 2018.

As of March 31, 2018 and 2017, the Company's subsidiaries and associates held the following interests in shopping malls:

Developer	Shopping mall	Undivided interest - %
Fundo de Investimento Imobiliário I	Shopping Parque D. Pedro	85.00
Fundo de Investimento Imobiliário II	Shopping Parque D. Pedro	15.00
Pátio Londrina Empreendimentos e Participações Ltda.	Shopping Plaza Sul	30.00
Pátio São Bernardo Shopping Ltda.	Shopping Plaza Sul	30.00
Pátio Boavista Shopping Ltda.	Shopping Center Metrópole	100.00
Pátio Uberlândia Shopping Ltda.	Franca Shopping	76.92
Pátio Uberlândia Shopping Ltda.	Uberlândia Shopping	100.00
Pátio Sertório Shopping Ltda.	Shopping Manauara	100.00
Pátio Londrina Empreendimentos e Participações Ltda.	Boulevard Londrina	88.64
Pátio Goiânia Shopping Ltda.	Passeio das Águas Shopping	100.00
Campo Limpo Empreendimentos e Participações Ltda.	Shopping Campo Limpo	100.00

2. Presentation of interim financial information and summary of significant accounting policies

Basis of presentation

The individual and consolidated interim financial information has been prepared and is being presented in accordance with the International Financial Reporting Standards (IFRS) - IAS 34 - Interim Financial Reporting, and in accordance with CPC 21 - "Interim Financial Information", issued by the Brazilian Accounting Pronouncements Committee (CPC).

The Company's individual interim accounting information does not differ from the IFRS applicable to separate financial statements, in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). These individual statements are disclosed together with the Company's consolidated financial statements.

This information is being presented considering OCPC 07 - "Explanatory Notes", which reinforces the basic disclosure requirements of the existing standards and suggests disclosure focused on: (i) material information for the users; (ii) quantitative and qualitative aspects, and (iii) risks.

Nonetheless, there are changes occurred in IFRS 15 (CPC 47) - Revenues from Contracts with Customers and IFRS 9 (CPC 48) - Financial Instruments, which, although they had no significant impact on quarterly financial information, were amended as required since January 1st, 2018.

This interim financial information should be read together with the financial statements for the year ended December 31, 2017 since its objective is to provide an update of the significant activities, events and circumstances in relation to those financial statements.

For the convenience of users, the Company's material interim financial information (cash and cash equivalents, investments in subsidiaries and reserve for contingencies) is presented in Note 29.

The interim financial information was approved by the Directors on May 7, 2018

3. New standards, amendments to and interpretations of standards

IFRS 9 (CPC48) - Financial Instruments and IFRS 15 (CPC47) - Revenues from Contracts with Customers are effective since January, 1st 2018. The adoption of these new standards do not result significant impact on Company’s financial statements.

In addition, the Company's Management is reviewing IFRS 16 (CPC06) - Leases, which will be effective as of January, 1st 2019. Based on the preliminary studies, the Company do not expect significant impact on its financial statements with the adoption of this new standard.

4. Estimates and critical accounting assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expected future events, which are considered reasonable in the circumstances. In the three-month period ended March 31, 2018, there were no changes in estimates and assumptions that presented a significant risk of causing material adjustments to the carrying amounts of assets and liabilities for the current year in relation to those detailed in the annual financial statements.

5. Financial risk management

5.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's risk management seeks to minimize potential adverse effects on the Company's financial performance.

These risks are managed based on policies, definitions of strategies and the establishment of control systems, which are duly monitored by the management of the Company and its subsidiaries, with a view of maximizing shareholder value and achieve a balance between debt and equity capital.

(a) Market risk

(i) Foreign currency risk

Trade receivables and trade payables are denominated in Brazilian Reais and are not exposed to exchange fluctuations.

(ii) Interest rate risk

Results from the portion of debt contracted with interest linked to the CDI, TR and IPCA and involves the risk of increases in financial expenses as a result of unfavorable rates.

The Company contracted non-speculative derivatives to swap variable indexes subject to interest on the second series of debentures, as follows:

						Fair value		
Type	Initial date	Maturity date	Notional R$	Active index edge	Passive index edge	Active index edge	Passive index edge	R$
Swap	8/22/13	2/15/19	54,500	IPCA + 6.25%	CDI + 1.24%	37,747	45,495	(7,748)

As of March 31, 2018, the Company recognized in income for the year losses arising from changes in fair value of financial instruments (swap) of R$107, as disclosed in note 15.

(iii) Rent fluctuation risk

The Company's revenue consists basically of rentals received from shopping mall tenants. In general, rentals are adjusted based on the annual fluctuations in the consumer price index (IPCA), as provided for in the lease agreements. Management monitors these risks in order to minimize impacts on its business.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits in banks and other financial institutions, as well as credit exposure to customers. The Company limits its exposure by adopting policies that allow transactions only with high-rating banks, as assessed by international credit rating agencies. Moreover, the Company constantly monitors the default level of its trade receivables. The allowance for doubtful debts is recognized in an amount considered by Management as sufficient to cover probable losses on the collection of receivables.

(c) Liquidity risk

The Company and its subsidiaries manage their liquidity risk by maintaining proper reserves, bank and other credit facilities to raise new loans that they consider appropriate, based on the continuous monitoring of budgeted and actual cash flow, and the combination of the maturity profiles of financial assets and financial liabilities.

