(A free translation of the original in Portuguese)

Sonae Sierra Brasil S.A. and Subsidiaries

Quarterly Information (ITR) at June 30, 2017 and report on review of quarterly information

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 June 30, 2017, 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.

PricewaterhouseCoopers, Av. Francisco Matarazzo 1400, Torre Torino, São Paulo, SP, Brasil, 05001-903, Caixa Postal 61005, T: (11) 3674-2000, www.pwc.com/br

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 June 30, 2017. 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, August 4, 2017

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Marcelo Orlando
Contador CRC 1SP217518/O-7

(A free translation of the original in Portuguese)

SONAE SIERRA BRASIL S.A. AND SUBSIDIARIES

BALANCE SHEET AS OF JUNE 30, 2017
(In thousands of Brazilian Reais - R$)

ASSETS	Note	Company		Consolidated	
		06/30/17	12/31/16	06/30/17	12/31/16
CURRENT ASSETS					
Cash and cash equivalents	7 and 29	3,471	90,124	175,346	256,046
Trade receivables, net	8	-	-	38,065	43,755
Recoverable taxes	9	220	220	5,376	4,594
Prepaid expenses		56	17	182	26
Other receivables	8	-	-	6,296	7,691
Total current assets		3,747	90,361	225,265	312,112
NONCURRENT ASSETS HELD FOR SALE	13	-	-	32,316	32,316
NON-CURRENT ASSETS					
Trade receivables, net	8	-	-	15,594	15,584
Recoverable taxes	9	27,464	27,182	27,464	27,182
Loans related to condominiums	10	-	-	26,163	27,228
Deferred income tax and social contribution	23	-	-	8,130	9,336
Escrow deposits	17	2,547	2,479	19,408	17,998
Other receivables	8	-	-	4,238	4,287
Investments	11 and 29	2,825,093	2,751,412	40,603	40,145
Investment properties	12	-	-	4,590,401	4,495,815
Property, plant and equipment		-	-	3,298	2,872
Intangible assets		-	-	2,614	3,206
Total non-current assets		2,855,104	2,781,073	4,737,913	4,643,653
TOTAL ASSETS		2,858,851	2,871,434	4,995,494	4,988,081

LIABILITIES AND EQUITY	Note	Company		Consolidated	
		06/30/17	12/31/16	06/30/17	12/31/16
CURRENT LIABILITIES					
Loans and financing	14	-	-	71,432	79,098
Debentures	15	156,550	65,329	156,550	65,329
Domestic trade accounts payable		34	16	6,215	6,149
Taxes payable	18	24	54	6,788	9,991
Personnel, payroll taxes, benefits, and rewards		16	16	7,710	11,161
Key money	16	-	-	4,050	4,521
Dividends payable		-	34,773	-	34,773
Earnings payable		-	-	7,405	7,356
Other payables		227	119	6,124	6,478
Total current liabilities		156,851	100,307	266,274	224,856
NON-CURRENT LIABILITIES					
Loans and financing	14	-	-	356,558	378,031
Debentures	15	150,486	291,953	150,486	291,953
Key money	16	-	-	706	1,506
Deferred income tax and social contribution	23	-	-	650,056	623,271
Provision for contingencies	17 and 29	2,547	2,479	7,599	7,698
Accruals for variable compensation	25	-	-	1,694	2,601
Total non-current liabilities		153,033	294,432	1,167,099	1,305,060
EQUITY	19				
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		998,714	998,714	998,714	998,714
Retained earnings		72,272	-	72,272	-
Equity attributable to owners of the Company		2,548,967	2,476,695	2,548,967	2,476,695
Non-controlling interests		-	-	1,013,154	981,470
Total equity		2,548,967	2,476,695	3,562,121	3,458,165
TOTAL LIABILITIES AND EQUITY		2,858,851	2,871,434	4,995,494	4,988,081

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 JUNE 30, 2017
(In thousands of Brazilian Reais - R$, except earnings per share)

	Note	Company				Consolidated			
		04/01 a 06/30/17	01/01 a 06/30/17	04/01 a 06/30/16	01/01 a 06/30/16	04/01 a 06/30/17	01/01 a 06/30/17	04/01 a 06/30/16	01/01 a 06/30/16
NET OPERATING REVENUE FROM RENTALS, SERVICES, AND OTHERS	20	-	-	-	-	88,109	173,189	82,323	165,866
COST OF RENTALS AND SERVICES	21	-	-	-	-	(21,038)	(43,042)	(20,640)	(40,449)
GROSS PROFIT		-	-	-	-	67,071	130,147	61,683	125,417
OPERATING (EXPENSES) INCOME									
General and administrative expenses	21	(509)	(1,102)	(502)	(1,286)	(8,378)	(14,128)	(9,577)	(16,501)
Tax expenses		(54)	(195)	(19)	(146)	(233)	(890)	(89)	(867)
Equity pick-up	11 and 29	60,762	89,081	12,834	41,895	1,389	2,228	1,323	2,143
Changes in fair value of investment properties		-	-	-	-	87,085	87,085	35,558	35,558
Other operating income, net		-	-	(212)	(212)	1,538	2,862	(403)	6,069
Total income (expenses) from operations, net		60,199	87,784	12,101	40,251	81,401	77,157	26,812	26,402
OPERATING INCOME BEFORE FINANCIAL EXPENSES		60,199	87,784	12,101	40,251	148,472	207,304	88,495	151,819
FINANCIAL EXPENSES, NET	22	(5,587)	(13,719)	(8,227)	(17,658)	(12,097)	(26,922)	(15,192)	(33,856)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		54,612	74,065	3,874	22,593	136,375	180,382	73,303	117,963
INCOME TAX AND SOCIAL CONTRIBUTION									
Current		-	(1,793)	(1)	(1)	(7,710)	(16,906)	(6,833)	(17,048)
Deferred		-	-	-	-	(27,089)	(27,992)	(10,850)	(11,484)
Total	23	-	(1,793)	(1)	(1)	(34,799)	(44,898)	(17,683)	(28,532)
NET INCOME FOR THE PERIOD		54,612	72,272	3,873	22,592	101,576	135,484	55,620	89,431
NET INCOME ATTRIBUTABLE TO									
Owners of the Company						54,612	72,272	3,873	22,592
Non-controlling interests						46,964	63,212	51,747	66,839
BASIC AND DILUTED EARNINGS PER SHARE - R$	19	0.71	0.95	0.05	0.30	0.71	0.95	0.05	0.30

