

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

São Carlos Empreendimentos e Participações S.A.

Individual and Consolidated Interim
Financial Information for the Quarter
Ended September 30, 2018 and Report
on Review of Interim Financial Information

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. (the "Company"), included in the Interim Financial Information Form (ITR), for the quarter ended September 30, 2018, which comprises the balance sheet as at September 30, 2018, and the related statement of profit and loss and statement of comprehensive income for the three- and nine-month periods then ended, and statement of changes in equity and statement of cash flows for the nine-month period 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) - Interim Financial Reporting 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 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 the CVM.

Other matter

Statements of value added

We have also reviewed the individual and consolidated statements of value added (“DVA”) for the nine-month period ended September 30, 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 IFRS that does not require the presentation of 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 individual and consolidated 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, November 7, 2018

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Ribas Gomes Simões
Engagement Partner

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

SÃO CARLOS EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

BALANCE SHEETS AS AT SEPTEMBER 30, 2018

(In thousands of Brazilian reais - R\$)

ASSETS	Note	Parent		Consolidated		LIABILITIES AND EQUITY	Note	Parent		Consolidated	
		09.30.2018	12.31.2017	09.30.2018	12.31.2017			09.30.2018	12.31.2017	09.30.2018	12.31.2017
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	3	58,132	56,483	60,832	62,027	Borrowings and financing	10	62,786	66,114	114,910	142,729
Short-term investments	4	198,080	234,259	209,333	288,350	Advances from customers		1	-	1,493	7,803
Trade receivables	5	9,153	80,365	27,173	100,668	Payroll and related taxes		7,169	14,229	8,152	15,593
Due from related parties		-	-	57	1,118	Provision for income tax and social contribution		-	-	3,706	4,572
Recoverable taxes	6	17,024	13,359	23,090	17,575	Taxes, fees and contributions		757	3,289	2,093	4,579
Prepaid expenses and other receivables		3,113	3,515	12,297	15,703	Dividends and interest on capital	14.3	-	17,180	-	17,180
Held-for-sale properties	25	-	-	21,295	13,250	Payables for acquisition of properties		-	-	3,402	3,402
Total current assets		<u>285,502</u>	<u>387,981</u>	<u>354,077</u>	<u>498,691</u>	Other payables		1,330	2,796	2,450	5,693
						Total current liabilities		<u>72,043</u>	<u>103,608</u>	<u>136,206</u>	<u>201,551</u>
NONCURRENT ASSETS						NONCURRENT LIABILITIES					
Trade receivables	5	33,091	38,491	98,345	109,230	Deferred taxes	11	672	685	8,206	7,823
Related-party balances and transactions	8	198,664	86,096	3,294	1,406	Borrowings and financing	10	696,786	773,201	1,141,810	1,355,272
Escrow deposits	12	35	40	154	142	Provision for risks	12	14,508	14,508	14,508	14,508
Prepaid expenses and other receivables		3,186	3,703	9,111	9,493	Total noncurrent liabilities		<u>711,966</u>	<u>788,394</u>	<u>1,164,524</u>	<u>1,377,603</u>
Investments in subsidiaries and joint ventures	7	878,723	977,057	22,081	23,749						
Investment properties	9	791,008	800,020	2,198,696	2,315,977	EQUITY					
Property, plant and equipment		546	554	10,827	10,893	Capital	14.1	1,073,912	1,073,912	1,073,912	1,073,912
Intangible assets		832	721	15,401	15,661	Stock option plan		35,605	32,769	35,605	32,769
Total noncurrent assets		<u>1,906,085</u>	<u>1,906,682</u>	<u>2,357,909</u>	<u>2,486,551</u>	Treasury shares	14.2	(78,751)	(63,165)	(78,751)	(63,165)
						Earnings reserves		376,812	359,145	376,812	359,145
						Equity attributable to the owners of the Company		1,407,578	1,402,661	1,407,578	1,402,661
						Noncontrolling interests		-	-	3,678	3,427
						Total equity		<u>1,407,578</u>	<u>1,402,661</u>	<u>1,411,256</u>	<u>1,406,088</u>
TOTAL ASSETS		<u>2,191,587</u>	<u>2,294,663</u>	<u>2,711,986</u>	<u>2,985,242</u>	TOTAL LIABILITIES AND EQUITY		<u>2,191,587</u>	<u>2,294,663</u>	<u>2,711,986</u>	<u>2,985,242</u>

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

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

SÃO CARLOS EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF PROFIT AND LOSS
FOR THE QUARTER AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018
(In thousands of Brazilian reais - R\$, except earnings (loss) per share)

	Note	Parent				Consolidated			
		07.01.2018 to 09.30.2018	01.01.2018 to 09.30.2018	07.01.2017 to 09.30.2017	01.01.2017 to 09.30.2017	07.01.2018 to 09.30.2018	01.01.2018 to 09.30.2018	07.01.2017 to 09.30.2017	01.01.2017 to 09.30.2017
NET LEASE REVENUE		13,410	40,569	15,041	44,744	56,797	170,145	67,532	205,261
Rental cost		(3,522)	(10,553)	(3,502)	(10,509)	(10,099)	(30,283)	(10,640)	(31,769)
Gross lease revenue		9,888	30,016	11,539	34,235	46,698	139,862	56,892	173,492
Sale of properties		-	-	-	-	-	137,045	360	40,947
Cost of properties sold		-	-	-	-	-	(107,422)	(591)	(16,172)
Gross revenue from sale of properties		-	-	-	-	-	29,623	(231)	24,775
GROSS PROFIT		9,888	30,016	11,539	34,235	46,698	169,485	56,661	198,267
OPERATING INCOME (EXPENSES)									
General and administrative expenses	17	(7,290)	(21,540)	(7,454)	(23,454)	(8,672)	(25,778)	(9,224)	(28,850)
Selling expenses	17	(504)	(1,402)	(412)	(1,764)	(4,976)	(19,408)	(6,195)	(20,116)
Other operating income, net	17	6	8	-	-	97	238	1,684	3,630
Share of profit (loss) of subsidiaries	7	14,537	52,445	13,426	54,603	(539)	(1,667)	(827)	(2,593)
OPERATING INCOME BEFORE FINANCE INCOME (COSTS)		16,637	59,527	17,099	63,620	32,608	122,870	42,099	150,338
FINANCE INCOME (COSTS)									
Finance income	18	4,538	15,223	4,331	17,772	5,175	17,553	5,098	20,202
Finance costs	19	(17,780)	(57,129)	(19,359)	(62,014)	(31,196)	(103,594)	(39,693)	(126,754)
OPERATING INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		3,395	17,621	2,071	19,378	6,587	36,829	7,504	43,786
INCOME TAX AND SOCIAL CONTRIBUTION									
Current	20.1		(4)	(2,643)	(2,643)	(2,664)	(18,021)	(7,789)	(26,265)
Deferred	20.1		-	-	-	(90)	(199)	(57)	(119)
PROFIT (LOSS) FOR THE PERIOD		3,395	17,617	(572)	16,735	3,833	18,609	(342)	17,402
ATTRIBUTABLE TO									
Owners of the Company						3,395	17,617	(572)	16,735
Noncontrolling interests						438	992	230	667
EARNINGS PER SHARE									
Basic (cents per share - in R\$)	21.1	0.0621	0.3140	(0.0098)	0.2966				
Diluted (cents per share - in R\$)	21.2	0.0613	0.3078	(0.0103)	0.2904				

