



BR Properties

# Earnings Release

## 2Q18

### Conference Call (English)

August 8<sup>th</sup>, 2018  
12:00 PM (Brazil Time)  
Tel NY: 1 646 843 6054  
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Replay: (55 11) 2188-0400

### Conference Call (Portuguese)

August 8<sup>th</sup>, 2018  
11:00 AM (Brazil Time)  
Tel: (55 11) 2188-0155  
Replay: (55 11) 2188-0400

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## 2Q18 HIGHLIGHTS AND SUBSEQUENT EVENTS

**BR Properties leases 65 thousand sqm of GLA in the last four months, the highest volume of commercial office space leased in the history of the Company, in an equivalent period**

**São Paulo, August 7th, 2018** – BR Properties S.A. (Bovespa: BRPR3), one of the largest commercial properties company in Brazil, announces today its 2Q18 Earnings Release. Currently, BR Properties holds 46 commercial properties, totaling 711 thousand sqm of Gross Leasable Area (GLA), of which 5 are sites for future development represented by 74 thousand sqm of potential GLA. The Company also manages properties of its portfolio through BRPR A (subsidiary).

The following financial and operational information will be presented in R\$, unless indicated otherwise, and follow the Corporations Law (Lei das S/A) and the standards put forth by Comissão de Valores Mobiliários (CVM).

### 2Q18 Highlights

- BR Properties registered in 2Q18 net revenues of R\$104.6 million, remaining stable compared to the same period last year.
- 2Q18 adjusted EBITDA was R\$79.4 million, with a margin of 76%, one of the highest in the sector. The slight reduction of 4% in EBITDA in relation to 2Q17 is explained by the increase in vacancy expenses related to the new acquisitions concluded over the last 12 months.
- The adjusted financial results (expenses) totaled R\$71.9 million in 2Q18, representing an increase of 10% compared to 2Q17. This result is explained by a spike in inflation (IGP-M and IPCA) in May and June, reflecting the temporary impact of the strikes in the transportation sector that affected the country's supply by the end of May.
- As result of the non-cash effects from the FX variation on the principal of our dollar-denominated perpetual debt, BR Properties registered a net loss of R\$ 61.7 million in 2Q18.
- Excluding the non-cash and non-recurring effects in the quarter, the Company registered Adjusted Net Income (FFO) of R\$5.7 million, with a margin of 5%, impacted by the spike in inflation mentioned above.
- BR Properties closed 2Q18 with a net debt of R\$2,434.3 million and a cash position of R\$968.2 million.
- The average effective cost of debt in the quarter (annualized) was 12.4%, strongly impacted by the spike in inflation rates, as previously mentioned. Disregarding the extraordinary effects of the higher inflation in the months of May and June, the average effective cost of debt should remain between 9.0% and 10.0% per year.
- During the quarter, the Company renegotiated R\$516.2 million of TR-linked debt, reducing its weighted average cost from TR + 11.38% pa. to TR + 9.69% pa., (reduction of 169 bps) and increasing its duration by 0.7 years.

- BR Properties closed the quarter with consolidated financial and physical vacancy rates of 23.3% and 31.3%, respectively.
- BR Properties signed a Deed of Purchase and Sale (CCV) aiming the acquisition of a land bank for logistical purpose, located in the city of Cajamar, with gross area of 492,176 sqm, and a constructive potential of approximately 133,500 sqm of leasable area, for the total amount of R\$64.0 million.
- The Company concluded, in the quarter, the sale of “Edifício Celebration” for a total net value of R\$57.0 million, higher than the property appraised value.

### Subsequent Events

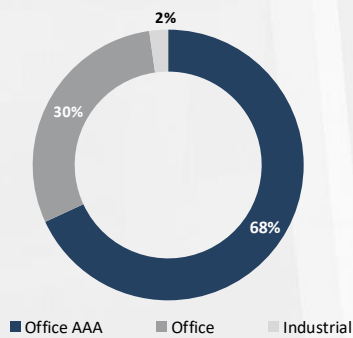
- In July, BR Properties executed with Caixa Econômica Federal a lease agreement involving the occupancy of 36,014 sqm of leasable area in the “Edifício Passeio Corporate”, with a term of 180 months (15 years). After this transaction, the Edifício Passeio Corporate will reach 66.3% of occupancy rate.
- In the first days of August, and according to the notice to the market released earlier this year, the Company received back from Petrobras a leasable area of 21,938 sqm, in the Ed. Ventura - East Tower. The early termination fee, paid by Petrobras, is equivalent to the lease revenues that would be received until the end of 2018.
- After the end of the quarter, the Company executed two other new lease agreements involving a leasable area of 13.6 thousand sqm in the Ventura Complex, of which 5.2 thousand sqm correspond to a contract renewal. These new lease agreements represent approximately 40% of the area returned by Petrobras in August.
- The new leases abovementioned generate an annual EBITDA of approximately R\$57.0 million. In addition, the strong spike in inflation in 2Q18, will result in a significant price readjustment in the Company's lease contracts.
- Due to the transactions concluded after the end of the quarter, consolidated financial and physical vacancy rates were reduced to 21.6% and 27.7%, respectively.

TABLE OF HIGHLIGHTS

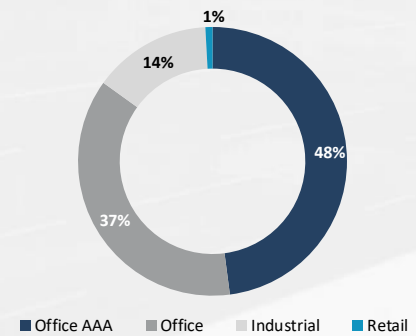
Financial Highlights	2Q18	2Q17	var %	6M18	6M17	var %
Net Revenues	104.595	104.678	0%	212.043	218.708	-3%
General and Administrative Expenses	26.819	29.524	-9%	53.976	88.611	-39%
General and Administrative Expenses (Adjusted)*	12.963	12.120	7%	27.682	27.715	0%
Adjusted EBITDA	79.423	82.970	-4%	161.492	172.257	-6%
Adjusted EBITDA Margin	76%	79%	-3 p.p.	76%	79%	-3 p.p.
Net Income (Loss)	(61.741)	(8.790)	602%	(73.325)	173.979	-142%
Adjusted Net Income (FFO)	5.724	20.925	-73%	26.870	41.357	-35%
Adjusted Net Income Margin (FFO Margin)	5%	20%	-15 p.p.	13%	19%	-6 p.p.
Operating Highlights	2Q18	2Q17	var %	6M18	6M17	var %
GLA Current Portfolio (sqm)	622.026	610.022	2%	622.026	610.022	2%
- Office (sqm)	561.222	580.937	-3%	561.222	580.937	-3%
- Industrial (sqm)	54.705	22.986	138%	54.705	22.986	138%
- Retail (sqm)	6.099	6.099	0%	6.099	6.099	0%
GLA Properties Under Development and Landbanks	88.682	74.294	19%	88.682	74.294	19%
- Office (sqm)	41.307	41.307	0%	41.307	41.307	0%
- Industrial (sqm)	47.375	32.987	44%	47.375	32.987	44%
- Retail (sqm)	-	-	n/a	-	-	n/a
Financial Vacancy	23,3%	22,9%	0 p.p.	23,3%	22,9%	0 p.p.
Physical Vacancy	31,3%	32,6%	-1 p.p.	31,3%	32,6%	-1 p.p.

\* Excluding Vacancy Expenses, SOP - LTIP and Taxes

Portfolio – Market Value



Portfolio – GLA



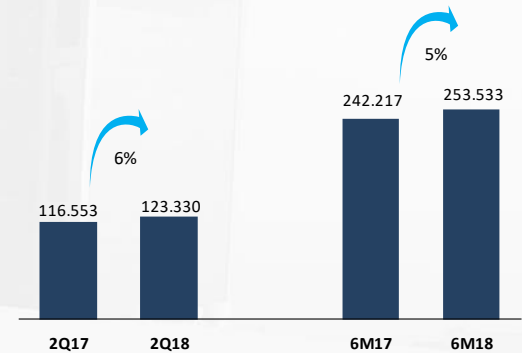
## FINANCIAL INDICATORS

### Gross Revenues

Gross revenues reached R\$123.3 million in 2Q18, an increase of 6% relative to 2Q17.

- 94,0%, or R\$116.0 million, resulted from office lease revenues;
- 1.8%, or R\$2.2 million, resulted from lease revenues from warehouses;
- 0.5%, or R\$0.6 million, resulted from lease revenues from retail properties;
- 3.7%, or R\$4.6 million, resulted from property management fees;

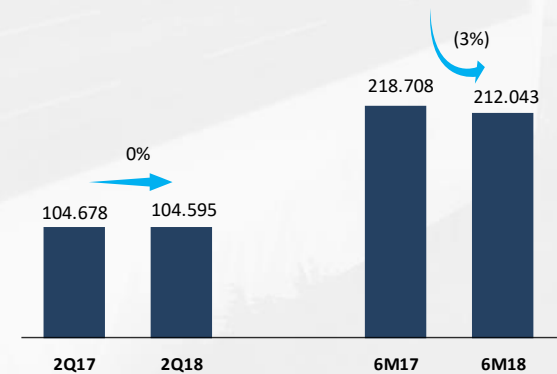
### Gross Revenues (R\$ k)



### Net Revenues

2Q18 net revenues reached R\$104.6 million, remaining stable compared to the same period last year.