The accompanying notes represent 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 JUNE 30, 2017
(In thousands of Brazilian Reais - R$)

	Company				Consolidated			
	04/01 a 06/30/17	01/01 a 06/30/17	04/01 a 06/30/16	01/01 a 06/30/16	04/01 a 06/30/17	01/01 a 06/30/17	04/01 a 06/30/16	01/01 a 06/30/16
NET INCOME FOR THE PERIOD	54,612	72,272	3,873	22,592	101,576	135,484	55,620	89,431
Other comprehensive income	-	-	-	-	-	-	-	-
TOTAL OF COMPREHENSIVE INCOME	54,612	72,272	3,873	22,592	101,576	135,484	55,620	89,431
NET INCOME ATTRIBUTABLE TO								
Owners of the Company					54,612	72,272	3,873	22,592
Noncontrolling interests					46,964	63,212	51,747	66,839

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 JUNE 30, 2017
(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	Additional dividends proposed	Retained earnings	to owners of the parent	Noncontrolling interests	Total equity
BALANCES AS OF DECEMBER 31, 2015	1,397,866	(16,083)	96,198	54,296	781,465	101,412	3,387	-	2,418,541	890,389	3,308,930
Net income for the period	-	-	-	-	-	-	-	22,592	22,592	66,839	89,431
Dividends distributed in the period (R$0.04 per share)	-	-	-	-	-	-	(3,387)	-	(3,387)	-	(3,387)
Dividends arising from operation of Fundo de Investimento Imobiliário Shopping Parque D. Pedro and Fundo de Investimento Parque D. Pedro Shopping Center	-	-	-	-	-	-	-	-	-	(28,670)	(28,670)
BALANCES AS OF JUNE 30, 2016	1,397,866	(16,083)	96,198	54,296	781,465	101,412	-	22,592	2,437,746	928,558	3,366,304
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	-	-	-	-	-	-	-	72,272	72,272	63,212	135,484
Dividends arising from the operations of Fundo de Investimento Imobiliário Shopping Parque D. Pedro and Fundo de Investimento Parque D. Pedro Shopping Center	-	-	-	-	-	-	-	-	-	(31,528)	(31,528)
BALANCES AS OF JUNE 30, 2017	1,397,866	(16,083)	96,198	59,112	850,088	89,514	-	72,272	2,548,967	1,013,154	3,562,121

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 JUNE 30, 2017
(In thousands of Brazilian Reais - R$)

	Company		Consolidated	
	06/30/17	06/30/16	06/30/17	06/30/16
CASH FLOW FROM OPERATING ACTIVITIES				
Net income for the period	72,272	22,592	135,484	89,431
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	-	1,185	1,342
Result value of property and equipment sold	-	-	353	235
(Gains) Losses on derivatives transactions, net	1,706	(192)	1,706	(192)
Unbilled revenue from rentals	-	-	64	(1,165)
Allowance for doubtful accounts	-	-	4,510	7,809
Reversal of civil, tax, labor, and social security risks	-	-	(222)	237
Monetary update of reserve for civil, tax, labor and social security risks	68	77	123	120
Accrual for variable compensation	-	-	474	1,190
Deferred income tax and social contribution	-	-	27,992	11,484
Income tax and social contribution	1,793	1	16,906	17,048
Interest on borrowing, financing and debentures	14,054	26,167	36,189	52,628
Gains on disposals of investments	-	-	-	(5,748)
Changes in fair value of investment properties	-	-	(87,085)	(35,558)
Equity pick-up	(89,081)	(41,895)	(2,228)	(2,143)
(Increase)/decrease in operating assets:				
Trade receivables	-	-	1,106	(3,251)
Loans related to condominiums	-	-	1,065	1,026
Recoverable taxes	(2,075)	(6,220)	(2,857)	1,245
Prepaid expenses	(39)	(47)	(156)	(78)
Escrow deposits	(68)	(60)	(1,410)	(1,698)
Other	-	-	1,444	12,132
Increase (decrease) in operating liabilities:				
Domestic trade accounts payable	18	3	66	(6,991)
Taxes payable	(30)	(139)	(3,566)	(16,079)
Personnel, payroll taxes, benefits and rewards	-	(7)	(4,832)	(3,142)
Key money	-	-	(1,271)	(2,749)
Other payables	40	(113)	(422)	(2,345)
Cash (used in) provided by operating activities	(1,342)	167	124,618	114,576
Interest paid	(18,188)	(20,323)	(38,468)	(44,084)
Income tax and social contribution paid	-	-	(14,750)	(6,014)
Net cash (used in) provided by operating activities	(19,530)	(20,156)	71,400	64,478
CASH FLOW FROM INVESTING ACTIVITIES				
Acquisition or construction of investment property	-	-	(7,501)	(11,535)
Acquisition of property and equipment	-	-	(360)	(250)
Acquisition of intangible assets	-	-	(1,013)	(111)
Sale of subsidiary, net of cash and other operating assets at sale	-	-	-	49,262
Dividends received	15,400	-	1,770	1,781
Net cash used in investing activities	15,400	-	(7,104)	39,147
CASH FLOW FROM FINANCING ACTIVITIES				
Debentures paid - principal	(47,750)	(47,750)	(47,750)	(47,750)
Loans and financing paid - principal	-	-	(30,994)	(28,507)
Distributed earnings of real estate funds - non-controlling interests	-	-	(31,479)	(27,562)
Dividends paid	(34,773)	(34,773)	(34,773)	(34,773)
Net cash used in financing activities	(82,523)	(82,523)	(144,996)	(138,592)
DECREASE IN CASH AND CASH EQUIVALENTS, NET	(86,653)	(102,679)	(80,700)	(34,967)
CASH AND CASH EQUIVALENTS				
At the end of the period	3,471	68,008	175,346	230,178
At the beginning of the period	90,124	170,687	256,046	265,145
DECREASE IN CASH AND CASH EQUIVALENTS, NET	(86,653)	(102,679)	(80,700)	(34,967)