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 COMPREHENSIVE INCOME
FOR THE QUARTER AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018
(In thousands of Brazilian reais - R\$)

	Parent				Consolidated			
	07.01.2018 to 09.30.2018	01.01.2018 to 09.30.2018	07.01.2017 to 09.30.2017	01.01.2017 to 09.30.2017	07.01.2018 to 09.30.2018	01.01.2018 to 09.30.2018	07.01.2017 to 09.30.2017	01.01.2017 to 09.30.2017
PROFIT (LOSS) FOR THE PERIOD	3,395	17,617	(572)	16,735	3,833	18,609	(342)	17,402
Other comprehensive income	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>3,395</u>	<u>17,617</u>	<u>(572)</u>	<u>16,735</u>	<u>3,833</u>	<u>18,609</u>	<u>(342)</u>	<u>17,402</u>
ATTRIBUTABLE TO								
Owners of the Company					<u>3,395</u>	<u>17,617</u>	<u>(572)</u>	<u>16,735</u>
Noncontrolling interests					<u>438</u>	<u>992</u>	<u>230</u>	<u>667</u>

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

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SÃO CARLOS EMPREENDIMENTOS E PARTICIPAÇÕES S.A.

STATEMENTS OF CHANGES IN EQUITY (PARENT AND CONSOLIDATED)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

(In thousands of Brazilian reais - R\$)

	Attributable to owners of the Company										
	Note	Treasury shares			Stock option plan	Earnings reserves		Retained earnings	Total	Noncontrolling interests	Total equity
		Capital	Gain (loss) on the 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
Capital increase		400,000	-	-	-	-	(400,000)	-	-	-	-
Recognition of stock option plan		-	-	-	4,517	-	-	-	4,517	-	4,517
Sale of treasury shares		-	(7,877)	12,826	-	-	-	-	4,949	-	4,949
Acquisition of treasury shares		-	-	(4,261)	-	-	-	-	(4,261)	-	(4,261)
Acquisition of noncontrolling interests		-	-	-	-	-	-	-	-	(507)	(507)
Profit for the period		-	-	-	-	-	-	16,735	16,735	667	17,402
BALANCES AS AT SEPTEMBER 30, 2017	14	<u>1,073,912</u>	<u>(17,802)</u>	<u>(45,332)</u>	<u>31,768</u>	<u>68,552</u>	<u>217,367</u>	<u>16,735</u>	<u>1,345,200</u>	<u>3,323</u>	<u>1,348,523</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		-	-	-	2,836	-	-	-	2,836	-	2,836
Sale of treasury shares		-	-	13,344	-	-	-	-	13,344	-	13,344
Loss on subscription of shares		-	(6,561)	-	-	-	-	-	(6,561)	-	(6,561)
Gain (loss) on subscription of shares		-	-	(22,369)	-	-	-	-	(22,369)	-	(22,369)
Expired dividends		-	-	-	-	-	50	-	50	-	50
Acquisition of noncontrolling interests		-	-	-	-	-	-	-	-	(741)	(741)
Profit for the period		-	-	-	-	-	-	17,617	17,617	992	18,609
BALANCES AS AT SEPTEMBER 30, 2018	14	<u>1,073,912</u>	<u>(24,291)</u>	<u>(54,460)</u>	<u>35,605</u>	<u>74,513</u>	<u>284,682</u>	<u>17,617</u>	<u>1,407,578</u>	<u>3,678</u>	<u>1,411,256</u>

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

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

SÃO CARLOS EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018
(In thousands of Brazilian reais - R\$)

	Parent		Consolidated	
	09.30.2018	09.30.2017	09.30.2018	09.30.2017
CASH FLOW FROM OPERATING ACTIVITIES				
Profit for the period	17,617	16,735	18,609	17,402
Adjustments to reconcile profit for the period to net cash provided by (used in) operating activities:				
Write-off of allowance for doubtful debts	-	-	16	14
Depreciation and amortization	10,553	10,509	30,283	31,769
Share of profit (loss) of subsidiaries	(52,445)	(54,603)	1,667	2,593
Recognition of stock option plan	2,836	4,517	2,836	4,517
Gain on sale of investment property	-	-	(29,623)	(25,797)
Income from short-term investments	(5,144)	(7,165)	(6,634)	(8,450)
Adjustments to provision for tax risks	-	345	-	345
Income tax and social contribution	4	2,643	18,021	23,771
Deferred income tax and social contribution	-	-	199	-
Effect of acquisition of noncontrolling interests	-	-	251	160
Finance charges on borrowings and financing	55,673	59,179	101,353	122,691
Cash provided by operating activities	29,094	32,160	136,978	169,015
Changes in operating assets:				
Trade receivables	76,612	(10,862)	70,593	(28,648)
Due from related parties	-	-	1,061	928
Escrow deposits	5	-	(12)	(28)
Recoverable taxes	(3,665)	569	(5,515)	1,453
Held-for-sale properties	-	-	142	(609)
Prepaid expenses and other receivables	919	975	3,788	(259)
Changes in operating liabilities:				
Payroll and related taxes	(7,060)	(2,351)	(7,441)	(1,895)
Provision for income tax and social contribution	-	-	(866)	-
Taxes, fees and contributions	(214)	(260)	(168)	(681)
Deferred taxes	(13)	(13)	184	(9)
Advances from customers	1	-	(6,310)	13,243
Payables for acquisition of properties	-	-	-	700
Other payables	(1,417)	(4,170)	(2,929)	(1,339)
Income tax and social contribution	(2,318)	(149)	(22,463)	(24,019)
Payment of finance charges	(54,565)	(51,042)	(96,403)	(99,927)
Changes in assets and liabilities	8,285	(67,303)	(66,339)	(141,090)
Net cash provided by (used in) operating activities	37,379	(35,143)	70,639	27,925
CASH FLOW FROM INVESTING ACTIVITIES				
Due from related parties	(140)	414	(1,887)	(1,836)
Dividends	79,979	63,382	-	-
Short-term investments	41,324	94,939	85,651	107,674
Advance for future capital increase	(94,568)	-	-	-
Capital increase (decrease) in subsidiaries received	52,936	(50,153)	-	-
Proceeds from the sale of investment properties	-	-	150,330	42,522
Acquisitions of investment property, property, plant and equipment and intangible assets	(1,644)	(1,858)	(26,931)	(41,658)
Net cash provided by investing activities	77,887	106,724	207,163	106,702
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of principal - borrowings	(80,851)	(50,649)	(246,231)	(117,993)
Sale of own shares	6,783	4,949	6,783	4,949
Interest on capital	(17,180)	(18,104)	(17,180)	(18,104)
Share buyback	(22,369)	(4,261)	(22,369)	(4,261)
Net cash used in financing activities	(113,617)	(68,065)	(278,997)	(135,409)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,649	3,516	(1,195)	(782)
Opening balance of cash and cash equivalents	56,483	50,885	62,027	57,089
Closing balance of cash and cash equivalents	58,132	54,401	60,832	56,307
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,649	3,516	(1,195)	(782)