The table below details the remaining contractual maturity of the financial liabilities of the Company, its subsidiaries, and the contractual payment periods. The table was prepared in accordance with undiscounted cash flow of financial liabilities based on the closest date when the Company and its subsidiaries should settle the corresponding obligations. The table includes interest and principal cash flow. As interest flow is based on floating rates, the undiscounted amount was based on the interest curves at the year end. Contractual maturities are based on the most recent dates by which the Company and its subsidiaries should settle the related obligations.

March 31, 2018	Weighted average effective interest rate - %	2018	2019	2020	2021	2022	2023 forward	Total
Loans and financing	9.53%	78,292	99,153	92,968	70,131	64,790	82,896	488,230
Debentures	8.80%	13,115	181,780	18,629	81,409	76,884	174,818	546,635

(d) Statement of sensitivity analysis

In compliance with CVM Resolution 550, we present below the impacts that would arise from changes in significant risk variables to which the Company is exposed for using derivative instruments. The risk variables significant to the Company in the year, taking into consideration a one year period for this analysis, are its exposure to interest rate fluctuations according to market expectation.

The Company developed a sensitivity analysis, which is presented below:

- Base scenario: maintenance of interest at the same levels as those as of March 31, 2018.
- Adverse scenario: a 25% fluctuation in the main risk factors for the financial instruments compared to the level as of March 31, 2018.
- Remote scenario: a 50% fluctuation in the main risk factor for the financial instrument compared to the level as of March 31, 2018.

Assumptions

As described above, the Company believes that it is exposed to the risk of fluctuations in the interbank deposit rate (CDI) and IPCA, which is the basis for adjusting the debentures and the interest rate swap. Accordingly, the table below shows the indices and rates used to prepare the sensitivity analysis:

Assumptions	Base scenario	Adverse scenario	Remote scenario
CDI fluctuations:			
Swap derivatives	6.21%	7.76%	9.32%
IPCA fluctuations:			
Debentures	3.53%	4.41%	5.30%
Swap derivatives	3.53%	2.65%	1.77%

Management analysis

			Consolidated		
Risk factor	Index	Risk	Base scenario	Adverse scenario	Remote scenario
Debentures	Inflation index	Increase in IPCA rate	3,609	4,512	5,414
Swap derivatives	Inflation index and interest rate	Increase in CDI rate	3,595	4,493	5,392
Swap derivatives	Inflation index and interest rate	Decrease in IPCA	1,992	1,494	996

5.2 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure of the Company, management can make, or may propose to the stockholders when their approval is required, adjustments to the amounts of dividends paid to stockholders, return capital to stockholders, issue new shares or sell assets to reduce, for example, debt.

The Company monitors capital on the basis of the gearing ratio. This ratio corresponds to the net debt expressed as a percentage of total capital. The gearing ratios at March 31, 2018 and December 31, 2017 were as follow:

	Consolidated	
	3/31/18	12/31/17
Debt (a)	786,495	961,476
Cash and cash equivalents	(294,128)	(448,429)
Net debt (net cash)	492,367	513,047
Equity attributable to owners of the parent company (b)	2,609,987	2,585,116
Net debt-to-equity ratio	18.86%	19.85%

(a) Debt is defined as short and long-term loans, financing and debentures detailed in Notes 14 and 15. Excludes gains or losses arising from derivative instruments. At March 31, 2018 and December 31, 2017 the total losses amount R$ 7,748 and R$ 12,901 respectively.

(b) Shareholders' equity includes the Company's total capital and reserves, managed as capital.

5.3 Financial instruments by category

The Company's and its subsidiaries' main financial instruments are represented by:

a) Cash and cash equivalents: they are classified as loans and receivables and their carrying amount is equivalent to the assets fair value.

b) Trade accounts receivable and loans to condominiums: are classified as held to maturity and recorded at the contracted amounts, which are equivalent to market value.

c) Trade payables: classified at the contacted amounts, which are equivalent to market value.

d) Loans and financing: measured at amortized cost, which are equivalent to market value.

e) Debentures: part is classified as other financial liabilities, and part is classified as at fair value through profit or loss.

f) Derivative instrument: classified as fair value hedge and measured at fair value.

The fair value measurement of financial instruments is grouped into levels 1 to 3, based on the fair value hierarchy:

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - other techniques under which all inputs with significant effects on the fair value are observable, either directly or indirectly.
- Level 3 - techniques that use inputs with significant effects on fair value not based on observable market inputs.

The carrying amounts and fair values of the financial instruments of the Company and its subsidiaries at March 31, 2018 and December 31, 2017 are as follow:

Parent

			3/31/18		12/31/17	
Nature	Classification	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
Assets:						
Cash and cash equivalents	Loans and receivables	Level 1	96,914	96,914	273,327	273,327
Liabilities:						
Debentures	Other financial liabilities	Level 2	368,705	367,845	488,312	482,136
Debentures	Fair value through profit or loss	Level 2	37,256	37,256	76,508	76,508
Trade payables	Other financial liabilities	Level 2	26	26	-	-
Derivative financial instrument (i)	Fair value through profit or loss	Level 2	7,748	7,748	12,901	12,901

(i) Included in line item "Debentures" in the Company's liabilities.

