

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

São Carlos Empreendimentos e Participações S.A. and Subsidiaries

Individual and Consolidated
Interim Financial Information for the
Quarter Ended March 31, 2018 and
Report on Review of Interim
Financial Statements

Deloitte Touche Tohmatsu Auditores Independentes

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Directors and Management of
São Carlos Empreendimentos e Participações S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of São Carlos Empreendimentos e Participações S.A. ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2018, which comprises the balance sheet as at March 31, 2018 and the related income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the quarter then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the 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 financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of Interim Financial Information (ITR), and presented in accordance with the standards issued by CVM.

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added ("DVA"), for the quarter ended March 31, 2018, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by CVM applicable to the preparation of Interim Financial Information (ITR) and is considered as supplemental information for the International Financial Reporting Standards - IFRS, that do not require the presentation of a DVA. These statements were subject 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 are not prepared, in all material respects, in relation to the interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, May 9, 2018



DELOITTE TOUCHE TOHMATSU
Auditores Independentes



Ribas Gomes Simões
Engagement Partner

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SÃO CARLOS EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

BALANCE SHEETS AS AT MARCH 31, 2018
(In thousands of Brazilian reais - R\$)

ASSETS	Note	Parent		Consolidated		LIABILITIES AND EQUITY	Note	Consolidated		Consolidado	
		03.31.2018	12.31.2017	03.31.2018	12.31.2017			03.31.2018	12.31.2017		
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	3	56,784	56,483	58,438	62,027	Borrowings and financing	10	68,791	66,114	123,702	142,729
Short-term investments	4	341,209	234,259	362,290	288,350	Advances from customers		-	-	7,081	7,803
Trade receivables	5	29,992	80,365	49,238	100,668	Payroll and related taxes		2,956	14,229	3,475	15,593
Due from related parties		-	-	113	1,118	Provision for income tax and social contribution		-	-	14,007	4,572
Recoverable taxes	6	14,767	13,359	19,620	17,575	Taxes, fees and contributions		873	3,289	2,125	4,579
Prepaid expenses and other receivables		3,377	3,515	15,524	15,703	Dividends and interest on capital	14.3	17,180	17,180	17,180	17,180
Properties held for sale	25	-	-	13,145	13,250	Payables for acquisition of properties		-	-	3,402	3,402
Total current assets		<u>446,129</u>	<u>387,981</u>	<u>518,368</u>	<u>498,691</u>	Other payables		<u>744</u>	<u>2,796</u>	<u>5,212</u>	<u>5,693</u>
						Total current liabilities		<u>90,544</u>	<u>103,608</u>	<u>176,184</u>	<u>201,551</u>
NONCURRENT ASSETS						NONCURRENT LIABILITIES					
Trade receivables	5	38,300	38,491	95,643	109,230	Deferred taxes	11	679	685	7,918	7,823
Related-party balances and transactions	8	101,641	86,096	3,601	1,406	Borrowings and financing	10	755,786	773,201	1,278,671	1,355,272
Escrow deposits	12	40	40	143	142	Provision for risks	12	<u>14,580</u>	<u>14,508</u>	<u>14,580</u>	<u>14,508</u>
Prepaid expenses and other receivables		3,533	3,703	9,499	9,493	Total noncurrent liabilities		<u>771,045</u>	<u>788,394</u>	<u>1,301,169</u>	<u>1,377,603</u>
Investments in subsidiaries and joint ventures	7	892,054	977,057	23,202	23,749	EQUITY					
Investment properties	9	796,953	800,020	2,221,857	2,315,977	Capital	14.1	1,073,912	1,073,912	1,073,912	1,073,912
Property, plant and equipment		570	554	11,427	10,893	Stock option plan		33,781	32,769	33,781	32,769
Intangible assets		<u>728</u>	<u>721</u>	<u>15,545</u>	<u>15,661</u>	Treasury shares	14.2	(63,165)	(63,165)	(63,165)	(63,165)
Total noncurrent assets		<u>1,833,819</u>	<u>1,906,682</u>	<u>2,380,917</u>	<u>2,486,551</u>	Earnings reserves		373,831	359,145	373,831	359,145
						Noncontrolling interests		-	-	3,573	3,427
						Total equity		<u>1,418,359</u>	<u>1,402,661</u>	<u>1,421,932</u>	<u>1,406,088</u>
TOTAL ASSETS		<u>2,279,948</u>	<u>2,294,663</u>	<u>2,899,285</u>	<u>2,985,242</u>	TOTAL DO PASSIVO E PATRIMÔNIO LÍQUIDO		<u>2,279,948</u>	<u>2,294,663</u>	<u>2,899,285</u>	<u>2,985,242</u>

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

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SÃO CARLOS EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

INCOME STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 2018

(In thousands of Brazilian reais - R\$, except earnings per share)

	Note	Parent		Consolidated	
		03.31.2018	03.31.2017	03.31.2018	03.31.2017
NET REVENUE	16	13,613	14,711	180,483	68,925
Cost of properties sold	17	-	-	(93,779)	-
Rental cost	17	(3,513)	(3,504)	(10,003)	(10,549)
GROSS PROFIT		10,100	11,207	76,701	58,376
OPERATING INCOME (EXPENSES)					
General and administrative expenses	17	(6,692)	(8,107)	(8,173)	(9,794)
Selling expenses	17	(484)	(674)	(8,789)	(7,176)
Other operating income, net	17	-	-	141	1,834
Share of profit (loss) of subsidiaries	7	25,780	12,791	(547)	(904)
OPERATING INCOME BEFORE FINANCE INCOME (COSTS)		28,704	15,217	59,333	42,336
FINANCE INCOME (COSTS)					
Finance income	18	5,002	7,468	6,123	8,379
Finance costs	19	(19,020)	(22,474)	(37,114)	(45,606)
OPERATING INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		14,686	211	28,342	5,109
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	20.1	-	-	(13,358)	(4,687)
Deferred	20.1	-	-	(52)	1
PROFIT FOR THE QUARTER		14,686	211	14,932	423
ATTRIBUTABLE TO					
Owners of the Company				14,686	211
Noncontrolling interests				246	212
EARNINGS PER SHARE					
Basic (cents per share - in R\$)	21.1	0.2594	0.004		
Diluted (cents per share - in R\$)	21.2	0.2548	0.004		

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SÃO CARLOS EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2018
(In thousands of Brazilian reais - R\$)

	Parent		Consolidated	
	<u>03.31.2018</u>	<u>03.31.2017</u>	<u>03.31.2018</u>	<u>03.31.2017</u>
PROFIT FOR THE QUARTER	14,686	211	14,932	423
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	<u>14,686</u>	<u>211</u>	<u>14,932</u>	<u>423</u>
ATTRIBUTABLE TO				
Owners of the Company			14,686	211
Noncontrolling interests			<u>246</u>	<u>212</u>

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

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SÃO CARLOS EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (PARENT AND CONSOLIDATED)
FOR THE QUARTER ENDED MARCH 31, 2018
(In thousands of Brazilian reais - R\$)