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

(In thousands of Brazilian reais - R\$)

	Parent		Consolidated	
	09.30.2018	09.30.2017	09.30.2018	09.30.2017
REVENUES				
Lease revenue	43,892	48,487	181,050	218,957
Sale of properties	-	-	135,346	40,882
	<u>43,892</u>	<u>48,487</u>	<u>316,396</u>	<u>259,839</u>
INPUTS PURCHASED FROM THIRD PARTIES				
Cost of properties sold		-	(107,422)	(16,172)
Supplies, power, outside services and other inputs	(3,851)	(4,260)	(23,032)	(23,650)
	<u>(3,851)</u>	<u>(4,260)</u>	<u>(130,454)</u>	<u>(39,822)</u>
GROSS VALUE ADDED	<u>40,041</u>	<u>44,227</u>	<u>185,942</u>	<u>220,017</u>
WITHHOLDINGS				
Depreciation and amortization	(10,553)	(10,509)	(30,283)	(31,769)
Wealth created	<u>29,488</u>	<u>33,718</u>	<u>155,659</u>	<u>188,248</u>
Wealth received in transfer				
Share of profit (loss) of subsidiaries	52,445	54,603	(1,667)	(2,593)
Finance income	15,223	17,772	17,553	20,202
Other income	8	-	238	3,630
	<u>67,676</u>	<u>72,375</u>	<u>16,124</u>	<u>21,239</u>
TOTAL WEALTH FOR DISTRIBUTION	<u>97,164</u>	<u>106,093</u>	<u>171,783</u>	<u>209,487</u>
WEALTH DISTRIBUTED				
Employees and payroll taxes	19,029	20,897	22,068	25,238
Taxes, fees, contributions	3,388	6,446	27,512	40,093
Interest and inflation adjustments	54,637	59,851	101,320	123,700
Noncontrolling interests			992	667
Other	2,493	2,164	2,274	3,054
Retained earnings	17,617	16,735	17,617	16,735
WEALTH DISTRIBUTED	<u>97,164</u>	<u>106,093</u>	<u>171,783</u>	<u>209,487</u>

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

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SÃO CARLOS EMPREENDIMENTOS E PARTICIPAÇÕES S.A.

NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED SEPTEMBER 30, 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 SCAR 3. 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 October 31, 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 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 September 30, 2018

- a) The following new and revised International Financial Reporting Standards (IFRS), effective for annual periods beginning on or after January 1, 2018, 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 International Financial Reporting Standards (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.

2.5. Restatement of the Interim Financial Information for the quarter and period ended September 30, 2017

The Company's Management, with the purpose of improving the set of its financial statements, reviewed the interim financial information for the quarter and nine-month period ended September 30, 2017 and concluded on the need to restate the statement of profit and loss, as prescribed by Technical Pronouncement CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors. The reclassifications did not have effects on the gross profit, on the balances of assets and liabilities, and on the statements of profit and loss and cash flows,

as originally presented. The reclassifications, made for purposes of better presentation, consist of the segregation between revenue from rental and profit (loss) from sale of properties. The reclassifications made affected only the statement of profit and loss and are summarized as follows:

	Parent		Consolidated	
	(As originally stated)		(As originally stated)	
	07.01.2017	01.01.2017	07.01.2017	01.01.2017
	to	to	to	to
	<u>09.30.2017</u>	<u>09.30.2017</u>	<u>09.30.2017</u>	<u>09.30.2017</u>
NET REVENUE	15,041	44,744	67,892	246,208
Cost of properties sold	-	-	(591)	(16,172)
Rental cost	(3,502)	(10,509)	(10,640)	(31,769)
GROSS PROFIT	<u>11,539</u>	<u>34,235</u>	<u>56,661</u>	<u>198,267</u>
	Parent		Consolidated	
	(Restated)		(Restated)	
	07.01.2017	01.01.2017	07.01.2017	01.01.2017
	to	to	to	to
	<u>09.30.2017</u>	<u>09.30.2017</u>	<u>09.30.2017</u>	<u>09.30.2017</u>
NET REVENUE FROM RENTAL	15,041	44,744	67,532	205,261
Rental cost	(3,502)	(10,509)	(10,640)	(31,769)
Net profit from rental	11,539	34,235	56,892	173,492
Sale of properties	-	-	360	40,947
Cost of properties sold	-	-	(591)	(16,172)
Net profit (loss) from sale of properties	-	-	(231)	24,775
GROSS PROFIT	<u>11,539</u>	<u>34,235</u>	<u>56,661</u>	<u>198,267</u>

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	
	09.30.2018	12.31.2017	09.30.2018	12.31.2017
Cash	12	10	29	24
Banks	562	786	1,457	2,130
Short-term investments (*):				
Repurchase agreements	57,490	55,053	57,490	55,053
Savings and other accounts	68	634	1,856	4,820
	<u>58,132</u>	<u>56,483</u>	<u>60,832</u>	<u>62,027</u>