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 JUNE 30, 2017
(In thousands of Brazilian Reais - R$)

	Company		Consolidated	
	06/30/17	06/30/16	06/30/17	06/30/16
REVENUE				
Revenue from rentals and services	-	-	200,129	191,277
Other income	-	-	596	8,075
Changes in fair value of investment property	-	-	87,085	35,558
Expenditures related to the construction of investment property and property and equipment	-	-	8,874	11,896
Allowance for doubtful accounts	-	-	(4,510)	(7,809)
	-	-	292,174	238,997
SERVICES AND SUPPLIES PURCHASED FROM THIRD PARTIES				
Cost of rentals and services	-	-	(36,548)	(38,651)
Supplier, power, outside services and others	(821)	(1,179)	(15,682)	(19,597)
	(821)	(1,179)	(52,230)	(58,248)
GROSS VALUE ADDED	(821)	(1,179)	239,944	180,749
DEPRECIATION AND AMORTIZATION	-	-	(1,185)	(1,342)
WEALTH CREATED BY THE COMPANY	(821)	(1,179)	238,759	179,407
WEALTH RECEIVED IN TRANSFER				
Equity pick-up	89,081	41,895	2,228	2,143
Financial income	3,040	8,545	12,314	19,019
	92,121	50,440	14,542	21,162
DISTRIBUTION OF WEALTH	91,300	49,261	253,301	200,569
WEALTH DISTRIBUTED				
Personnel:				
Salaries and wages	284	326	15,630	13,982
Benefits	-	-	1,533	1,307
Severance pay fund (FGTS)	-	-	2,143	857
	284	326	19,306	16,146
Taxes and fees:				
Federal	1,985	140	56,755	39,949
Municipal	-	-	1,368	1,351
	1,985	140	58,123	41,300
Lenders and lessors:				
Interest expenses	16,759	26,203	39,236	52,875
Rentals	-	-	1,152	817
	16,759	26,203	40,388	53,692
Interest on capital:				
Dividends	-	-	-	-
Retained earnings	72,272	22,592	72,272	22,592
Noncontrolling interests	-	-	63,212	66,839
	72,272	22,592	135,484	89,431
Total	91,300	49,261	253,301	200,569

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 June 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 June 30, 2017 and 2016, 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 Boavista 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 Campinas Shopping Ltda. (b)	-
Pátio São Bernardo 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 June 30, 2017.

(b) On March 24, 2016, the Company sold its subsidiary Pátio Campinas Shopping Ltda.

As of June 30, 2017 and 2016, 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 Boavista 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.

This interim financial information should be read together with the financial statements for the year ended December 31, 2016 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 August 4, 2017.

3. New standards, amendments to and interpretations of standards

The existing standards, amendments and interpretations with the early adoption on January 1, 2017 do not have a material impact on the Company's interim financial information.

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 six-month period ended June 30, 2017, 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	8/22/2013	2/15/2019	54,500	IPCA + 6.25%	CDI + 1.24%	73,636	86,575	(12,940)

As of June 30, 2017, the Company recognized in income for the year losses arising from changes in fair value of financial instruments (swap) of R$ 1,706 thousand, 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.

June 30, 2017	Weighted average effective interest rate - %	2017	2018	2019	2020	2021	2022 forward	Total
Loans and financing	9.51%	89,529	104,284	98,544	83,961	69,643	120,239	566,200
Debentures	10.45%	-	168,454	166,382	-	-	-	334,836

(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 June 30, 2017.
- Adverse scenario: a 25% fluctuation in the main risk factors for the financial instruments compared to the level as of June 30, 2017.
- Remote scenario: a 50% fluctuation in the main risk factor for the financial instrument compared to the level as of June 30, 2017.