	Note	Attributable to owners of the Company									Noncontrolling interests	Total equity
		Capital	Treasury shares		Stock option plan	Earnings reserves		Retained earnings	Total			
			Gain (loss) on sale of treasury shares	Treasury shares		Legal	Earnings retention					
BALANCES AS AT DECEMBER 31, 2016		673,912	(9,925)	(53,897)	27,251	68,552	617,367	-	1,323,260	3,163	1,326,423	
Recognition of stock option plan		-	-	-	2,070	-	-	-	2,070	-	2,070	
Sale of treasury shares		-	(7,065)	11,020	-	-	-	-	3,955	-	3,955	
Acquisition of treasury shares		-	-	(402)	-	-	-	-	(402)	-	(402)	
Acquisition of noncontrolling interests		-	-	-	-	-	-	-	-	(229)	(229)	
Profit for the quarter		-	-	-	-	-	-	211	211	212	423	
BALANCES AS AT MARCH 31, 2017	14	<u>673,912</u>	<u>(16,990)</u>	<u>(43,279)</u>	<u>29,321</u>	<u>68,552</u>	<u>617,367</u>	<u>-</u>	<u>1,329,094</u>	<u>3,146</u>	<u>1,332,240</u>	
BALANCES AS AT DECEMBER 31, 2017		1,073,912	(17,730)	(45,435)	32,769	74,513	284,632	-	1,402,661	3,427	1,406,088	
Recognition of stock option plan		-	-	-	1,012	-	-	-	1,012	-	1,012	
Sale of treasury shares		-	-	5,561	-	-	-	-	5,561	-	5,561	
Loss on share subscription		-	(5,561)	-	-	-	-	-	(5,561)	-	(5,561)	
Acquisition of noncontrolling interests		-	-	-	-	-	-	-	-	(100)	(100)	
Profit for the quarter		-	-	-	-	-	-	14,686	14,686	246	14,932	
BALANCES AS AT MARCH 31, 2018	14	<u>1,073,912</u>	<u>(23,291)</u>	<u>(39,874)</u>	<u>33,781</u>	<u>74,513</u>	<u>284,632</u>	<u>14,686</u>	<u>1,418,359</u>	<u>3,573</u>	<u>1,421,932</u>	

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SÃO CARLOS EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2018
(In thousands of Brazilian reais - R\$)

	Parent		Consolidated	
	03.31.2018	03.31.2017	03.31.2018	03.31.2017
CASH FLOW FROM OPERATING ACTIVITIES				
Profit for the quarter	14,686	211	14,932	423
Adjustments to reconcile profit for the quarter to net cash provided by (used in) operating activities:				
Write-off of allowance for doubtful debits	-	-	(10)	-
Depreciation and amortization	3,513	3,504	10,003	10,549
Share of profit (loss) of subsidiaries	(25,780)	(12,791)	547	904
Recognition of stock option plan	1,012	2,070	1,012	2,070
Gain on the sale of investment property	-	-	(46,439)	-
Income from short-term investments	(1,537)	(3,603)	(2,308)	(4,065)
Adjustments to provision for tax risks	72	133	72	133
Income tax and social contribution	-	-	13,358	4,687
Deferred income tax and social contribution	-	-	52	-
Effect from acquisition of noncontrolling interests	-	-	146	(17)
Finance charges on borrowings and financing	18,460	21,136	36,082	43,713
Cash provided by operating activities	10,426	10,660	27,447	58,397
Changes in operating assets:				
Trade receivables	50,564	(4,561)	65,027	(10,710)
Due from related parties	-	-	1,005	925
Escrow deposits	-	-	(1)	(119)
Recoverable taxes	(1,408)	(452)	(2,045)	(727)
Properties held for sale	-	-	105	(21)
Prepaid expenses and other receivables	308	329	173	(789)
Changes in operating liabilities:				
Payroll and related taxes	(11,273)	(6,696)	(12,118)	(7,004)
Taxes, fees and contributions	(98)	49	(136)	143
Deferred taxes	(6)	(4)	43	(43)
Advance from customers	-	-	(722)	2,372
Other payables	(2,052)	(2,627)	(439)	(2,592)
Income tax and social contribution paid	(2,318)	-	(6,034)	(6,399)
Payment of finance charges	(18,260)	(21,908)	(33,808)	(43,747)
Changes in operating assets and liabilities	15,457	(35,870)	11,050	(68,711)
Net cash provided by (used in) operating activities	25,883	(25,210)	38,497	(10,314)
CASH FLOW FROM INVESTING ACTIVITIES				
Related parties	(521)	367	(2,195)	(300)
Dividends received	55,884	16,450	-	-
Short-term investments	(105,413)	30,467	(71,632)	35,488
Advance for future capital increase	(18,744)	(12,858)	-	-
Proceeds from the sale of investment	-	-	139,691	330
Capital decrease in subsidiaries received	58,619	1,530	-	-
Acquisitions of investment, property, plant and equipment and intangible assets	(469)	(1,195)	(10,048)	(5,018)
Net cash provided by (used in) investing activities	(10,644)	34,761	55,816	30,500
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of principal - borrowings	(14,938)	(11,950)	(97,902)	(27,039)
Sale of own shares	-	3,955	-	3,955
Acquisition of own shares	-	(402)	-	(402)
Net cash used in financing activities	(14,938)	(8,397)	(97,902)	(23,486)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	301	1,154	(3,589)	(3,300)
Cash and cash equivalents - opening	56,483	50,885	62,027	57,089
Cash and cash equivalents - closing	56,784	52,039	58,438	53,789
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	301	1,154	(3,589)	(3,300)

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

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SÃO CARLOS EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE QUARTER ENDED MARCH 31, 2018
(In thousands of Brazilian reais - R\$)

			Consolidated	
	03.31.2018	03.31.2017	03.31.2018	03.31.2017
Revenues				
Lease revenue	14,728	15,938	42,309	73,578
Revenue from sale of properties	-	-	140,218	-
	<u>14,728</u>	<u>15,938</u>	<u>182,527</u>	<u>73,578</u>
Inputs purchased from third parties				
Cost of properties sold	-	-	(93,779)	-
Supplies, power, outside services and other inputs	(1,275)	(1,450)	(9,986)	(8,170)
	<u>(1,275)</u>	<u>(1,450)</u>	<u>(103,765)</u>	<u>(8,170)</u>
Gross value added	<u>13,453</u>	<u>14,488</u>	<u>78,762</u>	<u>65,408</u>
RETENTIONS				
Depreciation and amortization	(3,513)	(3,504)	(10,003)	(10,549)
Wealth created	<u>9,940</u>	<u>10,984</u>	<u>68,759</u>	<u>54,859</u>
Wealth received in transfer				
Share of profit (loss) of subsidiaries	25,780	12,791	(547)	(904)
Finance income	5,002	7,468	6,123	8,379
Other income	-	-	141	1,834
	<u>30,782</u>	<u>20,259</u>	<u>5,717</u>	<u>9,309</u>
Total wealth for distribution	<u>40,722</u>	<u>31,243</u>	<u>74,476</u>	<u>64,168</u>
Wealth distributed				
Employees and payroll taxes	5,881	7,315	6,951	8,780
Taxes, fees, contributions	1,135	1,243	15,479	9,358
Interest and inflation adjustments	18,260	21,558	36,138	44,435
Noncontrolling interests	-	-	246	212
Other	760	916	976	1,172
Retained earnings	14,686	211	14,686	211
Wealth distributed	<u>40,722</u>	<u>31,243</u>	<u>74,476</u>	<u>64,168</u>

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

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SÃO CARLOS EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED MARCH 31, 2018

(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

1. GENERAL INFORMATION

São Carlos Empreendimentos e Participações S.A. ("Company") is a publicly-held company established in Brazil, with registered office at Rua Dr. Eduardo de Souza Aranha, 153, 12o andar, Vila Nova Conceição - São Paulo, SP, Brazil. The Company currently has a portfolio that includes office buildings and convenience retail centers located mainly in the States of São Paulo and Rio de Janeiro. The Company has been operating in this market since 1999 and in December 2006 it has joined the Novo Mercado corporate governance listing segment of the São Paulo Commodities, Futures and Stock Exchange (BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros), where it is listed under the ticker symbol SCAR3. The Company is engaged in the following operations:

- a) The management of own or third-party real estate projects, including shopping malls.
- b) The purchase and sale of completed or under construction residential and office properties, land or undivided interests in the properties.
- c) Property leasing.
- d) The operation of short-term parking lots.
- e) Performance of other similar activities or any business related to its core business.
- f) Holding interests in other entities.

