

Interim Financial Statements (ITR)

MRV Engenharia e Participações S.A.

**Interim Individual and Consolidated Financial Statements for the
Quarter Ended March 31, 2017 and Report on
Review of Interim Financial Statements**

MRV Engenharia e Participações S.A.

Interim Financial Statements (ITR)

March 31, 2017

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A free translation from Portuguese into English of report on review of interim financial information (ITR)

Auditor`s report on review of interim financial information (ITR)

The Shareholders and Officers

MRV Engenharia e Participações S.A.

Belo Horizonte - MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of MRV Engenharia e Participações S.A. ("Company"), contained in the Interim Financial Information form – ITR for the quarter ended March 31, 2017, which comprise the balance sheet as at March 31, 2017 and the related statement of income, statement of comprehensive income, statement of changes in equity and cash flow statement for the three-month period ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with CPC 21(R1) and IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board – IASB, which consider Guideline OCPC 04 related to the application of Interpretation ICPC 02 to the entities engaged in the construction of real estate in Brazil, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) and the Brazil's National Association of State Boards of Accounting (CFC), as well as for the fair presentation of this information consistently with standards issued by the 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 Engagements (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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion on the individual and consolidated interim financial information in accordance with the Accounting Pronouncement CPC 21 (R1) and IAS 34 – Interim Financial Reporting, which consider Guideline OCPC 04 related to the application of Interpretation ICPC 02 to the entities engaged in the construction of real estate in Brazil, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) and the Brazil’s National Association of State Boards of Accounting (CFC)

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 interim financial information referred to above is not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, which consider Guideline OCPC 04 related to the application of Interpretation ICPC 02 to the entities engaged in the construction of real estate in Brazil, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) and the Brazil’s National Association of State Boards of Accounting (CFC) and applicable to the preparation of Interim Financial Information (ITR) and presented consistently with the rules issued by the Brazilian Securities Exchange Commission.

Emphasis of a matter

Guidance OCPC 04

As mentioned in Note 2.1, the individual and consolidated interim financial information were prepared in accordance with accounting practices adopted in Brazil (CPC 21 R1). The consolidated interim financial information prepared in accordance with IFRS applicable to Brazilian Real Estate Development Entities (IAS 34 for interim financial information) additionally considers Guidance OCPC 04 issued by the Accounting Pronouncements Committee (CPC), which addresses revenue recognition for this industry and involves matters related to the meaning and application of the concept of continuous transfer of risks, rewards and control in selling real estate units as described in Note 2.1. Our conclusion is not qualified in respect of this matter.



Other matters

Statements of value added

We have also reviewed the individual and consolidated statement of value added (SVA) for the three-month period ended March 31, 2017, prepared under the responsibility of Company's management. The presentation of interim financial information is required in accordance with CVM Standards applicable to the preparation of interim financial information (ITR), and as supplementary information by IFRS, which do not require SVA presentation. These statements have been 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 were not prepared, in all material respects, consistently with the individual and consolidated interim financial information taken as a whole.

Belo Horizonte, May 11, 2017

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/F-6



Flávio de Aquino Machado
Accountant CRC -1MG065899/O-2

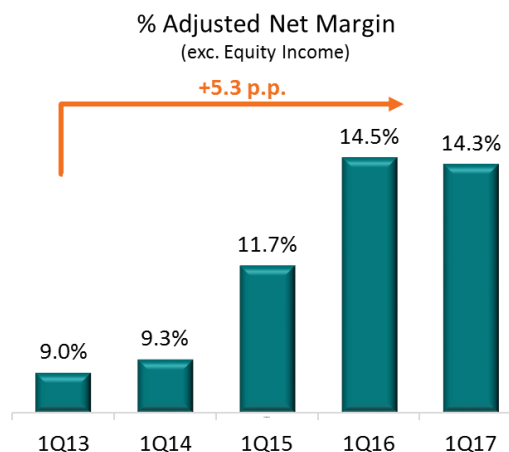
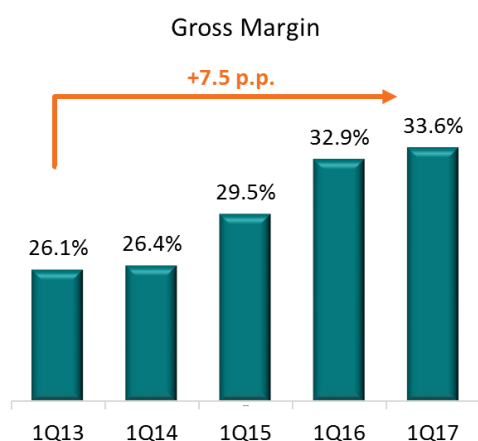
Historical record of launches for a 1st quarter, reaching R\$ 1.2 billion.

Sales of R\$1.3 billion in 1Q17, an increase of 7% compared to 1Q16.

Belo Horizonte, May 11^h, 2017 – MRV Engenharia e Participações S.A. (BM&FBovespa: MRVE3 – ADR OTC/PINK: MRVNY), announces its results for the first quarter of 2017. The financial information is presented in million Reals (R\$ million), except where otherwise indicated, and is based on the consolidated financial statements prepared and presented in accordance to the International Financial Reporting Standards (IFRS), which considers Guideline CPC 04 Application of Interpretation ICPC 02 to Brazilian Real Estate Development Entities, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) and the Federal Accounting Council (CFC), consistent with the standards issued by CPC.

HIGHLIGHTS

- Net Revenue of R\$ 1.0 billion in 1Q17, growth of 2.4% compared to 1Q16.
- Gross Margin of 33.6% in 1Q17, increase of 0.7 p.p. compared to 1Q16.
- EBTIDA increases 6% when compared to 1Q16, totaling R\$ 160 million.
- Net Income of R\$ 131 million in 1Q17, growth of 2% compared to 1Q16.
- Cash generation of R\$ 71 million in 1Q17, reaching the 19th consecutive quarter of positive generation.

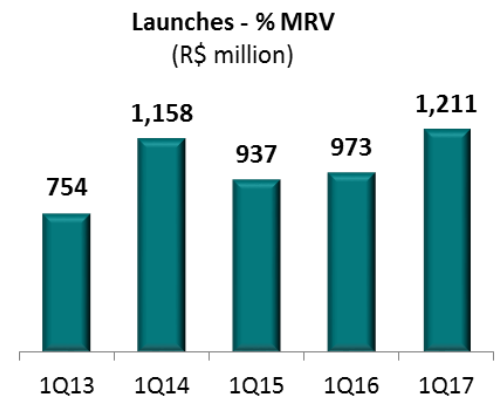


Management Message

➤ Growth in launches volume

We had our best 1st quarter in launch history, with an increase of 24.5% compared to 1Q16. The majority of the units launched were eligible to FGTS was represented by 96% of launched units, strengthening our focus on the low-income segment.

In March 2017, we launched the first phases of the largest project in the Company's history. Gran Reserva Paulista is located in São Paulo city and has 7,296 units, with a PSV of R\$ 1.7 billion.



Out of R\$ 41.1 billion of landbank, R\$ 2.5 billion already have incorporation permits (RI) representing 17 thousand units.

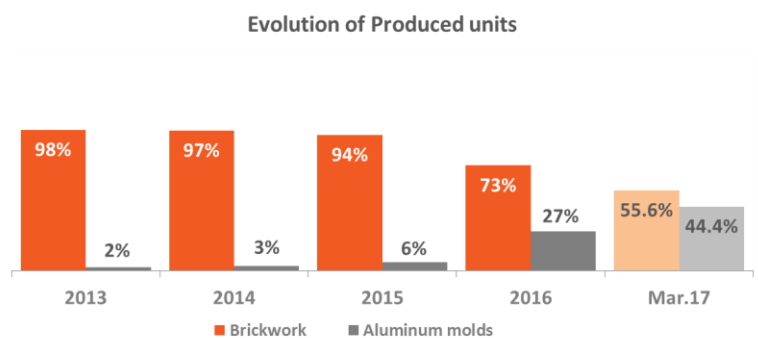
Due to our landbank maturity we are going to have a significant increase in the 2017 launching volume when compared to 2016.

➤ Productive Process Migration

As of 2014, the company decided to expand the use of aluminum molds in its production process. We ended 2016 with 27% of the units produced under this process and 1Q17 we have already reached 44.4%.

Throughout 2017, the amount of projects with aluminum molds will continue to increase with a potential to reach 70% of the units produced until the end of the year.

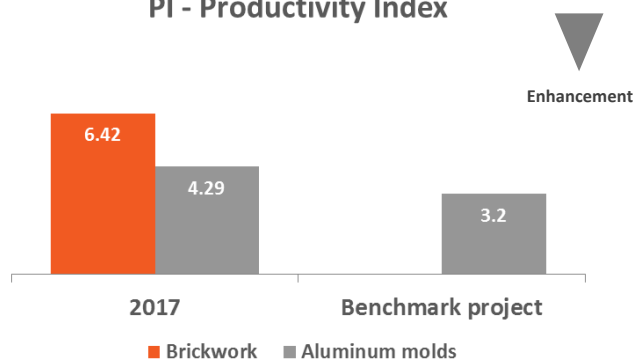
This process improves the company industrialization through more equipment and Technology application, contributing to a workforce reduction and production speed increase.



Thus, the increase of units produced with aluminum molds will contribute to the Company's cycles reduction, increasing its assets turnover and reducing the receivables cycle.

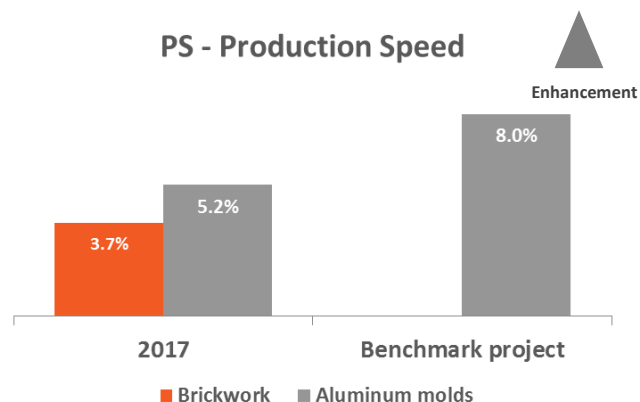
All projects are managed individually in order to obtain maximum efficiency and lower execution risk, boosting the Company's cash generation.

PI - Productivity Index



PI – The number of workers needed to build the equivalent of one unit in one month.

PS - Production Speed



PS – Shows the project production speed in a certain period.

➤ Zero Cancellation Project

As of 2017, a new stage of “Simultaneous Sales” process started with the purpose of strengthening our strategy on reducing cancellation risk. This new process, entitled “Zero Cancellation Project”, has been gradually implemented, and its main change will be during sale recognition process that is going to be recorded only at the moment the unit is transferred to the bank.

This process implies in less efforts from the Company to manage cancellation processes as well as to resale the units, ensuring that only the transferred units will be recorded.

Financial Performance - MRV

Consolidated Financial Highlights (R\$ million)	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
Net Operating Revenue	1,007	1,060	981	5.0% ↓	2.6% ↑
Financial results allocated to Net Revenue	7	7	9	6.6% ↑	17.7% ↓
Total Net Operating Revenue	1,014	1,067	990	4.9% ↓	2.4% ↑
Financial Cost recorded under COGS	38	35	34	9.0% ↑	12.0% ↑
Gross Profit	341	357	326	4.5% ↓	4.6% ↑
% Gross Margin	33.6%	33.4%	32.9%	0.1 p.p. ↑	0.7 p.p. ↑
Selling expenses	128	133	116	4.3% ↓	10.1% ↑
Selling expenses / net revenues (%)	12.6%	12.5%	11.7%	0.1 p.p. ↑	0.9 p.p. ↑
Selling expenses / pre-sales (%)	9.7%	10.3%	9.4%	0.7 p.p. ↓	0.3 p.p. ↑
General & Administrative Expenses	71	69	66	2.4% ↑	7.6% ↑
G&A expenses / net revenues (%)	7.0%	6.5%	6.7%	0.5 p.p. ↑	0.3 p.p. ↑
G&A expenses / pre-sales (%)	5.4%	5.4%	5.4%	0.0 p.p. ↑	0.0 p.p. ↑
Equity Income	(15)	(16)	(15)	-10.8%	-4.9%
EBITDA Adjusted (ex. Equity Income)	175	177	166	1.0% ↓	5.0% ↑
% EBITDA Margin Adjusted (ex. Equity Income)	17.2%	16.6%	16.8%	0.7 p.p. ↑	0.4 p.p. ↑
EBITDA	160	160	151	0.0% ↑	6.0% ↑
% EBITDA Margin	15.8%	15.0%	15.3%	0.8 p.p. ↑	0.5 p.p. ↑
Net Income Adjusted (ex. Equity Income)	145	158	143	8.2% ↓	1.3% ↑
% Net margin Adjusted (ex. Equity Income)	14.3%	14.8%	14.5%	0.5 p.p. ↓	0.2 p.p. ↓
Net Income	131	142	128	7.9% ↓	2.0% ↑
% Net margin	12.9%	13.3%	12.9%	0.4 p.p. ↓	0.1 p.p. ↓
Earnings per share (R\$) Adjusted (ex. Equity Income)	0.329	0.358	0.325	8.2% ↓	1.2% ↑
Earnings per share (R\$)	0.296	0.321	0.290	7.9% ↓	2.0% ↑
ROE (LTM) Adjusted (ex. Equity Income)	12.1%	12.2%	13.7%	0.1 p.p. ↓	1.7 p.p. ↓
ROE (annualized) Adjusted (ex. Equity Income)	11.2%	12.2%	11.8%	1.0 p.p. ↓	0.6 p.p. ↓
ROE (LTM)	11.0%	11.1%	12.1%	0.1 p.p. ↓	1.1 p.p. ↓
ROE (annualized)	10.1%	10.9%	10.6%	0.9 p.p. ↓	0.5 p.p. ↓
Unearned Sales Revenues	2,038	2,059	2,460	1.0% ↓	17.2% ↓
Unearned Costs of Units Sold	(1,209)	(1,225)	(1,454)	1.3% ↓	16.8% ↓
Unearned Results	829	834	1,006	0.6% ↓	17.6% ↓
% Unearned Margin	40.7%	40.5%	40.9%	0.2 p.p. ↑	0.2 p.p. ↓
Cash Generation	71	147	180	51.7% ↓	60.8% ↓
Net Debt (Net Cash)	372	293	345	27.1% ↑	7.8% ↑
Net Debt/Shareholders' Equity	6.9%	5.4%	6.7%	1.5 p.p. ↑	0.2 p.p. ↑
Net Debt/EBITDA LTM Adjusted (ex. Equity Income)	0.53x	0.42x	0.44x	25.6% ↑	20.0% ↑
Net Debt/EBITDA LTM	0.58x	0.46x	0.50x	25.3% ↑	14.7% ↑