### Net Revenues (R\$ k)



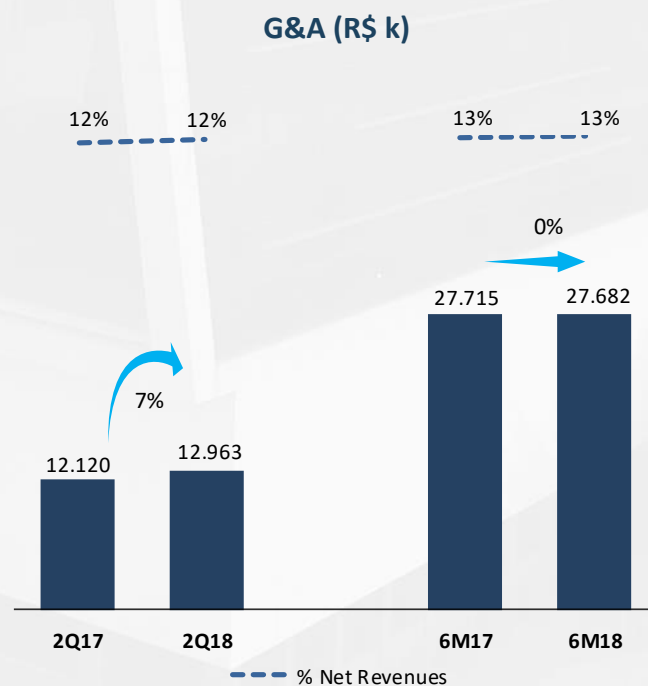
## FINANCIAL INDICATORS

## General Administrative Expenses

General and administrative expenses, excluding vacancy expenses, stock options – LTIP and taxes, totaled R\$13.0 million in 2Q18, representing a 7% increase in comparison to 2Q17. Year to date, these expenses totaled R\$27.7 million, remaining stable compared to the same period last year.

This result reflects the Company's commitment in maintaining the operational efficiency levels achieved since 2017, with the efforts on the readjustments of its structure to the current size of the Company, as well as the challenges imposed by the economic scenario.

Account	General and Administrative Expenses	2Q18	2Q17	var %	6M18	6M17	var %
(13)	<b>SG&amp;A</b>	<b>(26.819)</b>	<b>(29.524)</b>	<b>-9%</b>	<b>(53.976)</b>	<b>(88.611)</b>	<b>-39%</b>
(14)	Operating Expenses	(5.439)	(11.216)	-52%	(11.682)	(20.544)	-43%
(15)	Taxes	2.618	997	163%	4.968	(30.098)	-117%
(16)	Personnel Expenses	(6.397)	(4.548)	41%	(13.743)	(10.985)	25%
(17)	Management Fees	(1.127)	(1.739)	-35%	(2.258)	(2.861)	-21%
(18)	Stock Options / LTIP	(1.535)	(2.283)	-33%	(3.209)	(4.566)	-30%
(19)	Vacancy Expenses	(14.939)	(10.735)	39%	(28.052)	(19.556)	43%
	<b>Adjusted SG&amp;A</b>	<b>(12.963)</b>	<b>(12.120)</b>	<b>7%</b>	<b>(27.682)</b>	<b>(27.715)</b>	<b>0%</b>
(19)	(+) Vacancy Expenses	14.939	10.735	39%	28.052	19.556	43%
(18)	(+) Stock Options / LTIP	1.535	2.283	-33%	3.209	4.566	-30%
(15)	(+) Taxes	(2.618)	(997)	163%	(4.968)	30.098	-117%
(14)	(+) Arbitration Fees	-	-	n/a	-	1.292	n/a
(14)	(+) Attorney's Fees (Non-Recurring)	-	5.383	n/a	-	5.383	n/a
	<b>Percentage: G&amp;A / Net Revenues</b>	<b>12%</b>	<b>12%</b>	<b>1 p.p.</b>	<b>13%</b>	<b>13%</b>	<b>0 p.p.</b>



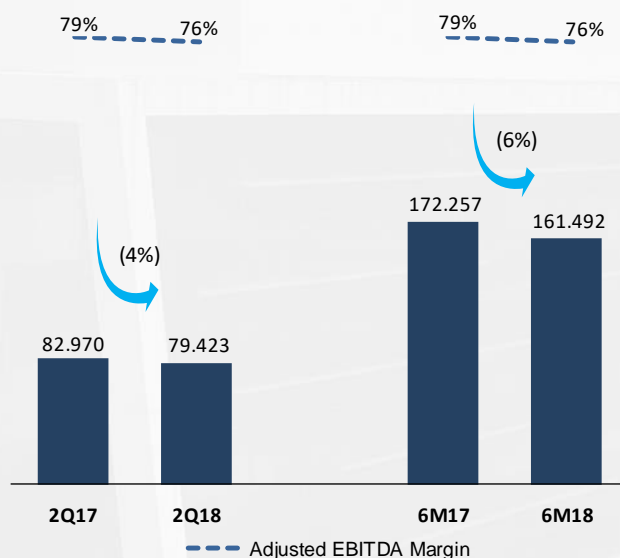
## FINANCIAL INDICATORS

### Adjusted EBITDA

Adjusted EBITDA, excluding the non-cash effect of the stock option plan, reached R\$79.4 million in 2Q18. The slight reduction of 4% in EBITDA in relation to 2Q17 is explained by the increase in vacancy expenses related to the new acquisitions concluded over the last 12 months.

Despite the nominal decrease on the adjusted EBITDA, the margin reached 76%, one of the highest in the sector, representing a greater operational efficiency of the Company.

### Adjusted EBITDA Margin (R\$ k)



### Adjusted EBITDA Composition

Account	Adjusted EBITDA Composition	2Q18	2Q17	var %	6M18	6M17	var %
(29)	<b>Net Income (loss) before Minority Interest</b>	<b>(61.741)</b>	<b>(8.790)</b>	<b>602%</b>	<b>(73.325)</b>	<b>173.979</b>	<b>-142%</b>
(30)	(-) Minority Interest	-	-	n/a	-	-	n/a
(28)	(+) Deferred Taxes	(2.044)	(1.400)	46%	19.347	(64.942)	-130%
(27)	(+) Income and Social Contribution Taxes	1.796	(3.262)	-155%	4.171	7.814	-47%
(25)	(-) Gain (Loss) on Appraisal of Investment Properties	-	-	n/a	-	-	n/a
(24)	(-) Gain (Loss) on Sale of Investment Properties	3	-	n/a	(1.554)	(65.423)	-98%
(23)	(+) Other Operating Income	28	(28)	-200%	7	(18.269)	-100%
(20)	(+) Financial Result	139.734	88.633	58%	209.420	96.938	116%
(18)	(+) Stock Options / LTIP	1.535	2.283	-33%	3.209	4.566	-30%
(15)	(+) PIS/Cofins (Revenue Taxes) on Property Sales - Galpão SBC - (Non-Recurring)	-	-	n/a	-	2.292	n/a
(15)	(+) Taxes on One Properties Incorporation ITBI - (Non-Recurring)	-	-	n/a	-	29.662	n/a
(14)	(+) Depreciation	111	150	-26%	216	257	-16%
(14)	(+) Attorney's Fees (Non-Recurring)	-	5.383	n/a	-	5.383	n/a
(32)	<b>Adjusted EBITDA</b>	<b>79.423</b>	<b>82.970</b>	<b>-4%</b>	<b>161.492</b>	<b>172.257</b>	<b>-6%</b>
(33)	<b>Adjusted EBITDA Margin</b>	<b>76%</b>	<b>79%</b>	<b>-3 p.p.</b>	<b>76%</b>	<b>79%</b>	<b>-3 p.p.</b>



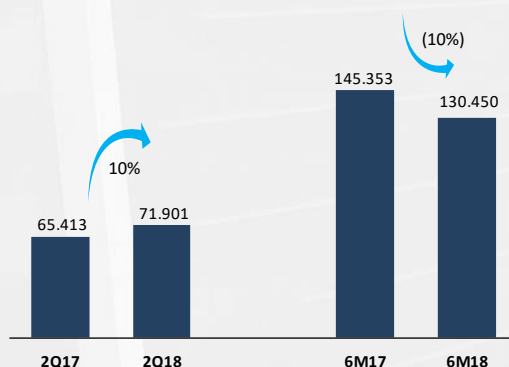
## FINANCIAL INDICATORS

## Adjusted Financial Results

Excluding the non-cash effects from the FX variation on the principal of our dollar-denominated perpetual debt and the variations on derivative instruments, adjusted financial results (expense) totaled R\$71.9 million in 2Q18, representing an increase of 10% compared to 2Q17. This result is explained by a spike in inflation in May and June (IGP-M 3.3% and IPCA 1.7% in the period of two months), reflecting the temporary impact of the strikes on the transportation sector that affected the country's supply by the end of May. If we considered inflation expectations (IGPM 4.5% and IPCA 3.5% p.a.) at the end of March, that is, before the truck drivers' strike, the financial expense of 2Q18 would be approximately R\$11.0 million lower.

In addition, due to the new accounting standard IFRS 09, effective from January 1<sup>st</sup>, 2018, the Company registered a financial income of R\$31.3 million in the quarter, generated by the renegotiation of the TR-linked debt (fair value variation between the renegotiated debt and the original debt).

## Adjusted Financial Results (R\$ k)



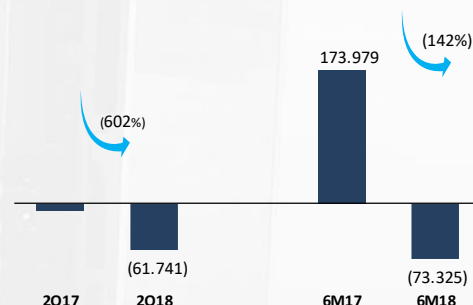
Financial Results	2Q18	2Q17	var %	6M18	6M17	var %
<b>Financial Income</b>	<b>23.989</b>	<b>18.461</b>	<b>30%</b>	<b>50.722</b>	<b>131.293</b>	<b>-61%</b>
Return on Cash Reserves	20.152	27.495	-27%	42.435	60.176	-29%
Non-cash Variations (MTM - Perpetual Bond Swap and Interest)	169	2.510	-93%	169	8.670	-98%
Exchange Rate Variation	-	(16.906)	n/a	-	-	n/a
Other	154	310	-50%	375	621	-40%
Monetary Adjustment on "Galpão SBC" Sale	-	-	n/a	-	49.503	n/a
Monetary Adjustment of Tax Credits	3.514	5.052	-30%	7.742	12.323	-37%
<b>Financial Expenses</b>	<b>(163.723)</b>	<b>(107.093)</b>	<b>53%</b>	<b>(260.142)</b>	<b>(228.230)</b>	<b>14%</b>
Interest Expense on Company Debt	(94.562)	(98.259)	-4%	(179.595)	(218.353)	-18%
Gain on Debt Renegotiation (Fair Value)	31.307	-	n/a	31.307	-	n/a
Non-cash Variations (MTM - Perpetual Bond Swap and Interest)	-	247	n/a	(8.002)	(688)	1064%
Exchange Rate Variation	(99.308)	(9.070)	995%	(102.443)	(9.070)	1029%
Other	(1.160)	(11)	10255%	(1.409)	(119)	1079%
<b>Financial Results</b>	<b>(139.734)</b>	<b>(88.633)</b>	<b>58%</b>	<b>(209.420)</b>	<b>(96.938)</b>	<b>116%</b>
(-) Non-cash Gains on Exchange Rate Variation	-	16.906	n/a	-	-	n/a
(+) Non-cash Losses on Exchange Rate Variation	99.308	9.070	995%	102.443	9.070	1029%
(-) Non-cash Gains (MTM - Perpetual Bond Swap and Interest)	(169)	(2.510)	-93%	(169)	(8.670)	-98%
(+) Non-cash Losses (MTM - Perpetual Bond Swap and Interest)	-	(247)	n/a	8.002	688	1064%
(-) Monetary adjustment on "Galpão SBC" Sale	-	-	n/a	-	(49.503)	n/a
(-) Gain on Debt Renegotiation (Fair Value)	(31.307)	-	n/a	(31.307)	-	n/a
<b>Adjusted Financial Results</b>	<b>(71.901)</b>	<b>(65.413)</b>	<b>10%</b>	<b>(130.450)</b>	<b>(145.353)</b>	<b>-10%</b>