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	8.22%	10.28%	12.33%
IPCA fluctuations:			
Debentures	3.29%	4.11%	4.94%
Swap derivatives	3.29%	2.47%	1.65%

Management analysis

			Consolidated		
Risk factor	Index	Risk	Base scenario	Adverse scenario	Remote scenario
Debentures	Inflation index	Increase in IPCA rate	6,728	8,410	10,092
Swap derivatives	Inflation index and interest rate	Increase in CDI rate	4,848	6,060	7,272
Swap derivatives	Inflation index and interest rate	Decrease in IPCA	1,852	1,389	926

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 June 30, 2017 and December 31, 2016 were as follow:

	Consolidated	
	6/30/2017	12/31/2016
Debt (a)	722,086	805,572
Cash and cash equivalents	(175,346)	(256,046)
Net debt (net cash)	546,740	549,526
Equity attributable to owners of the parent company (b)	2,548,967	2,476,695
Net debt-to-equity ratio	21.45%	22.19%

(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 June 30, 2017 and December 31, 2016 the total losses amount R$ 12,940 and R$ 8,839 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 June 30, 2017 and December 31, 2016 are as follow:

Parent

			6/30/2017		12/31/2016	
Nature	Classification	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
Assets:						
Cash and cash equivalents	Loans and receivables	Level 1	3,471	3,471	90,124	90,124
Liabilities:						
Debentures	Other financial liabilities	Level 2	221,642	207,924	275,942	261,697
Debentures	Fair value through profit or loss	Level 2	72,454	72,454	72,501	72,501
Trade payables	Other financial liabilities	Level 2	34	34	16	16
Derivative financial instrument (i)	Fair value through profit or loss	Level 2	12,940	12,940	8,839	8,839

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

Consolidated

Nature	Classification	Fair value hierarchy	6/30/2017 Carrying amount	6/30/2017 Fair value	12/31/2016 Carrying amount	12/31/2016 Fair value
Assets:						
Cash and cash equivalents	Loans and receivables	Level 1	175,346	175,346	256,046	256,046
Trade receivables, net	Loans and receivables	Level 2	53,659	53,659	59,339	59,339
Loans to condominiums	Loans and receivables	Level 2	26,163	26,163	27,228	27,228
Liabilities:						
Loans and financing	Other financial liabilities	Level 2	427,990	427,990	457,129	457,129
Debentures	Other financial liabilities	Level 2	221,642	207,924	275,942	261,697
Debentures	Fair value through profit or loss	Level 2	72,454	72,454	72,501	72,501
Derivative financial instruments (i)	Fair value through profit or loss	Level 2	12,940	12,940	8,839	8,839
Trade payables	Other financial liabilities	Level 2	6,214	6,214	6,149	6,149

(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) Property management and development

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 - 6/30/2017 Property management and development	Investment	Total
Cash and cash equivalents	19,276	156,070	175,346
Trade receivables, net	1,082	36,983	38,065
Property, plant and equipment and intangible assets	5,912	-	5,912
Investment properties and noncurrent assets held for sale	-	4,622,717	4,622,717
Other assets	2,638	150,816	153,453
Total assets	28,908	4,966,586	4,995,494

	Consolidated - 12/31/2016		
	Property management and development	Investment	Total
Cash and cash equivalents	22,675	233,371	256,046
Trade receivables, net	6,448	37,307	43,755
Property, plant and equipment and intangible assets	6,078	-	6,078
Investment properties and noncurrent assets held for sale	-	4,528,131	4,528,131
Other assets	2,309	151,762	154,071
Total assets	37,510	4,950,571	4,988,081

(ii) Segment reporting of income statement

	Consolidated - 4/01 to 6/30/2017			
	Property management and development	Investment	Related parties transactions eliminated	Total
Gross revenue	11,912	95,516	(5,426)	102,002
Deductions:				
Taxes	(1,684)	(2,732)	-	(4,416)
Discounts and abatements	-	(9,477)	-	(9,477)
Total	(1,684)	(12,209)	-	(13,893)
Net operating revenue	10,228	83,307	(5,426)	88,109
Operating costs, general and administrative expenses and other	(11,433)	(22,104)	5,426	(28,111)
Changes in fair value of investment properties	-	87,085	-	87,085
Equity pick-up	-	1,389	-	1,389
Financial expenses, net	567	(12,664)	-	(12,097)
Total	(10,866)	(53,706)	5,426	(48,266)
Income before income tax and social contribution	(638)	137,013	-	136,375

	Consolidated – 4/01 to 6/30/2016			
	Property management and development	Investment	Related parties transactions eliminated	Total
Gross revenue	10,832	90,866	(4,682)	97,016
Deductions:				
Taxes	(1,531)	(2,614)	-	(4,145)
Discounts and abatements	-	(10,548)	-	(10,548)
Total	(1,531)	(13,162)	-	(14,693)
Net operating revenue	9,301	77,704	(4,682)	82,323
Operating costs, general and administrative expenses and other	(9,408)	(25,983)	4,682	(30,709)
Changes in fair value of investment properties	-	35,558	-	35,558
Equity pick-up	-	1,323	-	1,323
Financial expenses, net	620	(15,812)	-	(15,192)
Total	(8,788)	(4,914)	4,682	(9,022)
Income before income tax and social contribution	513	72,790	-	73,303