Consolidated

Nature	Classification	Fair value hierarchy	3/31/18 Carrying amount	3/31/18 Fair value	12/31/17 Carrying amount	12/31/17 Fair value
Assets:						
Cash and cash equivalents	Loans and receivables	Level 1	294,128	294,128	448,429	448,429
Trade receivables, net	Loans and receivables	Level 2	49,748	49,748	59,397	59,397
Loans to condominiums	Loans and receivables	Level 2	23,902	23,902	24,978	24,978
Liabilities:						
Loans and financing	Other financial liabilities	Level 2	380,534	380,534	396,656	396,656
Debentures	Other financial liabilities	Level 2	368,705	367,845	488,312	482,136
Debentures	Fair value through profit or loss	Level 2	37,256	37,256	76,508	76,508
Derivative financial instruments (i)	Fair value through profit or loss	Level 2	7,748	7,748	12,901	12,901
Trade payables	Other financial liabilities	Level 2	5,099	5,099	3,977	3,977

(i) Included in the line item "Debentures" in the Company's liabilities.

6. Operating segment reporting

Segment reporting is used by the Company's senior management to make decisions about resources to be allocated to a segment and assess its performance.

The Company's reportable segments, in accordance with technical pronouncement CPC 22 (IFRS 8) - "Operating Segments" are as follow:

a) Third party services

Refer to the provision of assets and property management services to shopping malls' tenants and owners, brokerage services, and the development of projects for a new shopping mall.

b) Investment

Refers to the rentals of stores spaces to tenants and other commercial spaces, such as sales stands; the rental of commercial space for advertising and promotion; operation of parking lots; and the agreement for the use of property space (key money).

(i) Segment reporting of assets

	Consolidated - 3/31/18		
	Third party services	Investment	Total
Cash and cash equivalents	17,990	276,138	294,128
Trade receivables, net	866	48,882	49,748
Property, plant and equipment and intangible assets	5,696	-	5,696
Investment properties and noncurrent assets held for sale	-	4,685,350	4,685,350
Other assets	1,912	133,929	135,841
Total assets	26,464	5,144,299	5,170,763

	Consolidated - 12/31/17		
	Third party services	Investment	Total
Cash and cash equivalents	16,257	432,171	448,428
Trade receivables, net	6,201	53,114	59,315
Property, plant and equipment and intangible assets	5,519	-	5,519
Investment properties and noncurrent assets held for sale	-	4,677,626	4,677,626
Other assets	2,652	132,121	134,773
Total assets	30,629	5,295,032	5,325,661

(ii) Segment reporting of income statement

	Consolidated - 3/31/18			
	Third party services	Investment	Related parties transactions eliminated	Total
Gross revenue	12,608	95,695	(5,968)	102,335
Deductions:				
Taxes	(1,782)	(2,778)	-	(4,560)
Discounts and abatements	-	(8,651)	-	(8,651)
Total	(1,782)	(11,429)	-	(13,211)
Net operating revenue	10,826	84,266	(5,968)	89,124
Operating costs, general and administrative expenses and other	(8,867)	(20,746)	5,968	(23,645)
Equity pick-up	-	877	-	877
Financial expenses, net	272	(14,008)	-	(13,736)
Total	(8,595)	(33,877)	5,968	(36,504)
Income before income tax and social contribution	2,231	50,389	-	52,620

	Consolidated – 3/31/17			
	Third party services	Investment	Related parties transactions eliminated	Total
Gross revenue	11,706	92,400	(5,383)	98,723
Deductions:				
Taxes	(1,655)	(2,652)	-	(4,307)
Discounts and abatements	-	(9,337)	-	(9,337)
Total	(1,655)	(11,989)	-	(13,644)
Net operating revenue	10,051	80,411	(5,383)	85,079
Operating costs, general and administrative expenses and other	(10,992)	(21,476)	5,383	(27,085)
Equity pick-up	-	839	-	839
Financial expenses, net	729	(15,554)	-	(14,825)
Total	(10,263)	(36,191)	5,383	(41,071)
Income before income tax and social contribution	(212)	44,220	-	44,008

7. Cash and cash equivalents

	Consolidated	
	3/31/18	12/31/17
Cash and checking account	2,586	2,411
Short-term investments (a)	291,542	446,018
Total	294,128	448,429

(a) As of March 31, 2018, the short term investments are highly liquid and earn yields at the weighted average interest rate of 100.5% of the interbank deposit rate (CDI) (101.0% as of December 31, 2017). The securities purchased by the Company and its subsidiaries comprise CDBs, debentures and fixed income investment funds issued by banks with which the Company and its subsidiaries maintain relationship. In view of the Company's risk management policy, these investments are held only with first-tier banks highly rated by international rating agencies.

8. Trade receivables, net and other receivables

Trade receivables

	Consolidated	
	3/31/18	12/31/17
Rentals	74,846	81,957
Assignment of rights receivables (a)	455	480
Total trade receivables billed	75,301	82,437
Unbilled rentals (b)	14,764	14,649
Total trade receivables	90,065	97,086
Allowance for doubtful debts	(40,317)	(37,689)
Total	49,748	59,397
Current	36,796	46,883
Noncurrent	12,952	12,514

(a) Represent receivables from agreements for the assignment of rights for use property spaces in shopping malls, also known as "Key Money".