## FINANCIAL INDICATORS

### Net Income

As already described in this report, the Company registered a net loss of R\$61.7 million in 2Q18. This result is mainly explained by the non-cash expense of R\$99.3 million referring to the FX depreciation on the principal of our dollar-denominated perpetual debt.

### Net Income (R\$ k)

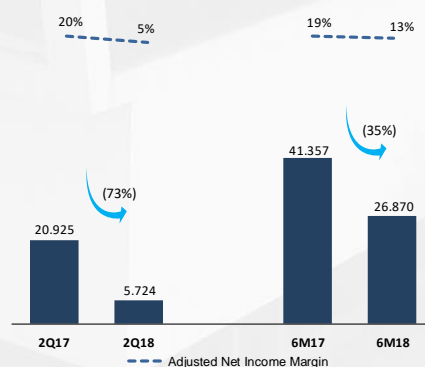


### Adjusted Net Income (FFO)

In 2Q18, Adjusted Net Income (FFO) totaled R\$5.7 million, representing a decrease of 73% in relation to 2Q17, with FFO margin of 5%. Although, both net revenue and EBITDA remained stable in relation to 2Q17 and 1Q18, FFO registered a strong reduction in the quarter. This result is explained by a substantial increase in financial expenses in 2Q18, reflecting the higher inflation rates in May and June, as previously mentioned. If we disregard these extraordinary effects, the FFO would be approximately R\$11.0 million higher in the quarter.

Contrary to the effects of the higher inflation rates on its financial expenses, the Company will benefit from an increase in rent revenues over the next 12 months, once 100% of its lease contracts are adjusted by inflation (93% IGP-M and 7% IPCA). Considering the indexes accumulated in the last 12 months (IGP-M of 8.24% and IPCA of 4.39%), the Company's gross revenue will be positively impacted by a significant price readjustment in the lease contracts, distributed according to the anniversary of each contract.

### Adjusted Net Income (R\$ k)



Account	Adjusted Net Income Composition (FFO)		2Q18	2Q17	var %	6M18	6M17	var %
(31) Net Income (loss)			(61.741)	(8.790)	602%	(73.325)	173.979	-142%
(28) (+) Deferred Taxes			(2.044)	(1.400)	46%	19.347	(64.942)	-130%
(27) (+) Income Taxes on Property Sales			-	-	n/a	-	22.267	n/a
(25) (-) Gain (Loss) on Appraisal of Investment Properties			-	-	n/a	-	-	n/a
(24) (-) Gain (Loss) on Sale of Investment Properties			3	-	n/a	(1.554)	(65.423)	-98%
(23) (+) Other Operating Income/Expense (Non-Recurring)			28	(28)	-200%	7	(18.269)	-100%
(20) (+) Non-cash Losses on Exchange Rate Variation			99.308	9.070	995%	102.443	9.070	1029%
(20) (-) Non-cash Gains on Exchange Rate Variation			-	16.906	n/a	-	-	n/a
(20) (+) Non-cash Variations (MTM - Perpetual Bond Swap and Interest)			(169)	(2.757)	-94%	7.834	(7.982)	-198%
(20) (-) Monetary Adjustment on "Galpão SBC" Sale (Non-Recurring)			-	-	n/a	-	(49.503)	n/a
(20) (-) Gain on Debt Renegotiation (Fair Value)			(31.307)	-	n/a	(31.307)	-	n/a
(18) (+) Stock Options / LTIP			1.535	2.283	-33%	3.209	4.566	-30%
(15) (+) PIS/Cofins (Revenue Taxes) on Property Sales - Galpão SBC - (Non-Recurring)			-	-	n/a	-	2.292	n/a
(15) (+) Taxes on One Properties Incorporation ITBI - (Non-Recurring)			-	-	n/a	-	29.662	n/a
(14) (+) Depreciation			111	257	-57%	216	257	-16%
(14) (+) Attorney's Fees (Non-Recurring)			-	5.383	n/a	-	5.383	n/a
(34) Adjusted Net Income (FFO)			5.724	20.925	-73%	26.870	41.357	-35%
(35) Adjusted Net Income Margin (FFO Margin)			5%	20%	-15 p.p.	13%	19%	-6 p.p.

## FINANCIAL INDICATORS

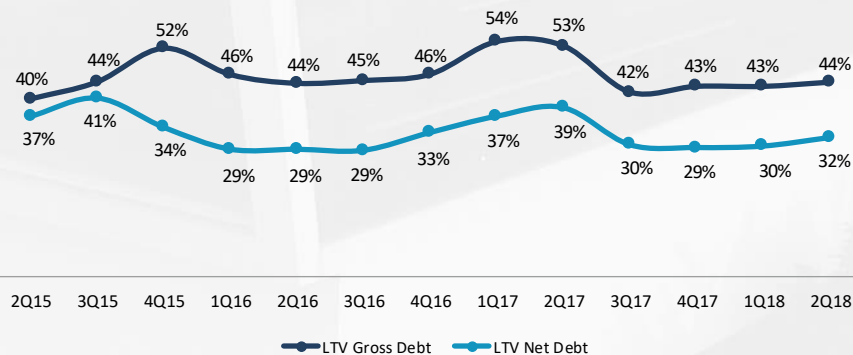
## Indebtedness and Cash

Indebtedness	2Q18	1Q18	var %
<b>Short Term Loans and Financing</b>	<b>555.407</b>	<b>583.797</b>	<b>-5%</b>
Loans and Financing	448.801	489.483	-8%
Perpetual Bond	73.370	63.247	16%
Derivative Instruments	-	-	n/a
Payables for acquisition of Real Estate	33.235	31.067	7%
<b>Long Term Loans and Financing</b>	<b>2.847.071</b>	<b>2.763.790</b>	<b>3%</b>
Loans and Financing	1.744.039	1.759.623	-1%
Perpetual Bond	655.614	566.010	16%
Payables for acquisition of Real Estate	447.418	438.157	2%
<b>Gross Debt</b>	<b>3.402.477</b>	<b>3.347.586</b>	<b>2%</b>
Cash and Cash Equivalents	968.175	1.049.519	-8%
<b>Net Debt</b>	<b>2.434.302</b>	<b>2.298.068</b>	<b>6%</b>
Portfolio Value	7.689.283	7.731.629	-1%
Gross Loan to Value	44%	43%	1 p.p.
Net Loan to Value	32%	30%	2 p.p.
Gross Loan to Value - Ex Perpetual Bond	35%	35%	0 p.p.
Net Loan to Value - Ex Perpetual Bond	22%	22%	1 p.p.
Net Debt/EBITDA	7,6x	7,1x	7%
Net Debt/EBITDA - Ex Perpetual Bond	5,3x	5,2x	3%
Adjusted EBITDA / Net Financial Expenses *	1,3x	1,4x	-4%
Duration (years) **	7,0	7,2	-3%
Duration (years) Ex Perpetual Bond	3,2	3,3	-5%
Unsecured Debt / Total Debt	35%	34%	1 p.p.

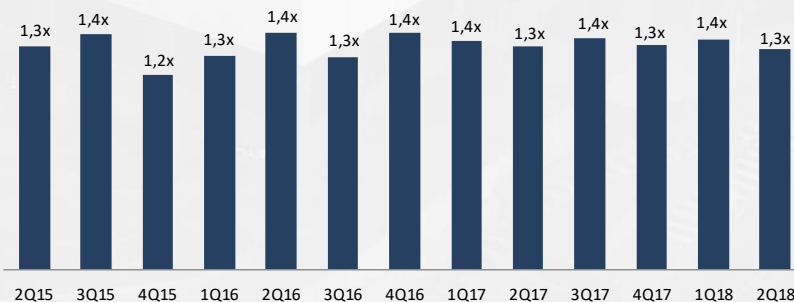
\* Considering Adjusted Financial Results and Adjusted EBITDA (Last 12 months)