	Consolidated – 1/01 to 6/30/2017			
	Property management and development	Investment	Related parties transactions eliminated	Total
Gross revenue	23,618	187,916	(10,809)	200,725
Deductions:				
Taxes	(3,338)	(5,384)	-	(8,722)
Discounts and abatements	-	(18,814)	-	(18,814)
Total	(3,338)	(24,198)	-	(27,536)
Net operating revenue	20,280	163,718	(10,809)	173,189
Operating costs, general and administrative expenses and other	(21,832)	(44,175)	10,809	(55,198)
Changes in fair value of investment properties	-	87,085	-	87,085
Equity pick-up	-	2,228	-	2,228
Financial expenses, net	1,298	(28,220)	-	(26,922)
Total	(20,534)	16,918	10,809	7,193
Income before income tax and social contribution	(254)	180,636	-	180,382

	Consolidated – 1/01 to 6/30/2016			
	Property management and development	Investment	Related parties transactions eliminated	Total
Gross revenue	23,143	180,795	(10,334)	193,604
Deductions:				
Taxes	(3,269)	(5,419)	-	(8,689)
Discounts and abatements	-	(19,049)	-	(19,049)
Total	(3,269)	(24,468)	-	(27,737)
Net operating revenue	19,874	156,327	(10,334)	165,866
Operating costs and general and administrative expenses	(18,343)	(43,739)	10,334	(51,748)
Changes in fair value of investment properties	-	35,558	-	35,558
Equity pick-up	-	2,143	-	2,143
Financial expenses, net	1,199	(35,055)	-	(33,856)
Total	(17,145)	(41,093)	10,334	(47,903)
Income before income tax and social contribution	2,729	115,234	-	117,963

7. Cash and cash equivalents

	Consolidated	
	6/30/2017	12/31/2016
Cash and checking account	7,642	1,652
Short-term investments (a)	167,704	254,394
	175,346	256,046

(a) As of June 30, 2017, the short term investments are highly liquid and earn yields at the weighted average interest rate of 101.1% of the interbank deposit rate (CDI) (101.0% as of December 31, 2016). The securities purchased by the Company and its subsidiaries comprise CDBs and debentures 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	
	6/30/2017	12/31/2016
Rentals	70,596	71,987
Assignment of rights receivables (a)	631	420
Total trade receivables billed	71,227	72,407
Unbilled rentals (b)	15,594	15,584
Total trade receivables	86,821	87,991
Allowance for doubtful debts	(33,162)	(28,652)
	53,659	59,339
Current	38,065	43,755
Noncurrent	15,594	15,584

(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 June 30, 2017, and December 31, 2016, as follows:

	Consolidated	
	6/30/2017	12/31/2016
Current	39,332	46,944
Past due:		
Up to 30 days	3,416	2,379
31 to 60 days	2,264	1,611
61 to 90 days	1,606	1,641
91 to 180 days	5,015	4,344
Over 180 days	19,594	15,488
Subtotal	31,895	25,463
	71,227	72,407

Allowance for doubtful accounts

The change in the allowance for doubtful accounts for the six-month period ended June 30, 2017 is as follows:

	Consolidated
Balance as of December 31, 2016	(28,652)
Additions in the period, net	(4,510)
Balance as of June 30, 2017	(33,162)

Other receivables

The breakdown of "Other receivables" at June 30, 2017, and December 31, 2016, is as follows:

	Consolidated	
	6/30/2017	12/31/2016
Loan agreement with tenants (a)	4,521	6,677
Receivables from condominiums	3,697	4,722
Others	2,316	579
	10,534	11,978
Current	6,296	7,691
Noncurrent	4,238	4,287

(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	
	6/30/2017	12/31/2016
Withholding income tax (IRRF)	32,056	31,188
Social contribution recoverable	469	305
Others	315	283
	32,840	31,776
Current	5,376	4,594
Noncurrent	27,464	27,182

10. Loans to condominiums

		Consolidated	
Subsidiary	Condominium	6/30/2017	12/31/2016
Pátio São Bernardo	Condomínio Shopping Center Plaza Sul	731	786
Pátio Londrina	Condomínio Shopping Center Plaza Sul	731	786
Pátio Uberlândia	Condomínio Uberlândia Shopping (a)	6,173	6,494
Pátio Londrina	Condomínio Boulevard Londrina Shopping (a)	8,238	8,520
Pátio Goiânia	Condomínio Passeio das Águas Shopping (a)	10,290	10,642
Total		26,163	27,228

(a) 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	
	6/30/2017	12/31/2016
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	40,603	40,145
Statement of income	6/30/2017	6/30/2016
Share of profit or loss of subsidiary for the period	2,228	2,143

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

	Consolidated	
	6/30/2017	12/31/2016
Balance sheet		
Current assets	3,228	4,571
Noncurrent assets	281,134	275,869
Current liabilities	1,468	1,703
Noncurrent liabilities	79,880	78,014
Equity	203,014	200,723
Statement of income	6/30/2017	6/30/2016
Net operating revenue from rentals and others	12,028	11,767
Profit and comprehensive income for the period	11,140	10,713

(iii) Changes in investments for the six-month period ended June 30, 2017, are as follows:

	Consolidated
Balances at December 31, 2016	40,145
Equity pick-up	2,228
Dividends received	(1,770)
Balances at June 30, 2017	40,603

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	
	6/30/2017	12/31/2016
Constructed investment property	4,560,186	4,465,723
Investment property under construction	30,215	30,092
	4,590,401	4,495,815

Changes in investment property for the six-month period ended June 30, 2017:

	Consolidated		
	Constructed investment properties	Investment properties under construction	Total
Balance at December 31, 2016	4,465,723	30,092	4,495,815
Additions	7,378	123	7,501
Changes in fair value of investment properties	87,085	-	87,085
Balance at June 30, 2017	4,560,186	30,215	4,590,401

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, 2016.