Operational Performance - MRV

Land bank

Land bank	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
%MRV					
Land Bank (R\$ billion)*	41.4	41.1	36.3	0.7% ↑	14.1% ↑
Acquisitions/Adjustments (R\$ million)	1,504	2,590	3,808	41.9% ↓	60.5% ↓
Units*	275,904	273,677	237,946	0.8% ↑	16.0% ↑
Usable Area (in thousands of sq.m.)	10,510	11,017	10,474	4.6% ↓	0.3% ↑
Average Price - R\$'000 / unit	147	147	149	0.1% ↓	1.3% ↓
Average Price - R\$'000 / sq.m.	3.9	3.7	3.5	5.6% ↑	13.7% ↑
% Swap - land bank	44%	44%	51%	0.1 p.p. ↑	6.5 p.p. ↓
% Swap - acquisitions in the period	47%	34%	24%	12.9 p.p. ↑	23.1 p.p. ↑
By financing source - FGTS	99%	99%	99%	0.1 p.p. ↑	0.6 p.p. ↑
By financing source - Savings accounts	1%	1%	1%	0.0 p.p. ↓	0.6 p.p. ↓
100%					
Number of Projects	637	652	567	2.3% ↓	12.3% ↑
Land Bank (R\$ billion)*	44.3	44.1	39.4	0.6% ↑	12.5% ↑
Units	285,769	283,849	248,509	0.7% ↑	15.0% ↑
Units per Project	449	435	438	3.0% ↑	2.4% ↑
Usable Area (in thousands of sq.m.)	10,918	11,463	10,946	4.7% ↓	0.3% ↓
Average Price - R\$'000 / unit	147	147	149	0.1% ↓	1.5% ↓
Average Price - R\$'000 / sq.m.	4.1	3.8	3.6	5.6% ↑	12.8% ↑

* Includes the residential and allotment segments.

We keep our landbank expansion strategy. New acquisitions are focused on supplying the microregions of the cities we operate, where we do not yet have enough land to meet demand.

Gross Launches (%MRV)

Launches	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
%MRV					
Launches (R\$ million)*	1,211	1,071	973	13.1% ↑	24.5% ↑
Units	7,677	6,777	6,667	13.3% ↑	15.1% ↑
Average Launching Size (units)	320	271	351	18.0% ↑	8.8% ↓
Usable Area (in thousands of sq.m.)	341	336	306	1.6% ↑	11.4% ↑
Average Price - R\$'000 / unit	158	152	146	3.6% ↑	8.2% ↑
Average Price - R\$'000 / sq.m.	4	3.2	3.2	11.2% ↑	11.8% ↑
By financing source - FGTS	96%	100%	100%	4.1 p.p.	4.1 p.p.
By financing source - Savings accounts	4%	0%	0%	4.1 p.p.	4.1 p.p.
Per region - Capital Cities	18%	23%	0%	5.2 p.p.	17.9 p.p.
Per region - Metropolitan Areas	42%	26%	35%	15.5 p.p.	6.1 p.p.
Per region - Secondary Cities	41%	51%	65%	10.3 p.p.	24.0 p.p.
100%					
Number of Projects	24	25	19	4.0% ↓	26.3% ↑
Launches (R\$ million)*	1,281	1,261	1,121	1.5% ↑	14.3% ↑
Units	8,380	7,975	7,818	5.1% ↑	7.2% ↑
Usable Area (in thousands of sq.m.)	350	370	339	5.5% ↓	3.3% ↑
Average Price - R\$'000 / unit	153	158	143	3.4% ↓	6.6% ↑
Average Price - R\$'000 / sq.m.	3.7	3.4	3.3	7.5% ↑	10.6% ↑

* Includes the residential and allotment segments.

We had the best ever in the history for a first quarter, an increase of 24.5% compared to 1Q16, with a great concentration in March. The majority of the units launched were eligible to FGTS represented by 96%, strengthening our focus on the low-income segment.

Pre-Sales (%MRV), net of swaps

Pre-sales	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
%MRV					
Pre-sales (R\$ million)*	1,322	1,293	1,234	2.2% ↑	7.2% ↑
Units	8,762	8,537	7,730	2.6% ↑	13.4% ↑
Usable Area (in thousands of sq.m.)	384	378	355	1.5% ↑	8.3% ↑
Average Price - R\$'000 / unit	150	151	159	0.2% ↓	5.3% ↓
Average Price - R\$'000 / sq.m.	3.4	3.4	3.5	0.7% ↑	1.0% ↓
By financing source - FGTS	95%	94%	93%	0.9 p.p. ↑	1.1 p.p. ↑
By financing source - Savings accounts	5%	6%	7%	0.9 p.p. ↓	1.1 p.p. ↓
Per region - Capital Cities	22%	19%	21%	2.8 p.p.	1.2 p.p.
Per region - Metropolitan Areas	30%	33%	28%	3.6 p.p.	2.3 p.p.
Per region - Secondary Cities	48%	47%	52%	0.8 p.p.	3.5 p.p.
Sales over supply (%) - gross sales	19%	19%	18%	0.1 p.p. ↑	1.2 p.p. ↑
Sales over supply (%) - net sales	15%	15%	13%	0.3 p.p. ↑	1.9 p.p. ↑
100%					
Pre-sales (R\$ million)*	1,412	1,396	1,321	1.1% ↑	6.9% ↑
Units	9,299	9,090	8,207	2.3% ↑	13.3% ↑
Usable Area (in thousands of sq.m.)	408	404	377	1.1% ↑	8.3% ↑
Average Price - R\$'000 / unit	151	152	159	0.7% ↓	5.3% ↓
Average Price - R\$'000 / sq.m.	3.5	3.5	3.5	0.1% ↑	1.3% ↓

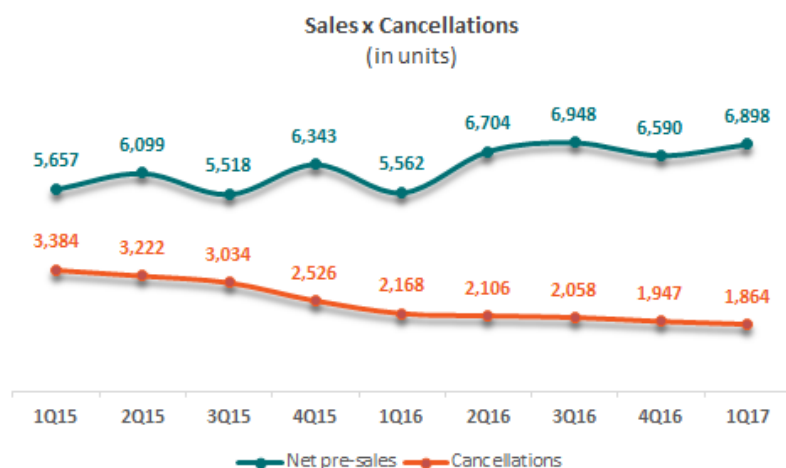
* Includes the residential and allotment segments.

The assertiveness and quality of launches in the last quarters has been contributing to the gradual increase in sales volume. This process implies the postponement of around 5% of the sale, which will be recognized in the next quarters.

Cancelations (%MRV)

(R\$ thousand)	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
Gross Sales	1,322,062	1,293,352	1,233,528	2.2% ↑	7.2% ↑
Cancellations (Contract Value)	271,240	285,340	320,152	4.9% ↓	15.3% ↓
Cancellations / Gross Sales	20.5%	22.1%	26.0%	1.55 p.p. ↓	5.44 p.p. ↓
Net Sales	1,050,822	1,008,012	913,375	4.2% ↑	15.0% ↑
(units)	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
Gross units Sold	8,762	8,537	7,730	2.6% ↑	13.4% ↑
Cancelled Units	1,864	1,947	2,168	4.2% ↓	14.0% ↓
Cancellations / Gross Sales	21.3%	22.8%	28.0%	1.53 p.p. ↓	6.77 p.p. ↓
Net Sales (units)	6,898	6,590	5,562	4.7% ↑	24.0% ↑

We reached a 15% increase in net sales in 1Q17, compared to 1Q16. This increase results from higher volume of units sold and decrease of cancellations. Since 2015, we have seen a consistent evolution in net sales and reduction of cancellations.



Real Estate Financing

Real Estate Financing	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
%MRV					
Client Financing (units)	6,840	8,831	6,739	22.5% ↓	1.5% ↑
Construction Financing	5,107	8,515	3,859	40.0% ↓	32.4% ↑
100%					
Client Financing (units)	7,237	9,065	6,969	20.2% ↓	3.8% ↑
Construction Financing	5,411	8,927	3,888	39.4% ↓	39.2% ↑

* Includes the residential and allotment segments.

Production

Production	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
%MRV					
Built Units	8,095	7,847	7,816	3.2% ↑	3.6% ↑
Finished units	7,417	10,205	7,627	27.3% ↓	2.8% ↓
100%					
Built Units*	8,830	8,886	8,399	0.6% ↓	5.1% ↑
Finished units	8,156	10,858	8,052	24.9% ↓	1.3% ↑
Construction sites*	197	214	222	7.9% ↓	11.3% ↓

* Includes the residential and allotment segments.

The production and clients' transferred volume to the banks remain consistent, increasing 5.1% and 3.8% respectively, compared to 1Q16.

Inventory at Market Value (%MRV)

The inventory of finished units with higher POC is impacted by a more tightening credit assessment from one of our bank partners, impairing the sales of projects with high POC level.

With the completion of these projects, we expect a sales rebound of these units through its transfer to the other financial institution.

Inventory at Market Value	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
%MRV					
Inventory at Market Value (R\$ billion)**	5.87	5.84	6.04	0.6% ↑	2.8% ↓
By Financing Source (PSV)					
FGTS	97%	95%	92%	1.9 p.p. ↑	4.7 p.p. ↑
Savings Accounts	3%	5%	8%	1.9 p.p. ↓	4.7 p.p. ↓
By Construction phase (units)					
Not initiated	39%	34%	38%	4.9 p.p. ↑	1.1 p.p. ↑
Under construction	58%	61%	57%	3.0 p.p. ↓	0.9 p.p. ↑
Finished	3%	5%	5%	1.9 p.p. ↓	1.9 p.p. ↓
Inventory Duration *	4.4	4.5	4.9	1.6% ↓	9.3% ↓

* Inventory duration = final inventory / Pre-sales (per quarter)

** Only launches. Does not include landbank.

Financial Performance- MRV

Net Operational Revenue

(R\$ million)	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
Net Operational Revenue	1,007	1,060	981	5.0% ↓	2.6% ↑
Financial results allocated to Net Revenue	7	7	9	6.6% ↑	17.7% ↓
Total Net Operational Revenue	1,014	1,067	990	4.9% ↓	2.4% ↑

Gross Profit

(R\$ million)	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
Gross Profit	341	357	326	4.5% ↓	4.6% ↑
Gross Margin (%)	33.6%	33.4%	32.9%	0.1 p.p. ↑	0.7 p.p. ↑

The Company's gross margin reflects the continuous evolution of our execution capacity. We noticed that from 2015 the projects present higher margins when compared to the previous ones.

In addition, the lower cost of land acquisition, as well as the reduction in materials and labor prices, positively impacted this evolution.

Financial Cost recorded under COGS

(R\$ million)	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
Financial Cost recorded under COGS	38	35	34	9.0% ↑	12.0% ↑
% of Net Operating Revenue	3.7%	3.3%	3.4%	0.5 p.p. ↑	0.3 p.p. ↑
Gross profit with financial cost	341	357	326	4.5% ↓	4.6% ↑
Gross profit ex.h financial cost	379	391	360	3.3% ↓	5.3% ↑
Gross Margin ex. financial cost (%)	37.3%	36.7%	36.3%	0.6 p.p. ↑	1.0 p.p. ↑

Selling, General and Administrative Expenses (SG&A)

(R\$ million)	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
Selling expenses	128	133	116	4.3% ↓	10.1% ↑
Selling expenses / net revenues (%)	12.6%	12.5%	11.7%	0.1 p.p. ↑	0.9 p.p. ↑
Selling expenses / pre-sales (%)	9.7%	10.3%	9.4%	0.7 p.p. ↓	0.3 p.p. ↑
General & Administrative Expenses	71	69	66	2.4% ↑	7.6% ↑
G&A expenses / net revenues (%)	7.0%	6.5%	6.7%	0.5 p.p. ↑	0.3 p.p. ↑
G&A expenses / pre-sales (%)	5.4%	5.4%	5.4%	0.0 p.p. ↑	0.0 p.p. ↑
Other operating (income) expenses	18	24	21	25.7% ↓	12.1% ↓

The Company is investing its efforts in the commercial area to maintain the sales level. Our backoffice administrative structure is sized to absorb a new sales and launches growing cycle.