The Company's subsidiaries are engaged in several core businesses, including investments in and management of single- or multi-tenant commercial real estate projects, mainly in the States of São Paulo and Rio de Janeiro, real estate development projects, purchase and sale of properties, and real estate brokerage services.

The Company's individual and consolidated interim financial information is presented in Brazilian reais (R\$), which is the Company's functional and reporting currency in Brazil.

The Company's individual and consolidated interim financial information was approved by the Company's Board of Directors and authorized for issue on May 4, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

The individual and consolidated interim financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and accounting practices adopted in Brazil.

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

Management asserts that all relevant information related to the interim financial information is being disclosed and corresponds to the information used by it in its management.

2.2. Summary of significant accounting policies

The information related to the basis for preparation and presentation of the interim financial information, the summary of the significant accounting policies and the use of estimates and judgment did not change as compared to the information disclosed in the Notes to the Annual Financial Statements for the year ended December 31, 2017 (hereinafter referred to as "Financial Statements for the year ended December 31, 2017"), published on March 8, 2018 on the newspaper Valor Econômico and the Official Gazette, and made available on the following websites: www.cvm.gov.br, www.bmfbovespa.com.br and www.scsa.com.br/ri. Accordingly, this interim financial information should be read in conjunction with these financial statements.

2.3. New and revised standards and interpretations applicable to the interim financial information for the quarter ended March 31, 2018

- a) The following new and revised IFRS, effective for annual periods beginning on or after January 1, 2017, have been adopted in the Interim Financial Information. The adoption of these new and revised IFRS, applicable to the Company, did not have any significant impact on the amounts reported and/or disclosed for the quarter.
- b) The following new and revised IFRS, effective for annual periods beginning on or after January 1, 2019, have not been adopted yet in the Interim Financial Information.

Standard	Description
IFRS 16	Leases (i)
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets Between Investor and its Associate or Joint Venture (ii)

(i) Effective for annual periods beginning on or after January 1, 2019.

(ii) Effective for annual periods beginning on or after a date to be determined.

The Company's Management is currently assessing the potential impact of these standards on the interim financial information.

2.4. Companies included in the consolidated interim financial information

The consolidated interim financial information includes the balances and transactions of the Company and its subsidiaries, listed in note 7.

3. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, line item 'Cash and cash equivalents' includes cash, banks and short-term investments, as follows:

	Parent		Consolidated	
	03.31.2018	12.31.2017	03.31.2018	12.31.2017
Cash	10	10	27	24
Banks	29	786	248	2,130
Short-term investments (*):				
Repurchase agreements	55,858	55,053	55,858	55,053
Savings and other accounts	887	634	2,305	4,820
	<u>56,784</u>	<u>56,483</u>	<u>58,438</u>	<u>62,027</u>

(*) Short-term investments immediately convertible into cash and insignificant risk of change in value. All short-term investments have been structured to have the features and return of fixed-income securities, yielding approximately 101% of the Interbank Certificate of Deposit rate (CDI). The repurchase agreements are mainly comprised of investments in Banco do Brasil and Itaú Unibanco S.A., backed by private securities and with repurchase commitment not subject to significant changes in value.

4. SHORT-TERM INVESTMENTS

	Parent		Consolidated	
	03.31.2018	12.31.2017	03.31.2018	12.31.2017
Financial bills and fixed-income investment funds	<u>341,209</u>	<u>234,259</u>	<u>362,290</u>	<u>288,350</u>

Refer to financial bills issued by prime banks, basically Itaú Unibanco S.A. and Banco Bradesco S.A., that are not highly liquid and whose redemption before maturity date depends on the secondary market. Fixed-income investment funds are open-end funds managed by prime financial institutions.

5. TRADE RECEIVABLES

	Parent		Consolidated	
	03.31.2018	12.31.2017	03.31.2018	12.31.2017
Trade receivables	43,200	43,580	117,299	130,138
Allowance for doubtful debts	(922)	(922)	(1,450)	(1,460)
Receivables from the sale of properties	26,014	76,198	26,014	3,000
Receivables from the sale of equity interests and disposal of real estate projects	-	-	1,500	76,198
Common area maintenance and other fees	-	-	1,518	2,022
Total	<u>68,292</u>	<u>118,856</u>	<u>144,881</u>	<u>209,898</u>
Current	29,992	80,365	49,238	100,668
Noncurrent (i)	38,300	38,491	95,643	109,230

(i) Amounts arising from straight-lining of revenues that will be realized after 12 months.

Trade receivables

Outstanding balances of trade receivables are subject to interest of 1% p.m. The Company's Management records an allowance for doubtful debts for amounts past due for more than 180 days with no indication that they will be collected or renegotiated.

The aging list of trade receivables is as follows:

	Parent		Consolidated	
	<u>03.31.2018</u>	<u>12.31.2017</u>	<u>03.31.2018</u>	<u>12.31.2017</u>
Past due:				
31 to 60 days	-	-	341	403
61 to 90 days	-	-	122	319
91 to 120 days	-	-	150	55
121 to 180 days	-	-	204	401
Over 180 days	<u>922</u>	<u>922</u>	<u>2,721</u>	<u>2,423</u>
	922	922	3,538	3,601
Current	<u>68,292</u>	<u>118,856</u>	<u>142,793</u>	<u>207,757</u>
Total trade receivables	<u><u>69,214</u></u>	<u><u>119,778</u></u>	<u><u>146,331</u></u>	<u><u>211,358</u></u>

Variations in allowance for doubtful debts

	Parent		Consolidated	
	<u>03.31.2018</u>	<u>12.31.2017</u>	<u>03.31.2018</u>	<u>12.31.2017</u>
Opening balance	(922)	(922)	(1,460)	(1,101)
Recognition of allowance	-	-	-	(370)
Write-off of provision	-	-	10	11
Closing balance	<u>(922)</u>	<u>(922)</u>	<u>(1,450)</u>	<u>(1,460)</u>

6. RECOVERABLE TAXES

	Parent		Consolidated	
	<u>03.31.2018</u>	<u>12.31.2017</u>	<u>03.31.2018</u>	<u>12.31.2017</u>
Recoverable income tax	6,336	4,632	7,956	7,476
Income tax on short-term investments	5,489	5,815	5,818	6,075
Recoverable social contribution (CSLL)	547	539	908	866
Recoverable taxes on revenue (PIS and COFINS)	2,297	2,276	4,815	3,038
Other	98	97	123	120
Total	<u>14,767</u>	<u>13,359</u>	<u>19,620</u>	<u>17,575</u>

7. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

	Assets	Liabilities	Capital	Equity	Interest - %	Profit (loss) in the three-month period	Balance as at 12.31.2017	Other	Capital decrease	Share of profit (loss) of subsidiaries Changes	Dividends distributed – interest on capital	Balance as at 03.31.2018
Subsidiaries												
253 Participações Ltda.	96,318	5,868	32,000	90,450	99.99	3,337	93,112	-	-	3,337	(6,000)	90,449
SC Corretora de Imóveis Ltda.	-	3	71	(3)	99.99	-	(1)	-	-	-	-	(1)
Top Center Empreendimentos e Participações Ltda.	312,673	240,649	55,976	72,024	99.99	17,547	145,173	-	(49,365)	17,547	(41,332)	72,023
Globaltech Empreendimentos e Participações Ltda.	23,007	14,053	7,663	8,954	60	616	5,154	-	-	369	(150)	5,373
H.T.Y.S.P.E. Empreendimentos e Participações Ltda.	76,395	7,434	57,620	68,961	99.99	3,894	73,067	-	-	3,894	(8,000)	68,961
SC Rio Sul Empreendimentos e Participações Ltda.	121,961	4,197	109,983	117,764	99.99	4,986	118,779	-	-	4,986	(6,000)	117,765
SC Rio CE Generali Empreendimentos e Participações Ltda.	87,688	1,028	83,800	86,660	99.99	426	86,234	-	-	426	-	86,660
SC Rio CE Candelária Empreendimentos e Participações Ltda.	69,707	28,465	40,369	41,242	99.99	451	40,792	-	-	451	-	41,243
SC Rio Cidade Nova Empreendimentos e Participações Ltda.	230,154	118,232	132,200	111,922	99.99	(614)	112,536	-	-	(614)	-	111,922
SC Rio Pasteur Empreendimentos e Participações Ltda.	50,829	35,988	14,304	14,841	99.99	(95)	14,935	-	-	(95)	-	14,840
Best Center Empreendimentos e Participações S.A.	436,851	202,520	318,766	234,331	99.99	(4,437)	238,704	64	-	(4,437)	-	234,331
U.K.Q.S.P.E. Empreendimentos e Participações Ltda.	-	3	4	(3)	99,5	-	(3)	-	-	-	-	(3)
C.L.D.S.P.E. Empreendimentos e Participações Ltda.	78,196	52,695	23,653	25,501	99.99	463	25,039	-	-	463	-	25,502
Total							<u>953,521</u>	<u>64</u>	<u>(49,365)</u>	<u>26,327</u>	<u>(61,482)</u>	<u>869,065</u>
Joint ventures												
H.T.K.S.P.E. Empreendimentos e Participações S.A.	30,074	20,734	11,243	9,850	50.00	509	4,925	-	-	(255)	-	4,670
Longford Empreendimentos e Participações S.A.	47,922	11,282	50,692	37,223	50.00	583	18,611	-	-	(292)	-	18,319
							<u>23,536</u>	<u>-</u>	<u>-</u>	<u>(547)</u>	<u>-</u>	<u>22,989</u>
Total							<u>977,057</u>	<u>64</u>	<u>(49,365)</u>	<u>25,780</u>	<u>(61,482)</u>	<u>892,054</u>

São Carlos Empreendimentos e Participações S.A. and Subsidiaries

	Assets	Liabilities	Capital	Equity	Interest - %	Profit (loss) in the quarter	Balance as at 12.31.2016	Other	Capital decrease	Share of profit (loss) of subsidiaries Changes	Dividends distributed - interest on capital	Balance as at 03.31.2017
Subsidiaries												
253 Participações Ltda.	95,817	8,719	32,000	83,423	99.99	3,675	83,423	-	-	3,675	-	87,098
SC Corretora de Imóveis Ltda.	-	6	66	(2)	99.99	(4)	(1)	-	-	(4)	-	(5)
Top Center Empreendimentos e Participações Ltda.	471,413	304,105	97,841	166,720	99.99	587	166,720	-	-	3,587	(3,000)	167,307
Globaltech Empreendimentos e Participações Ltda.	23,674	15,786	7,663	7,363	60.00	524	4,599	-	-	315	(180)	4,734
H.T.Y.S.P.E. Empreendimentos e Participações Ltda.	74,701	4,522	57,620	67,086	99.99	3,465	67,086	-	-	3,465	-	70,551
SC Rio Sul Empreendimentos e Participações Ltda.	118,997	2,380	109,983	110,683	99.99	5,934	115,686	-	-	5,934	(5,002)	116,618
SC Rio CEGenerali Empreendimentos e Participações Ltda.	88,551	600	87,300	87,355	99.99	596	88,533	-	-	596	(1,178)	87,951
SC Rio CE Candelária Empreendimentos e Participações Ltda.	71,980	36,820	35,869	34,924	99.99	236	34,925	-	-	236	-	35,161
SC Rio Cidade Nova Empreendimentos e Participações Ltda.	235,950	118,960	118,200	116,781	99.99	210	121,781	-	(5,000)	210	-	116,991
SC Rio Pasteur Empreendimentos e Participações Ltda.	46,417	32,688	11,604	14,608	99.99	(879)	14,607	-	-	(879)	-	13,728
SC SP CE Aço Empreendimentos e Participações Ltda.	194,036	124,823	61,239	68,263	99.99	950	68,261	-	-	950	-	69,211
Best Center Empreendimentos e Participações Ltda.	416,178	210,762	273,766	210,162	99.99	(4,745)	210,079	83	-	(4,745)	-	205,417
U.K.Q.S.P.E. Empreendimentos e Participações Ltda.	-	2	4	(2)	99.60	-	(2)	-	-	-	-	(2)
C.L.D.S.P.E. Empreendimentos e Participações Ltda.	81,523	53,847	27,053	27,321	99.99	355	28,049	-	-	355	(727)	27,677
D.J.L.S.P.E. Empreendimentos e Participações Ltda.	-	-	-	-	99.60	-	-	-	-	-	-	-
Total							1,003,746	83	(5,000)	13,695	(10,087)	1,002,437
Joint ventures												
H.T.K.S.P.E. Empreendimentos e Participações Ltda.	37,960	27,958	8,833	10,836	50.00	(834)	5,418	-	-	(417)	-	5,001
Longford Empreendimentos e Participações Ltda.	50,697	38,968	22,972	12,702	50.00	(974)	6,351	-	-	(487)	-	5,864
							11,769	-	-	(904)	-	10,865
Total							1,015,515	83	(5,000)	12,791	(10,087)	1,013,302

Consolidated

HTKSPE Empreendimentos e Participações S.A. and Longford Participações e Empreendimentos S.A. were not consolidated because the Company holds shared control over such investments and reported an investment balance of R\$22,990 as at March 31, 2018 (R\$23,536 as at December 31, 2017).

8. RELATED-PARTY BALANCES AND TRANSACTIONS

Transactions are broken down as follows:

Subsidiary/associate	Parent Noncurrent assets	
	03.31.2018	12.31.2017
Globaltech Empreendimentos e Participações Ltda.	1	1
H.T.Y.S.P.E. Empreendimentos e Participações Ltda.	4,463	624
SC Rio Cidade Nova Empreendimentos e Participações Ltda.	19,793	18,178
253 Participações Ltda.	4,326	1,490
Longford Participações e Empreendimentos S.A. (i)	1,015	-
SC Rio Pasteur Empreendimentos e Participações Ltda.	9,406	7,924
Top Center Empreendimentos e Participações Ltda.	27	10,247
SC Rio CE Generali Empreendimentos e Participações Ltda.	540	1,071
SC Rio Sul Empreendimentos e Participações Ltda.	2,123	332
H.T.K.S.P.E. Empreendimentos e Participações S.A. (i)	2,588	1,408
Best Center Empreendimentos e Participações S.A.	54,501	42,664
SC Corretora de Imóveis Ltda.	1	1
U.K.Q.S.P.E. Empreendimentos e Participações Ltda.	3	2
C.L.D.S.P.E. Empreendimentos e Participações Ltda.	2,195	1,820
SC Rio CE Candelária Empreendimentos e Participações Ltda.	659	334
Total	<u>101,641</u>	<u>86,096</u>

- (i) In noncurrent assets, R\$101,641 (R\$86,096 as at December 31, 2017), in Parent, and R\$3,601 (R\$1,406 as at December 31, 2017), in consolidated noncurrent, refer to dividends, advance for future capital increase, and interest on capital receivable from subsidiaries and joint ventures. Transactions are not subject to fines and interest.