(b) Represent the effects of unbilled revenue from rentals recognized on a straight line basis, according to the agreement terms.

The aging list of trade receivables billed as of March 31, 2018, and December 31, 2017, as follows:

	Consolidated	
	3/31/18	12/31/17
Current	36,218	46,417
Past due:		
Up to 30 days	4,352	3,546
31 to 60 days	2,603	2,256
61 to 90 days	2,226	1,735
91 to 180 days	4,547	4,657
Over 180 days	25,355	23,826
Subtotal	39,083	36,020
Total	75,301	82,437

Allowance for doubtful accounts

The change in the allowance for doubtful accounts for the three-month period ended March 31, 2018 is as follows:

	Consolidated
Balance as of December 31, 2017	(37,689)
Additions in the period, net	(2,628)
Balance as of March 31, 2018	(40,317)

Other receivables

The breakdown of "Other receivables" at March 31, 2018, and December 31, 2017, is as follows:

	Consolidated	
	3/31/18	12/31/17
Loan agreement with tenants (a)	3,933	4,224
Receivables from condominiums	2,906	3,111
Others	2,691	1,948
Total	9,530	9,283
Current	5,816	6,669
Noncurrent	3,714	2,614

(a) Refers to loan agreements entered into among the Company's subsidiaries and shopping tenants. These agreements are subject to financial charges that can be indexed to the annual fluctuations of the Amplified Consumer Price Index - IPCA or 103% of CDI. The maturity period is 60 months.

9. Taxes recoverable

	Consolidated	
	3/31/18	12/31/17
Withholding income tax	37,117	34,694
Social contribution recoverable	308	624
Others	293	304
Total	37,718	35,622
Current	8,006	7,368
Noncurrent	29,712	28,254

10. Loans to condominiums

		Consolidated	
Subsidiary	Condominium	3/31/18	12/31/17
Pátio São Bernardo	Condomínio Shopping Center Plaza Sul	403	706
Pátio Londrina	Condomínio Shopping Center Plaza Sul	403	706
Pátio Uberlândia	Condomínio Uberlândia Shopping	5,644	5,806
Pátio Londrina	Condomínio Boulevard Londrina Shopping	7,759	7,896
Pátio Goiânia	Condomínio Passeio das Águas Shopping	9,693	9,864
Total		23,902	24,978

Primarily represent loans granted to promotional funds for recently opened shopping malls, in order to finance marketing campaigns. The interest on these transactions corresponds to the IPCA fluctuation.

These loans are considered related party transactions as showed on note 24.

11. Investments

(i) Ownership interest in Campo Limpo Empreendimentos e Participações Ltda.

	Consolidated	
	3/31/18	12/31/17
Balance sheet		
Number of units of interest held by Sierra Investimentos	9,435,400	9,435,400
Ownership interest in investee - %	20.00	20.00
Investment balance	41,670	41,932
Statement of income	3/31/18	3/31/17
Share of profit or loss of subsidiary for the period	877	839

(ii) Financial information of Campo Limpo Empreendimentos e Participações Ltda.

	Consolidated	
	3/31/18	12/31/17
Balance sheet		
Current assets	3,123	4,423
Noncurrent assets	289,802	289,760
Current liabilities	1,488	1,134
Noncurrent liabilities	83,088	83,387
Equity	208,349	209,662
Statement of income	3/31/18	3/31/17
Net operating revenue from rentals and others	6,074	5,893
Profit and comprehensive income for the period	4,387	4,194

(iii) Changes in investments for the three -month period ended March 31, 2018, are as follows:

	Consolidated
Balances at December 31, 2017	41,932
Equity pick-up	877
Dividends received	(1,139)
Balances at March 31, 2018	41,670

12. Investment property

Under technical pronouncement CPC 28 (IAS 40) - "Investment Property", properties held to earn rentals and/or for capital appreciation can be recognized as investment property. The Company's management adopted the fair value method in order better to reflect its business.

	Consolidated	
	3/31/18	12/31/17
Constructed investment property	4,622,670	4,615,094
Investment property under construction	30,364	30,216
Total	4,653,034	4,645,310

Changes in investment property for the three -month period ended March 31, 2018:

	Consolidated		
	Constructed investment properties	Investment properties under construction	Total
Balance at December 31, 2017	4,615,094	30,216	4,645,310
Additions	7,576	148	7,724
Balance at March 31, 2018	4,622,670	30,364	4,653,034

Management adopts as an accounting policy the fair value revaluation of investment properties on a semiannual basis, that is, as of June 30 and December 31. This policy is being applied consistently and has not been subject to any changes compared to its application as of December 31, 2017.

13. No-current asset held for sale

The Company has pieces of land on some shopping malls which Management intends to negotiate with potential developers of residential and/or commercial properties that bring synergy and increase the flow of visitors in these shopping malls. As of March 31, 2018, the balance of these properties is R$32,316, recognized in the line item "Non-current assets held for sale".

These properties were appraised and are stated at their fair value. The impairment risk appraisal has been made annually, at each balance sheet closing.

14. Loans and financing

The loans obtained by the Company's subsidiaries are intended for financing construction works and expanding projects, as described below.