Financial Results

(R\$ million)	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
Financial Expenses	(27)	(14)	(19)	101.4% ↑	41.5% ↑
Financial Income	65	59	55	8.8% ↑	17.6% ↑
Financial income from receivables from real estate development	12	10	12	18.0% ↑	4.1% ↓
Total	49	56	48	12.0% ↓	2.4% ↑

The growth of financial income is due to the increase in total gross cash position. The new funds-raising are being invested even more to support the Company's working capital therefore less interests will be capitalized.

We demonstrate below the total financial result adjusted by the financial charges allocated to COGS:

(R\$ million)	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
Financial result	49	56	48	12.0% ↓	2.4% ↑
Financial Cost recorded under COGS	(38)	(35)	(34)	9.0% ↑	12.0% ↑
Adjusted Total	11	21	14	46.8% ↓	20.7% ↓

EBITDA¹

R\$ million	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
Income before taxes	158	169	156	6.3% ↓	1.6% ↑
Depreciation and Amortization	13	12	10	6.6% ↑	36.8% ↑
Financial Results	(49)	(56)	(48)	12.0% ↓	2.4% ↑
Financial charges recorded under cost of sales	38	35	34	9.0% ↑	12.0% ↑
EBITDA	160	160	151	0.0% ↑	6.0% ↑
<i>EBITDA Margin</i>	<i>15.8%</i>	<i>15.0%</i>	<i>15.3%</i>	<i>0.8 p.p. ↑</i>	<i>0.5 p.p. ↑</i>
EBITDA Adjusted (ex. Equity Income)	175	177	166	1.0% ↓	5.0% ↑
<i>EBITDA Margin adjusted (ex. Equity Income)</i>	<i>17.2%</i>	<i>16.6%</i>	<i>16.8%</i>	<i>0.7 p.p. ↑</i>	<i>0.4 p.p. ↑</i>

Net Income

(R\$ million)	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16	1Q17	1Q16
Net Income	131	142	128	7.9% ↓	2.0% ↑	131	131
% Net margin	12.9%	13.3%	12.9%	0.4 p.p. ↓	0.1 p.p. ↓	12.9%	13.2%
Net income (ex. Equity Income)	145	158	143	8.2% ↓	1.3% ↑	145	145
% Net margin (ex. Equity Income)	14.3%	14.8%	14.5%	0.5 p.p. ↓	0.2 p.p. ↓	14.3%	14.7%

Unearned Results

(R\$ million)	Mar/17	Dec/16	Mar/16	Chg. Mar/17 x Dec/16	Chg. Mar/17 x Mar/16
Unearned Sales Revenues	2,038	2,059	2,460	1.0% ↓	17.2% ↓
(-) Unearned Costs of Units Sold	(1,209)	(1,225)	(1,454)	1.3% ↓	16.8% ↓
Unearned Results	829	834	1,006	0.6% ↓	17.6% ↓
Unearned Results Margin	40.7%	40.5%	40.9%	0.2 p.p. ↑	0.2 p.p. ↓

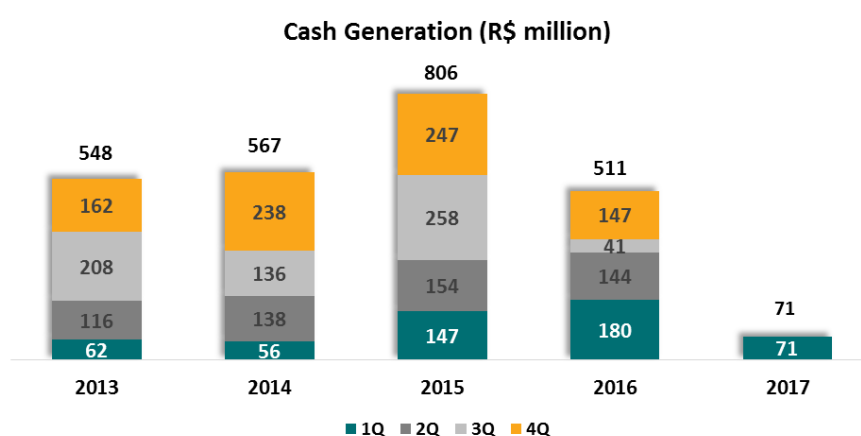
³EBITDA: see definition at the Glossary

Balance Sheet

Cash and Cash Equivalents and Short-term Investments

(R\$ million)	Mar/17	Dec/16	Mar/16	Chg. Mar/17 x Dec/16	Chg. Mar/17 x Mar/16
Cash and cash equivalents	2,646	1,764	1,812	50.0% ↑	46.0% ↑
Short-term investments	261	258	144	1.4% ↑	80.9% ↑
Total	2,907	2,021	1,956	43.8% ↑	48.6% ↑

The Company has a conservative cash management policy. In 1Q17, we reached cash position of R\$ 2.9 billion (fund-raising of R\$ 750 million – 9th debentures issuance), a sufficient amount to honor the debt maturities and dividends payment in the next quarters.



Receivables from Real Estate Development

(R\$ million)	Mar/17	Dec/16	Mar/16	Chg. Mar/17 x Dec/16	Chg. Mar/17 x Mar/16
12 months	3,078	3,170	3,770	2.9% ↓	18.4% ↓
13 to 24 months	1,338	1,369	1,617	2.2% ↓	17.2% ↓
25 to 36 months	144	144	164	0.0% ↑	11.9% ↓
37 to 48 months	23	23	27	0.7% ↑	13.9% ↓
Over 49 months	4	4	3	0.7% ↑	16.1% ↑
Total	4,587	4,709	5,581	2.6% ↓	17.8% ↓
Receivables from real estate development	2,549	2,650	3,120	3.8% ↓	18.3% ↓
Unearned sales revenue	2,038	2,059	2,460	1.0% ↓	17.2% ↓
Total	4,587	4,709	5,580	2.6% ↓	17.8% ↓

The Simultaneous Sales and the most recent “Zero Cancelation” process are contributing for the reduction of accounts receivable cycle, more working capital efficiency and recurrent cash generation.

Mortgage with MRV (R\$ million)	Mar/17	Dec/16	Mar/16	Chg. Mar/17 x Dec/16	Chg. Mar/17 x Mar/16
After Keys Delivery	461	423	318	9.0% ↑	45.1% ↑
Before Keys Delivery	632	640	570	1.3% ↓	11.0% ↑
Total	1,093	1,063	887	2.8% ↑	23.2% ↑
Mortgage with MRV/Pre-sales LTM (%)	20.5%	20.2%	16.6%	0.2 p.p. ↑	3.9 p.p. ↑
Change in Mortgage with MRV/Pre-sales (%)	2.3%	3.4%	3.2%	1.1 p.p. ↓	0.9 p.p. ↓

MRV portfolio is composed by amounts to be received from clients after being transferred to the banks, i.e. installments paid directly to the Company, once mortgage given by banks represents on average 75% of the unit's value.

The improvement in the Company's operating cycle, combined with the increase of units with higher POC, contributed to the growth of receivables after keys delivery.

For this portfolio, we provisioned R\$ 145 million, to cover potential loss of this portfolio.

Clients (in R\$ million)	Mar/17	Dec/16
Clients	2,743	2,826
Present value adjustment	(50)	(49)
Bad Debt Provision	(145)	(127)
	2,549	2,650
Current	1,605	1,658
Noncurrent	944	991

Advances from Customers

(R\$ million)	Mar/17	Dec/16	Mar/16	Chg. Mar/17 x Dec/16	Chg. Mar/17 x Mar/16
12 months	613	675	802	9.1% ↓	23.5% ↓
13 to 24 months	364	371	441	2.0% ↓	17.5% ↓
Over 24 months	256	257	264	0.6% ↓	3.2% ↓
Total	1,233	1,304	1,507	5.4% ↓	18.2% ↓
Advanced receivables	91	121	316	24.7% ↓	71.1% ↓
Advances for barbers	1,142	1,183	1,192	3.5% ↓	4.2% ↓
Total	1,233	1,304	1,507	5.4% ↓	18.2% ↓

Real Estate for Sale and Development

(R\$ million)	Mar/17	Dec/16	Mar/16	Chg. Mar/17 x Dec/16	Chg. Mar/17 x Mar/16
Properties under construction	2,505	2,376	1,923	5.4% ↑	30.2% ↑
Completed Units	39	41	64	3.9% ↓	38.4% ↓
Land bank	3,767	3,680	3,250	2.4% ↑	15.9% ↑
Advances to Suppliers	31	33	32	5.8% ↓	4.2% ↓
Inventories of supplies	4	6	13	25.4% ↓	66.6% ↓
Total	6,346	6,136	5,283	3.4% ↑	20.1% ↑
Current	3,222	3,077	2,555	4.7% ↑	26.1% ↑
Non-current	3,125	3,059	2,728	2.1% ↑	14.5% ↑

Total Debt

On March 31, 2017 our debt totaled R\$ 3,278 million, fully denominated in Brazilian *Reais*, and mainly indexed to the interbank deposit rate and referential rate.

Debt Maturity Schedule

(R\$ million)	Construction Financing	Corporate Debt*	Total
12 months	443	581	1,023
13 to 24 months	507	578	1,085
25 to 36 months	283	359	641
37 to 48 months	4	210	214
Over 48 months	4	310	314
Total Debt	1,240	2,038	3,278

*Include leases and Finame

On March 31, 2017, the duration of MRV's debt was 22 months.

Debt Breakdown

(R\$ million)	Maturity	Charges	Balance Due	
			Mar/17	Dec/16
Corporate Debt – CDI			2,022	1,139
Debentures - 6th Issuance	05/2017	CDI + 1.5% p.a.	264	256
Debentures - 9th Issuance (1st serie)	up to 02/2020	CDI + 1.5% p.a.	172	-
Debentures - 9th Issuance (2nd serie)	up to 02/2020	CDI + 2.3% p.a.	496	-
Debentures - 9th Issuance (3rd serie)	02/2022	IPCA + 8.25% p.a.	80	-
Working capital – CDI	up to 06/2018	111%CDI p.a. to CDI+2,05% p.a.	234	238
CCB which backed the CRI operation	up to 02/2023	CDI + 0.4% p.a. to 2.03% p.a.	756	628
Leasing	up to 03/2020	CDI + 2.5% p.a. to 2.85% p.a.	21	17
Construction Finance - TR			1,240	1,157
Debentures - 4th Issuance	12/2017	TR + 8.25 p.a.	83	81
Construction Financing	up to 01/2022	TR + 8% a 12%	1,044	800
Working capital – TR	03/2023	TR + 10.21% to 13.29% p.a.	114	276
Others			16	18
Others	up to 04/2020	TJLP + 3.7% p.a. and Fixed rate 4.5% and 9.5% p.a.	16	18
Total			3,278	2,314

Weighted Average Debt Cost

(R\$ million)	Balance Due Mar/17	Balance Due / Total (%)	Average Cost
CDI	1,942	59.2%	CDI + 1.77%
TR	1,240	37.8%	TR + 8.77%
Others (fixed rate)	97	2.9%	7.71%
Total	3,278	100.0%	12.04%

Net Debt

Consolidated MRV Net Debt

(R\$ million)	Mar/17	Dec/16	Mar/16	Chg. Mar/17 x Dec/16	Chg. Mar/17 x Mar/16
Total debt	3,278	2,314	2,301	41.7% ↑	42.5% ↑
(-) Cash and cash equivalents and Short-term investments	(2,907)	(2,021)	(1,956)	43.8% ↑	48.6% ↑
Net Debt	372	293	345	27.1% ↑	7.8% ↑
Total Shareholders' Equity	5,414	5,437	5,165	0.4% ↓	4.8% ↑
Net Debt / Total Shareholders' Equity	6.9%	5.4%	6.7%	1.5 p.p. ↑	0.2 p.p. ↑
EBITDA LTM	646	637	687	1.4% ↑	6.0% ↓
Net Debt / EBITDA LTM	0.58x	0.46x	0.50x	25.3% ↑	14.7% ↑
EBITDA LTM Adjusted (ex. Equity Income)	703	694	782	1.2% ↑	10.2% ↓
Net Debt / EBITDA LTM (ex. Equity Income)	0.53x	0.42x	0.44x	25.6% ↑	20.0% ↑

Covenants & Corporate Risk

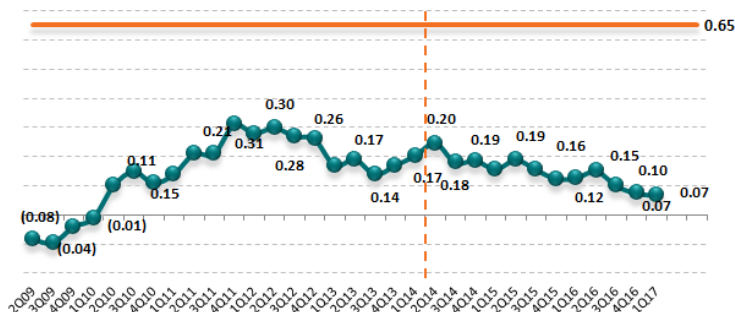


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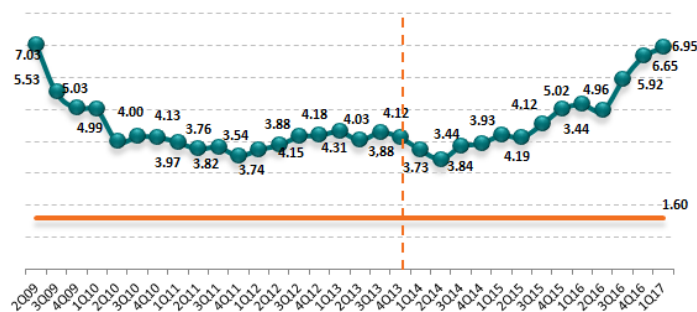
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Debt Covenant²



$$\frac{\text{Net Debt} + \text{Properties Payable}}{\text{Equity}} < 0.65$$

Receivables Covenant



$$\frac{\text{Receivables} + \text{Unearned Income} + \text{Inventories}}{\text{Net Debt} + \text{Properties Payable} + \text{Unincurred Costs}} > 1.6$$

² Debt and Receivables Covenants calculated in accordance to new accounting consolidation rules as of 1Q13.