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 June 30, 2017, 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.

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	6/30/2017	12/31/2016
Banco do Amazonas S.A.-BASA (a)	Manauara Shopping	8.5%	12/10/2020	59,880	68,435
Banco Bradesco S.A. (a)	Boulevard Londrina	TR + 9.7%	3/27/2026	97,305	102,324
Banco Bradesco S.A. (a)	Uberlândia Shopping	TR + 9.7%	1/26/2026	54,359	57,233
Banco Santander S.A. (a)	Passeio das Águas	TR + 9.7%	6/22/2023	188,197	198,654
Banco Itaú BBA S.A. (b)	Shopping Metrópole	TR + 9.3%	5/10/2023	28,249	30,483
Total				427,990	457,129
Current				71,432	79,098
Noncurrent				356,558	378,031

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 June 30, 2017, the total amount of the properties pledged to the banks in connection with the loans and financing is R$2,114,941 and the amount of net receivables pledged by Pátio Boavista is R$3,362.

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, 2016	457,129
Payments - principal	(30,994)
Interest payments	(20,280)
Financial charges recorded in net income	22,135
Balance at June 30, 2017	427,990

The loans and financing classified in noncurrent liabilities as of June 30, 2017 mature as follow:

From July 1, 2018	35,260
2019	70,521
2020	70,521
2021	53,503
2022	53,503
2023 - 2026	73,250
Total	356,558

15. Debentures

Debentures	Annual interest rate	Final maturity	Parent and Consolidated 6/30/2017	Parent and Consolidated 12/31/2016
Securities - 1st series	CDI + 0.96%	2/15/2017	-	49,881
Securities - 2nd series	IPCA + 6.25%	2/15/2019	294,096	298,562
Loss on derivatives in fair value hedge accounting			12,940	8,839
Total			307,036	357,282
Current			156,550	65,329
Non-current			150,486	291,953

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.

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

	Consolidated
Balance at December 31, 2016	357,282
Amortized borrowing costs	342
Interest allocated to net income	13,644
Principal paid	(47,750)
Interest paid, net of cash received in derivative transactions	(18,188)
Losses on derivative transaction, net	1,706
Balance at June 30, 2017	307,036

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

	Principal and interest	Borrowing costs	Total
From July 1st, 2018	-	(336)	(336)
2019 (repayment of 50% of 2nd series)	150,934	(112)	150,822
	150,934	(448)	150,486

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
Net debt/EBITDA	Maximum of 3.0
EBIDTA/Net financial expenses	Minimum of 1.75

As of June 30, 2017, the Company is compliant with all covenants.

16. Key money

		Consolidated	
Subsidiary	Shopping mall	6/30/2017	12/31/2016
Pátio Sertório	Manauara	1,333	1,254
Pátio Londrina	Boulevard Londrina	1,233	1,722
Pátio Goiânia	Passeio das Águas	2,034	2,874
Other	Other	156	177
		4,756	6,027
Current		4,050	4,521
Noncurrent		706	1,506

17. Reserve for contingencies

	Consolidated	
	6/30/2017	12/31/2016
Labor and social security	3,462	3,430
Tax	2,548	2,479
Civil	1,589	1,789
	7,599	7,698

Changes in the reserve for the years ended June 30, 2017 are as follows:

	Consolidated			
	Labor and social security	Tax	Civil	Total
Balances at December 31, 2016	3,430	2,479	1,789	7,698
Addition	415	-	-	415
Monetary update	17	69	37	123
Reversals	(400)	-	(237)	(637)
Balances at June 30, 2017	3,462	2,548	1,589	7,599

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 June 30, 2017 is R$35.371 comprised as follows (R$32,600 at December 31, 2016)

Escrow deposits

Breakdown of escrow deposits:

	Consolidated	
	6/30/2017	12/31/2016
Labor and social security	20	20
Tax (a)	19,143	17,702
Civil	245	276
	19,408	17,998

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

18. Taxes payable

	Consolidated	
	6/30/2017	12/31/2016
Income tax and social contribution	4,333	6,451
PIS and COFINS	959	1,873
IRRF	1,146	1,132
Other	350	535
	6,788	9,991

19. Equity

(a) Dividends

On June 20, 2017, the Company paid the minimum mandatory dividends in the total amount of R$34,773 related to year ended December 31, 2016.