				Consolidated	
Domestic	Mall	Annual interest rate	Final maturity	3/31/18	12/31/17
Banco do Amazonas S.A.-BASA (a)	Manauara Shopping	8.5%	12/10/20	47,078	51,349
Banco Bradesco S.A. (a)	Boulevard Londrina	TR + 9.7%	3/27/26	89,005	91,833
Banco Bradesco S.A. (a)	Uberlândia Shopping	TR + 9.7%	1/26/26	49,671	51,282
Banco Santander S.A. (a)	Passeio das Águas	TR + 9.7%	6/22/23	170,090	176,308
Banco Itaú BBA S.A. (b)	Shopping Metrópole	TR + 9.3%	5/10/23	24,690	25,884
Total				380,534	396,656
Current				72,246	72,011
Noncurrent				308,288	324,645

Guarantees

(a) In this financing the loan is collateralized by the shopping mall property and collateral of the parent companies of the group.

(b) In this financing the loan is collateralized by the shopping mall property and net receivables.

As of March 31, 2018, the total amount of the properties pledged to the banks in connection with the loans and financing is R$2,137,098 and the amount of net receivables pledged by Pátio Boavista is R$2,503.

Covenants

The loan agreements entered by the Company and its subsidiaries, described above, do not require compliance with any financial ratios such as debt ratios, interest expenses coverage, etc.

Changes in loans and financing:	Consolidated
Balance at December 31, 2017	396,656
Payments - principal	(16,023)
Interest payments	(8,896)
Financial charges recorded in net income	8,797
Balance at March 31, 2018	380,534

The loans and financing classified in noncurrent liabilities as of March 31, 2018 mature as follow:

From April 1st, 2019	53,700
2020	71,600
2021	54,575
2022	54,575
2023	35,618
2024-2026	38,220
Total	308,288

15. Debentures

Debentures	Annual interest rate	Final maturity	Parent and Consolidated 3/31/18	12/31/17
Securities issued in 2012- 2nd series (a)	IPCA + 6.25%	2/15/19	149,090	308,740
Securities issued in 2017- 1st series (b)	CDI+0.75%	7/15/22	125,223	127,842
Securities issued in 2017- 2nd series (b)	IPCA+6.24%	7/15/24	131,648	128,238
Loss on derivatives in fair value hedge accounting			7,748	12,901
Total			413,709	577,721
Current			163,291	175,567
Non-current			250,418	402,154

(a) On February 15, 2012, the Company issued 30,000 nonconvertible debentures, in two series, with a par value of R$10 each, totaling R$300,000.

On August 22, 2013, the Company contracted a derivative instrument ("swap") in the notional amount of R$54,500, to swap variable indexes subject to the interest of the 2nd series of debentures.

In this transaction, the Company replaced the IPCA plus 6.25% per year by the CDI plus 1.24% per year.

The swap agreement expires within six years and matures on February 15, 2019. This maturity date is the same as the hedged instrument.

This transaction is intended to adjust the Company's indebtedness, including the change from the variable IPCA rate to the interbank deposit rate - CDI. Although both rates are variable, the CDI currently reflects the primary compensation index of the Company's financial assets and is therefore more appropriate to the management of financial instruments.

(b) On July 15, 2017, the Company issued 250,000 nonconvertible debentures pursuant to CVM Instruction nº476/09, in two series, with a par value of R$1 each, totaling R$250,000 as detailed bellow:

• First tranche: 125,000 debentures, totaling R$125,000, at an annual floating interest rate equivalent to CDI + 0.75%, with a 5-year final term; and

• Second tranche: 125,000 debentures, totaling R$125,000, at an annual floating interest rate equivalent to IPCA + 6.24%, with a 7-year final term.

The interest rate of debentures were defined after the book building process. The transaction was settled on July 27, 2017.

Changes in debentures, recorded in current and noncurrent liabilities, are broken down as follows:

	Consolidated
Balance at December 31, 2017	577,721
Amortized borrowing costs	324
Interest allocated to net income	11,252
Principal paid	(147,297)
Interest paid	(22,959)
Derivative transactions paid	(5,225)
Gain on derivative transaction, net	(107)
Balance at March 31, 2018	413,709

The debenture, classified in noncurrent liabilities, will be repaid as follows:

	Principal and interest	Borrowing costs	Total
From April 1st, 2019	-	(471)	(471)
2020	-	(627)	(627)
2021	62,500	(627)	61,873
2022	62,500	(475)	62,025
2023	64,016	(261)	63,755
2024	64,016	(153)	63,863
Total	253,032	(2.614)	250,418

Covenants

The debenture indenture subjects the Company to covenants, which may in cases of non-compliance lead to the early maturity of the debt. These covenants are mainly related to financial ratios such as "Earnings Before Interest, Taxes, Depreciation and Amortization - EBITDA", net debt and net financial expenses. The required ratios are shown as follow:

Contractually required ratio	Securities issued in 2012	Securities issued in 2017
Net debt/EBITDA	Maximum of 3.0	Maximum of 3.5
EBIDTA/Net financial expenses	Minimum of 1.75	Minimum of 1.75

As of March 31, 2018, the Company is compliant with all covenants.