Repurchases**Share Buyback Plan - Plan VI**

Term	06/02/2016
Status	Active
Approved Quantity	12,000,000
Acquired Quantity (as of 12/31/2016)	0
Treasury Shares (as of 12/31/16)	2,742,500

MRVE3 (03/31/17)**441,397,184 shares in the market****Market Share:** R\$ 6,4 billion
US\$ 2 billion

(03/31/17: US\$ 1 = R\$ 3.168)

Average Daily Trading Volume (1Q17):
R\$ 40.7 million

LOG Commercial Properties

Operating Highlights (in GLA sq.m., in %LOG)	31/Mar/17 Accum.	31/Mar/16 Accum.	31/Mar/17 x 31/Mar/16
Potential Portfolio	1,558,804	1,276,099	22.2%
Warehouses	1,486,153	1,220,346	21.8%
Retail *	72,651	55,754	30.3%
Approved GLA	1,051,781	1,018,084	3.3%
Warehouses	1,031,402	997,318	3.4%
Retail *	20,379	20,766	-1.9%
Delivered GLA	654,546	621,968	5.2%
Warehouses	636,831	606,777	5.0%
Retail *	17,715	15,191	16.6%

Financial Highlights (in R\$ thousand)	1Q17	4Q16	1Q16	1Q17 x 4Q16	1Q17 x 1Q16
Net Operating Revenues	23,988	24,521	24,064	-2.2%	-0.3%
EBITDA	19,976	(6,093)	20,496	-427.9%	-2.5%
EBITDA Margin (%)	83.3%	-24.8%	85.2%	108.1 p.p.	-1.9 p.p.
Adjusted EBITDA **	19,513	19,961	19,812	-2.2%	-1.5%
Adjusted EBITDA Margin (%)	81.3%	81.4%	82.3%	-0.1 p.p.	-1.0 p.p.
FFO	8,296	10,251	10,396	-19.1%	-20.2%
FFO Margin (%)	34.6%	41.8%	43.2%	-7.2 p.p.	-8.6 p.p.
Adjusted FFO **	8,378	7,824	10,396	7.1%	-19.4%
Adjusted FFO Margin (%)	34.9%	31.9%	43.2%	3.0 p.p.	-8.3 p.p.

* Retail: Shopping Centers and Strip Malls.

** Adjusted EBITDA and FFO does not consider non recurrent events as Shopping Contagem stake sale, part of land sale, SPE sale and gain/loss with investment properties

*** The operating highlights considers LOG's JV's.

Urbamais

Since its foundation Urbamais is consolidating its activities, its growth is evident is based on its projects progress, as well as in the achieved results.

Projects

In 4Q16, Urbamais launched one more allotment project – “Jardim dos Girassóis”, with 1,137 plots and PSV of R\$ 70 million. The project is located in Feira de Santana (BA), surrounded by the new development area of the city near to commercial and services areas. This is the Company’s second project in this city.

The other projects have reach a 75% completion, corroborating our dedication, commitment to our clients and the urbanization development aimed by the cities in which Urbamais operates.

Next launches are under approval by the local authorities in order to be carried out in 2017.

Results

The Urbamais participation in the projects pre-sales represented R\$ 4.8 million and R\$ 10.9 million in the first quarter of 2017 and 2016, respectively.

Along with the company’s growth and recent projects launched in 2016, there were also an increase on net revenue in 1Q17, from R\$ 6.7 million to R\$ 13.6 million, when compared to the same period of last year.

Net income and EBITDA in 1Q17 were R\$ 2.2 million and R\$ 2.6 million, respectively. These results shows a significant increase compared to 1Q16, which presented net income of R\$ 0.7 million and EBITDA of R\$ 1.1 million.

Gross margin remained flatish in 1Q17 compared to 1Q16, around 51%. EBTIDA margin was 19.7% and net margin was 16.7, both showing an improvement of around 5.0 p.p. in 1Q17 compared to 1Q16.

Landbank (R\$ million)

Land bank	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
100% Urbamais*					
Land Bank (R\$ billion)	2,440	2,440	2,421	0.0% ↑	0.8% ↑
Acquisitions/Adjustments (R\$ million)	-	61	218	100.0% ↓	100.0% ↓
Units	26	26	27	0.0% ↑	3.4% ↓
Usable Area (in thousands of sq.m.)	6,224	6,224	6,252	0.0% ↑	0.4% ↓
Average Price - R\$'000 / unit	94	94	90	0.0% ↑	4.3% ↑
Average Price - R\$'000 / sq.m.	392	392	387	0.0% ↑	1.2% ↑
% Urbamais**					
Land Bank (R\$ billion)	1,545	1,545	1,546	0.0% ↑	0.1% ↓
Acquisitions/Adjustments (R\$ million)	-	43	136	100.0% ↓	100.0% ↓
Units	16	16	17	0.0% ↑	4.9% ↓
Area (in thousands of sq.m.)	3,946	3,946	4,002	0.0% ↑	1.4% ↓
Average Price - R\$'000 / unit	94	94	90	0.0% ↑	5.1% ↑
Average Price - R\$'000 / sq.m.	392	392	386	0.7% ↑	1.2% ↓
%MRV***					
Land Bank (R\$ billion)	927	927	928	0.0% ↑	0.1% ↓
Units	10	10	10	0.0% ↑	4.9% ↓
Area (in thousands of sq.m.)	2,367	2,367	2,401	0.0% ↑	1.4% ↓

* Total Units (Urbamais + Partners)

** The amount equivalent to 100% of Urbamais

*** The proportional value of MRV in Urbamais

Launches (R\$ million)

Launches	1Q17	4Q16	1Q16	Var. 1Q17 x 4Q16	Var. 1Q17 x 1Q16
100% Urbamais*					
Launches (R\$ million)	-	90	-	-	-
Units	-	1,365	-	-	-
Average Launching Size (units)	-	683	-	-	-
Area (in thousands of sq.m.)	-	256	-	-	-
Average Price - R\$'000 / unit	-	66	-	-	-
Average Price - R\$'000 / sq.m.	-	352	-	-	-
Number of projects	-	2	-	-	-
% Urbamais**					
Launches (R\$ million)	-	65	-	-	-
Units	-	984	-	-	-
Area (in thousands of sq.m.)	-	185	-	-	-
% MRV***					
Launches (R\$ million)	-	39	-	-	-
Units	-	590	-	-	-
Area (in thousands of sq.m.)	-	111	-	-	-

* Total Units (Urbamais + Partners)

** The amount equivalent to 100% of Urbamais

*** The proportional value of MRV in Urbamais

Pre-sales (R\$ million)

Pre-sales*	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
100% Urbamais*					
Pre-sales (R\$ million)	11.8	18.2	15.6	35.5% ↓	24.7% ↓
Units	175	271	197	35.4% ↓	11.2% ↓
Usable Area (in sq.m.)	30	49	39	37.3% ↓	21.3% ↓
Average Price - R\$'000 / unit	67	67	79	0.0% ↓	15.2% ↓
Average Price - R\$'000 / sq.m.	386	375	404	2.9% ↑	4.3% ↓
Sales over supply (%) - gross sales	13%	17%	37%	25.7% ↓	66.3% ↓
Sales over supply (%) - net sales	4%	13%	33%	66.3% ↓	86.8% ↓
% Urbamais**					
Pre-sales (R\$ million)	8.4	13.4	10.9	37.0% ↓	22.3% ↓
Units	127	201	138	36.9% ↓	8.2% ↓
Usable Area (in sq.m.)	22	36	27	38.6% ↓	19.1% ↓
% MRV***					
Pre-sales (R\$ million)	5.8	8.9	7.4	35.2% ↓	21.8% ↓
Units	83	128	91	35.3% ↓	9.4% ↓
Usable Area (in sq.m.)	15	23	18	37.3% ↓	19.3% ↓

* Total Units (Urbamais + Partners)

** The amount equivalent to 100% of Urbamais

*** The proportional value of MRV in Urbamais

Production (R\$ million)

Production	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
100% Urbamais*					
Built Units	553	580	127	4.7% ↓	335.2% ↑
Finished units	-	-	-	-	-
Construction sites	4	3	3	33.3% ↑	33.3% ↑
% Urbamais**					
Built Units	410	434	87	5.5% ↓	370.4% ↑
Finished units	-	-	-	-	-
% MRV***					
Built Units	246	260	56	5.5% ↓	339.1% ↑
Finished units	-	-	-	-	-

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Attachment 01 – Consolidated Statement of Income (R\$ million)

R\$ million	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
NET OPERATING REVENUE	1,014	1,067	990	4.9% ↓	2.4% ↑
COST OF PROPERTIES SOLD AND SERVICES	(673)	(710)	(664)	5.1% ↓	1.4% ↑
GROSS PROFIT	341	357	326	4.5% ↓	4.6% ↑
<i>Gross Margin</i>	33.6%	33.4%	32.9%	0.1 p.p. ↑	0.7 p.p. ↑
OPERATING INCOME (EXPENSES)					
Selling expenses	(128)	(133)	(116)	4.3% ↓	10.1% ↑
General & Administrative Expenses	(71)	(69)	(66)	2.4% ↑	7.6% ↑
Other operating income (expenses), net	(18)	(24)	(21)	25.7% ↓	12.1% ↓
Equity Income	(15)	(16)	(15)	10.8% ↓	4.9% ↓
INCOME BEFORE FINANCIAL INCOME (EXPENSES)	109	113	108	3.5% ↓	1.3% ↑
FINANCIAL RESULTS					
Financial expenses	(27)	(14)	(19)	101.4% ↑	41.5% ↑
Financial income	65	59	55	8.8% ↑	17.6% ↑
Financial income from receivables from real estate development	12	10	12	18.0% ↑	4.1% ↓
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	158	169	156	6.3% ↓	1.6% ↑
Income Tax and Social Contribution	(24)	(26)	(21)	5.6% ↓	13.8% ↑
NET INCOME	134	143	134	6.4% ↓	0.3% ↓
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	3	2	6	0.0% ↑	0.0% ↑
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	131	142	128	7.9% ↓	2.0% ↑
<i>Net Margin</i>	12.9%	13.3%	12.9%	0.4 p.p. ↓	0.1 p.p. ↓
BASIC EARNINGS PER SHARE	0.296	0.321	0.290	7.9% ↓	2.0% ↑

EBITDA (R\$ million)

R\$ million	1Q17	4Q16	1Q16	Chg. 1Q17 x 4Q16	Chg. 1Q17 x 1Q16
Income before taxes	158	169	156	6.3% ↓	1.6% ↑
Depreciation and Amortization	13	12	10	6.6% ↑	36.8% ↑
Financial Results	(49)	(56)	(48)	12.0% ↓	2.4% ↑
Financial charges recorded under cost of sales	38	35	34	9.0% ↑	12.0% ↑
EBITDA	160	160	151	0.0% ↑	6.0% ↑
<i>EBITDA Margin</i>	15.8%	15.0%	15.3%	0.8 p.p. ↑	0.5 p.p. ↑
EBITDA Adjusted (ex. Equity Income)	175	177	166	1.0% ↓	5.0% ↑
<i>EBITDA Margin adjusted (ex. Equity Income)</i>	17.2%	16.6%	16.8%	0.7 p.p. ↑	0.4 p.p. ↑

Attachment 02 – Consolidated MRV Balance Sheet (R\$ million)