(*) Short-term investments immediately convertible into cash and with 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 S.A. 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	
	09.30.2018	12.31.2017	09.30.2018	12.31.2017
Financial bills and fixed-income investment funds	<u>198,080</u>	<u>234,259</u>	<u>209,333</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	
	09.30.2018	12.31.2017	09.30.2018	12.31.2017
Trade receivables	42,244	43,580	124,942	130,138
Allowance for doubtful debts	(922)	(922)	(1,443)	(1,460)
Receivables from the sale of properties	922	76,198	922	3,000
Receivables from the sale of equity interests and disposal of real estate projects	-	-	-	76,198
Common area maintenance and other fees	-	-	1,097	2,022
Total	<u>42,244</u>	<u>118,856</u>	<u>125,518</u>	<u>209,898</u>
Current	9,153	80,365	27,173	100,668
Noncurrent (i)	33,091	38,491	98,345	109,230

(i) Amounts arising from straight-lining 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 a portion of the amounts past due with no indication that they will be collected or renegotiated.

The aging list of trade receivables is as follows:

	Parent		Consolidated	
	09.30.2018	12.31.2017	09.30.2018	12.31.2017
Past-due:				
31 to 60 days	-	-	933	403
61 to 90 days	-	-	728	319
91 to 120 days	-	-	733	55
121 to 180 days	-	-	340	401
Over 180 days	<u>922</u>	<u>922</u>	<u>3,106</u>	<u>2,423</u>
	922	922	5,840	3,601
Current	<u>42,244</u>	<u>118,856</u>	<u>121,121</u>	<u>207,757</u>
Total trade receivables	<u>43,166</u>	<u>119,778</u>	<u>126,961</u>	<u>211,358</u>

Variations in allowance for doubtful debts

	Parent		Consolidated	
	<u>09.30.2018</u>	<u>12.31.2017</u>	<u>09.30.2018</u>	<u>12.31.2017</u>
Opening balance	(922)	(922)	(1,460)	(1,101)
Recognition of allowance	-	-	-	(370)
Write-off of allowance	-	-	17	11
Closing balance	<u>(922)</u>	<u>(922)</u>	<u>(1,443)</u>	<u>(1,460)</u>

6. RECOVERABLE TAXES

	Parent		Consolidated	
	<u>09.30.2018</u>	<u>12.31.2017</u>	<u>09.30.2018</u>	<u>12.31.2017</u>
Recoverable income tax	6,931	4,632	9,452	7,476
Income tax on short-term investments	7,102	5,815	7,393	6,075
Recoverable social contribution (CSLL)	561	539	1,254	866
Recoverable taxes on revenue (PIS and COFINS)	2,333	2,276	4,842	3,038
Other	97	97	149	120
Total	<u>17,024</u>	<u>13,359</u>	<u>23,090</u>	<u>17,575</u>

7. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

Subsidiaries	Assets	Liabilities	Capital	Equity	Interest - %	Profit (loss) in the nine-month period	Balance as at 12.31.2017	Changes					Balance as at 09.30.2018
								Other	Capital increase	Capital decrease	Share of profit (loss) of subsidiaries	Dividends distributed – interest on capital	
253 Participações Ltda.	96,138	15,243	32,000	80,896	99.99	10,153	93,112	-	-	-	10,153	(22,370)	80,895
SC Corretora de Imóveis Ltda.	-	4	71	(4)	99.99	(2)	(1)	-	-	-	(2)	-	(3)
Top Center Empreendimentos e Participações Ltda.	323,080	251,825	55,976	71,255	99.99	15,279	145,173	-	7,835	(57,200)	15,279	(39,832)	71,255
Globaltech Empreendimentos e Participações Ltda.	22,965	13,749	7,663	9,216	60	2,478	5,154	-	-	-	1,487	(1,110)	5,531
H.T.Y.S.P.E. Empreendimentos e Participações Ltda.	76,767	8,572	57,620	68,195	99.99	11,128	73,067	-	-	-	11,128	(16,000)	68,195
SC Rio Sul Empreendimentos e Participações Ltda.	128,324	6,453	109,983	121,871	99.99	18,188	118,779	-	-	-	18,188	(15,095)	121,872
SC Rio CE Generali Empreendimentos e Participações Ltda.	87,563	1,177	83,800	86,386	99.99	1,152	86,234	-	-	-	1,152	(1,000)	86,386
SC Rio CE Candelária Empreendimentos e Participações Ltda.	70,993	28,373	40,369	42,620	99.99	1,829	40,792	-	-	-	1,829	-	42,621
SC Rio Cidade Nova Empreendimentos e Participações Ltda.	227,882	116,928	113,200	110,954	99.99	(1,582)	112,536	-	-	-	(1,582)	-	110,954
SC Rio Pasteur Empreendimentos e Participações Ltda.	51,877	38,375	13,304	13,502	99.99	198	14,935	-	-	-	198	(1,633)	13,500
Best Center Empreendimentos e Participações S.A.	421,823	192,003	318,766	229,821	99.99	(9,060)	238,704	177	-	-	(9,060)	-	229,821
U.K.Q.S.P.E. Empreendimentos e Participações Ltda.	-	4	4	(4)	99.99	(2)	(3)	-	-	-	(2)	-	(5)
C.L.D.S.P.E. Empreendimentos e Participações Ltda.	78,020	52,188	23,653	25,832	99.99	794	25,039	-	-	-	794	-	25,833
Total							<u>953,521</u>	<u>177</u>	<u>7,835</u>	<u>(57,200)</u>	<u>49,562</u>	<u>(97,040)</u>	<u>856,855</u>
Joint ventures													
H.T.K.S.P.E. Empreendimentos e Participações S.A.	29,904	21,750	11,243	8,334	50.00	(1,516)	4,925	-	-	-	(758)	-	4,167
Longford Empreendimentos e Participações S.A.	47,428	12,025	50,692	35,404	50.00	(1,819)	18,611	-	-	-	(910)	-	17,701
							<u>23,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,668)</u>	<u>-</u>	<u>21,868</u>
Total							<u>977,057</u>	<u>177</u>	<u>7,835</u>	<u>(57,200)</u>	<u>47,894</u>	<u>(97,040)</u>	<u>878,723</u>