16. Key money

		Consolidated	
Subsidiary	Shopping mall	3/31/18	12/31/17
Pátio Sertório	Manauara	1,187	1,224
Pátio Londrina	Boulevard Londrina	507	716
Pátio Goiânia	Passeio das Águas	591	1,030
Other	Other	51	35
Total		2,336	3,005
Current		1,020	1,280
Noncurrent		1,316	1,725

17. Reserve for contingencies

	Consolidated	
	3/31/18	12/31/17
Labor and social security	3,608	3,677
Tax	2,616	2,597
Civil	1,527	1,520
Total	7,751	7,794

Changes in the reserve for the three- month period ended March 31, 2018 are as follows:

	Consolidated			
	Labor and social security	Tax	Civil	Total
Balances at December 31, 2017	3,677	2,597	1,520	7,794
Addition	334	-	-	334
Monetary update	13	19	63	95
Reversals	(416)	-	(56)	(472)
Balances at March 31, 2018	3,608	2,616	1,527	7,751

Possible losses

The Company and its subsidiaries are parties to other tax, civil, labor and social security lawsuits arising from the normal course of their business and for which the likelihood of loss is possible. The amount of these lawsuits as of March 31, 2018 is R$32,654 (R$30.863 at December 31, 2017) comprised as follows:

	Consolidated	
	3/31/18	12/31/17
Labor	4,328	4,146
Tax	9,810	9,405
Civil	18,516	17,312
Total	32,654	30,863

Escrow deposits

Breakdown of escrow deposits:

	Consolidated	
	3/31/18	12/31/17
Labor and social security	86	10
Tax (a)	21,365	20,661
Civil	215	159
Total	21,666	20,830

(a) Refers mainly to the lawsuit challenging the IRRF on the interest of Fundo de Investimento Imobiliário I (Note 27).

18. Taxes payable

	Consolidated	
	3/31/18	12/31/17
Income tax and social contribution	3,258	4,600
PIS and COFINS	1,006	1,910
IRRF	1,057	1,188
Other	335	592
Total	5,656	8,290

19. Equity

(a) Earnings per share

As required by technical pronouncement CPC 41 (IAS 33) - "Earnings per Shares", the table below shows the reconciliation of net income with the amounts used to calculate the basic earnings per share.

The Company has no debt convertible into shares nor stock options granted; therefore, there is no diluted effect on the earnings per share as shown below:

	Parent and Consolidated	
	3/31/18	3/31/17
Net income for the three-month period attributable to the Company's owners	24,871	17,661
Weighted average of outstanding common shares - in thousands	76,424	76,424
Basic and diluted earnings per share - R$	0.33	0.23

20. Net operating revenue from rentals, services and others

	Consolidated	
	3/31/18	3/31/17
Gross operating revenue:		
Rentals	82,356	79,233
Revenue from services	6,639	6,324
Parking revenue	11,396	10,708
Key Money	1,579	2,215
Other income	365	243
Total	102,335	98,723
Deductions:		
Taxes on rentals and services	(4,560)	(4,307)
Discounts and rebates	(8,651)	(9,337)
Total	(13,211)	(13,644)
Net operating revenue from rentals, services and others	89,124	85,079

21. Expenses and costs by nature

	Consolidated	
	3/31/18	3/31/17
Depreciation and amortization	523	613
Personnel costs	8,101	11,734
External services	2,519	2,918
Costs of occupancy (vacant stores)	3,836	5,362
Costs of contractual agreements with tenants	3,162	2,672
Allowance for doubtful accounts	2,628	1,370
Other	3,863	3,083
Total	24,632	27,752
Classified as:		
Cost of rentals and services provided	18,327	22,006
General and administrative expenses	6,305	5,746

22. Financial income (expenses), net

	Consolidated	
	3/31/18	3/31/17
Financial income:		
Interest on short term investments	4,733	5,789
Other	2,007	1,236
Total	6,740	7,025
Financial expenses:		
Interest on loans and financing	(8,797)	(11,560)
Interest on debentures	(11,577)	(8,244)
Other	(102)	(2,046)
Total	(20,476)	(21,850)
Total, net	(13,736)	(14,825)

23. Income tax and social contribution

a) Income tax and social contribution expense

	Consolidated	
	3/31/18	3/31/17
Income before income tax and social contribution	52,620	44,008
Statutory rate	34%	34%
Income tax and social contribution charge, at statutory rate	(17,891)	(14,963)
Effect of income tax and social contribution on permanent and temporary differences:		
Equity pick-up	298	285
Other permanent differences	-	(1,843)
Tax losses carried forwards not considered	(1,235)	(1,703)
Effect of taxation of subsidiaries based on deemed income	2,935	2,671
Effect of differential taxation of Fundos de Investimento Imobiliário I and II (i)	5,880	5,454
Income tax and social contribution expense at effective rate	(10,013)	(10,099)
Effective rate - %	19	23

(i) Fundos de Investimento Imobiliário I and II are tax exempt.

b) Deferred income tax and social contribution

Based on the analyses of the multi-year operating projections, the Company recognized tax credits related to tax losses carried forwards and temporary differences in prior years.

The maintenance of tax credits from tax losses carried forwards, deferred income tax and social contribution is supported by future earnings projections prepared by the Company's management and periodically reviewed, for the next ten years, to determine the recoverability of tax losses carried forwards and temporary differences.