ASSETS	3/31/17	12/31/16	3/31/16	Var. Mar/17 x Dec/16	Var. Mar/17 x Mar/16
CURRENT ASSETS					
Cash and cash equivalents	2,646	1,764	1,812	50.0% ↑	46.0% ↑
Short-term investments	261	258	144	1.4% ↑	80.9% ↑
Receivables from real estate development	1,605	1,658	2,023	3.2% ↓	20.7% ↓
Receivables from services provided	3	4	4	16.7% ↓	24.3% ↓
Real estate for sale and development	3,222	3,077	2,555	4.7% ↑	26.1% ↑
Recoverable current taxes	112	229	182	51.0% ↓	38.2% ↓
Deferred expenses	69	57	51	20.2% ↑	33.6% ↑
Other assets	66	74	62	10.0% ↓	6.8% ↑
Total Current Assets	7,984	7,120	6,834	12.1% ↑	16.8% ↑
NONCURRENT ASSETS					
Receivables from real estate development	944	991	1,097	4.8% ↓	13.9% ↓
Real estate for sale and development	3,125	3,059	2,728	2.1% ↑	14.5% ↑
Due from related parties	44	37	39	20.2% ↑	11.9% ↑
Deferred expenses	35	36	35	4.3% ↓	1.8% ↓
Financial instruments and derivatives	4	2	-	153.1% ↑	-
Other noncurrent assets	84	73	68	16.1% ↑	23.5% ↑
Investment property	761	783	732	2.9% ↓	3.8% ↑
Property and equipment	141	140	107	0.7% ↑	32.3% ↑
Intangible Assets	87	86	85	0.6% ↑	2.3% ↑
Total Noncurrent Assets	5,224	5,207	4,891	0.3% ↑	6.8% ↑
TOTAL ASSETS	13,207	12,327	11,725	7.1% ↑	12.6% ↑

Attachment 02 – Consolidated MRV Balance Sheet (R\$ million)– continuation

LIABILITIES AND SHAREHOLDERS' EQUITY	3/31/17	12/31/16	3/31/16	Var. Mar/17 x Dec/16	Var. Mar/17 x Mar/16
CURRENT LIABILITIES					
Trade accounts payable	315	315	247	0.1% ↓	27.7% ↑
Payables for purchase of investments	25	35	41	29.3% ↓	14.8% ↓
Loans and financing	1,023	937	1,188	9.2% ↑	13.9% ↓
Payables for purchase of land	534	515	412	3.9% ↑	29.6% ↑
Advances from customers	613	675	802	9.1% ↓	23.5% ↓
Labor and social liabilities	123	110	118	11.4% ↑	4.2% ↑
Tax liabilities	52	57	46	9.4% ↓	12.5% ↑
Accrual for maintenance of real estate	42	40	41	3.9% ↑	3.5% ↑
Deferred tax liabilities	58	59	67	0.6% ↓	13.3% ↓
Proposed dividends	133	132	130	0.4% ↑	2.2% ↑
Other payables	51	49	48	2.4% ↑	4.4% ↑
Total Current Liabilities	2,968	2,924	3,140	1.5% ↑	5.5% ↓
NONCURRENT LIABILITIES					
Payables for purchase of investments	-	-	23	-	100.0% ↓
Loans and financing	2,255	1,377	1,113	63.8% ↑	102.6% ↑
Payables for purchase of land	1,689	1,695	1,342	0.4% ↓	25.9% ↑
Advances from customers	620	629	705	1.5% ↓	12.1% ↓
Accrual for maintenance of real estate	99	100	97	1.1% ↓	2.1% ↑
Accrual for civil, labor, and tax risks	97	98	88	0.2% ↓	11.1% ↑
Deferred tax liabilities	39	40	39	2.0% ↓	0.7% ↑
Other liabilities	27	27	13	2.4% ↓	101.7% ↑
Total Noncurrent Liabilities	4,826	3,965	3,420	21.7% ↑	41.1% ↑
SHAREHOLDERS' EQUITY					
Equity attributable to the shareholders of the Company	5,166	5,184	4,905	0.3% ↓	5.3% ↑
Non-controlling Interests	248	254	260	2.3% ↓	4.8% ↓
Total Shareholders' Equity	5,414	5,437	5,165	0.4% ↓	4.8% ↑
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	13,207	12,327	11,725	7.1% ↑	12.6% ↑

Attachment 03 – Consolidated Statement of Cash Flow (R\$ million)

Consolidated (R\$ million)	1Q17	4Q16	Chg. 1Q17 x 4Q16
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	134	143	6.4% ↓
Adjustments to reconcile net income to cash used in operating activities	109	109	0.4% ↓
Decrease (increase) in operating assets	(10)	55	118.4% ↓
Increase (decrease) in operating liabilities	(120)	(133)	9.6% ↓
Net cash used in operating activities	112	174	35.4% ↓
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in investment securities	5	(111)	104.4% ↓
Advances to related parties	(21)	(90)	76.7% ↓
Receipts from related parties	14	93	84.9% ↓
Decrease in (acquisition of/contribution to) investments	8	(124)	106.7% ↓
Payment for acquisition of subsidiary	(11)	(11)	2.0% ↑
Acquisition of fixed and intangible assets	(16)	(27)	40.9% ↓
Net cash used in investing activities	(21)	(271)	92.3% ↓
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from stock options' exercise	1	0	510.4%
Treasury shares	7	-	-
Proceeds from loans, financing and debenture	1,208	795	52.0%
Payment of loans, financing and debenture	(265)	(584)	54.6% ↓
Receive of financial instruments and derivatives	(1)	-	-
Capital transaction	(0)	0	354.3% ↓
Dividends payment	(150)	-	-
Net contributions (distributions) of noncontrolling interests	(9)	(12)	24.0% ↓
Net cash (used in) generated by financing activities	791	199	297.7% ↑
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	882	102	763.6% ↑
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the period	1,764	1,661	6.2% ↑
Cash and cash equivalents at end of the period	2,646	1,764	50.0% ↑

Attachment 04 – Consolidated Income Statement LOG CP 100% (R\$ thousands)

INCOME STATEMENT	1Q17	4Q16	1Q16	Chg. % 1Q16 x 4Q15	Chg. % 1Q16 x 1Q15
NET OPERATING REVENUES	23,988	24,521	24,064	-2.2%	-0.3%
GROSS PROFIT	23,988	24,521	24,064	-2.2%	-0.3%
OPERATING EXPENSES	(4,074)	(30,675)	(3,635)	-86.7%	12.1%
Selling expenses	(2,494)	(2,836)	(2,340)	-12.1%	6.6%
General & Administrative expenses	(2,669)	(2,364)	(2,564)	12.9%	4.1%
Other operatin expenses, net	(605)	(185)	193	227.0%	-413.5%
Investment Property Fair Value Variation	463	(27,151)	684	-101.7%	-32.3%
Equity in subsidiaries and JV's	1,231	1,861	392	-33.9%	214.0%
OPERATING INCOME BEFORE FINIACIAL RESULTS	19,914	(6,154)	20,429	-423.6%	-2.5%
FINANCIAL RESULTS	(12,781)	(16,313)	(8,642)	-21.7%	47.9%
Financial expenses	(17,041)	(17,351)	(11,705)	-1.8%	45.6%
Financial income	4,260	1,038	3,063	310.4%	39.1%
INCOME/ LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	7,133	(22,467)	11,787	-131.7%	-39.5%
INCOME TAX AND SOCIAL CONTRIBUTION	1,101	32,657	(1,458)	-96.6%	-175.5%
Current	(1,409)	(1,405)	(1,381)	0.3%	2.0%
Deferred	2,510	34,062	(77)	-92.6%	-3359.7%
NET INCOME/LOSS	8,234	10,190	10,329	-19.2%	-20.3%
PROFIT/LOSS ATRIBUTABLE TO					
Shareholder's of the company	8,232	10,189	10,326	-19.2%	-20.3%
Non-controlling interests	2	1	3	100.0%	-33.3%

Attachment 05 – Consolidated Balance Sheet LOG CP 100% (R\$ thousands)

ASSETS	31-Mar-17	31-Dec-16	Chg. % Mar-16 x Dec-15	LIABILITIES & SHAREHOLDER'S EQUITY	31-Mar-17	31-Dec-16	Chg. % Mar-16 x Dec-15
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	99,609	146,941	-32.2%	Accounts Payable	3,278	3,561	-7.9%
Accounts receivable	23,277	24,094	-3.4%	Loans and financing	352,957	337,250	4.7%
Recoverable taxes	7,446	7,476	-0.4%	Salaries, payroll taxes and benefits	2,951	2,523	17.0%
Deferred selling expenses	6,809	6,785	0.4%	Taxes and contributions	2,670	2,680	-0.4%
Other assets	489	442	10.6%	Advances from customers - Swap	1,840	1,570	17.2%
Total current assets	137,630	185,738	-25.9%	Payable Dividends	8,466	8,466	0.0%
NON-CURRENT ASSETS				Other liabilities	1,514	1,580	-4.2%
Trade accounts receivable	13,432	12,800	4.9%	Total current liabilities	373,676	357,630	4.5%
Deferred selling expenses	3,401	3,694	-7.9%	Non-current liabilities			
Recoverable taxes	37,411	40,953	-8.6%	Loans and financing	614,749	651,834	-5.7%
Deferred taxes	93,083	90,213	3.2%	Advances from Customers - Swap	40,787	41,073	-0.7%
Other assets	1,293	1,049	23.3%	Deferred taxes	55,866	54,958	1.7%
Investment in subsidiaries and jointly	252,425	247,220	2.1%	Others	2,674	2,319	15.3%
Investment property	2,328,747	2,298,800	1.3%	Total Non-current liabilities	714,076	750,184	-4.8%
Property and equipment	1,593	1,631	-2.3%	Total Liabilities	1,087,752	1,107,814	-1.8%
Total non-current assets	2,731,385	2,696,360	1.3%	SHAREHOLDER'S EQUITY			
				Equity attributable to the shareholder's of the company	1,781,128	1,774,157	0.4%
				Non-controlling interest	135	127	6.3%
				Total Shareholder's Equity	1,781,263	1,774,284	0.4%
TOTAL ASSETS	2,869,015	2,882,098	-0.5%	TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	2,869,015	2,882,098	-0.5%

Attachment 06 – Consolidated Statement of Cash Flow LOG CP 100% (R\$ thousands)

CASH FLOW STATEMENT	1Q17	1Q16	Chg. % 1Q17 x 1Q16
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	8,234	10,329	-20.3%
Adjustments to reconcile profit to net cash used in operating activities	13,281	12,705	4.5%
Decrease (increase) in operating assets	(1,918)	(3,488)	-45.0%
Increase (decrease) in operating liabilities	1,955	1,649	18.6%
Income tax and social contribution paid	(1,305)	(1,540)	-15.3%
Land sale receiving	1,467	803	82.7%
Dividens received from jointly controlled	1,256	-	0.0%
Net cash used in operating activities	22,970	20,458	12.3%
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (Increase) of investments	(4,497)	(252)	1684.5%
Acquisition of investment property	(10,950)	(11,598)	-5.6%
Other	(1,342)	(48)	2695.8%
Net cash used in investing activities	(16,789)	(11,898)	41.1%
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and debentures, net	-	29,937	-100.0%
Payment of loans	(33,459)	(11,605)	188.3%
Derivative financial instrument redemption	-	186	-100.0%
Interest paid	(20,060)	(18,791)	6.8%
Payment of obligations with related companies	-	(12,333)	-100.0%
Increase in obligations with related companies	-	12,333	-100.0%
Contributions from noncontrolling shareholders	6	-	0.0%
Net cash provided by financing activities	(53,513)	(273)	19501.8%
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	(47,332)	8,287	-671.2%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year	146,941	17,258	751.4%
Cash and cash equivalents at end of year	99,609	25,545	289.9%

CASH FLOW STATEMENT	1Q17	1Q16	Chg. % 1Q17 x 1Q16
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	8.234	10.329	-20,3%
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CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year	146.941	17.258	751,4%
Cash and cash equivalents at end of year	99.609	25.545	289,9%

Attachment 07 – Glossary

Built Units – Recorded according to the construction’s evolution, equivalent construction.

Cash – Composed by the balance of cash and cash equivalents and financial investments (bonds and securities).

Cash Burn – cash burn as measured by the change in net debt, excluding capital increases, purchased shares held in treasury and dividend payments, when available.

Construction financing – Units from projects that had the construction financing approved by a financial institution in the period

Client financing – Quantity of clients (individuals) that signed their mortgages with a financial institution in the period

Pre-Sales – Every contract resulting from the sale of units over a certain period, including units being launched and units in stock.

“Crédito Associativo” – is a type of mortgage offered by Caixa Econômica Federal and Banco do Brasil to individuals that aim to finance their houses during the construction period. On the other hand, the homebuilders will also be paid by the banks according to the percentage of completion method. In this method, the cash flow is faster and more efficient than the traditional method where the company is financed only when the project is delivered.

Duration – Weighted average time of the debt maturity.

EBITDA - is equal to net income plus income tax and social contribution, net financial result, financial charges recorded under cost of goods sold, depreciation, amortization and minority interest. MRV believes that the reversion of the adjustment to present value of receivables from units sold and not yet delivered that is recorded as gross operating revenue is part of our operating activities and therefore we do not exclude these revenues from EBITDA’s calculation. EBITDA is not a Brazilian GAAP measure and should not be considered in isolation and should not be considered an alternative to net income, as an indicator of our operating performance or cash flows or as a measure of our liquidity. EBITDA does not have a standard definition and other companies may measure their EBITDA in a different way. Because the calculation of EBITDA does not take into consideration income tax and social contribution, net financial result, financial charges recorded under cost of goods sold, depreciation, amortization, minority interest, and expenses related to financial and legal advisory fees in connection with the entry of the selling shareholder and MRV initial public offering, EBITDA is an indicator of our general economic performance which is not affected by changes in interest rates, income tax and social contribution rates and rates of depreciation and amortization. Because EBITDA does not take into account certain costs related to our business which could materially affect our profits, such as financial result, taxes, depreciation, amortization and capital expenditures, among others, EBITDA is subject to limitations that impair its use as a measure of our profitability.