Subsidiaries	Assets	Liabilities	Capital	Equity	Interest - %	Profit (loss) in the nine-month period	Balance as at 12.31.2016	Other	Capital Increase (decrease)	Share of profit (loss) of subsidiaries	Dividends distributed - interest on capital	Balance as at 09.30.2017
253 Participações Ltda.	96,398	6,992	32,000	89,406	99.99	10,983	83,423	-	-	10,983	(5,000)	89,406
SC Corretora de Imóveis Ltda.	-	2	70	(2)	99.99	(5)	(1)	-	5	(5)	-	(1)
Top Center Empreendimentos e Participações Ltda.	474,329	296,420	105,341	177,909	99.99	18,189	166,720	-	7,500	18,189	(14,500)	177,909
Globaltech Empreendimentos e Participações Ltda.	23,311	14,981	7,663	8,330	60.00	1,667	4,599	-	-	1,000	(600)	4,999
H.T.Y.S.P.E. Empreendimentos e Participações Ltda.	73,536	4,281	57,620	69,255	99.99	11,169	67,086	-	-	11,169	(9,000)	69,255
SC Rio Sul Empreendimentos e Participações Ltda.	121,342	4,672	109,983	116,670	99.99	15,987	115,686	-	-	15,987	(15,002)	116,671
SC Rio CE Generali Empreendimentos e Participações Ltda.	88,162	2,645	83,800	85,517	99.99	2,062	88,533	-	(3,500)	2,062	(1,578)	85,517
SC Rio CE Candelária Empreendimentos e Participações Ltda.	70,453	30,120	40,369	40,333	99.99	909	34,925	-	4,500	909	-	40,334
SC Rio Cidade Nova Empreendimentos e Participações Ltda.	233,511	115,600	118,200	117,911	99.99	1,130	121,781	-	(5,000)	1,130	-	117,911
SC Rio Pasteur Empreendimentos e Participações Ltda.	51,985	37,093	14,004	14,892	99.99	(2,116)	14,607	-	2,400	(2,116)	-	14,891
SC SP CE Aço Empreendimentos e Participações Ltda.	193,494	121,483	64,539	72,011	99.99	2,797	68,261	-	3,300	2,797	(2,349)	72,009
Best Center Empreendimentos e Participações S.A.	430,067	187,692	318,766	242,375	99.99	(12,919)	210,079	216	45,000	(12,919)	-	242,376
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.	78,020	52,889	23,653	25,131	99.99	1,210	28,049	-	(3,400)	1,210	(727)	25,132
Total							<u>1,003,746</u>	<u>216</u>	<u>50,805</u>	<u>50,396</u>	<u>(48,756)</u>	<u>1,056,407</u>
Joint ventures												
H.T.K.S.P.E. Empreendimentos e Participações S.A.	33,548	22,342	11,833	11,206	50.00	(2,630)	5,418	-	1,500	(1,315)	-	5,603
Longford Empreendimentos e Participações S.A.	48,050	37,904	22,972	10,146	50.00	(2,556)	6,351	-	-	(1,278)	-	5,073
Total							<u>11,769</u>	<u>-</u>	<u>1,500</u>	<u>(2,593)</u>	<u>-</u>	<u>10,676</u>
Total							<u>1,015,515</u>	<u>216</u>	<u>52,305</u>	<u>47,803</u>	<u>(48,756)</u>	<u>1,067,083</u>

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\$21,868 as at September 30, 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	
	09.30.2018	12.31.2017
Globaltech Empreendimentos e Participações Ltda.	7,908	1
H.T.Y.S.P.E. Empreendimentos e Participações Ltda.	6,494	624
SC Rio Cidade Nova Empreendimentos e Participações Ltda.	23,746	18,178
253 Participações Ltda.	13,658	1,490
Longford Participações e Empreendimentos S.A.	2,730	-
SC Rio Pasteur Empreendimentos e Participações Ltda.	37,399	7,924
Top Center Empreendimentos e Participações Ltda.	22,463	10,247
SC Rio CE Generali Empreendimentos e Participações Ltda.	745	1,071
SC Rio Sul Empreendimentos e Participações Ltda.	3,661	332
H.T.K.S.P.E. Empreendimentos e Participações S.A.	5,838	1,408
Best Center Empreendimentos e Participações S.A.	67,763	42,664
SC Corretora de Imóveis Ltda.	3	1
U.K.Q.S.P.E. Empreendimentos e Participações Ltda.	4	2
C.L.D.S.P.E. Empreendimentos e Participações Ltda.	3,149	1,820
SC Rio CE Candelária Empreendimentos e Participações Ltda.	3,103	334
Total	198,664	86,096

In noncurrent assets, R\$198,664 (R\$86,096 as at December 31, 2017), in Parent, and R\$3,294 (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. In the years ended September 30, 2018 and December 31, 2017, the following amounts were paid and accrued:

	Consolidated					
	09.30.2018			12.31.2017		
	Fixed	Variable	Total	Fixed	Variable	Total
Board of Directors	1,611	1,137	2,748	1,851	3,151	5,002
Officers	3,511	2,868	6,379	4,983	8,267	13,250
Total	5,122	4,005	9,127	6,834	11,418	18,252

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			
	09.30.2018			12.31.2017
	Annual depreciation rate - %	Cost	Accumulated depreciation	Net
Land		158,912	-	158,912
Buildings	From 1.67 to 3.41	504,158	(42,778)	461,380
Facilities	10.00	183,579	(14,252)	169,327
Construction in progress		1,389	-	1,389
Total		<u>848,038</u>	<u>(57,030)</u>	<u>791,008</u>

	Consolidated			
	09.30.2018			12.31.2017
	Annual depreciation rate - %	Cost	Accumulated depreciation	Net
Land		669,541	-	669,541
Buildings	From 1.67 to 3.41	1,177,632	(189,760)	987,872
Facilities	10.00	559,533	(51,827)	507,706
Advance for construction		5,000	-	5,000
Construction in progress		28,577	-	28,577
Total		<u>2,440,283</u>	<u>(241,587)</u>	<u>2,198,696</u>

Variations are as follows:

	Parent		
	12.31.2017	Additions	09.30.2018
Land	158,912	-	158,912
Buildings	504,077	81	504,158
Facilities	183,553	26	183,579
Construction in progress	287	1,102	1,389
	<u>846,829</u>	<u>1,209</u>	<u>848,038</u>
Depreciation	<u>(46,809)</u>	<u>(10,221)</u>	<u>(57,030)</u>
Total	<u>800,020</u>	<u>(9,012)</u>	<u>791,008</u>