\*\* Considering the expiration of the Perpetual Bond in 2050

## Gross LTV (Gross Debt/Portfolio Value) &amp; Net LTV (Net Debt/Portfolio Value)

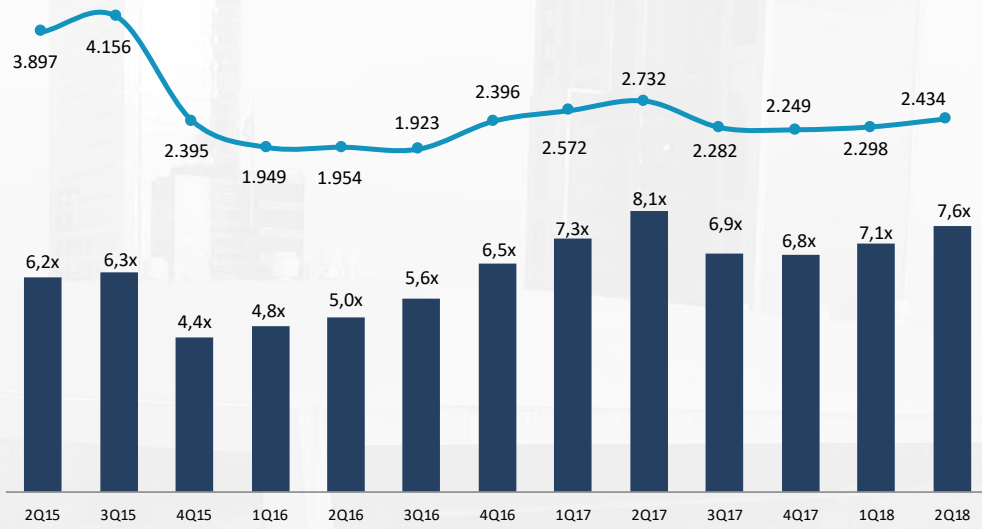


## Interest Coverage (Adjusted EBITDA/Net Interest Expenses)

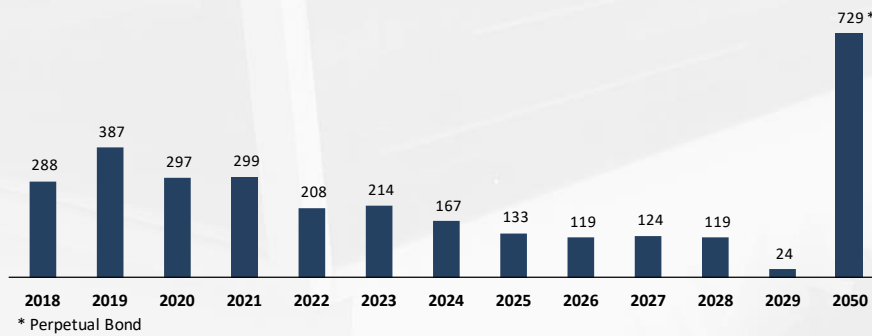


### FINANCIAL INDICATORS

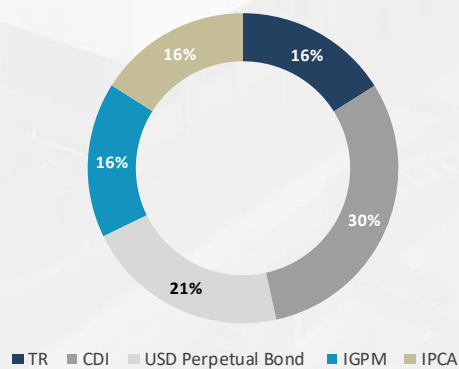
#### Net Debt / Adjusted EBITDA vs. Net Debt



#### Debt Amortization Schedule (R\$ MI)



#### Debt Profile



## FINANCIAL INDICATORS

### Liability Management

During the quarter, the Company renegotiated R\$516.2 million of TR-linked debt, reducing its weighted average cost from TR + 11.38% pa. to TR + 9.69% pa. (reduction of 169 bps) and increasing its duration by 0.7 years.

As previously mentioned, as result of the new accounting standard IFRS 09, effective as of January 1<sup>st</sup>, 2018, the renegotiation generated a financial income of R\$31.3 million (fair value variation between renegotiated debt and original debt), accounted in 2Q18.

Loans	Type	Index	Coupon Pre Renegot.	Coupon Pos Renegot.	Renegot. Balance
Itaú Unibanco	CCB	TR	11,25%	9,90%	264.219
Santander	CCB	TR	11,50%	9,50%	252.002
<b>Total</b>					<b>516.221</b>

## FINANCIAL INDICATORS

## Table of Loans

Loans	Type	Institution	Index	Coupon	Term	Maturity	2Q18 Balance	1Q18 Balance
BP Itapevi	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	21.044	20.975
Piraporinha	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	8.094	8.067
Jundiá	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	32.132	32.028
Alphaville	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	14.164	14.118
Henrique Schaumann	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	28.031	27.940
Bolsa RJ	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	7.382	7.358
Galpão Ind. Araucária	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	6.627	6.604
Joaquim Floriano	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	8.964	8.911
Paulista Park	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	2.105	2.098
Paulista Plaza	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	8.114	8.089
Isabela	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	2.321	2.313
Olympic	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	4.275	4.261
Midas	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	2.924	2.914
Network	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	688	686
Number One	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	1.906	1.899
Celebration	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	17.256	17.200
Athenas	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	13.266	13.217
Ed. Vargas	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	8.015	7.988
São Pedro	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	9.877	9.844
Souza Aranha	CCB	Itaú BBA/ Unibanco	TR	9,90%	155 months	16/06/24	3.401	3.388
Cond. Ind. São José dos Campos	CCB	Itaú BBA/ Unibanco	TR	9,90%	120 months	16/06/24	18.776	18.711
Cond. Ind. Itapevi	CDC	Itaú BBA/ Unibanco	TR	9,40%	120 months	08/06/24	9.811	9.905
Galpão Ind. Sorocaba	CCI	CIBRASEC	TR	10,15%	156 months	04/09/21	3.935	4.223
TNU	CCI	Brazilian Securities	TR	9,40%	144 months	07/07/22	37.385	38.644
Alexandre Dumas	CCI	CIBRASEC	TR	9,60%	120 months	05/03/20	4.448	5.028
Ouvidor 107	CCI	CIBRASEC	TR	9,60%	120 months	12/05/20	5.997	6.681
Ed. Jacarandá	CCI	RB Capital	TR	9,50%	120 months	16/12/21	43.389	46.838
Manchete	CCI	RB Capital	TR	9,50%	120 months	16/12/21	74.921	80.875
BR Properties (holding) *	Perpetual Bond	Capital Markets	USD	9,00%	Perpetual	Pre-payable (quarterly)	728.984	629.257
BRPR 40	CCI	RB Capital	IPCA	10,82%	125 months	06/05/25	44.787	43.343
BRPR 55	CRI	Capital Markets	IGPM	10,30%	183 months	03/11/20	13.176	12.394
BRPR 56	CRI	Capital Markets	IGPM	9,50%	183 months	07/03/21	85.459	80.665
Ed. Paulista	CDC	Santander	TR	9,50%	144 months	28/06/25	95.725	98.302
BR Properties (holding)	Debentures - 1st Issuance	Capital Markets	IPCA	5,85%	84 months	15/07/19	350.041	340.116
CD Anhanguera	CDC	Santander	TR	9,50%	144 months	20/12/25	33.972	34.824
BR Properties (holding)	Debentures - 5th Issuance	Banco do Brasil	CDI	117,00%	60 months	11/11/19	239.348	244.049
Vargas II	CCB	Itaú BBA	TR	11,25%	144 months	13/05/27	23.769	25.666
JK Complex - Tower B <sup>1</sup>	CCI	RB Capital	CDI	1,45%	144 months	31/08/28	139.293	140.803
JK Complex - Tower B <sup>2</sup>	CCI	RB Capital	CDI	1,45%	144 months	31/08/28	139.293	140.803
Chucrí Zaidan	CCI	RB Capital	CDI	1,65%	144 months	23/12/28	108.248	110.614
BR Properties (holding)	Debentures - 7th Issuance	Capital Markets	CDI	1,55%	144 months	14/07/29	120.601	121.982
BR Properties (holding)	Debentures - 7th Issuance	Capital Markets	IPCA	7,23%	180 months	14/07/32	130.070	128.345
BR Properties (holding)	Debentures - 7th Issuance	Capital Markets	IPCA	7,23%	180 months	14/07/32	26.014	25.669
BR Properties (holding)	Debentures - 8th Issuance	Banco do Brasil	CDI	121,50%	48 months	20/12/21	250.598	255.166
BR Properties (holding)	Debentures - 9th Issuance	Capital Markets	CDI	0,70%	60 months	28/02/23	50.329	50.224
Passeio Corporate	Payables for acquisition of Real Estate	Opportunity FII	IGPM	7,00%	60 months	15/12/28	457.861	438.842
<b>Total</b>							<b>3.436.816</b>	<b>3.331.870</b>

\* USD Perpetual Bond (Swap - 144.20% of CDI @ R\$3.29)

## OPERATIONAL INDICATORS

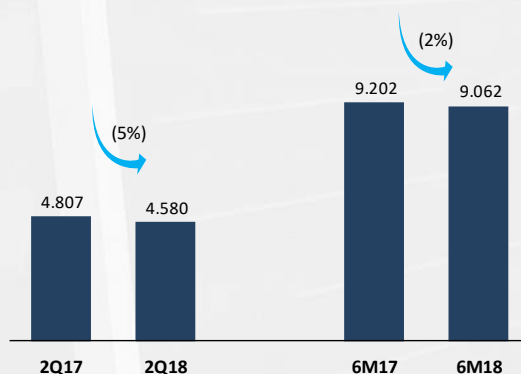
### Property Management

Pro-active stance taken on managing the properties in the portfolio is a vital part of BR Properties' operation. Through the wholly owned management subsidiary BRPR A, BR Properties focuses on close tenant relationship, property value appreciation, reduction of common area costs, along with the alternative sources of revenues.

### BRPR A Revenues

In 2Q18, BRPR A's revenues totaled R\$4.6 million representing a 5% decrease over the same period of previous year.

BRPR A Revenues (R\$ k)



### Properties under Management

BRPR A currently manages 27 properties, all of them office buildings.