Management compensation

On April 27, 2018, the Annual Shareholders' Meeting approved the Company's overall management compensation for 2018 in the amount of up to R\$24,988, of which R\$6,819 refers to the fees payable to the Board of Directors and R\$18,169 to the fees payable to the executive committee, including benefits and charges, and the fair value of options granted for the year. As at March 31, 2018 and December 31, 2017, the following amounts were paid and accrued:

	Consolidated					
	03.31.2018			12.31.2017		
	Fixed	Variable	Total	Fixed	Variable	Total
Board of Directors	664	374	1,038	1,851	3,151	5,002
Officers	<u>1,170</u>	<u>651</u>	<u>1,821</u>	<u>4,983</u>	<u>8,267</u>	<u>13,250</u>
Total	<u>1,834</u>	<u>1,025</u>	<u>2,859</u>	<u>6,834</u>	<u>11,418</u>	<u>18,252</u>

Key management personnel compensation is set by the Company's Board of Directors, which considers the individual performance and the market trends.

9. INVESTMENT PROPERTIES

	Parent				12.31.2017
	03.31.2018				
	Annual depreciation rate - %	Cost	Accumulated depreciation	Net	
Land		158,912	-	158,912	158,912
Buildings	From 1.67 to 3.41	504,077	(37,854)	466,223	468,685
Facilities	10.00	183,553	(12,359)	171,194	172,136
Construction in progress		624	-	624	287
Total		847,166	(50,213)	796,953	800,020

	Consolidated				12.31.2017
	03.31.2018				
	Annual depreciation rate - %	Cost	Accumulated depreciation	Net	
Land		687,104	-	687,104	705,111
Buildings	From 1.67 to 3.41	1,158,022	(173,954)	984,068	1,051,709
Facilities	10.00	573,419	(51,058)	522,361	516,013
Advance for construction		5,000	-	5,000	8,929
Construction in progress		23,324	-	23,324	34,215
Total		2,446,869	(225,012)	2,221,857	2,315,977

Variations are as follows:

	Parent		
	12.31.2017	Additions	03.31.2018
Land	158,912	-	158,912
Buildings	504,077	-	504,077
Facilities	183,553	-	183,553
Construction in progress	287	337	624
	846,829	337	847,166
Depreciation	(46,809)	(3,404)	(50,213)
Total	800,020	(3,067)	796,953

	Parent			
	12.31.2016	Additions	Transfers	03.31.2017
Land	158,912	-	-	158,912
Buildings	504,086	-	-	504,086
Facilities	174,682	994	7,282	182,958
Advance for construction	7,281	-	(7,281)	-
Construction in progress	251	-	(1)	250
	845,212	994	-	846,206
Accumulated depreciation	(33,255)	(3,386)	-	(36,641)
Total	811,957	(2,392)	-	809,565

	Consolidated				03.31.2018
	12.31.2017	Additions	Write-offs (ii)	Transfers (i)	
Land	705,111	-	(18,007)	-	687,104
Buildings	1,227,726	38	(70,074)	332	1,158,022
Facilities	564,208	346	(5,727)	14,592	573,419
Advance for construction	8,929	2,825	-	(6,754)	5,000
Construction in progress	34,215	6,428	(7,490)	(9,829)	23,324
	<u>2,540,189</u>	<u>9,637</u>	<u>(101,298)</u>	<u>(1,659)</u>	<u>2,446,869</u>
Depreciation	(224,212)	(9,246)	8,446	-	(225,012)
Balance	<u>2,315,977</u>	<u>391</u>	<u>(92,852)</u>	<u>(1,659)</u>	<u>2,221,857</u>

- (i) The main transfers refer to reclassifications from construction in progress to investment properties of Ericson and Generali buildings and transfer to property, plant and equipment.
- (ii) On March 15, 2018, subsidiary Top Center sold to third parties its total ownership interest of 63% in Edifício Morumbi Park, in the amount of R\$137.4 million, in cash.

	Consolidated				03.31.2017
	12.31.2016	Additions	Write-offs	Transfers (iii)	
Land	777,148	-	-	(43,692)	733,456
Buildings	1,410,970	19	(25)	5,086	1,416,050
Facilities	552,728	1,308	-	9,685	563,721
Advance for construction	10,256	-	-	(8,813)	1,443
Construction in progress	30,461	3,039	-	(15,293)	18,207
	<u>2,781,563</u>	<u>4,366</u>	<u>(25)</u>	<u>(53,027)</u>	<u>2,732,877</u>
Accumulated depreciation	(210,918)	(10,104)	-	-	(221,022)
Balance	<u>2,570,645</u>	<u>(5,738)</u>	<u>(25)</u>	<u>(53,027)</u>	<u>2,511,855</u>

- (iii) The main transfers were reclassifications to convenience retail centers.

The Company decided to maintain its investment properties recorded at cost less accumulated depreciation since it understands it is the best information for companies operating in the real estate investment market to rely on for rental purposes.

Pursuant to CPC 28, independent consultant CB Richard Ellis estimated the fair value of the Company's properties at R\$3,988,549 in September 2017, determined using the valuation approach set forth by NBR 14653-1-4 of the Brazilian Technical Standards Association (ABNT) and the technical standards of The Royal Institution of Chartered Surveyors (RICS) of the United Kingdom and the Appraisal Institute of the United States, which are internationally used and acknowledged for real estate appraisal and other analyses. The lease revenues and selling value in the 10th year are then adjusted to present value at discount rates that are adequate to the market's risk perception; accordingly, the present value of the cash flows reflects the selling value available for acquisition of the property from the investor's standpoint.

10. BORROWINGS AND FINANCING

Property	Currency	Annual charges - %	Parent		Consolidated	
			03.31.2018	12.31.2017	03.31.2018	12.31.2017
Real estate financing (acquisition of properties) (*)	R\$	TR + 8.9 to 10	677,896	690,819	932,644	1,019,523
Working capital	R\$	CDI + 1.8	24,950	25,761	24,950	25,761
Advanced receivables	R\$	IGP - M + 10.4	19,523	20,282	19,523	20,282
Real estate financing - works	R\$	TR + 9.25 to 9.80	41,921	43,534	279,431	287,472
Debentures	R\$	IPCA + 5.47 to 6.50	60,287	58,919	106,221	106,313
Bank Credit Note	R\$	IPCA + 5.47	-	-	39,604	38,650
Total			<u>824,577</u>	<u>839,315</u>	<u>1,402,373</u>	<u>1,498,001</u>
Current			68,791	66,114	123,702	142,729
Noncurrent			755,786	773,201	1,278,671	1,355,272

The variations in consolidated borrowings are as follows:

Parent

Description	Balance as at 12.31.2016	Interest and inflation adjustment	Repayment of principal	Interest and inflation adjustment payment	Balance as at 03.31.2017
Borrowings	848,537	21,136	(11,950)	(21,908)	835,815

Description	Balance as at 12.31.2017	Interest and inflation adjustment	Repayment of principal	Interest and inflation adjustment payment	Balance as at 03.31.2018
Borrowings	839,315	18,460	(14,938)	(18,260)	824,577

Consolidated

Description	Balance as at 12.31.2016	Interest and inflation adjustment	Repayment of principal	Interest and inflation adjustment payment	Balance as at 03.31.2017
Borrowings	1,658,867	43,713	(27,039)	(43,747)	1,631,794

Description	Balance as at 12.31.2017	Interest and inflation adjustment	Repayment of principal	Interest and inflation adjustment payment	Balance as at 03.31.2018
Borrowings	1,498,001	36,082	(97,902)	(33,808)	1,402,373

(*) These borrowings are subject to the compliance with certain financial ratios, required on an annual basis, every December, taking into consideration the subsidiaries' consolidated and/or individual operations, as follows:

- Net debt below 30% or 40% of the portfolio market value (consolidated).
- EBITDA/bank liability amortization ratio plus net finance costs below 1.3 times.