	Parent			
	12.31.2016	Additions	Transfers	09.30.2017
Land	158,912	-	-	158,912
Buildings	504,086	-	-	504,086
Facilities	174,682	1,439	7,282	183,403
Advance for construction	7,281	-	(7,281)	-
Construction in progress	251	-	(1)	250
	<u>845,212</u>	<u>1,439</u>	<u>-</u>	<u>846,651</u>
Depreciation	<u>(33,255)</u>	<u>(10,163)</u>	<u>-</u>	<u>(43,418)</u>
Total	<u>811,957</u>	<u>(8,724)</u>	<u>-</u>	<u>803,233</u>

	Consolidated				09.30.2018
	12.31.2017	Additions	Write-offs (ii)	Transfers (i)	
Land	705,111	-	(30,540)	(5,030)	669,541
Buildings	1,227,726	186	(70,074)	19,794	1,177,632
Facilities	564,208	1,754	(5,727)	(702)	559,533
Advance for construction	8,929	2,825	(782)	(5,972)	5,000
Construction in progress	34,215	21,640	(8,002)	(19,276)	28,577
	<u>2,540,189</u>	<u>26,405</u>	<u>(115,125)</u>	<u>(11,186)</u>	<u>2,440,283</u>
Depreciation	(224,212)	(27,976)	8,446	2,155	(241,587)
Balance	<u>2,315,977</u>	<u>(1,571)</u>	<u>(106,679)</u>	<u>(9,031)</u>	<u>2,198,696</u>

- (i) The main transfers refer to reclassifications from construction in progress to investment property of Edifício Ericson and Edifício Generali, and transfers to inventories.
- (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				09.30.2017
	12.31.2016	Additions	Write-offs (ii)	Transfers (i)	
Land	777,148	1,094	(6,212)	1,859	773,889
Buildings	1,410,970	2,656	(11,268)	5,386	1,407,744
Facilities	552,728	1,083	(1,476)	15,203	567,538
Advance for construction	10,256	14,893	-	(16,617)	8,532
Construction in progress	30,461	14,273	-	(14,128)	30,606
	<u>2,781,563</u>	<u>33,999</u>	<u>(18,956)</u>	<u>(8,297)</u>	<u>2,788,309</u>
Depreciation	(210,918)	(30,339)	3,927	-	(237,330)
Balance	<u>2,570,645</u>	<u>3,660</u>	<u>(15,029)</u>	<u>(8,297)</u>	<u>2,550,979</u>

- (i) The main transfers refer to reclassifications from construction in progress to properties available for sale.
- (ii) On May 29, 2017, subsidiary Top Center sold its total ownership interest (approximately 57%) in Edifício Mykonos, in the amount of R\$41.3 million, in cash. The gain on such transaction amounted to R\$25,765.

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\$4.1 billion in September 2018, 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	
			09.30.2018	12.31.2017	09.30.2018	12.31.2017
Real estate financing (acquisition of properties) (*)	R\$	TR + 8.9 to 10	617,311	690,819	823,994	1,019,523
Working capital	R\$	CDI + 1.8	23,197	25,761	23,197	25,761
Advanced receivables	R\$	IGP - M + 10.4	18,583	20,282	18,583	20,282
Real estate financing - Works	R\$	TR + 9.25 to 9.80	38,615	43,534	245,392	287,472
Debentures	R\$	IPCA + 5.47 to 6.50	61,866	58,919	104,833	106,313
Bank Credit Note	R\$	IPCA + 5.47	-	-	40,721	38,650
Total			<u>759,572</u>	<u>839,315</u>	<u>1,256,720</u>	<u>1,498,001</u>
Current			62,786	66,114	114,910	142,729
Noncurrent			696,786	773,201	1,141,810	1,355,272

The variations in consolidated borrowings are as follows:

Parent

Description	Balance as at 12.31.2017	Interest and inflation adjustment	Repayment of principal	Interest and inflation adjustment payment	Balance as at 09.30.2018
Borrowings	839,315	55,673	(80,851)	(54,565)	759,572

Description	Balance as at 12.31.2016	Interest and inflation adjustment	Repayment of principal	Interest and inflation adjustment payment	Balance as at 09.30.2017
Borrowings	848,537	59,179	(50,649)	(51,042)	806,025

Consolidated

Description	Balance as at 12.31.2017	Interest and inflation adjustment	Repayment of principal	Interest and inflation adjustment payment	Balance as at 09.30.2018
Borrowings	1,498,001	101,353	(246,231)	(96,403)	1,256,720

Description	Balance as at 12.31.2016	Interest and inflation adjustment	Repayment of principal	Interest and inflation adjustment payment	Balance as at 09.30.2017
Borrowings	1,658,867	122,691	(117,993)	(99,927)	1,563,638

(*) 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	
	09.30.2018	12.31.2017	09.30.2018	12.31.2017
Temporary differences:				
PIS and COFINS - straight-line revenue	55	68	2,604	2,420
IRPJ and CSLL - straight-line revenue	617	617	5,602	5,403
Total	<u>672</u>	<u>685</u>	<u>8,206</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 cash disbursement 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	
	09.30.2018	12.31.2017
Income tax and social contribution	5,075	5,075
PIS/COFINS (taxes on revenue) (*)	9,378	9,378
Other	55	55
Total	<u>14,508</u>	<u>14,508</u>
Escrow deposits	(35)	(40)
Total	<u>14,473</u>	<u>14,468</u>

	Consolidated	
	09.30.2018	12.31.2017
Income tax and social contribution	5,075	5,075
PIS/COFINS (taxes on revenue) (*)	9,378	9,378
Other	55	55
Total	<u>14,508</u>	<u>14,508</u>
Escrow deposits	(154)	(142)
Total	<u>14,354</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:

	<u>Parent and Consolidated</u>	
	<u>09.30.2018</u>	<u>12.31.2017</u>
Opening balance	14,508	14,085
Inflation adjustment	-	423
Closing balance	<u>14,508</u>	<u>14,508</u>

As at September 30, 2018, the Company and its subsidiaries are parties to tax lawsuits, in the amount of R\$58,337 (R\$53,848 as at December 31, 2017) and labor lawsuits in the amount of R\$118 (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 nine-month period ended September 30, 2018, the amount of R\$1,923 (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 September 30, 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 September 30, 2018, the Company held in treasury 1,635,730 registered common shares (1,282,201 common shares as at December 31, 2017), acquired at the average cost of R\$31.88 per share (R\$33.63 per share as at December 31, 2017).