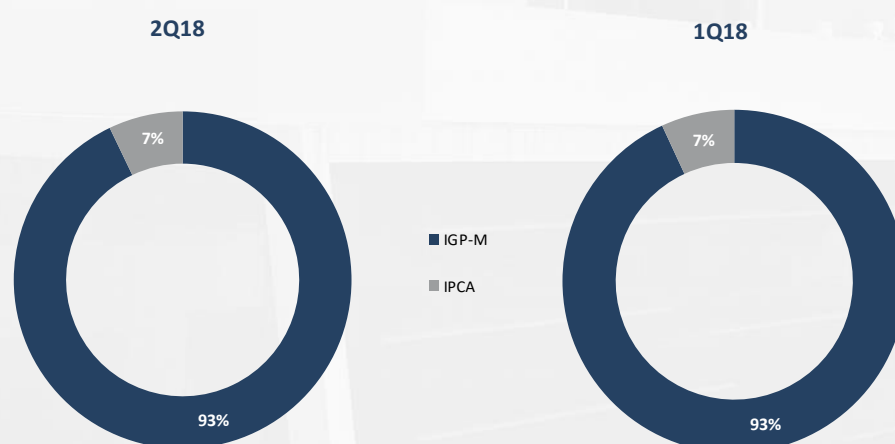
Managed Properties	Nº	GLA	City
Ed. Manchete	1	23.591	Rio de Janeiro
Glória	1	8.436	Rio de Janeiro
Santo Antonio	1	5.017	São Paulo
São José	1	5.080	São Paulo
Icomap	1	9.164	Rio de Janeiro
Vargas	1	14.809	Rio de Janeiro
Panamérica Park	4	18.667	São Paulo
Ouvidor	1	6.284	Rio de Janeiro
TNU	1	27.931	São Paulo
RB 115	1	11.516	Rio de Janeiro
Ed. Comercial Indaiatuba	1	11.335	Indaiatuba
Ed. Jacarandá	1	31.954	Alphaville
Ed. Paulista	1	22.855	São Paulo
Ed. Ventura - West Tower	1	42.986	Rio de Janeiro
Ed. Ventura - East Tower	1	45.577	Rio de Janeiro
JK Complex - Tower B	1	29.539	São Paulo
Panamérica Green Park I	1	4.583	São Paulo
Ed. Brasília	1	15.501	Brasília
Passeio Corporate	4	81.423	Rio de Janeiro
Centenário Plaza Complex	2	53.892	São Paulo
<b>TOTAL</b>	<b>27</b>	<b>470.141</b>	

## OPERATIONAL INDICATORS

### Property Leasing

BR Properties has an in-house team dedicated to the management of new leases and the renegotiation of existing ones. The property leasing department plays a critical role in anticipating any potential movement of vacancy and promoting preventive action. In addition, all the processes of negotiation of the lease agreements are executed directly by the team.

### Lease Contract Inflation Adjustment Indexes



### Rent / Sqm / Month – Same Properties

The Rent Price/sqm/month of the same properties had a 0.3% nominal decrease in 2Q18, relative to 2Q17. If compared to the previous quarter, the average rent of the same properties increased by 1.0%.

Rent / Sqm / Month - Same Properties *	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	2Q18 x 1Q18
Office	4,1%	3,8%	3,2%	3,5%	2,0%	0,1%	1,8%	3,6%	-0,3%	-4,4%	-5,5%	-5,1%	-2,8%	-1,8%	-1,5%	-0,3%	1,0%
Industrial	6,7%	4,7%	4,7%	4,1%	4,6%	0,2%	0,2%	10,8%	10,6%	10,6%	n/a	n/a	n/a	n/a	n/a	n/a	0,5%
Retail	2,4%	6,0%	7,8%	5,3%	8,6%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total</b>	<b>4,3%</b>	<b>3,9%</b>	<b>3,4%</b>	<b>3,6%</b>	<b>2,4%</b>	<b>0,1%</b>	<b>1,7%</b>	<b>3,9%</b>	<b>0,0%</b>	<b>-4,0%</b>	<b>-5,5%</b>	<b>-5,1%</b>	<b>-2,8%</b>	<b>-1,8%</b>	<b>-1,5%</b>	<b>-0,3%</b>	<b>1,0%</b>
IPCA (Inflation Indicator)	6,7%	6,4%	8,1%	8,9%	9,5%	10,7%	9,4%	8,8%	8,5%	6,3%	4,6%	3,0%	2,5%	2,9%	2,7%	4,4%	1,9%
IGP-M (Inflation Indicator)	3,5%	3,7%	3,2%	5,6%	8,4%	10,5%	11,6%	12,2%	10,7%	7,2%	4,9%	-0,8%	-1,4%	-0,5%	0,2%	6,9%	3,9%
<b>Weighted Average: IPCA<sup>1</sup> x IGP-M (~ 7% x 93%)</b>	<b>4,3%</b>	<b>4,4%</b>	<b>4,4%</b>	<b>6,4%</b>	<b>8,7%</b>	<b>10,6%</b>	<b>11,4%</b>	<b>11,9%</b>	<b>10,6%</b>	<b>7,1%</b>	<b>4,8%</b>	<b>-0,6%</b>	<b>-1,3%</b>	<b>-0,4%</b>	<b>0,4%</b>	<b>6,7%</b>	<b>3,7%</b>

\* Comparison between: the average same property rent in the current period vs the average same property rent in equal period of last year

\* Considering only rent prices of leased areas

\* In nominal terms

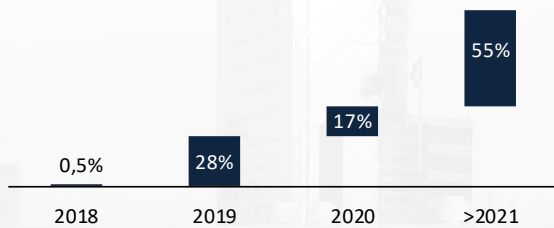
<sup>1</sup> IPCA and Other



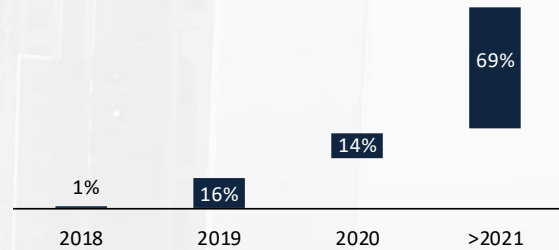
## OPERATIONAL INDICATORS

## Lease Contract Expiration Schedule

## Revenues (%)

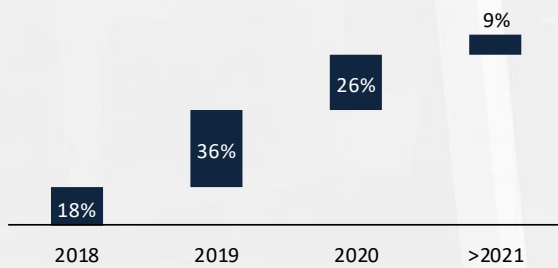


## GLA (%)

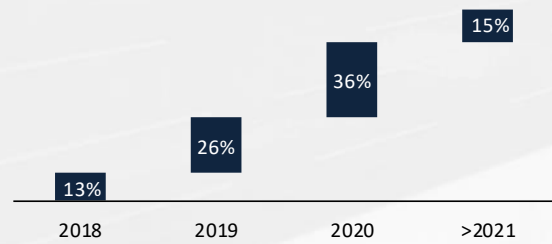


## Lease Contract 3rd Year Market Alignment Schedule

## Revenues (%)



## GLA (%)



## Lease Contracts Average Duration

Existing Lease Contracts	Current Average Duration
All Contracts	4.7 Years
Built-to-Suit Contracts	3.3 Years

## OPERATIONAL INDICATORS

### Portfolio Vacancy

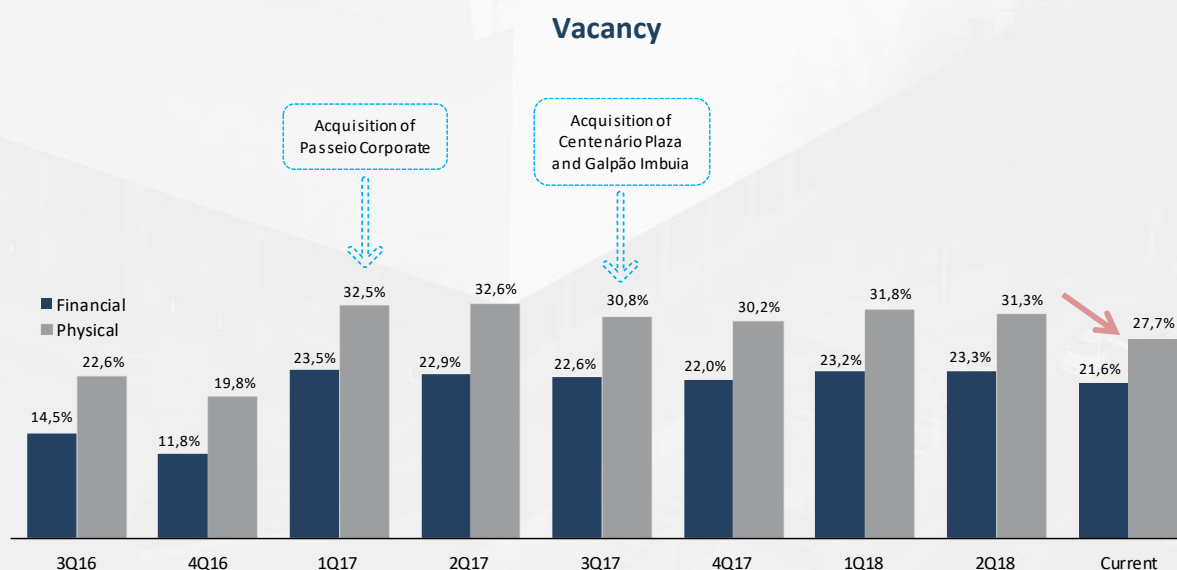
Physical vacancy is estimated by dividing the total vacant area by the total GLA of the portfolio. This metric does not accurately reflect the revenue loss generated by the vacant areas in the portfolio, because it does not reflect the potential rent for which the vacant areas could be leased. Financial vacancy is utilized specifically to remedy such distortions. Financial vacancy is calculated by multiplying the average rent per sqm which could be charged in the buildings and their respective vacant areas, divided by the potential gross revenues of the portfolio.

During 2Q18, the volume of new leases was 15.1 thousand sqm, while the rescissions totaled 4,5 thousand sqm of GLA.

In the first days of August, and according to the notice to the market released earlier this year, the Company received back from Petrobras a leasable area of 21,938 sqm, in the Ed. Ventura - East Tower. The early termination fee, paid by Petrobras, is equivalent to the lease revenues that would be received until the end of 2018.