(b) 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			
	04/01 a 06/30/2017	01/01 a 06/30/2017	04/01 a 06/30/2016	01/01 a 06/30/2016
Net income for the year attributable to the Company's owners	54,612	72,272	3,873	22,592
Weighted average of outstanding common shares - in thousands	76,424	76,424	76,424	76,424
Basic and diluted earnings per share - R$	0.71	0.95	0.05	0.30

20. Net operating revenue from rentals, services and others

	Consolidated			
	04/01 a 06/30/2017	01/01 a 06/30/2017	04/01 a 06/30/2016	01/01 a 06/30/2016
Gross operating revenue:				
Rentals	81,123	160,356	76,921	154,361
Revenue from services	6,485	12,809	6,150	12,810
Parking revenue	11,741	22,449	9,067	18,465
Key Money	2,300	4,515	2,974	5,641
Other income	353	596	1,904	2,327
	102,002	200,725	97,016	193,604
Deductions:				
Taxes on rentals and services	(4,416)	(8,723)	(4,145)	(8,689)
Discounts and rebates	(9,477)	(18,813)	(10,548)	(19,049)
	(13,893)	(27,536)	(14,693)	(27,738)
	88,109	173,189	82,323	165,866

21. Expenses and costs by nature

	Consolidated			
	04/01 a 06/30/2017	01/01 a 06/30/2017	04/01 a 06/30/2016	01/01 a 06/30/2016
Depreciation and amortization	572	1,185	658	1,342
Personnel costs	11,184	22,918	9,645	19,357
External services	2,871	5,792	2,822	4,481
Costs of occupancy (vacant stores)	4,657	10,019	5,920	12,472
Costs of contractual agreements with tenants	2,711	5,383	2,880	5,413
Allowance for doubtful accounts	3,140	4,510	4,963	7,809
Other	4,281	7,363	3,329	6,076
	29,416	57,170	30,217	56,950
Classified as:				
Cost of rentals and services provided	21,038	43,042	20,640	40,449
General and administrative expenses	8,378	14,128	9,577	16,501

22. Financial income (expenses), net

	Consolidated			
	04/01 a 06/30/2017	01/01 a 06/30/2017	04/01 a 06/30/2016	01/01 a 06/30/2016
Financial income:				
Interest on short term investments	4,028	9,817	7,407	13,888
Other	1,260	2,497	1,818	5,131
	5,288	12,314	9,225	19,019
Financial expenses:				
Interest on loans and financing	(10,575)	(22,135)	(13,099)	(26,461)
Interest on debentures	(5,809)	(14,054)	(11,203)	(26,167)
Other	(1,001)	(3,047)	(115)	(247)
	(17,385)	(39,236)	(24,417)	(52,875)
Total, net	(12,097)	(26,922)	(15,192)	(33,856)

23. Income tax and social contribution

a) Income tax and social contribution expense

	Consolidated			
	04/01 a 06/30/2017	01/01 a 06/30/2017	04/01 a 06/30/2016	01/01 a 06/30/2016
Income before income tax and social contribution	136,375	180,382	73,303	117,963
Statutory rate	34%	34%	34%	34%
Income tax and social contribution charge, at statutory rate	(46,368)	(61,330)	(24,923)	(40,107)
Effect of income tax and social contribution on permanent and temporary differences:				
Equity pick-up	473	758	449	728
Other permanent differences	(57)	(1,900)	(57)	(112)
Tax losses carried forwards not considered	(7,495)	(9,199)	(12,709)	(15,847)
Effect of taxation of subsidiaries based on deemed income	2,713	5,384	2,018	4,188
Effect of differential taxation of Fundos de Investimento Imobiliário I and II (i)	15,935	21,389	17,539	22,618
Income tax and social contribution expense at effective rate	(34,799)	(44,898)	(17,683)	(28,532)
Effective rate - %	26	25	24	24

(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	
	6/30/2017	12/31/2016
Tax losses carried forwards	35,648	34,054
Reserve for contingencies	1,216	1,204
Allowance for doubtful accounts	2,968	2,437
Other temporary reserves	(10,203)	(8,620)
Changes in fair values of investment property, net	(671,555)	(643,010)
Total deferred income tax and social contribution	(641,926)	(613,935)
In noncurrent assets	8,130	9,336
In noncurrent liabilities	(650,056)	(623,271)

The credit balances totaling R$65,442 (Consolidated), as of June 30, 2017, shall be realized within a period of up to ten years, as shown below:

Year	Consolidated
2017	-
2018	161
2019	1,309
2020	3,005
2021	5,659
2022 -2026	55,308
Total	65,442

As of June 30, 2017, the Company and its subsidiaries have R$252,748 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:

Balance sheet	Purpose	Consolidated 06/30/2017	Consolidated 12/31/2016
Current assets			
Related parties:			
Condomínio Manauara Shopping	(a)	-	87
Boulevard Londrina Shopping	(a)	487	553
Passeio das Águas Shopping	(a)	566	759
Condomínio Uberlândia Shopping	(a)	806	915
Condomínio Shopping Center Plaza Sul	(a)	-	161
Condomínio Franca Shopping Center	(a)	-	9
Condomínio Parque Dom Pedro Shopping	(a)	-	108
Total (*)		1,859	2,592
Noncurrent assets			
Related parties:			
Boulevard Londrina Shopping	(b)	8,238	8,520
Passeio das Águas Shopping	(b)	10,290	10,642
Condomínio Shopping Center Plaza Sul	(b)	1,462	1,572
Condomínio Uberlândia Shopping	(b)	6,173	6,494
Total		26,163	27,228
Current liabilities			
Related parties:			
Parque D. Pedro I BV SARL	(c)	3,334	3,303
Total		3,334	3,303