On May 4, 2018, the Board of Directors' Meeting approved the new program to buy back up to 1,000,000 common shares issued by the Company, to be cancelled or held in treasury, without decreasing capital. The program is effective for 365 days, from May 7, 2018 to May 6, 2019.

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 September 30, 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 FROM RENTAL AND SALE OF PROPERTIES

	Parent				Consolidated			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
Lease revenue	14,504	43,892	16,302	48,487	60,319	181,050	72,008	218,957
Taxes	(1,094)	(3,323)	(1,261)	(3,743)	(3,522)	(10,905)	(4,476)	(13,696)
	<u>13,410</u>	<u>40,569</u>	<u>15,041</u>	<u>44,744</u>	<u>56,797</u>	<u>170,145</u>	<u>67,532</u>	<u>205,261</u>
Sale of properties	-	-	-	-	-	135,346	373	40,882
Taxes	-	-	-	-	-	1,699	(13)	65
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,045</u>	<u>360</u>	<u>40,947</u>

17. COSTS AND EXPENSES BY NATURE

	Parent				Consolidated			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
Personnel expenses	(6,584)	(19,067)	(6,569)	(20,898)	(7,635)	(22,190)	(7,919)	(25,237)
Outside services	(286)	(1,145)	(466)	(1,176)	(456)	(1,725)	(738)	(1,783)
Depreciation and amortization expenses	(3,522)	(10,553)	(3,502)	(10,509)	(10,099)	(30,283)	(10,640)	(31,769)
Cost of properties sold	-	-	-	-	-	(107,422)	(591)	(16,172)
Selling expenses - Municipal Real Estate Tax (IPTU), common area maintenance and other fees related to vacant areas	(504)	(1,402)	(412)	(1,764)	(4,976)	(19,408)	(6,195)	(20,116)
Occupancy expenses	(246)	(714)	(239)	(770)	(266)	(773)	(265)	(845)
Tax expenses	(20)	(61)	(27)	(60)	(32)	(84)	(32)	(78)
Other	(148)	(545)	(153)	(550)	(186)	(768)	1,414	2,723
Total	<u>(11,310)</u>	<u>(33,487)</u>	<u>(11,368)</u>	<u>(35,727)</u>	<u>(23,650)</u>	<u>(182,653)</u>	<u>(24,966)</u>	<u>(93,277)</u>

	Parent				Consolidated			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
Classified as:								
Rental cost	(3,522)	(10,553)	(3,502)	(10,509)	(10,099)	(30,283)	(10,640)	(31,769)
Cost of properties sold	-	-	-	-	-	(107,422)	(591)	(16,172)
General and administrative expenses	(7,290)	(21,540)	(7,454)	(23,454)	(8,672)	(25,778)	(9,224)	(28,850)
Selling expenses	(504)	(1,402)	(412)	(1,764)	(4,976)	(19,408)	(6,195)	(20,116)
Other operating income, net	6	8	-	-	97	238	1,684	3,630
Total	<u>(11,310)</u>	<u>(33,487)</u>	<u>(11,368)</u>	<u>(35,727)</u>	<u>(23,650)</u>	<u>(182,653)</u>	<u>(24,966)</u>	<u>(93,277)</u>

18. FINANCE INCOME

	Parent				Consolidated			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
	Interest income:							
Short-term investments	4,439	14,916	4,051	16,669	4,823	16,631	4,660	18,539
Trade receivables	-	1	-	-	70	182	124	428
Adjustment of recoverable taxes	99	306	280	1,103	121	577	314	1,235
Other	-	-	-	-	161	163	-	-
Total	<u>4,538</u>	<u>15,223</u>	<u>4,331</u>	<u>17,772</u>	<u>5,175</u>	<u>17,553</u>	<u>5,098</u>	<u>20,202</u>

19. FINANCE COSTS

	Parent				Consolidated			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
	Interest and inflation adjustments on borrowings and financing	(17,409)	(54,637)	(18,732)	(59,851)	(30,269)	(96,526)	(38,129)
Adjustments to provision for tax risks	139	-	(100)	(346)	139	-	(100)	(346)
Other finance costs	(510)	(2,492)	(527)	(1,817)	(1,066)	(7,068)	(1,464)	(4,404)
Total	<u>(17,780)</u>	<u>(57,129)</u>	<u>(19,359)</u>	<u>(62,014)</u>	<u>(31,196)</u>	<u>(103,594)</u>	<u>(39,693)</u>	<u>(126,754)</u>

20. INCOME TAX AND SOCIAL CONTRIBUTION

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

	Parent				Consolidated			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
	Current expenses:							
Social contribution	-	(4)	-	-	(742)	(4,849)	(1,398)	(6,359)
Income tax	-	-	-	-	(1,922)	(13,172)	(3,748)	(17,263)
	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>(2,664)</u>	<u>(18,021)</u>	<u>(5,146)</u>	<u>(23,622)</u>
Deferred expenses:								
Social contribution	-	-	-	-	(32)	(70)	(20)	(42)
Income tax	-	-	-	-	(58)	(129)	(37)	(77)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90)</u>	<u>(199)</u>	<u>(57)</u>	<u>(119)</u>
Tax Regularization Program (PERT)			(2,643)	(2,643)	-	-	(2,643)	(2,643)
Total	<u>-</u>	<u>(4)</u>	<u>(2,643)</u>	<u>(2,643)</u>	<u>(2,754)</u>	<u>(18,220)</u>	<u>(7,846)</u>	<u>(26,384)</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			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
	Profit before income tax and social contribution	3,395	17,621	2,071	19,378	6,587	36,829	7,504
Estimated income tax and social contribution income (expenses) at statutory rates - 34%	(1,154)	(5,991)	(704)	(6,589)	(2,240)	(12,522)	(2,551)	(14,887)
Effect on other permanent additions and deductions, mainly share of profit (loss) of subsidiaries	4,039	16,928	1,394	15,395	(1,571)	(1,954)	(4,174)	(4,774)
Effect on interest on capital	-	-	-	-	442	1,547	612	2,312