The abovementioned financial ratios are required as at December 31 of each year.

11. DEFERRED TAXES AND CONTRIBUTIONS

Deferred taxes and contributions arise from temporary differences mainly due to temporarily nondeductible provisions and/or straight-line revenue recognized in profit or loss, and are recorded in noncurrent liabilities.

Deferred taxes and contributions reflect the future tax effects attributable to temporary differences between the tax base of assets and liabilities and the respective book value. Reported amounts are monthly reviewed.

Deferred taxes and contributions are broken down as follows:

	Parent		Consolidated	
	03.31.2018	12.31.2017	03.31.2018	12.31.2017
Temporary differences:				
PIS and COFINS - straight-line revenue	62	68	2,464	2,420
IRPJ and CSLL - straight-line revenue	617	617	5,454	5,403
Total	<u>679</u>	<u>685</u>	<u>7,918</u>	<u>7,823</u>

12. PROVISION FOR RISKS AND ESCROW DEPOSITS

The Company and its subsidiaries are parties to tax lawsuits arising from the normal course of their activities.

The provisions were recognized taking into account the in-house and outside legal counsel's opinion, the nature of the lawsuits, the similarity with prior proceedings, the complexity of the claims and the position of courts, whenever the loss is assessed as probable and the amount can be measured reliably.

The Company's and its subsidiaries' Management understands that the provision is sufficient to cover losses arising from the related lawsuits.

	Parent	
	03.31.2018	12.31.2017
Income tax and social contribution	5,075	5,075
PIS/COFINS (taxes on revenue) (*)	9,450	9,378
Other	55	55
Total	<u>14,580</u>	<u>14,508</u>
Escrow deposits	(40)	(40)
Total	<u>14,540</u>	<u>14,468</u>

	Consolidated	
	03.31.2018	12.31.2017
Income tax and social contribution	5,075	5,075
PIS/COFINS (taxes on revenue) (*)	9,450	9,378
Other	55	55
Total	<u>14,580</u>	<u>14,508</u>
Escrow deposits	(143)	(142)
Total	<u>14,437</u>	<u>14,366</u>

(*) The Company maintains a provision related to the increase in the PIS and COFINS tax rates, with the purpose of maintaining the payment of such taxes in accordance with Regulatory Instruction 468/04, which establishes that contracts involving assets entered into through October 31, 2003, for a period in excess of one year, are taxed at the rate prevailing before such increase.

Variations are as follows:

	Parent and Consolidated	
	<u>03.31.2018</u>	<u>12.31.2017</u>
Opening balance	14,508	14,085
Inflation adjustment	72	423
Closing balance	<u>14,580</u>	<u>14,508</u>

As at March 31, 2018, the Company and its subsidiaries are parties to tax lawsuits, in the amount of R\$53,848 (R\$53,848 as at December 31, 2017), civil lawsuits in the amount of R\$89 (R\$89 as at December 31, 2017) and labor lawsuits in the amount of R\$1,656 (R\$1,656 as at December 31, 2017), whose likelihood of loss is assessed as possible by their internal and external legal counsel and for which no provision was recorded.

Liabilities relating to legal obligations being discussed in court are recognized until a final and unappealable favorable decision is issued.

13. PROFIT SHARING

The Company has an employees' profit sharing program. This program's main calculation measures are the goals set based on the employees' function, area and title, as established by Management, which are recorded in line item 'General and administrative expenses'.

In the quarter ended March 31, 2018, the amount of R\$634 (R\$2,724 as at December 31, 2017) was recorded in line item 'Payroll and related taxes'.

14. EQUITY

14.1. Fully paid common shares

As at March 31, 2018 and December 31, 2017, capital amounts to R\$1,073,912, represented by 57,737,319 registered common shares without par value.

14.2. Treasury shares

The Company intends to use the proceeds from the sale of treasury shares to discharge obligations related to the stock option plan.

As at March 31, 2018, the Company held in treasury 1,116,844 registered common shares (1,282,201 common shares as at December 31, 2017), acquired at the average cost of R\$33.63 per share (R\$33.63 per share as at December 31, 2017).

14.3. Allocation of profit for the year

In accordance with the Company's bylaws, shareholders are entitled to a minimum dividend of 25% of the profit for the year, adjusted pursuant to the Brazilian Corporate Law, in accordance with accounting practices adopted in Brazil.

15. LEASE REVENUE

Operating leases relate to the investment properties owned by the Company and its subsidiaries with lease terms of between two to ten years, with an option to extend for equal period. All operating lease agreements contain market review clauses in the event that the Company exercises its option to renew. The lessee does not have the option to purchase the leased property after the lease term.

As at March 31, 2018, the Company and its subsidiaries do not have any non-cancelable operating lease agreements since the lease agreements are based on the Tenant Act and can be canceled by the lessee or the Company and its subsidiaries at any time, provided that the contractual obligations are met.

16. NET REVENUE

	Parent		Consolidated	
	03.31.2018	03.31.2017	03.31.2018	03.31.2017
Lease revenue	14,728	15,938	42,309	73,578
Revenue from sale of properties	-	-	140,218	-
Taxes	(1,115)	(1,227)	(2,044)	(4,653)
	<u>13,613</u>	<u>14,711</u>	<u>180,483</u>	<u>68,925</u>

17. COSTS AND EXPENSES BY NATURE

	Parent		Consolidated	
	03.31.2018	03.31.2017	03.31.2018	03.31.2017
Personnel expenses	(5,881)	(7,315)	(6,962)	(8,781)
Outside services	(335)	(253)	(602)	(356)
Depreciation and amortization expenses	(3,513)	(3,504)	(10,003)	(10,549)
Cost of properties sold	-	-	(93,779)	-
Selling expenses - Municipal Real Estate Tax (IPTU), common area maintenance and other fees related to vacant areas	(484)	(674)	(8,789)	(7,176)
Occupancy expenses	(216)	(269)	(233)	(295)
Tax expenses	(20)	(16)	(25)	(18)
Other	(240)	(254)	(210)	1,490
	<u>(10,689)</u>	<u>(12,285)</u>	<u>(120,603)</u>	<u>(25,685)</u>
Classified as:				
Rental cost	(3,513)	(3,504)	(10,003)	(10,549)
Cost of properties sold	-	-	(93,779)	-
General and administrative expenses	(6,692)	(8,107)	(8,173)	(9,794)
Selling expenses	(484)	(674)	(8,789)	(7,176)
Other operating income, net	-	-	141	1,834
	<u>(10,689)</u>	<u>(12,285)</u>	<u>(120,603)</u>	<u>(25,685)</u>

18. FINANCE INCOME

	Parent		Consolidated	
	03.31.2018	03.31.2017	03.31.2018	03.31.2017
Interest gains:				
Short-term investments	4,887	7,004	5,718	7,709
Trade receivables	-	-	65	152
Adjustment of recoverable taxes	115	464	340	518
	<u>5,002</u>	<u>7,468</u>	<u>6,123</u>	<u>8,379</u>

19. FINANCE COSTS

	Parent		Consolidated	
	03.31.2018	03.31.2017	03.31.2018	03.31.2017
Interest and inflation adjustments on borrowings and financing	(18,460)	(21,136)	(36,082)	(43,713)
Adjustments to provision for tax risks	(72)	(133)	(72)	(133)
Other finance costs	(488)	(1,205)	(960)	(1,760)
	<u>(19,020)</u>	<u>(22,474)</u>	<u>(37,114)</u>	<u>(45,606)</u>