After the end of the quarter, the Company has executed an impressive volume of new lease agreements, totaling 50.3 thousand sqm, of which 36.0 thousand sqm are related to the contract celebrated with Caixa Econômica Federal in Edifício Passeio Corporate and 13.6 thousand sqm are related to two lease agreements in Ventura Complex (5.2 thousand sqm correspond to a contract renewal).

The financial and physical vacancy rates closed the quarter at 23.3% and 31.3%, respectively. Considering the transactions concluded after the end of the quarter, the financial and physical vacancy rates decreased to 21.6% and 27.7%, respectively. This improvement reflects the large volume of leases completed by the Company in the last four months, following the recovery trend of the real estate market in the cities of São Paulo and Rio de Janeiro. During this period, BR Properties leased 52 thousand sqm of leasable area, representing the highest volume of commercial office space leased in the history of the Company, in an equivalent period. These leases are expected to add approximately R\$57.1 million per year in the EBITDA, equivalent to 18% of EBITDA in the last 12 months.

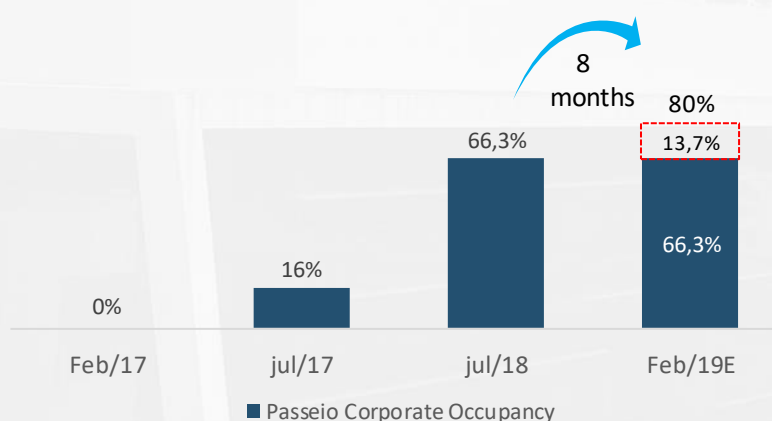


## OPERATIONAL INDICATORS

### Case Study “Passeio Corporate”

The Edifício Passeio Corporate was acquired 100% vacant in December 2016 by BR Properties and the construction was completed in February 2017. The investment thesis behind the acquisition was to lease approximately 80% of the property within 24 months after the start of its operations, taking advantage of the flight to-quality movement that the Company believed to be imminent in the city of Rio de Janeiro.

Today, 16 months after the start of the operations, the property is already 66.3% occupied, even facing the turbulent economic and political scenario that the country is inserted. The Company believes that, over the next 8 months, will achieve the target foreseen in the investment thesis.



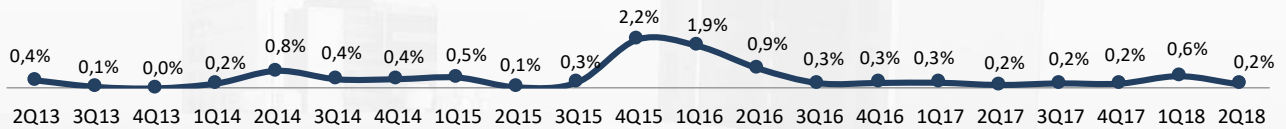
In addition to the positive impact on the Company's results, the lease contract celebrated with Caixa Econômica Federal, in July, should accelerate the pace of leasing in the remaining areas of the complex, not only by the increase in the people flow, which will favor mainly the retail areas, but also by the change in the market dynamics of Rio de Janeiro once the main quality spaces in the central region are being absorbed. Furthermore, this transaction demonstrates BR Properties' ability to position itself through well-structured lease and acquisition operations, in a premium portfolio, generating value for its shareholders.

Lease Contract	
<b>Tenant</b>	Caixa Econômica Federal
<b>Building</b>	Passeio Corporate
<b>GLA Passeio</b>	81.423
<b>GLA CEF</b>	36.014
<b>Term</b>	180 months (15 years)
<b>Additional EBITDA E</b>	~ R\$35 million
<b>Additional EBITDA E (%)</b>	~ 11%

## OPERATIONAL INDICATORS

### Portfolio Delinquency

Since its establishment in 2006, BR Properties has registered very low delinquency levels in its portfolio, given the excellent credit quality of the tenant base. In 2Q18 the delinquency rate was 0.2%.



## PORTFOLIO

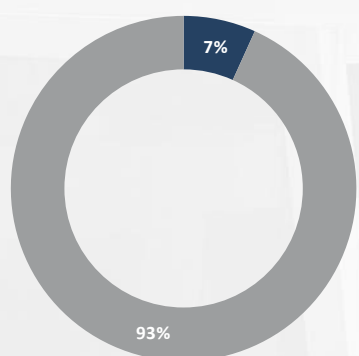
Property	Type	City	State	Acquisition Date	Nº of Properties	Owned GLA (sqm)
Panamérica Park	Office	São Paulo	SP	29/05/07	4	18.667
Glória	Office	Rio de Janeiro	RJ	17/07/07	1	8.436
Alphaville	Office	Barueri	SP	31/07/07	1	9.292
Bolsa RJ	Office AAA	Rio de Janeiro	RJ	27/08/07	1	3.224
Icomap	Office	Rio de Janeiro	RJ	12/09/07	1	9.164
São Pedro	Office	São Paulo	SP	28/09/07	1	3.575
Vargas	Office	Rio de Janeiro	RJ	28/09/07	1	14.809
Ed. Comercial Indaiatuba	Office	Indaiatuba	SP	20/12/07	1	11.335
Santo Antônio	Office	São Paulo	SP	17/01/08	1	5.017
São José	Office	São Paulo	SP	17/01/08	1	5.080
Souza Aranha	Office	São Paulo	SP	31/01/08	1	2.329
Alexandre Dumas	Office	São Paulo	SP	03/12/09	1	6.889
Ouvidor 107	Office	Rio de Janeiro	RJ	10/12/09	1	6.284
TNU	Office	São Paulo	SP	16/03/10	1	27.931
CBOP - Ed. Jacarandá	Office	Barueri	SP	12/04/10	1	31.954
RB 115	Office	Rio de Janeiro	RJ	02/06/10	1	11.516
Ed. Manchete	Office AAA	Rio de Janeiro	RJ	30/06/10	1	23.591
Ed. Ventura - West Tower	Office AAA	Rio de Janeiro	RJ	12/08/10	1	42.986
Águas Claras	Office AAA	Nova Lima	MG	29/03/12	1	8.932
Chucri Zaidan	Office AAA	São Paulo	SP	29/03/12	1	21.906
Barra Funda	Office	São Paulo	SP	29/03/12	1	11.384
Barra da Tijuca	Office	Rio de Janeiro	RJ	29/03/12	1	23.210
Brasília	Office	Brasília	DF	29/03/12	1	15.501
Porto Alegre	Office	Porto Alegre	RS	29/03/12	1	4.421
Ed. Ventura - East Tower	Office AAA	Rio de Janeiro	RJ	30/04/12	1	45.577
Ed. Paulista	Office	São Paulo	SP	29/03/12	1	22.855
Panamérica Green Park I	Office	São Paulo	SP	29/05/07	1	4.583
JK Complex - Tower B	Office AAA	São Paulo	SP	29/03/12	1	29.539
Souza Aranha II	Office	São Paulo	SP	31/01/08	1	2.019
Passeio Corporate	Office AAA	Rio de Janeiro	RJ	15/12/16	3	75.324
Centenário Plaza Complex <sup>1</sup>	Office AAA	São Paulo	SP	14/07/17	2	53.892
<b>Sub-total Office</b>					<b>37</b>	<b>561.222</b>
Galpão Imbuia	Industrial	Jarinu	SP	17/07/17	1	22.986
Galpão Tucano	Industrial	Jarinu	SP	12/03/18	1	31.719
<b>Sub-total Industrial</b>					<b>2</b>	<b>54.705</b>
Passeio Corporate Retail	Retail	Rio de Janeiro	RJ	15/12/16	1	6.099
<b>Sub-total Retail</b>					<b>1</b>	<b>6.099</b>
Galpão Araucária	Industrial	Jarinu	SP	15/09/17	1	14.388
<b>Sub-total Developments</b>					<b>1</b>	<b>14.388</b>
Panamérica Green Park II	Office	São Paulo	SP	29/05/07	1	4.659
Panamérica Green Park III	Office	São Paulo	SP	29/05/07	1	4.659
Ed. CES II	Office AAA	Rio de Janeiro	RJ	29/03/12	1	10.000
Ed. Bayview	Office AAA	Rio de Janeiro	RJ	29/03/12	1	21.989
Galpão Pirituba	Industrial	São Paulo	SP	03/06/16	1	32.987
<b>Sub-total Landbanks</b>					<b>5</b>	<b>74.294</b>
<b>Total</b>					<b>46</b>	<b>710.708</b>

<sup>1</sup> 15,117 sqm under Retrofit

## BUILT-TO-SUIT (BTS) PORTFOLIO

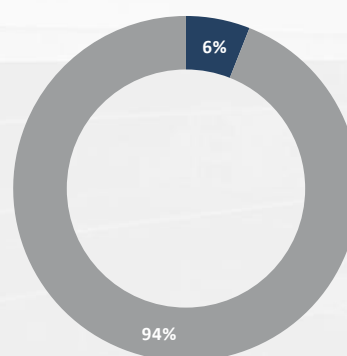
Properties	City	Region (CBRE)	Owned GLA (sqm)
Águas Claras	Nova Lima	n/a	8.932
Barra da Tijuca	Rio de Janeiro	Barra da Tijuca	23.210
Porto Alegre	Porto Alegre	n/a	4.421
<b>Total</b>			<b>36.563</b>

Lease Contracts Breakdown  
(% Revenues)



■ BTS Contracts ■ Typical Contracts

Lease Contracts Breakdown  
(% ABL)