EPS - Earnings per share - Basic earnings per share are calculated by dividing income for the period attributed to the holders of common shares of the parent entity by the weighted average number of common shares outstanding during the period, less treasury shares, if any.

FFO – Funds from Operations, Net Income minus depreciation.

FFO Margin – Margin calculated dividing the FFO by Net Operational Revenues.

FIP M Plus – Private Equity fund managed by Bradesco BBI.

Finished Units – Recorded according to the construction’s conclusion, full project at once.

GLA – Gross leasable area, which corresponds to the areas available for lease.

INCC – *Índice Nacional de Custos da Construção* – inflation index associated with construction costs of residential units.

Land bank – land held in stock with the estimated PSV

LOG Commercial Properties – Subsidiary company, jointly controlled, in the business of industrial and commercial properties.

LOG-CP Portfolio – contemplates the GLA of the projects in operation, in construction and the potential GLA in development.

Minha Casa Minha Vida (My House My Life) – The Program Minha Casa Minha Vida, known as MCMV, is the national housing program of the Federal Government, which aims to reduce the housing deficit. The program envisages the construction of 3 million units for families earning up to 10 minimum wages. This program has two versions: Minha Casa Minha Vida, released in April 2009, with the goal of building one million houses to be contracted until 2010, and Minha Casa Minha Vida 2, released in 2010 with the goal of building two million additional homes, to be contracted between 2011 and 2014.

NOI - Net Operating Income, that is equal to the operating revenues less project direct expenses.

Novo Mercado - Special listing segment of the BM&FBOVESPA, with differentiated corporate governance rules, in which the Company was included on July 23, 2007.

OCPC 04 and PoC Method (Percentage of Completion) – Revenues, as well as the costs and expenses relating to the real estate development activity, are recognized along the real estate project's construction period, in line with the evolution of the cost incurred, according to OCPC 04. Most of our sales consist of credit sales carried out through installments. On an overall basis, we receive the value (or part of the value, in case of credit sales) in the sales contracts before revenue recognition. The revenue from real estate development relative to a certain period reflects the recognition of sales that were previously contracted.

PSV – Potential Sales Value - The PSV value is equivalent to the total number of potential launch Units, multiplied by the Unit's average estimated sales price.

RET – Special Tax Regime

ROE – Return on Equity – ROE is defined as the ratio between net income (after interest and taxes) and the average shareholder's equity.

SBPE – *Sistema Brasileiro de Poupança e Empréstimo* – Real Estate mortgage using funds from the savings accounts' deposits.

SFH Funds – Funds from the National Housing System (SFH) are originated from the Governance Severance Indemnity Fund for Employees (FGTS) and from savings accounts deposits (SBPE).

Starwood – Starwood is a private equity firm with headquarters in Greenwich, USA. Founded in 1991, Starwood has invested over US\$ 8 billion of equity capital, representing over US\$ 26 billion in assets. Starwood has approximately US\$ 16 billion of assets under management, having invested in nearly every class of real estate on a global basis, including offices, retail, residential, golf, hotels, resorts and industrial assets.

Swap Agreements – A system in which the land-owner gets a certain number of units to be built on the land in exchange for the land.

Unearned Results – the balance of real estate sale transactions already contracted, referring to uncompleted properties, non-incurred budgeted costs (according to budgets), and unearned revenue from sale of properties, not reflected in the financial statements.

Yield on cost – Defined as the Rent Revenues divided by Total investment.

Disclaimer

Unless otherwise stated, the operating data refer to MRV's share in projects.

This presentation contains forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and those related to growth prospects of MRV. These are mere projections and, as such, are based exclusively on the Management's expectations about the future of the business.

These expectations are highly dependent upon required approvals and licenses for projects, market conditions, performance of the Brazilian economy, the sector and international markets and, therefore, are subject to changes without prior notice.

This performance report includes accounting data and non-accounting data such as operating and financial results and outlooks based on the expectations of the Board of Directors. The non-accounting data such as values and units of Launches, Pre-Sales, amounts related to the housing program "Minha Casa Minha Vida", Inventory at Market Value, Land bank, Unearned Results, cash disbursement and Guidance were not subject to review by the Company's independent auditors.

The EBITDA, in this report, represents the net income before income tax and social contribution, net financial result, financial costs recorded under cost of goods sold, depreciation, amortization and minority interest. MRV believes that the reversion of the adjustment to present value of receivables from units sold and not yet delivered that is recorded as gross operating revenue is part of our operating activities and therefore we do not exclude these revenues from EBITDA's calculation. EBITDA is not a Brazilian GAAP and IFRS measure and should not be considered in isolation and should not be considered an alternative to net income, as an indicator of our operating performance or cash flows or as a measure of our liquidity. Because the calculation of EBITDA does not take into consideration income tax and social contribution, net financial result, financial charges recorded under cost of goods sold, depreciation, amortization and minority interest, EBITDA is an indicator of MRV general economic performance which is not affected by changes in interest rates, income tax and social contribution rates and rates of depreciation and amortization. Because EBITDA does not take into account certain costs related to our business which could materially affect our profits, such as financial result, taxes, depreciation, amortization and capital expenditures, among others, EBITDA is subject to limitations that impair its use as a measure of our profitability.

Relationship with Independent Auditors

Pursuant to CVM Instruction 381/03, we inform that the Company's independent auditors Ernst & Young Auditores Independentes S/S ("Ernst & Young") did not provide services during the first quarter of 2017 other than those relating to external audit. The Company's policy for hiring independent auditors ensures that there is no conflict of interest, loss of autonomy or objectiveness.

About MRV

MRV Engenharia e Participações S.A. is the largest Brazilian real estate developer and homebuilder in the lower-income segment, with more than 37 years of experience, active in 145 cities, in 22 Brazilian states and in the Federal District. MRV is listed on the BM&FBovespa's *Novo Mercado* under the ticker MRVE3. The ADRs are traded on OTC PINK International Premier of the Over-The-Counter (OTC) Market, with ticker MRVNY.

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2017 – MRV Engenharia e Participações S.A.

Individual / Balance Sheets – Assets
 (In thousands of Brazilian reais – R\$)

Code	Description	Current Quarter 3/31/2017	Previous year 12/31/2016
1	Total assets	11,158,436	10,322,274
1.01	Current assets	5,529,093	4,777,167
1.01.01	Cash and cash equivalents	2,146,833	1,245,914
1.01.01.01	Cash and banks	256,100	220,484
1.01.01.02	Short-term investments	1,890,733	1,025,430
1.01.03	Receivables	954,733	992,167
1.01.03.01	Trade accounts receivable	954,733	992,167
1.01.03.01.01	Receivables from real estate development	953,300	990,918
1.01.03.01.02	Receivables from services provided	1,433	1,249
1.01.04	Inventories	1,978,295	1,978,060
1.01.04.01	Real estate under construction	1,488,626	1,427,884
1.01.04.02	Completed units	29,036	29,522
1.01.04.03	Land bank	442,681	498,044
1.01.04.04	Advances to suppliers	16,386	20,257
1.01.04.05	Material inventories	1,566	2,353
1.01.06	Recoverable taxes	81,007	200,707
1.01.06.01	Recoverable current taxes	81,007	200,707
1.01.07	Prepaid expenses	38,877	32,668
1.01.08	Other current assets	329,348	327,651
1.01.08.03	Others	329,348	327,651
1.01.08.03.02	Other assets	68,328	72,361
1.01.08.03.03	Investments securities	261,020	255,290
1.02	Noncurrent assets	5,629,343	5,545,107
1.02.01	Long-term assets	2,960,449	2,932,624
1.02.01.03	Receivables	485,673	586,707
1.02.01.03.01	Trade accounts receivable	485,673	586,707
1.02.01.04	Inventories	2,343,405	2,230,378
1.02.01.04.01	Land bank	2,343,405	2,230,378
1.02.01.07	Prepaid expenses	19,779	21,157
1.02.01.07.01	Prepaid expenses	19,779	21,157
1.02.01.08	Intercompany receivables	39,052	34,532
1.02.01.08.04	Other related parties	39,052	34,532
1.02.01.09	Other noncurrent assets	72,540	59,850
1.02.01.09.03	Judicial deposits and other	69,239	58,682
1.02.01.09.04	Derivative	3,301	1,168
1.02.02	Investments	2,464,174	2,408,572
1.02.02.01	Investments	2,464,174	2,408,572
1.02.02.01.02	Investments in Subsidiaries	1,598,541	1,524,228
1.02.02.01.03	Interests in Jointly Controlled	865,633	884,344
1.02.03	Property and equipment	118,281	117,958
1.02.03.01	Operating property and equipment	113,175	114,738
1.02.03.03	Property and equipment under construction	5,106	3,220
1.02.04	Intangible assets	86,439	85,953
1.02.04.01	Intangible assets	86,439	85,953
1.02.04.01.02	Intangible assets	78,001	71,898
1.02.04.01.03	Intangible assets under development	8,438	14,055

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2017 – MRV Engenharia e Participações S.A.

Individual / Balance Sheets – Liabilities and Shareholder's Equity
 (In thousands of Brazilian reais – R\$)

Code	Description	Current Quarter 3/31/2017	Previous year 12/31/2016
2	Total liabilities	11,158,436	10,322,274
2.01	Current Liabilities	2,371,246	2,320,801
2.01.01	Labor and social liabilities	80,476	73,069
2.01.01.01	Social liabilities	9,209	9,979
2.01.01.02	Labor liabilities	71,267	63,090
2.01.02	Suppliers	231,691	225,366
2.01.02.01	Domestic trade accounts payable	231,691	225,366
2.01.03	Tax liabilities	29,243	32,075
2.01.03.01	Federal taxes	26,681	29,494
2.01.03.01.01	Income taxes and social contribution	4,992	5,496
2.01.03.01.02	Other federal taxes	21,689	23,998
2.01.03.03	Municipal taxes	2,562	2,581
2.01.04	Loans, financing and debentures	925,004	872,900
2.01.04.01	Loans, financing and debentures	573,370	536,715
2.01.04.01.01	Loans and financing in domestic currency	573,370	536,715
2.01.04.02	Debentures	351,634	336,185
2.01.05	Others liabilities	1,083,626	1,095,642
2.01.05.02	Others	1,083,626	1,095,642
2.01.05.02.02	Mandatory minimum dividend payable	132,315	132,315
2.01.05.02.04	Land payables	451,753	425,526
2.01.05.02.05	Advances from customers	398,128	430,668
2.01.05.02.06	Other payables	44,315	39,218
2.01.05.02.07	Deferred tax liabilities	32,439	33,033
2.01.05.02.08	Due to other related parties	24,676	34,882
2.01.06	Accruals	21,206	21,749
2.01.06.02	Other accruals	21,206	21,749
2.01.06.02.04	Accrual for maintenance of real estate	21,206	21,749
2.02	Noncurrent liabilities	3,621,462	2,817,744
2.02.01	Loans, financing and debentures	1,792,130	962,881
2.02.01.01	Loans, financing and debentures	1,049,540	962,881
2.02.01.01.01	Loans and financing in domestic currency	1,049,540	962,881
2.02.01.02	Debentures	742,590	-
2.02.02	Others liabilities	1,690,553	1,712,591
2.02.02.02	Others	1,690,553	1,712,591
2.02.02.02.03	Land payables	1,216,357	1,225,892
2.02.02.02.04	Advances from customers	464,197	475,676
2.02.02.02.06	Other payables	9,999	11,023
2.02.03	Deferred tax liabilities	19,853	23,150
2.02.04	Accruals	118,926	119,122
2.02.04.01	Social Security Tax Labor and Civil Provisions	71,544	69,881
2.02.04.01.01	Tax provisions	503	448
2.02.04.01.02	Labour and Social Security Provisions	25,463	21,460
2.02.04.01.04	Civil provisions	45,578	47,973
2.02.04.02	Other accruals	47,382	49,241
2.02.04.02.04	Accrual for maintenance of real estate	47,382	49,241
2.03	Shareholders' equity	5,165,728	5,183,729
2.03.01	Paid in capital	4,509,521	4,509,521
2.03.02	Capital reserves	30,121	28,977
2.03.02.04	Recognized options granted	56,430	55,286
2.03.02.07	Expenses on share issuance	(26,309)	(26,309)
2.03.04	Earnings reserve	495,803	645,231
2.03.04.01	Legal reserve	91,246	91,246
2.03.04.05	Retained profit reserve	424,468	424,808

Code	Description	Current Quarter 3/31/2017	Previous year 12/31/2016
2.03.04.09	Treasury Shares	(19,911)	(20,823)
2.03.04.10	Proposed additional dividends	-	150,000
2.03.05	Earnings/losses accumulated	130,283	-

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2017 – MRV Engenharia e Participações S.A.