20. INCOME TAX AND SOCIAL CONTRIBUTION

20.1. Breakdown of current and deferred income tax and social contribution expenses

	Parent		Consolidated	
	03.31.2018	03.31.2017	03.31.2018	03.31.2017
Current expenses:				
Social contribution	-	-	(3,569)	(1,274)
Income tax	-	-	(9,789)	(3,413)
	<u>-</u>	<u>-</u>	<u>(13,358)</u>	<u>(4,687)</u>
Deferred expenses:				
Social contribution	-	-	(18)	-
Income tax	-	-	(34)	1
	<u>-</u>	<u>-</u>	<u>(52)</u>	<u>1</u>
Total	<u>-</u>	<u>-</u>	<u>(13,410)</u>	<u>(4,686)</u>

20.2. Reconciliation of income tax and social contribution expenses - current and deferred

Income tax and social contribution expenses are reconciled at statutory rates as follows:

	Parent		Consolidated	
	03.31.2018	03.31.2017	03.31.2018	03.31.2017
Income before income tax and social contribution	14,686	211	28,342	5,109
Estimated income tax and social contribution expenses at statutory rates - 34%	(4,993)	(72)	(9,636)	(1,737)
Share of profit (loss) of subsidiaries	8,764	4,349	(186)	(307)
Effect on interest on capital	-	-	510	1,020
Effect of companies under the deemed income regime	-	-	2,754	2,648
Losses offset (consumed)	(3,755)	(4,261)	(6,601)	(5,982)
Other	(16)	(16)	(251)	(328)
Total	<u>-</u>	<u>-</u>	<u>(13,410)</u>	<u>(4,686)</u>

20.3. Deferred tax credits - not recorded

The deferred tax credits not recorded by the Parent as at March 31, 2018 amount to R\$29,365 (R\$23,145 as at December 31, 2017), of which R\$21,592 (R\$17,018 as at December 31, 2017) for income tax and R\$7,773 (R\$6,127 as at December 31, 2017) for social contribution, represented by tax losses and temporary differences. The amount is recorded upon compliance with all assumptions by the Company for recognition of such tax credits.

21. EARNINGS PER SHARE

21.1. Basic earnings per share

The earnings and weighted average number of common shares used in the calculation of basic earnings per share are as follows:

	<u>03.31.2018</u>	<u>03.31.2017</u>
Profit attributable to the Company's owners	14,686	211
Weighted average number of common shares used to calculate basic earnings per share (all measurements)	<u>56,620</u>	<u>56,287</u>
Basic earnings per share (cents per share - R\$)	<u>0.2594</u>	<u>0.004</u>

21.2. Diluted earnings per share

The earnings used in the calculation of all diluted earnings per share measures are the same as those for the equivalent basic earnings per share measures, as outlined above.

The weighted average number of common shares used to calculate diluted earnings per share is reconciled with the weighted average number of common shares used to calculate basic earnings per share, as follows:

	<u>03.31.2018</u>	<u>03.31.2017</u>
Profit attributable to the Company's owners	14,686	211
Weighted average number of common shares used to calculate basic earnings per share	56,620	56,287
Effect of employees' options	<u>1,009</u>	<u>1,084</u>
Weighted average number of common shares used to calculate diluted earnings per share (all measurements)	<u>57,630</u>	<u>57,371</u>
Diluted earnings per share (cents per share - R\$)	<u>0.2548</u>	<u>0.004</u>

22. FINANCIAL INSTRUMENTS

22.1. General considerations

The Company and its subsidiaries enter into transactions involving financial instruments, all recorded in balance sheet accounts, which are intended to meet their cash requirements and reduce exposure to market and interest rate risks.

Short-term investments reflect the actually agreed yield rates.

Borrowings and financing are recorded based on the contractual interest of each transaction, as shown in note 10.

22.2. Capital risk management

The Company manages its capital to ensure that subsidiaries will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Company's capital structure consists of debt, including borrowings shown in note 10, cash and cash equivalents, short-term investments and securities, and capital attributed to shareholders, which is composed of paid-in capital and reserves.

22.3. Categories of financial instruments

	Consolidated			
	Carrying amount		Fair value	
	03.31.2018	12.31.2017	03.31.2018	12.31.2017
Loans and receivables:				
Trade receivables	144,881	209,898	144,881	209,898
Cash and cash equivalents	58,438	62,027	58,438	62,027
Short-term investments	362,290	288,350	362,290	288,350
Total	<u>565,609</u>	<u>560,275</u>	<u>565,609</u>	<u>560,275</u>
Financial liabilities measured at amortized cost:				
Borrowings and financing	1,402,373	1,498,001	1,251,688	1,339,026
Payables for acquisition of properties	3,402	3,402	3,402	3,402
Total	<u>1,405,775</u>	<u>1,501,403</u>	<u>1,255,090</u>	<u>1,342,428</u>

22.4. Financial risk management goals

Management monitors and manages financial risks inherent in operations and coordinates the access to local financial markets. These risks comprise market risk (changes in interest rates), credit risk and liquidity risk. The main purpose of the financial risk management strategy is to maintain the Company's exposure to these risks at minimum levels by using non-derivative financial instruments and assessing and controlling credit and liquidity risks.

22.5. Foreign currency risk management

The Company and its subsidiaries are not exposed to foreign currency risk. The finance strategy is based on domestic borrowings, denominated in Brazilian reais (R\$).

22.6. Exposure to interest rate risks

The Company is exposed to floating interest rates, related primarily to the fluctuations in TR, IGP-M, IPCA and CDI. As at March 31, 2018 and December 31, 2017, there are no contracts in effect related to transactions with derivatives and hedge transactions in the Company.

Interest rates on short-term investments are mostly related to the variation of the CDI and SELIC rates, under conditions, rates and terms comparable to similar transactions carried out in the market.

22.7. Market risk management

The results of the operations depend on the Company's ability to lease the spaces available in the real estate developments. Adverse conditions in the regions where the Company operates may reduce the lease levels, as well as restrict the possibility of increasing the rental price. The most important factors that may adversely affect the operating performance of the Company's developments are:

- Periods of recession and an increase in vacancy levels of the developments or an increase in interest rates that may result in the reduction of the rental prices or an increase in tenants' default rate.
- Tenants' negative perception of the safety, convenience or attractiveness of the areas in which the developments are located.
- Inability to attract and/or maintain premium tenants.
- Default and/or noncompliance with contractual obligations by tenants.
- Increases in the operating costs, including the need to make additional capital contributions, among others.
- Increases in taxes related to the Company's activities.
- Regulatory changes in the commercial real estate industry.

The construction of new real estate developments close to the Company's developments may hamper the Company's ability to renew the rentals or rent them to new tenants, which in turn could require nonbudgeted investments, impairing the Company's business.

In order to mitigate these risk factors, the Company, with the assistance of outside consultants, continuously monitors the real estate market in the regions where the Company operates to follow up the evolution of rental prices and vacancy rates. This way, the Company may anticipate possible market difficulties.

Notwithstanding, the Company maintains, through its sales department, a close relationship with its lessees for an early identification of possible demands and needs.

The monitoring of market trends and behavior of its lessees provides the Company with inputs that allow mitigating the impacts of unforeseen events that might somehow have an adverse effect on its income.

22.8. Liquidity risk management

The Company manages liquidity risk by maintaining proper reserves, bank and other credit facilities to establish reserves that it considers appropriate, based on the continuous monitoring of estimated and actual cash flows, and the combination of the maturity profiles of financial assets and financial liabilities.