■ BTS Contracts ■ Typical Contracts

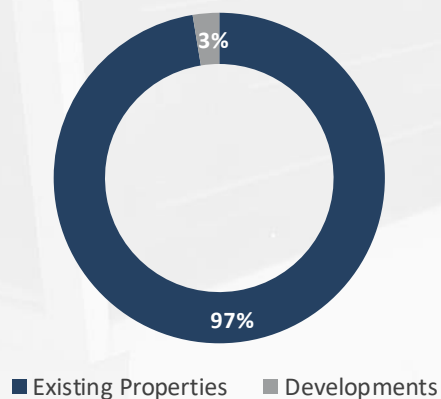
## PROJECTS UNDER CONSTRUCTION / TO BE DEVELOPED

Projects	Segment	Type	City / State	Owned GLA (sqm)	Total Estimated Capex (R\$ mm)	Investment Completion (%)	Estimated Delivery
Centenário Plaza Complex	AAA Office	Retrofit	São Paulo / SP	53.892	R\$ 72.000	10%	1Q19
Ed. CES II	AAA Office	Landbank	Rio de Janeiro / RJ	10.000	n/a	0%	n/a
Ed. Bayview	AAA Office	Landbank	Rio de Janeiro / RJ	21.989	n/a	0%	n/a
Panamérica Green Park II	Office	Landbank	São Paulo / SP	4.659	n/a	0%	n/a
Panamérica Green Park III	Office	Landbank	São Paulo / SP	4.659	n/a	0%	n/a
Galpão Pirituba	Industrial	Landbank	São Paulo / SP	32.987	n/a	0%	n/a

## Development/Retrofit CAPEX Schedule (R\$ thousand)

Capex Schedule	4Q17	1Q18	2Q18	3Q18 E	4Q18 E	2019 E
Centenário Plaza Complex	718	1.423	5.179	28.680	30.000	6.000
Ed. CES II	-	-	-	-	-	-
Ed. Bayview	-	-	-	-	-	-
Panamérica Green Park II & III	-	-	-	-	-	-
Galpão Pirituba	-	-	-	-	-	-
<b>Total</b>	<b>718</b>	<b>1.423</b>	<b>5.179</b>	<b>28.680</b>	<b>30.000</b>	<b>6.000</b>

## Existing Properties / Developments and Landbank Ratio (% Market Value)

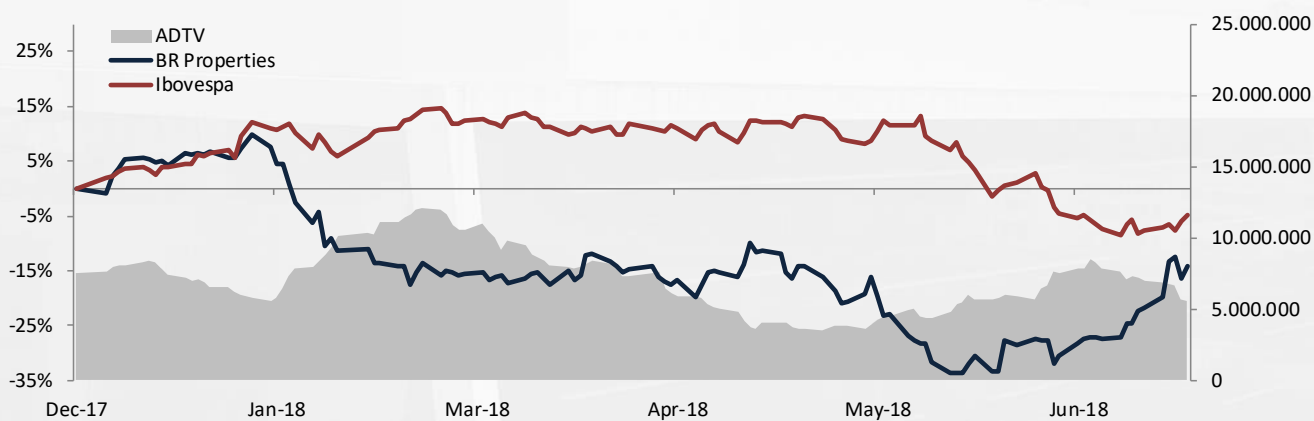


## CAPITAL MARKETS

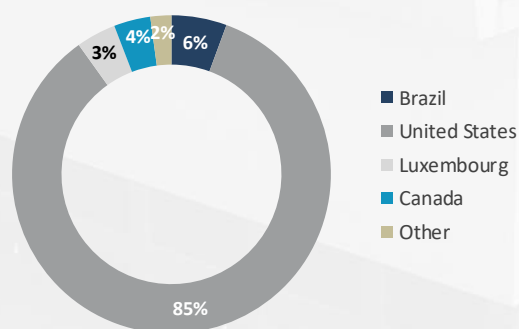
BR Properties' common stock is traded on the Novo Mercado listing segment of the São Paulo Stock Exchange (BM&FBOVESPA) under the ticker BRPR3.

Stock Performance (BRPR3)	2Q18	2Q17	var %	6M18	6M17	var %
Total Number of Shares	407.135.283	298.228.434	37%	407.135.283	298.228.434	37%
Free Float (%)	29%	30%	-1 p.p.	29%	30%	-1 p.p.
Stock Price (average for the period)	8,27	9,18	-10%	9,05	8,92	1%
Stock Price (end of period)	9,10	9,01	1%	9,10	9,01	1%
Market Cap end of period (R\$ million)	3.705	2.687	38%	3.705	2.687	38%
Average Daily Trading Volume (R\$ million)	5,19	5,15	1%	6,71	6,96	-4%
Average Daily Traded Shares	648.605	560.007	16%	750.310	787.498	-5%
Average Daily negotiations	1.783	1.884	-5%	2.191	2.122	3%

## Performance BRPR3 – 6M18



## Shareholder Base Distribution



## Index

Index	Weight BRPR
IbRA	0,08%
SMLL	0,66%
IMOB	4,24%
IGCX	0,10%
IGCT	0,10%
IGC-NM	0,15%
ITAG	0,09%



## INCOME STATEMENT

Account	Income Statement	2Q18	2Q17	var %	6M18	6M17	var %
(1)	<b>Gross Revenues</b>	<b>123.330</b>	<b>116.553</b>	<b>6%</b>	<b>253.533</b>	<b>242.217</b>	<b>5%</b>
(2)	<b>Leasing</b>	<b>118.750</b>	<b>111.746</b>	<b>6%</b>	<b>244.471</b>	<b>233.015</b>	<b>5%</b>
(3)	Office	115.962	111.746	4%	240.090	231.615	4%
(4)	Industrial	2.216	-	n/a	3.181	1.400	127%
(5)	Retail	571	-	n/a	1.200	-	n/a
(6)	Services Rendered	4.580	4.807	-5%	9.062	9.202	-2%
(7)	<b>Deductions from Gross Revenues</b>	<b>(18.735)</b>	<b>(11.876)</b>	<b>58%</b>	<b>(41.490)</b>	<b>(23.509)</b>	<b>76%</b>
(8)	Taxes (PIS/Cofins and ISS)	(9.106)	(7.514)	21%	(19.535)	(17.335)	13%
(9)	Deductions	(9.629)	(4.361)	121%	(21.954)	(6.174)	256%
(10)	<b>Net Revenues</b>	<b>104.595</b>	<b>104.678</b>	<b>0%</b>	<b>212.043</b>	<b>218.708</b>	<b>-3%</b>
(11)	Cost of Leased Properties	-	-	n/a	-	-	n/a
(12)	<b>Gross Profit</b>	<b>104.595</b>	<b>104.678</b>	<b>0%</b>	<b>212.043</b>	<b>218.708</b>	<b>-3%</b>
(13)	<b>General and Administrative Expenses</b>	<b>(26.819)</b>	<b>(29.524)</b>	<b>-9%</b>	<b>(53.976)</b>	<b>(88.611)</b>	<b>-39%</b>
(14)	Operating Expenses	(5.439)	(11.216)	-52%	(11.682)	(20.544)	-43%
(15)	Taxes	2.618	997	163%	4.968	(30.098)	-117%
(16)	Personnel Expenses	(6.397)	(4.548)	41%	(13.743)	(10.985)	25%
(17)	Management Fees	(1.127)	(1.739)	-35%	(2.258)	(2.861)	-21%
(18)	Stock Options / LTIP	(1.535)	(2.283)	-33%	(3.209)	(4.566)	-30%
(19)	Vacancy Expenses	(14.939)	(10.735)	39%	(28.052)	(19.556)	43%
(20)	<b>Financial Result</b>	<b>(139.734)</b>	<b>(88.633)</b>	<b>58%</b>	<b>(209.420)</b>	<b>(96.938)</b>	<b>116%</b>
(21)	Financial Income	23.989	18.461	30%	50.722	131.293	-61%
(22)	Financial Expenses	(163.724)	(107.093)	53%	(260.142)	(228.230)	14%
(23)	Other Operating Income/Expense	(28)	28	-200%	(7)	18.269	-100%
(24)	Gain (Loss) on Sale of Investment Properties	(3)	-	n/a	1.554	65.423	-98%
(25)	Gain (Loss) on Appraisal of Investment Properties	-	-	n/a	-	-	n/a
(26)	<b>Income (loss) before taxes</b>	<b>(61.989)</b>	<b>(13.451)</b>	<b>361%</b>	<b>(49.807)</b>	<b>116.851</b>	<b>-143%</b>
(27)	Income and Social Contribution taxes	(1.796)	3.262	-155%	(4.171)	(7.814)	-47%
(28)	Deferred taxes	2.044	1.400	46%	(19.347)	64.942	-130%
(29)	<b>Income (loss) before Minority Interest</b>	<b>(61.741)</b>	<b>(8.790)</b>	<b>602%</b>	<b>(73.325)</b>	<b>173.979</b>	<b>-142%</b>
(30)	Minority Interest	-	-	n/a	-	-	n/a
(31)	<b>Net Income (loss)</b>	<b>(61.741)</b>	<b>(8.790)</b>	<b>602%</b>	<b>(73.325)</b>	<b>173.979</b>	<b>-142%</b>