Statement of profit or loss	Purpose	Consolidated 04/01 a 06/30/2017	Consolidated 01/01 a 06/30/2017	Consolidated 04/01 a 06/30/2016	Consolidated 01/01 a 06/30/2016
Operating revenue					
Related parties:					
Condomínio Shopping Center Penha	(a)	489	1.004	437	832
Condomínio Civil Center Shopping São Bernardo	(a)	427	817	336	677
Condomínio Tivoli Shopping Center	(a) and (d)	-	-	83	272
Condomínio Franca Shopping Center	(a)	170	320	139	275
Condomínio Uberlândia Shopping	(a) and (d)	-	-	77	300
Condomínio Shopping Center Plaza Sul	(a)	595	1,129	491	970
Condomínio Parque Dom Pedro Shopping	(a)	1,106	2,110	974	1,926
Condomínio Campo Limpo Shopping	(a)	297	581	280	546
Condomínio Manauara Shopping	(a)	688	1,369	616	1,190
Condomínio Uberlândia Shopping	(a)	281	836	337	677
Boulevard Londrina Shopping	(a)	459	879	420	819
Passeio das Águas Shopping	(a)	681	1,089	557	1,114
Total		5,193	10,134	4.747	9,598
Finance income					
Related parties:					
Boulevard Londrina Shopping	(b)	71	173	301	590
Passeio das Águas Shopping	(b)	92	222	251	627
Condomínio Uberlândia Shopping	(b)	65	156	255	505
Total		228	551	807	1,722

(*) 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".

(d) In May 2016, the subsidiary Unishopping Consultoria has ceased to manage the shopping malls Tivoli and Boavista.

25. Management compensation

Expenses on management compensation are shown below:

	Consolidated	
	6/30/2017	6/30/2016
Payroll and related taxes	1,052	2,146
Variable compensation	817	1,190
Benefits	114	215
	1,983	3,551

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 June 30, 2017, the balance of the line item "Accrual for variable compensation", in the amount of R$1,694 (R$2,601 as at December 31, 2016), 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 27, 2017, the overall compensation limit to the Company Directors and Officers for the year 2017, is limited to R$10,000.

26. Insurance coverage

As at June 30, 2017, insurance coverage is as follows:

Type	Insured amounts
Civil liability (shopping mall operations)	69,164
Fire	1,046,549
Loss of profits	251,604
Windstorms/smokes	150,000
Other	70,665

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 June 11, 2010, Banco Ourinvest S.A. filed its counterarguments and currently awaits the appellate court decision.

On June 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 June 30, 2017, the subsidiary Sierra Investimentos has R$16,596 pledged as collateral, classified as escrow deposits in noncurrent assets (R$15,323 as of December 31, 2016).

28. Subsequent Event

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 NTNB + 1.05%, 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.

29. Parent's Financial Statements

29.1 Cash and cash equivalents

	Parent	
	6/30/2017	12/31/2016
Cash and banks	6	81
Short-term investments	3,465	90,043
	3,471	90,124

Short-term investments are highly liquid and earn interest at the weighted average rate of 101.5% of the Interbank Deposit Certificate (CDI) (101.7% as at December 31, 2016).

29.2 Investments in subsidiaries

a) Ownership interests

Friday, June 30, 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	89,335	2,805,998
Unishopping Consultoria	12,663,326	100.00	(254)	19,095
			89,081	2,825,093

December 31, 2016	Number of shares held	Ownership interest - %	Share of profit or loss of subsidiaries	Investment balance
Subsidiaries:				
Sierra Investimentos	1,078,862,171	100.00	127,365	2,727,063
Unishopping Consultoria	12,663,326	100.00	4,261	24,349
			131,626	2,751,412

(i) Financial information of investees

	Sierra Investimentos		Unishopping Consultoria	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Statement of financial position				
Total assets	2,826,259	2,749.613	28,906	37,508
Total liabilities	20,261	22,550	9,810	13,159
Equity	2,805,998	2,727,063	19,096	24,349
Statement of profit or loss	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Net operating revenue	96	97	23,619	23,145
Profit and comprehensive income for the period	89,335	40,192	(254)	1,703

(ii) Movements in investments for the six-month period ended June 30, 2017, are as follows:

	Consolidated
Balances at December 31, 2016	2,751,412
Share of profit or loss of subsidiaries	89,081
Balances at June 30, 2017	(15,400)
	2,825,093

b) Noncontrolling interests

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

	Fundo de Investimento Imobiliário I		Fundo de Investimento Imobiliário II	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Noncontrolling interests in share capital	40.00	40.00	49.90	49.90
Profit for the period attributable to noncontroling interests	43,971	105,284	19,241	46,179
Equity attributable to noncontrolling interests	701,423	679,660	311,731	301,810
Dividends paid to noncontrolling shareholders	22,164	42,047	9,315	15,770

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

	Fundo de Investimento Imobiliário I		Fundo de Investimento Imobiliário II	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Statement of financial position				
Current assets	33,702	34,659	14,379	15,653
Noncurrent assets	1,733,034	1,679,907	618,317	597,479
Current liabilities	13,080	15,316	8,689	9,036
Noncurrent liabilities	100	99	18	17
Equity	1,753,556	1,699,151	623,989	604,079
Statement of profit or loss	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Net operating revenue from rentals and others	66,025	60,163	11,651	10,617
Profit and comprehensive income for the period	109,927	116,186	38,586	40,813

29.3 Provision for risks

	Parent	
	6/30/2017	12/31/2016
Tax	2,547	2,479
	2,547	2,479

* * *