22.9. Credit risk

The Company's credit risk can mainly be attributable to the balances of its cash and cash equivalents, short-term investments and trade receivables. In the balance sheet, trade receivables are stated net of the allowance for doubtful debts. The allowance for impairment losses and other receivables is recognized whenever a loss is identified and, based on past experience, such allowance demonstrates that the probable recovery of cash flows is impaired.

The Company's sales policy is subordinated to the credit sales rules set by Management, which seeks to mitigate any loss from customers' delinquency.

Before accepting any new customer, the Company analyzes certain documents, including certificates issued by government agencies. Also the credit status is examined by a service bureau named Centralização de Serviços dos Bancos S.A. - SERASA. As a contract guarantee, in most of contracts, the client is required to have a surety or contract a credit letter, credit insurance or bank credit insurance.

22.10. Concentration risk

The Company maintains bank accounts and short-term investments with financial institutions approved by Management, according to objective credit risk diversification criteria.

Additionally, there is no risk of a high customer concentration.

22.11. Fair value of financial instruments

The Company's financial instruments are managed through operating strategies aimed to obtain liquidity, profitability and security. The control policy consists of an ongoing monitoring of rates agreed versus those in force in the market and confirmation as to whether its short-term financial investments are being properly marked to market by the institutions dealing with its funds.

The Company does not make speculative investments in derivatives nor any other risk assets. The determination of estimated realization values of the Company's financial assets and liabilities relies on information available in the market and relevant assessment methodologies. Nevertheless, a considerable judgment by Management is required when interpreting market data to derive the most adequate estimated realization value.

22.12. Criteria, assumptions and limitations used in determining the fair values

a) Cash and cash equivalents

The fair values of current account balances are consistent with their carrying amounts.

b) Short-term investments

The market values of short-term investment balances are consistent with the account balances.

c) Trade, other receivables and payables for the acquisition of properties

According to the Company's Management, the account balances of trade receivables, other receivables and payables for acquisition of properties approximate their fair values.

d) Borrowings and financing

The fair value of borrowings and financing referred to in note 22.3 was calculated based on its present value calculated at the future cash flows and using interest rates applicable to instruments of similar nature, terms and risks, or based on market quotations of such securities at the balance sheet dates, measured as inputs (Level 2) different from the prices negotiated in the active markets.

22.13. Sensitivity analysis

As at March 31, 2018, the Company has no effective agreements related to derivative and hedge transactions; therefore, the sensitivity analysis was performed only for the TR, IGP-M, IPCA and CDI variation, which are the basis for inflation adjustments of borrowings contracted, using as assumptions for calculation the rates currently adopted in the market, as follows:

<u>Borrowings</u>	<u>Risk</u>	<u>Balance</u>	<u>Probable scenario (a)</u>	<u>Possible scenario (b)</u>	<u>Remote scenario (c)</u>
Indexed to TR	TR increase	1,212,075	1,212	1,515	1,818
Indexed to IGP-M	IGP-M increase	19,523	859	1,074	1,288
Indexed to CDI	CDI increase	24,950	1,622	2,027	2,433
Indexed to IPCA	IPCA increase	145,825	6,416	8,020	9,624
<u>Cash investment</u>	CDI decrease	<u>(341,209)</u>	<u>(22,179)</u>	<u>(16,634)</u>	<u>(11,089)</u>
Net exposure		<u>1,061,164</u>	<u>(12,070)</u>	<u>(3,998)</u>	<u>4,074</u>

(a) Usual market rates.

(b) 25% increase/decrease in the abovementioned rates.

(c) 50% increase/decrease in the abovementioned rates.

23. STOCK OPTION PLAN (EQUITY PLAN)

On February 22, 2017, the Company's Board of Directors approved the 2017 Stock Option Plan. This Plan is divided into three different grant models, with different structures, and the grants and terms are equal to those set forth in the 2016 Stock Option Plan.

The right to exercise the 2017 and 2016 Stock Option Plans will be vested as follows:

<u>Number of options (lot C)</u>		<u>Option fair value on the issuance date</u>	<u>Exercise date</u>
2016 Plan: 99,138		18.82	03.01.2021
2017 Plan: 216,336		27.50	03.09.2022
<u>Number of options (lot CAD)</u>	<u>Adjusted exercise price</u>	<u>Option fair value on the issuance date</u>	<u>Exercise date (*)</u>
2016 Plan: 30,000	15.84	4.30	09.30.2018
2017 Plan: 30,000	22.35	11.34	09.30.2019

(*) The number of options may be exercised between March 1 and 31 and September 1 and 30 of each year, over 30 months as from the grant date of the stock option plan. For the three-month period ended March 31, 2018, the stock option plan expenses amounted to R\$1,012 (R\$5,518 as at December 31, 2017), recorded in line item "General and administrative expenses".

The Company's options were priced based on the binomial stock option measurement model developed by outside experts. When material, the expected stock option lives used in the model was adjusted based on Management's best estimate of the effects of non-transferability, exercise restrictions and behavioral aspects.

Volatility was calculated based on the 90 days prior to the stock option plan grant date. Based on the market scenario, the Company believes that the plan participants will exercise their options on the exercise date.

Below is the number of options available and exercisable at the beginning and at the end of the period:

	03.31.2018		12.31.2017	
	Number of options	Weighted Average price of options	Number of options	Weighted average price of options
Initial number	1,710,553	-	1,653,491	-
Options granted	-	-	170,850	5.58
Options granted	-	-	216,336	27.50
Options granted	-	-	30,000	11.34
Options granted	-	-	18,000	-
Options granted	-	-	50,000	4.56
Options exercised	-	-	(170,850)	5.58
Options exercised	-	-	(27,832)	44.27
Options exercised	-	-	(150,253)	28.05
Options exercised	-	-	(30,000)	8.23
Options exercised	-	-	(5,000)	4.30
Options exercised	-	-	(5,000)	11.34
Options exercised (i)	(165,357)	44.27	(30,000)	12.63
Options exercised	(5,000)	12.63	(2,173)	18.82
Options cancelled	-	-	(5,000)	25.08
Options granted	-	-	(1,920)	30.94
Options cancelled	(10,000)	4.56	(96)	-
Final number	<u>1,530,196</u>		<u>1,710,553</u>	

(i) The Company delivered the deferred and additional shares within the scope of the 2013 stock option plan that provides for a five-year period for such delivery, among other conditions.

24. INSURANCE

Considering the nature of the Company's and its subsidiaries' activities, the main operational assets are insured. The contracting of the insurance policies is the responsibility of the lessees.

25. PROPERTIES HELD FOR SALE

As at March 31, 2018, the consolidated balance of R\$13,145 (R\$13,250 as at December 31, 2017) in held-for-sale properties refers to the Company's intention to sell properties located in the state of São Paulo to third parties.

26. NONCASH TRANSACTIONS

a) Cash and cash equivalents

The breakdown of cash and cash equivalents included in the statements of cash flows is disclosed in note 3.

b) Noncash transactions

	<u>03.31.2018</u>	<u>03.31.2017</u>
	<u>Consolidated</u>	<u>Consolidated</u>
Transfer from investment properties to properties	-	49,735
Capital increase – Top Center	7,835	-
Capital decrease in subsidiaries receivable	49,365	5,000
Dividends receivable	61,357	9,637

27. EVENTS AFTER THE REPORTING PERIOD

On May 4, 2018, the minutes of the Meeting of the Board of Directors approved the new program to buyback up to 1,000,000 (one million) common shares issued by the Company, for cancelation or holding in treasury, without capital decrease. The program term is 365 days, beginning on May 7, 2018 and ending on May 6, 2019.