Individual / Statement of Income
 (In thousands of Brazilian reais – R\$)

Code	Description	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
3.01	Revenue from sales and services	503,386	582,824
3.01.01	Net operating revenue	503,386	582,824
3.02	Cost of sales and services	(345,907)	(383,839)
3.02.01	Cost of real estate sales and services	(345,907)	(383,839)
3.03	Gross profit	157,479	198,985
3.04	Operating income (expenses)	(53,636)	(96,611)
3.04.01	Selling expenses	(80,546)	(74,093)
3.04.02	General and administrative expenses	(64,608)	(61,497)
3.04.04	Other operating incomes	8,965	8,416
3.04.05	Other operating expenses	(22,783)	(21,023)
3.04.06	Results from equity participation	105,336	51,586
3.05	Income before financial income and taxes	103,843	102,374
3.06	Financial income (expenses), net	36,840	36,870
3.06.01	Financial income	61,542	54,741
3.06.01.01	Financial income	53,288	46,721
3.06.01.02	Financial income from receivables from real estate development	8,254	8,020
3.06.02	Financial expenses	(24,702)	(17,871)
3.07	Income before taxes	140,683	139,244
3.08	Income tax and social contribution	(10,166)	(11,289)
3.08.01	Current	(12,109)	(12,998)
3.08.02	Deferred	1,943	1,709
3.09	Net income (loss) from continuing operations	130,517	127,955
3.11	Net income (loss) for the period	130,517	127,955
3.99	Earnings per share (In Reais - R\$):		
3.99.01	Basic		
3.99.01.01	ON	0.29571	0.29004
3.99.02	Diluted		
3.99.02.01	ON	0.29381	0.28908

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR - 3/31/2017 – MRV Engenharia e Participações S.A.

Individual / Statement of Comprehensive Income
(In thousands of Brazilian reais – R\$)

Code	Description	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
4.01	Net income	130,517	127,955
4.03	Comprehensive income for the period	130,517	127,955

Individual / Statement of Cash Flows - Indirect Method
 (In thousands of Brazilian reais – R\$)

Code	Description	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
6.01	Net cash used in operating activities	252,127	100,830
6.01.01	Cash provided by operating activities	77,362	128,290
6.01.01.01	Net income for the period	130,517	127,955
6.01.01.02	Depreciation and amortization	11,343	7,677
6.01.01.03	Recognized options granted	1,122	1,153
6.01.01.04	Result from sale of property and equipment	701	452
6.01.01.05	Financial results	13,080	7,389
6.01.01.06	Results from equity participation	(105,336)	(51,586)
6.01.01.07	Accrual for property maintenance	5,961	6,692
6.01.01.08	Provision for civil, labor and tax risks	688	4,532
6.01.01.09	Deferred taxes on income (IRPJ and CSSL)	(1,943)	(1,709)
6.01.01.10	Deferred taxes on revenue (PIS and COFINS)	(4,904)	(956)
6.01.01.12	Amortization of prepaid expenses	17,858	19,565
6.01.01.13	Allowance for doubtful debts	9,725	7,126
6.01.01.14	Results from derivative financial instruments	(1,450)	-
6.01.02	Increase (decrease) in assets and liabilities	174,765	(27,460)
6.01.02.01	Decrease (increase) in receivables from real estate development	225,177	123,595
6.01.02.02	Decrease (increase) in real estate for sale	35,614	1,467
6.01.02.03	Decrease (increase) in prepaid expenses	(22,690)	(25,826)
6.01.02.04	Decrease (increase) other assets	35,562	3,176
6.01.02.05	Increase (decrease) in trade payables	59	(35,134)
6.01.02.06	Increase (decrease) in payroll and related taxes	7,201	6,389
6.01.02.07	Increase (decrease) in taxes, fees and contributions	(3,165)	(7,706)
6.01.02.08	Increase (decrease) in advances from customers	(27,243)	(20,889)
6.01.02.09	Increase (decrease) in other liabilities	(9,251)	1,978
6.01.02.10	Interest paid	(47,696)	(52,939)
6.01.02.11	Income tax and social contribution paid	(468)	(764)
6.01.02.12	Realization of accrual for maintenance of real estate	(12,773)	(10,385)
6.01.02.13	Amounts paid for civil, labor and tax risks	(5,562)	(10,422)
6.02	Net cash provided in investing activities	(71,193)	151,738
6.02.01	(Increase) decrease in investment securities	2,715	(9,177)
6.02.02	Advances to related parties	(17,054)	(95,893)
6.02.03	Receipts from related parties	13,015	138,117
6.02.04	(Increase) decrease in investments	(45,651)	139,160
6.02.05	Purchase of property and equipment and intangible assets	(12,851)	(9,766)
6.02.07	Payment for acquisition of subsidiary	(11,367)	(10,703)
6.03	Net cash provided by (used in) financing activities	719,985	8,702
6.03.04	Proceeds from loans, financing and debentures	1,025,707	162,575
6.03.05	Repayment of loans, financing and debentures	(165,878)	(139,654)
6.03.07	Paid dividends	(150,075)	-
6.03.08	Capital transaction	(234)	292
6.03.09	Proceeds from exercised stock options	647	-
6.03.10	Loans from (to) related parties	10,501	(14,511)
6.03.11	Contracted and redeemed derivative financial instruments	(683)	-
6.05	Net decrease in cash and cash equivalents	900,919	261,270
6.05.01	Cash and cash equivalents at beginning of period	1,245,914	1,256,075
6.05.02	Cash and cash equivalents at end of period	2,146,833	1,517,345

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2017 – MRV Engenharia e Participações S.A.

Individual / Statement of Changes in Shareholder's Equity –1/1/2017 to 3/31/2017
 (In thousands of Brazilian reais – R\$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Shareholders' equity
5.01	Opening balance	4,509,521	28,977	645,231	-	-	5,183,729
5.03	Adjusted opening balance	4,509,521	28,977	645,231	-	-	5,183,729
5.04	Shareholders capital transaction	-	1,144	(149,428)	(234)	-	(148,518)
5.04.03	Recognized options granted	-	1,144	-	-	-	1,144
5.04.08	Treasury shares disposed to beneficiaries of stock option plan	-	-	647	-	-	647
5.04.09	Extraordinary dividends	-	-	(150,075)	-	-	(150,075)
5.04.10	Capital transaction	-	-	-	(234)	-	(234)
5.05	Comprehensive income	-	-	-	130,517	-	130,517
5.05.01	Net income (loss)	-	-	-	130,517	-	130,517
5.07	Closing balance	4,509,521	30,121	495,803	130,283	-	5,165,728

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2017 – MRV Engenharia e Participações S.A.

Individual / Statement of Changes in Shareholder's Equity – 1/1/2016 to 3/31/2016
 (In thousands of Brazilian reais – R\$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Shareholders' equity
5.01	Opening balance	4,059,521	23,550	692,543	-	-	4,775,614
5.03	Adjusted opening balance	4,059,521	23,550	692,543	-	-	4,775,614
5.04	Shareholders capital transaction	-	1,185	-	292	-	1,477
5.04.03	Recognized options granted	-	1,185	-	-	-	1,185
5.04.08	Capital transaction	-	-	-	292	-	292
5.05	Comprehensive income	-	-	-	127,955	-	127,955
5.05.01	Net income (loss)	-	-	-	127,955	-	127,955
5.07	Closing balance	4,059,521	24,735	692,543	128,247	-	4,905,046

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2017 – MRV Engenharia e Participações S.A.

Individual / Statement of Value Added
(In thousands of Brazilian reais – R\$)

Code	Description	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
7.01	Revenue	527,301	608,316
7.01.01	Revenues from sales of goods, services and products	514,885	596,727
7.01.02	Other revenue	8,165	8,333
7.01.03	Revenue from construction of own assets	4,251	3,256
7.02	Inputs purchased from third parties	(383,203)	(366,507)
7.02.01	Inputs purchased from third parties	(383,203)	(366,507)
7.03	Gross value added	144,098	241,809
7.04	Retentions	(11,343)	(7,677)
7.04.01	Depreciation, amortization and depletion	(11,343)	(7,677)
7.05	Net value added generated	132,755	234,132
7.06	Value added received in transfer	169,403	108,572
7.06.01	Results from equity participation	105,336	51,586
7.06.02	Financial income	64,067	56,986
7.07	Total value added for distribution	302,158	342,704
7.08	Value added distributed	302,158	342,704
7.08.01	Personnel	68,995	83,668
7.08.01.01	Salaries and wages	59,232	65,358
7.08.01.02	Benefits	6,863	14,613
7.08.01.03	Severance Pay Fund (FGTS)	2,900	3,697
7.08.02	Taxes, charges and contributions	49,981	61,911
7.08.02.01	Federal	35,678	43,274
7.08.02.02	State	178	516
7.08.02.03	Municipal	14,125	18,121
7.08.03	Debt remuneration	52,665	69,170
7.08.03.01	Interest	41,101	52,131
7.08.03.02	Rentals	11,443	16,822
7.08.03.03	Others	121	217
7.08.04	Shareholders	130,517	127,955
7.08.04.03	Earnings retained in the period	130,517	127,955

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2017 – MRV Engenharia e Participações S.A.

Consolidated / Balance Sheets – Assets
 (In thousands of Brazilian reais – R\$)

Code	Description	Current Quarter	Previous year
		3/31/2017	12/31/2016
1	Total assets	13,207,493	12,327,013
1.01	Current assets	7,983,596	7,120,084
1.01.01	Cash and cash equivalents	2,645,684	1,763,552
1.01.01.01	Cash and banks	430,794	394,135
1.01.01.02	Short-term investments	2,214,890	1,369,417
1.01.03	Receivables	1,607,674	1,662,025
1.01.03.01	Trade accounts receivable	1,607,674	1,662,025
1.01.03.01.01	Receivables from real estate development	1,604,683	1,658,435
1.01.03.01.02	Receivables from services provided	2,991	3,590
1.01.04	Inventories	3,221,827	3,076,734
1.01.04.01	Real estate under construction	2,505,254	2,376,402
1.01.04.02	Completed units	39,301	40,895
1.01.04.03	Land bank	642,167	620,987
1.01.04.04	Advances to suppliers	30,797	32,678
1.01.04.05	Material inventories	4,308	5,772
1.01.06	Recoverable taxes	112,275	229,364
1.01.06.01	Recoverable current taxes	112,275	229,364
1.01.07	Prepaid expenses	68,773	57,205
1.01.08	Other current assets	327,363	331,204
1.01.08.03	Others	327,363	331,204
1.01.08.03.02	Other assets	66,343	73,685
1.01.08.03.03	Investments securities	261,020	257,519
1.02	Noncurrent assets	5,223,897	5,206,929
1.02.01	Long-term assets	4,235,613	4,197,278
1.02.01.03	Receivables	944,044	991,402
1.02.01.03.01	Trade accounts receivable	944,044	991,402
1.02.01.04	Inventories	3,124,603	3,058,927
1.02.01.04.01	Land bank	3,124,603	3,058,927
1.02.01.07	Prepaid expenses	34,503	36,050
1.02.01.07.01	Prepaid expenses	34,503	36,050
1.02.01.08	Intercompany receivables	44,056	36,643
1.02.01.08.04	Other related parties	44,056	36,643
1.02.01.09	Other noncurrent assets	88,407	74,256
1.02.01.09.03	Judicial deposits and other	84,401	72,673
1.02.01.09.04	Derivative	4,006	1,583
1.02.02	Investments	760,616	783,477
1.02.02.01	Investments	760,616	783,477
1.02.02.01.04	Other Equity Interests	760,616	783,477
1.02.03	Property and equipment	140,995	139,986
1.02.03.01	Operating property and equipment	128,717	129,334
1.02.03.03	Property and equipment under construction	12,278	10,652
1.02.04	Intangible assets	86,673	86,188
1.02.04.01	Intangible assets	86,673	86,188
1.02.04.01.02	Intangible assets	78,004	71,902
1.02.04.01.03	Intangible assets under development	8,669	14,286

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR - 3/31/2017 – MRV Engenharia e Participações S.A.