	Parent				Consolidated			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
Effect of companies under the deemed income regime	-	-	-	-	4,709	10,928	2,750	7,840
Offset/reversed losses	-	-	-	-	43	149	(65)	165
Other	(19)	(50)	(15)	(48)	(208)	(951)	1,935	(556)
Tax Regularization Program (PERT)	-	-	(2,643)	(2,643)	-	-	(2,643)	(2,643)
Unused losses	(2,866)	(10,891)	(675)	(8,758)	(3,929)	(15,417)	(3,710)	(13,841)
Total	-	(4)	(2,643)	(2,643)	(2,754)	(18,220)	(7,846)	(26,384)

20.3. Deferred tax credits - not recorded

The deferred tax credits not recorded by the Parent as at September 30, 2018 amount to R\$34,036 (R\$33,910 as at September 30, 2017), of which R\$25,026 (R\$24,934 as at September 30, 2017) for income tax and R\$9,010 (R\$8,976 as at September 30, 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>09.30.18</u>	<u>09.30.17</u>
Profit attributable to the Company's owners	17,617	16,735
Weighted average number of common shares used to calculate basic earnings per share (all measurements)	56,102	56,417
Basic earnings per share (cents per share - R\$)	0.3140	0.2966

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>09.30.18</u>	<u>09.30.17</u>
Profit attributable to the Company's owners	17,617	16,735
Weighted average number of common shares used to calculate basic earnings per share	56,102	56,417
Effect of employees' options	<u>1,142</u>	<u>1,212</u>
Weighted average number of common shares used to calculate basic earnings per share (all measurements)	<u>57,244</u>	<u>57,628</u>
Diluted earnings per share (cents per share - R\$)	<u>0.3078</u>	<u>0.2904</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	
	09.30.2018	12.31.2017	09.30.2018	12.31.2017
Loans and receivables:				
Trade receivables	125,518	209,898	125,518	209,898
Cash and cash equivalents	60,832	62,027	60,832	62,027
Short-term investments	<u>209,333</u>	<u>288,350</u>	<u>209,333</u>	<u>288,350</u>
Total	<u>395,683</u>	<u>560,275</u>	<u>395,683</u>	<u>560,275</u>
Financial liabilities measured at amortized cost:				
Borrowings and financing	1,256,720	1,498,001	1,120,579	1,339,026
Payables for acquisition of properties	<u>3,402</u>	<u>3,402</u>	<u>3,402</u>	<u>3,402</u>
Total	<u>1,260,122</u>	<u>1,501,403</u>	<u>1,123,981</u>	<u>1,342,428</u>

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.

22.4. 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\$).

22.5. 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 September 30, 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.

22.6. 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.

22.7. 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.

22.8. 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.

22.9. 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.

22.10. 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.

22.11. 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.

22.12. Sensitivity analysis

As at September 30, 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	1,069,385	1,069	1,337	1,604
Indexed to IGP-M	IGP-M increase	18,583	1,431	1,789	2,146
Indexed to CDI	CDI increase	23,197	1,508	1,885	2,262
Indexed to IPCA	IPCA increase	145,555	6,404	8,006	9,607
<u>Short-term investment</u>	CDI decrease	<u>(209,333)</u>	<u>(13,607)</u>	<u>(10,205)</u>	<u>(6,803)</u>
Net exposure		<u>1,047,387</u>	<u>(3,195)</u>	<u>2,812</u>	<u>8,816</u>

(a) Usual market rates.

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

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

23. STOCK OPTION PLAN AND SHARE-BASED COMPENSATION PLAN (EQUITY PLAN)

On May 23, 2018, the Extraordinary Shareholders' Meeting approved the Amendment to the Stock Option Plan and the new Share-based Compensation Plan.

The stock option plan model, as defined in the Company's Stock Option Plan and Stock Option Programs ("Stock Option Plan"), comprises three types of grant, namely: grant 1 – the beneficiary will allocate at least 40% of the profit sharing received on an annual basis, upon immediate exercise of options, thus acquiring the corresponding shares issued by the Company. The transfer to third parties is only permitted after the lock-up period of 30 months for 50% of the shares acquired and 60 months for the remaining shares as from the exercise date of the options; grant 2 – the beneficiary may exercise the options after a grace period of 30 months, thus acquiring the corresponding shares issued by the Company; and grant 3 – the beneficiary may exercise the options after a grace period of five years.

In addition, the Company implemented the Share-based Compensation Plan ("Stock Plan") for certain employees and management members. The shares under the Stock Plan are designated as "restricted shares" and the benchmark price per restricted share, for purposes of the Stock Plan, will correspond to the price of the Company's shares traded on B3 S.A. – Brasil, Bolsa, Balcão in the trading session immediately prior to the delivery date of such shares. Such restricted shares are subject to a grace period of five years as from the grant date.

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 nine-month period ended September 30, 2018 and year ended December 31, 2017:

	09.30.2018		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	189,879	0.02	170,850	5.58
Options granted	40,000	7.37	216,336	27.50
Options granted	5,465	-	30,000	11.34
Options granted			18,000	-
Options granted			50,000	4.56
Options exercised	(165,357)	44.27	(170,850)	5.58
Options exercised	(189,879)	0.02	(27,832)	44.27
Options exercised	(20,000)	4.30	(150,253)	28.05
Options exercised			(30,000)	8.23
Options exercised			(5,000)	4.30
Options exercised			(5,000)	11.34
Options exercised			(30,000)	12.63
Options cancelled	(10,000)	4.56	(2,173)	18.82
Options cancelled	(5,000)	12.63	(5,000)	25.08
Options granted	-		(1,920)	30.94
Options cancelled	-		(96)	-
Final number	<u>1,555,661</u>		<u>1,710,553</u>	

Below is the total number of shares granted under the Stock Option Plan, which will be delivered in the future, under certain conditions:

	09.30.2018		12.31.2017	
	Number of restricted shares	Weighted average price of restricted shares	Number of restricted shares	Weighted average price of restricted shares
Initial number	-		-	-
New restricted shares granted	275,317	9.25	-	-
New restricted shares granted	<u>2,823</u>	-	-	-
Final number	<u>278,140</u>		-	-

For the nine-month period ended September 30, 2018, the stock option plan expenses amounted to R\$2,836 (R\$4,517 as at September 30, 2017), recorded in line item 'General and administrative expenses'.

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. HELD-FOR-SALE PROPERTIES

As at September 30, 2018, the consolidated balance of R\$21,295 (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>09.30.2018</u> <u>Consolidated</u>	<u>09.30.2017</u> <u>Consolidated</u>
Capital increase – Top Center	7,835	-
Capital decrease in subsidiaries receivable	2,571	13,800
Dividends receivable	19,991	54,926
Investment properties	2,043	-