Deferred income tax and social contribution are broken down as follows:

	Consolidated	
	3/31/18	12/31/17
Tax losses carried forwards	36,106	35,767
Reserve for contingencies	1,269	1,290
Allowance for doubtful accounts	3,259	3,096
Other temporary reserves	(177)	1,317
Changes in fair values of investment property, net	(695,696)	(694,413)
Total deferred income tax and social contribution	(655,239)	(652,943)
In noncurrent assets	1,134	2,026
In noncurrent liabilities	(656,373)	(654,969)

The credit balances totaling R$66,568 (Consolidated), as of March 31, 2018, shall be realized within a period of up to ten years, as shown below:

Year	Consolidated
2018	-
2019	-
2020	988
2021	2,759
2022	5,537
2023-2026	57,284
Total	66,568

As of March 31, 2018, the Company and its subsidiaries have R$249,794 of tax loss carryforwards for which no deferred income tax and social contribution was recognized, since the expected realization is not probable, based on studies and internal projections.

24. Related parties

In the normal course of the Company's business, controlling shareholders, subsidiaries, the associate and condominiums (related parties) carry out commercial and financial intercompany transactions. These commercial transactions mainly include the management of shopping malls (common charges and promotion fund).

Balances and transactions with related parties are as follows:

		Consolidated	
Balance sheet	Purpose	3/31/18	12/31/17
Current assets			
Related parties:			
Condomínio Boulevard Londrina Shopping	(a)	361	406
Condomínio Passeio das Águas Shopping	(a)	312	402
Condomínio Uberlândia Shopping	(a)	597	672
Condomínio Shopping Center Plaza Sul	(a)	-	72
Condomínio Franca Shopping Center	(a)	6	10
Total (*)		1,276	1,562
Noncurrent assets			
Related parties:			
Condomínio Boulevard Londrina Shopping	(b)	7,759	7,896
Condomínio Passeio das Águas Shopping	(b)	9,693	9,864
Condomínio Shopping Center Plaza Sul	(b)	806	1,412
Condomínio Uberlândia Shopping	(b)	5,644	5,806
Total		23,902	24,978
Current liabilities			
Related parties:			
Parque D. Pedro I BV SARL	(c)	3,154	3,489
Total		3,154	3,489

		Consolidated	
Statement of profit or loss	Purpose	3/31/18	3/31/17
Operating revenue			
Related parties:			
Condomínio Shopping Center Penha	(a)	490	515
Condomínio Civil Center Shopping São Bernardo	(a)	421	390
Condomínio Franca Shopping Center	(a)	179	150
Condomínio Shopping Center Plaza Sul	(a)	609	534
Condomínio Parque Dom Pedro Shopping	(a)	1,131	1,004
Condomínio Campo Limpo Shopping	(a)	303	284
Condomínio Manauara Shopping	(a)	666	681
Condomínio Uberlândia Shopping	(a)	412	555
Condomínio Boulevard Londrina Shopping	(a)	444	420
Condomínio Passeio das Águas Shopping	(a)	538	408
Total		5,193	4,941

Finance income			
Related parties:			
Condomínio Boulevard Londrina Shopping	(b)	110	102
Condomínio Passeio das Águas Shopping	(b)	115	130
Condomínio Shopping Center Plaza Sul	(b)	70	111
Condomínio Uberlândia Shopping	(b)	70	91
Total		365	434

(*) Included in trade receivables, net, and other receivables.

(a) Refers to revenue from services related to the management of common charges and the promotion fund for the said condominiums. These revenues are recognized in the line item "Service revenues" (Note 20). These services have been rendered by Unishopping Consultoria. Additionally, there are receivables from the initial expenses of the incorporation of condominiums of recently opened malls, which were paid by the companies owning the respective malls and are recorded in line item "other receivables" in current assets (Note 8).

(b) Refers to loans to condominiums described in Note 10.

(c) Interest payable to Fundos de Investimento Imobiliário I and II. The related party Parque D. Pedro I BV SARL holds 27.6% and 15.9% of the units of these funds, respectively. The amount is recognized in line item "Earnings payable".

25. Management compensation

Expenses on management compensation are shown below:

	Consolidated	
	3/31/18	3/31/17
Payroll and related taxes	1,090	1,052
Variable compensation	825	817
Benefits	88	114
	2,003	1,983

These amounts are recorded as "cost of rentals and services rendered", in the statement of profit or loss for the period.

The amounts referring to the compensation of key Management personnel are represented by short and long-term benefits, substantially corresponding to fixed and variable compensation (including performance bonus). There is no post-employment benefits or share-based compensation.

As at March 31, 2018, the balance of the line item "Accrual for variable compensation", in the amount of R$3.132 (R$2,708 as at December 31, 2017), classified in noncurrent liabilities, includes only variable compensation (performance bonuses) awarded to Company's officers.

In addition, as approved at the Annual and Extraordinary Shareholders' Meetings held on April 25, 2018, the overall compensation limit to the Company Directors and Officers for the year 2018, is limited to R$10,000.