Account	Adjusted EBITDA Composition	2Q18	2Q17	var %	6M18	6M17	var %
(29)	<b>Net Income (loss) before Minority Interest</b>	<b>(61.741)</b>	<b>(8.790)</b>	<b>602%</b>	<b>(73.325)</b>	<b>173.979</b>	<b>-142%</b>
(30)	(-) Minority Interest	-	-	n/a	-	-	n/a
(28)	(+) Deferred Taxes	(2.044)	(1.400)	46%	19.347	(64.942)	-130%
(27)	(+) Income and Social Contribution Taxes	1.796	(3.262)	-155%	4.171	7.814	-47%
(25)	(-) Gain (Loss) on Appraisal of Investment Properties	-	-	n/a	-	-	n/a
(24)	(-) Gain (Loss) on Sale of Investment Properties	3	-	n/a	(1.554)	(65.423)	-98%
(23)	(+) Other Operating Income	28	(28)	-200%	7	(18.269)	-100%
(20)	(+) Financial Result	139.734	88.633	58%	209.420	96.938	116%
(18)	(+) Stock Options / LTIP	1.535	2.283	-33%	3.209	4.566	-30%
(15)	(+) PIS/Cofins (Revenue Taxes) on Property Sales - Galpão SBC - (Non-Recurring)	-	-	n/a	-	2.292	n/a
(15)	(+) Taxes on One Properties Incorporation ITBI - (Non-Recurring)	-	-	n/a	-	29.662	n/a
(14)	(+) Depreciation	111	150	-26%	216	257	-16%
(14)	(+) Attorney's Fees (Non-Recurring)	-	5.383	n/a	-	5.383	n/a
(32)	<b>Adjusted EBITDA</b>	<b>79.423</b>	<b>82.970</b>	<b>-4%</b>	<b>161.492</b>	<b>172.257</b>	<b>-6%</b>
(33)	<b>Adjusted EBITDA Margin</b>	<b>76%</b>	<b>79%</b>	<b>-3 p.p.</b>	<b>76%</b>	<b>79%</b>	<b>-3 p.p.</b>

Account	Adjusted Net Income Composition (FFO)	2Q18	2Q17	var %	6M18	6M17	var %
(31)	<b>Net Income (loss)</b>	<b>(61.741)</b>	<b>(8.790)</b>	<b>602%</b>	<b>(73.325)</b>	<b>173.979</b>	<b>-142%</b>
(28)	(+) Deferred Taxes	(2.044)	(1.400)	46%	19.347	(64.942)	-130%
(27)	(+) Income Taxes on Property Sales	-	-	n/a	-	22.267	n/a
(25)	(-) Gain (Loss) on Appraisal of Investment Properties	-	-	n/a	-	-	n/a
(24)	(-) Gain (Loss) on Sale of Investment Properties	3	-	n/a	(1.554)	(65.423)	-98%
(23)	(+) Other Operating Income/Expense (Non-Recurring)	28	(28)	-200%	7	(18.269)	-100%
(20)	(+) Non-cash Losses on Exchange Rate Variation	99.308	9.070	995%	102.443	9.070	1029%
(20)	(-) Non-cash Gains on Exchange Rate Variation	-	16.906	n/a	-	-	n/a
(20)	(+) Non-cash Variations (MTM - Perpetual Bond Swap and Interest)	(169)	(2.757)	-94%	7.834	(7.982)	-198%
(20)	(-) Monetary Adjustment on "Galpão SBC" Sale (Non-Recurring)	-	-	n/a	-	(49.503)	n/a
(20)	(-) Gain on Debt Renegotiation (Fair Value)	(31.307)	-	n/a	(31.307)	-	n/a
(18)	(+) Stock Options / LTIP	1.535	2.283	-33%	3.209	4.566	-30%
(15)	(+) PIS/Cofins (Revenue Taxes) on Property Sales - Galpão SBC - (Non-Recurring)	-	-	n/a	-	2.292	n/a
(15)	(+) Taxes on One Properties Incorporation ITBI - (Non-Recurring)	-	-	n/a	-	29.662	n/a
(14)	(+) Depreciation	111	257	-57%	216	257	-16%
(14)	(+) Attorney's Fees (Non-Recurring)	-	5.383	n/a	-	5.383	n/a
(34)	<b>Adjusted Net Income (FFO)</b>	<b>5.724</b>	<b>20.925</b>	<b>-73%</b>	<b>26.870</b>	<b>41.357</b>	<b>-35%</b>
(35)	<b>Adjusted Net Income Margin (FFO Margin)</b>	<b>5%</b>	<b>20%</b>	<b>-15 p.p.</b>	<b>13%</b>	<b>19%</b>	<b>-6 p.p.</b>

## BALANCE SHEET

<b>ASSETS</b>	<b>06/30/2018</b>	<b>03/31/2018</b>	<b>var %</b>
<b>Current Assets</b>	<b>1.147.195</b>	<b>1.182.793</b>	<b>-3%</b>
Cash and Cash Equivalents	968.175	1.049.519	-8%
Accounts Receivable	67.782	54.796	24%
MTM on Derivatives	3.630	5.544	-35%
Properties Available for Sale	-	-	n/a
Pre-paid Expenses	3.999	4.008	0%
Anticipated Taxes / Recoverable Taxes	51.660	44.106	17%
Advances for Acquisition of Real Estate	-	-	n/a
Other Accounts Receivable	51.948	24.821	109%
<b>Non-Current Assets</b>	<b>8.603.114</b>	<b>8.643.870</b>	<b>0%</b>
Judicial Deposits	-	-	n/a
Deferred Income and Social Contribution taxes	8.556	8.560	0%
Recoverable Taxes	223.297	223.297	0%
Other non-current Assets	116.030	114.870	1%
Equipment	11.106	10.672	4%
Investment Properties	7.689.283	7.731.629	-1%
Intangible Assets	554.842	554.842	0%
<b>Total Assets</b>	<b>9.750.309</b>	<b>9.826.663</b>	<b>-1%</b>

<b>LIABILITIES</b>	<b>06/30/2018</b>	<b>03/31/2018</b>	<b>var %</b>
<b>Current Liabilities</b>	<b>589.784</b>	<b>677.444</b>	<b>-13%</b>
Loans and Financing	522.172	552.730	-6%
Derivative Instruments	-	-	n/a
Suppliers	14.134	4.973	184%
Tax Liabilities	2.218	2.175	2%
Taxes Payable	3.699	2.468	50%
Provision for Salaries and Employee Contributions	7.462	11.681	-36%
Labor Obligations	2.848	2.373	20%
Dividends Payable	0	65.792	n/a
Payables for acquisition of Real Estate	33.235	31.067	7%
Other Accounts Payable	4.016	4.186	-4%
<b>Non-Current Liabilities</b>	<b>3.380.292</b>	<b>3.299.059</b>	<b>2%</b>
Deferred Income and Social Contribution taxes	511.489	513.538	0%
Loans and Financing	2.399.653	2.325.633	3%
Provision for Contingencies	21.732	21.732	0%
Payables for acquisition of Real Estate	447.418	438.157	2%
Other Non-Current Liabilities	-	-	n/a
<b>Shareholders Equity</b>	<b>5.780.232</b>	<b>5.850.160</b>	<b>-1%</b>
Shareholder Capital	3.314.457	3.314.457	0%
Shareholder Capital to be paid in	-	-	n/a
(-) Issuance Expenses	(61.756)	(61.756)	0%
Capital Reserve	2.302.380	2.310.567	0%
Net income (Loss) for the period	(73.325)	(11.584)	533%
Additional Proposed Dividend Payment	-	-	n/a
Profit Reserves	298.476	298.476	0%
Minority Interest	-	-	n/a
<b>Total Liabilities</b>	<b>9.750.309</b>	<b>9.826.663</b>	<b>-1%</b>

## CASH FLOW STATEMENT

<b>Consolidated Cash Flows</b>	<b>6M18</b>	<b>6M17</b>
<b>Cash Flow from Operating Activities</b>	<b>160.161</b>	<b>115.444</b>
<b>Cash Flow from Operations</b>	<b>160.048</b>	<b>136.232</b>
Income (loss) before taxes	(49.807)	116.851
Depreciation and Amortization	4.512	6.180
Property Fair Market Value	(1.554)	(65.423)
Straight Line Rent	(7.810)	(39.114)
Interest and Monetary Variation on Loans and Financing	174.627	205.106
Interest on Perpetual Bond MTM	(169)	688
MTM on Swap	8.002	(8.670)
Minority Interest	-	-
Net Exchange Rate Variations	102.443	9.070
Losses (Gains) on Derivative Instruments	(10.253)	5.243
Investment Earnings	(28.421)	(21.676)
Financial Result on Debt Renegotiation	(31.307)	-
Stock Option Plan	3.209	4.566
Results on Sale of Investments	-	(18.777)
Other	(3.426)	(57.814)
<b>Variations in Assets and Liabilities</b>	<b>113</b>	<b>(20.788)</b>
Accounts Receivable	16.275	23.472
Recoverable Taxes	2.094	193
Advances for Acquisition of Real Estate	-	-
Properties Available for Sale	-	-
Other Assets	(15.474)	(2.836)
Payables	5.543	942
Payables for Acquisition of Real Estate	-	(25.000)
Provision for Salaries and Employee Contributions	(1.989)	(4.676)
Provision for Employee and Management Bonuses	(5.051)	(6.453)
Other Liabilities	(1.284)	(6.430)
<b>Cash Flow from Investment Activities</b>	<b>147.025</b>	<b>191.359</b>
Net Proceeds from Sale of Assets	57.000	-
Fixed Asset Purchases	(747)	(433)
Reductions in Fixed Assets	-	-
Acquisition of Investment Properties	(106.806)	(34.963)
Net cash from Incorporation	197.577	(13.494)
Changes in Ownership Interests in Subsidiaries	-	240.249
<b>Cash Flow from Financing Activities</b>	<b>(230.333)</b>	<b>(305.556)</b>
Capital Increase	-	-
Gain and Loss from Sale of Shares	-	-
Costs from Equity Raising	-	-
Dividends Paid	(65.792)	(6.851)
New loans and financing	50.000	-
Payment of Loans and Financing	(184.072)	(276.578)
Receivables on Gains with Financial Instruments	10.373	-
Payables on Losses with Financial Instruments	-	(9.575)
Stock Buyback	(25.742)	(11.495)
Transaction costs	(15.100)	(1.058)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>76.853</b>	<b>1.247</b>
<b>Cash Balance</b>		
At the beginning of the period	125.015	707.405
At the end of the period	201.868	708.652