26. Insurance coverage

As at March 31, 2018, insurance coverage is as follows:

Type	Insured amounts
Civil liability (shopping mall operations)	93,243
Fire	800,000
Loss of profits	321,089
Windstorms/smokes	250,000
Other	31,070

27. Commitments

With the enactment of Law 12.024, of August 27, 2009, which prescribes the tax treatment applicable to income earned by real estate investment funds, the manager of Fundo de Investimento Imobiliário I, Banco Ourinvest S.A., ceased to retain IRRF on income paid to a certain shareholder headquartered in Brazil. In view of the inquiry made by Banco Ourinvest S.A. to the Federal Revenue Service on the content and scope of this Law, the subsidiary Sierra Investimentos committed under an agreement entered into with this bank, dated October 29, 2009, to make a short-term investment under custody to cover the possible obligation of the tax that is not being withheld. At the same date, Parque D. Pedro 1 BV/SARL (a Luxembourg company belonging to the same corporate group of the Company) and Sierra Investimentos entered into an agreement under which Parque D. Pedro 1 BV/SARL agrees to reimburse Sierra Investimentos for any type of risk arising from the nonpayment of the said tax by Banco Ourinvest S.A.

On May 13, 2010, the federal government filed an appeal against the federal lower court decision. On September 11, 2010, Banco Ourinvest S.A. filed its counterarguments and currently awaits the appellate court decision.

On Juner 25, 2015, the Federal Court accepted the appeal of the federal government, thus overruling the lower court decision. On July 13, 2015, the BTG Pactual Serviços Financeiros S.A. DTVM, the current manager of Fundo de Investimento Parque D. Pedro I, has filed an appeal to continue the suspension of the obligation of the tax credit, as well as to reverse this decision.

As a result of this decision and pursuant to the earlier commitment, the subsidiary Sierra Investments used the totality of the funds held in restricted investments to make a deposit in an escrow account, which aims to ensure the suspension of the tax credit.

As at March 31, 2018, the subsidiary Sierra Investimentos has R$18,749 pledged as collateral, classified as escrow deposits in noncurrent assets (R$18,064 as of December 31, 2017).

28. Subsequent event

On April 25, 2018, the Company approved the distribution of complementary dividends in the amount of R$4,773, totaling R$34,773 of dividends which will be paid using the reserve for unrealized profits.

29. Parent's Financial Statements

29.1 Cash and cash equivalents

	Parent	
	3/31/18	12/31/17
Cash and banks	162	111
Short-term investments	96,752	273,216
Total	96,914	273,327

Short-term investments are highly liquid and earn interest at the weighted average rate of 102.0% of the Interbank Deposit Certificate (CDI) (101.4% as at December 31, 2017).

29.2 Investments in subsidiaries

a) Ownership interests

March 31, 2018	Number of shares held	Ownership interest - %	Share of profit or loss of subsidiaries	Investment balance
Subsidiaries:				
Sierra Investimentos	1,078,862,171	100.00	31,603	2,909,676
Unishopping Consultoria	12,663,326	100.00	2,394	17,292
			33,997	2,926,968

December 31, 2017	Number of shares held	Ownership interest - %	Share of profit or loss of subsidiaries	Investment balance
Subsidiaries:				
Sierra Investimentos	1,078,862,171	100.00	170,110	2,878,073
Unishopping Consultoria	12,663,326	100.00	1,449	14,898
			171,559	2,892,971

(i) Financial information of investees

	Sierra Investimentos		Unishopping Consultoria	
	3/31/18	12/31/17	3/31/18	12/31/17
Statement of financial position				
Total assets	2,922,367	2,903,344	26,467	30,631
Total liabilities	12,691	25,271	9,175	15,733
Equity	2,909,676	2,878,073	17,292	14,898
Statement of profit or loss	3/31/18	3/31/17	3/31/18	3/31/17
Net operating revenue	46	48	12,608	11,706
Profit and comprehensive income for the period	31,603	28,095	2,394	224

(ii) Change in investments for the three -month period ended March 31, 2018, are as follows:

	Consolidated
Balances at December 31, 2017	2,892,971
Equity pick-up	33,997
Balances at March 31, 2018	2,926,968

b) Noncontrolling interests

(i) Noncontrolling interests in Fundos de Investimento Imobiliário I and II

	Fundo de Investimento Imobiliário I		Fundo de Investimento Imobiliário II	
	3/31/18	12/31/17	3/31/18	12/31/17
Noncontrolling interests in share capital %	40.00	40.00	49.90	49.90
Profit for the period attributable to noncontroling interests	12,241	79,232	5,495	34,594
Equity attributable to noncontrolling interests	714,380	712,772	318,189	317,213
Dividends paid to noncontrolling shareholders	11,059	45,861	4,774	19,140

(ii) Financial information of Fundos de Investimento Imobiliário I and II

	Fundo de Investimento Imobiliário I		Fundo de Investimento Imobiliário II	
	3/31/18	12/31/17	3/31/18	12/31/17
Statement of financial position				
Current assets	34,088	35,859	15,289	17,514
Noncurrent assets	1,763,655	1,761,941	629,366	626,649
Current liabilities	11,617	15,701	8,117	9,159
Noncurrent liabilities	174	168	31	30
Equity	1,785,952	1,781,931	636,507	634,974
Statement of profit or loss	3/31/18	3/31/17	3/31/18	3/31/17
Net operating revenue from rentals and others	34,773	32,128	6,136	5,670
Profit and comprehensive income for the period	30,603	28,144	10,589	9,834

29.3 Provision for risks

	Parent	
	3/31/18	12/31/17
Tax	2,616	2,597
	2,616	2,597

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