Consolidated / Balance Sheets – Liabilities and Shareholder's Equity
(In thousands of Brazilian reais – R\$)

Code	Description	Current Quarter 3/31/2017	Previous year 12/31/2016
2	Total liabilities	13,207,493	12,327,013
2.01	Current Liabilities	2,968,415	2,924,359
2.01.01	Labor and social liabilities	122,566	110,068
2.01.01.01	Social liabilities	15,161	16,324
2.01.01.02	Labor liabilities	107,405	93,744
2.01.02	Suppliers	314,761	315,109
2.01.02.01	Domestic trade accounts payable	314,761	315,109
2.01.03	Tax liabilities	51,932	57,318
2.01.03.01	Federal taxes	44,538	46,448
2.01.03.01.01	Income taxes and social contribution	12,751	11,263
2.01.03.01.02	Other federal taxes	31,787	35,185
2.01.03.03	Municipal taxes	7,394	10,870
2.01.04	Loans, financing and debentures	1,023,447	937,050
2.01.04.01	Loans, financing and debentures	671,813	600,865
2.01.04.01.01	Loans and financing in domestic currency	671,813	600,865
2.01.04.02	Debentures	351,634	336,185
2.01.05	Others liabilities	1,413,791	1,464,483
2.01.05.02	Others	1,413,791	1,464,483
2.01.05.02.02	Mandatory minimum dividend payable	132,859	132,315
2.01.05.02.04	Land payables	534,423	514,578
2.01.05.02.05	Advances from customers	613,142	674,864
2.01.05.02.06	Other payables	50,528	49,330
2.01.05.02.07	Deferred tax liabilities	58,163	58,514
2.01.05.02.08	Due to other related parties	24,676	34,882
2.01.06	Accruals	41,918	40,331
2.01.06.02	Other accruals	41,918	40,331
2.01.06.02.04	Accrual for maintenance of real estate	41,918	40,331
2.02	Noncurrent liabilities	4,825,543	3,965,167
2.02.01	Loans, financing and debentures	2,254,970	1,376,590
2.02.01.01	Loans, financing and debentures	1,512,380	1,376,590
2.02.01.01.01	Loans and financing in domestic currency	1,512,380	1,376,590
2.02.01.02	Debentures	742,590	-
2.02.02	Others liabilities	2,335,118	2,351,052
2.02.02.02	Others	2,335,118	2,351,052
2.02.02.02.03	Land payables	1,688,963	1,695,035
2.02.02.02.04	Advances from customers	619,545	628,762
2.02.02.02.06	Other payables	26,610	27,255
2.02.03	Deferred tax liabilities	39,334	40,126
2.02.04	Accruals	196,121	197,399
2.02.04.01	Social Security Tax Labor and Civil Provisions	97,435	97,652
2.02.04.01.01	Tax provisions	607	551
2.02.04.01.02	Labour and Social Security Provisions	29,103	24,917
2.02.04.01.04	Civil provisions	67,725	72,184
2.02.04.02	Other accruals	98,686	99,747
2.02.04.02.04	Accrual for maintenance of real estate	98,686	99,747
2.03	Shareholders' equity	5,413,535	5,437,487
2.03.01	Paid in capital	4,509,521	4,509,521

Code	Description	Current Quarter 3/31/2017	Previous year 12/31/2016
2.03.02	Capital reserves	30,121	28,977
2.03.02.04	Recognized options granted	56,430	55,286
2.03.02.07	Expenses on share issuance	(26,309)	(26,309)
2.03.04	Earnings reserve	495,803	645,231
2.03.04.01	Legal reserve	91,246	91,246
2.03.04.05	Retained profit reserve	424,468	424,808
2.03.04.09	Treasury Shares	(19,911)	(20,823)
2.03.04.10	Proposed additional dividends	-	150,000
2.03.05	Earnings/losses accumulated	130,283	-
2.03.09	Participation of non-controlling shareholders	247,807	253,758

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2017 – MRV Engenharia e Participações S.A.

Consolidated / Statement of Income
(In thousands of Brazilian reais – R\$)

Code	Description	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
3.01	Revenue from sales and services	1,014,053	990,031
3.01.01	Net operating revenue	1,014,053	990,031
3.02	Cost of sales and services	(673,445)	(664,322)
3.02.01	Cost of real estate sales and services	(673,445)	(664,322)
3.03	Gross profit	340,608	325,709
3.04	Operating income (expenses)	(231,578)	(218,058)
3.04.01	Selling expenses	(127,668)	(115,917)
3.04.02	General and administrative expenses	(71,182)	(66,170)
3.04.04	Other operating incomes	10,063	8,879
3.04.05	Other operating expenses	(28,242)	(29,556)
3.04.06	Results from equity participation	(14,549)	(15,294)
3.05	Income before financial income and taxes	109,030	107,651
3.06	Financial income (expenses), net	49,121	47,959
3.06.01	Financial income	76,407	67,247
3.06.01.01	Financial income	64,633	54,976
3.06.01.02	Financial income from receivables from real estate development	11,774	12,271
3.06.02	Financial expenses	(27,286)	(19,288)
3.07	Income before taxes	158,151	155,610
3.08	Income tax and social contribution	(24,150)	(21,227)
3.08.01	Current	(24,872)	(23,201)
3.08.02	Deferred	722	1,974
3.09	Net income (loss) from continuing operations	134,001	134,383
3.11	Net income (loss) for the period	134,001	134,383
3.11.01	Attributable to shareholders of the company	130,517	127,955
3.11.02	Non-controlling interests	3,484	6,428
3.99	Earnings per share (In Reais - R\$):		
3.99.01	Basic		
3.99.01.01	ON	0.29571	0.29004
3.99.02	Diluted		
3.99.02.01	ON	0.29381	0.28908

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR - 3/31/2017 – MRV Engenharia e Participações S.A.

Consolidated / Statement of Comprehensive Income
(In thousands of Brazilian reais – R\$)

Code	Description	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
4.01	Net income	134,001	134,383
4.03	Comprehensive income for the period	134,001	134,383
4.03.01	Company owners	130,517	127,955
4.03.02	Noncontrolling interests	3,484	6,428

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2017 – MRV Engenharia e Participações S.A.

Consolidated / Statement of Cash Flows – Indirect Method
 (In thousands of Brazilian reais – R\$)

Code	Description	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
6.01	Net cash used in operating activities	112,336	189,062
6.01.01	Cash provided by operating activities	242,585	228,076
6.01.01.01	Net income for the period	134,001	134,383
6.01.01.02	Depreciation and amortization	13,311	9,549
6.01.01.03	Recognized options granted	1,122	1,153
6.01.01.04	Result from sale of property and equipment	1,146	578
6.01.01.05	Financial results	15,143	5,742
6.01.01.06	Results from equity participation	14,549	15,294
6.01.01.07	Accrual for property maintenance	11,884	11,830
6.01.01.08	Provision for civil, labor and tax risks	3,074	9,948
6.01.01.09	Deferred taxes on income (IRPJ and CSSL)	(722)	(1,974)
6.01.01.10	Deferred taxes on revenue (PIS and COFINS)	(421)	(1,168)
6.01.01.12	Amortization of prepaid expenses	33,886	32,668
6.01.01.13	Allowance for doubtful debts	17,352	10,073
6.01.01.14	Results from derivative financial instruments	(1,740)	-
6.01.02	Increase (decrease) in assets and liabilities	(130,249)	(39,014)
6.01.02.01	Decrease (increase) in receivables from real estate development	95,810	157,814
6.01.02.02	Decrease (increase) in real estate for sale	(71,036)	(5,849)
6.01.02.03	Decrease (increase) in prepaid expenses	(43,907)	(42,848)
6.01.02.04	Decrease (increase) other assets	9,041	314
6.01.02.05	Increase (decrease) in trade payables	(348)	(7,833)
6.01.02.06	Increase (decrease) in payroll and related taxes	12,498	7,981
6.01.02.07	Increase (decrease) in taxes, fees and contributions	5,041	(512)
6.01.02.08	Increase (decrease) in advances from customers	(29,099)	(49,736)
6.01.02.09	Increase (decrease) in other liabilities	(10,367)	3,065
6.01.02.10	Interest paid	(62,071)	(58,713)
6.01.02.11	Income tax and social contribution paid	(10,659)	(9,951)
6.01.02.12	Realization of accrual for maintenance of real estate	(17,567)	(17,724)
6.01.02.13	Amounts paid for civil, labor and tax risks	(7,585)	(15,022)
6.02	Net cash provided in investing activities	(20,951)	9,966
6.02.01	(Increase) decrease in investment securities	4,944	(11,962)
6.02.02	Advances to related parties	(20,913)	(97,964)
6.02.03	Receipts from related parties	14,002	150,164
6.02.04	(Increase) decrease in investments	8,334	(7,876)
6.02.06	Purchase of property and equipment and intangible assets	(15,951)	(11,693)
6.02.09	Payment for acquisition of subsidiary	(11,367)	(10,703)
6.03	Net cash provided by (used in) financing activities	790,747	17,277
6.03.04	Proceeds from loans, financing and debentures	1,208,422	252,761
6.03.05	Repayment of loans, financing and debentures	(265,324)	(217,920)
6.03.07	Paid dividends	(150,075)	-
6.03.08	Net contributions from (distribution to) noncontrolling shareholders	(9,435)	(20,139)
6.03.09	Capital transaction	(234)	(40)
6.03.10	Proceeds from exercised stock options	647	-
6.03.11	Loans from (to) related parties	7,429	2,615
6.03.12	Contracted and redeemed derivative financial instruments	(683)	-
6.05	Net decrease in cash and cash equivalents	882,132	216,305
6.05.01	Cash and cash equivalents at beginning of period	1,763,552	1,595,814
6.05.02	Cash and cash equivalents at end of period	2,645,684	1,812,119

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2017 – MRV Engenharia e Participações S.A.

Consolidated / Statement of Changes in Equity – 1/1/2017 to 3/31/2017
 (In thousands of Brazilian reais – R\$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Shareholders' equity	Non-controlling interest	Total
5.01	Opening balance	4,509,521	28,977	645,231	-	-	5,183,729	253,758	5,437,487
5.03	Adjusted opening balance	4,509,521	28,977	645,231	-	-	5,183,729	253,758	5,437,487
5.04	Shareholders capital transaction	-	1,144	(149,428)	(234)	-	(148,518)	(9,435)	(157,953)
5.04.03	Recognized options granted	-	1,144	-	-	-	1,144	-	1,144
5.04.08	Treasury shares disposed to beneficiaries of stock option plan	-	-	647	-	-	647	-	647
5.04.09	Extraordinary dividends	-	-	(150,075)	-	-	(150,075)	-	(150,075)
5.04.10	Capital transaction	-	-	-	(234)	-	(234)	-	(234)
5.04.11	Net contributions from (distribution to) noncontrolling shareholders	-	-	-	-	-	-	(9,435)	(9,435)
5.05	Comprehensive income	-	-	-	130,517	-	130,517	3,484	134,001
5.05.01	Net income (loss)	-	-	-	130,517	-	130,517	3,484	134,001
5.07	Closing balance	4,509,521	30,121	495,803	130,283	-	5,165,728	247,807	5,413,535

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2017 – MRV Engenharia e Participações S.A.

Consolidated / Statement of Changes in Equity – 1/1/2016 to 3/31/2016
 (In thousands of Brazilian reais – R\$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Shareholders' equity	Non-controlling interest	Total
5.01	Opening balance	4,059,521	23,550	692,543	-	-	4,775,614	274,259	5,049,873
5.03	Adjusted opening balance	4,059,521	23,550	692,543	-	-	4,775,614	274,259	5,049,873
5.04	Shareholders capital transaction	-	1,185	-	292	-	1,477	(20,471)	(18,994)
5.04.03	Recognized options granted	-	1,185	-	-	-	1,185	-	1,185
5.04.08	Capital transaction	-	-	-	292	-	292	(332)	(40)
5.04.09	Net contributions from (distribution to) noncontrolling shareholders	-	-	-	-	-	-	(20,139)	(20,139)
5.05	Comprehensive income	-	-	-	127,955	-	127,955	6,428	134,383
5.05.01	Net income (loss)	-	-	-	127,955	-	127,955	6,428	134,383
5.07	Closing balance	4,059,521	24,735	692,543	128,247	-	4,905,046	260,216	5,165,262

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2017 – MRV Engenharia e Participações S.A.

Consolidated / Statement of Value Added
(In thousands of Brazilian reais – R\$)

Code	Description	1/1/2017 to 3/31/2017	1/1/2016 to 3/31/2016
7.01	Revenue	1,050,620	1,024,943
7.01.01	Revenues from sales of goods, services and products	1,037,383	1,012,971
7.01.02	Other revenue	8,986	8,716
7.01.03	Revenue from construction of own assets	4,251	3,256
7.02	Inputs purchased from third parties	(648,773)	(588,703)
7.02.01	Inputs purchased from third parties	(648,773)	(588,703)
7.03	Gross value added	401,847	436,240
7.04	Retentions	(13,311)	(9,549)
7.04.01	Depreciation, amortization and depletion	(13,311)	(9,549)
7.05	Net value added generated	388,536	426,691
7.06	Value added received in transfer	64,389	54,200
7.06.01	Results from equity participation	(14,549)	(15,294)
7.06.02	Financial income	78,938	69,494
7.07	Total value added for distribution	452,925	480,891
7.08	Value added distributed	452,925	480,891
7.08.01	Personnel	134,326	160,673
7.08.01.01	Salaries and wages	99,619	126,529
7.08.01.02	Benefits	24,640	25,371
7.08.01.03	Severance Pay Fund (FGTS)	10,067	8,773
7.08.02	Taxes, charges and contributions	103,319	99,338
7.08.02.01	Federal	80,457	74,764
7.08.02.02	State	344	609
7.08.02.03	Municipal	22,518	23,965
7.08.03	Debt remuneration	81,279	86,497
7.08.03.01	Interest	60,855	61,827
7.08.03.02	Rentals	20,261	24,370
7.08.03.03	Others	163	300
7.08.04	Shareholders	134,001	134,383
7.08.04.03	Earnings retained in the period	130,517	127,955
7.08.04.04	Non-controlling shareholders	3,484	6,428

MRV Engenharia e Participações S.A.

Notes to the Interim Financial Statements

March 31, 2017

(In thousands of Brazilian reais - R\$, except if otherwise stated)

1. General information

The information disclosed in Note 1 to the audited consolidated financial statements for the year ended December 31, 2016, published on March 15, 2017 in the newspapers *Diário Oficial do Estado de Minas Gerais* (Minas Gerais State Gazette) and *Estado de Minas* and made available in the following websites: www.cvm.gov.br, www.bmfbovespa.com.br and ri.mrv.com.br (hereinafter referred to as “financial statements for the year ended December 31, 2016”) has not significantly changed as of the date of these financial statements.

2. Presentation of interim financial statements and significant accounting policies

The Company’s interim financial statements comprise the condensed individual and consolidated financial statements prepared in accordance with CPC 21 (R1) - *Demonstração intermediária* (Interim Financial Reporting) and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB), and takes into consideration Guideline OCPC 04 on the application of technical interpretation ICPC 02 to Real Estate Development Entities in Brazil, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) and the Federal Accounting Council (CFC), and in accordance with the standards issued by the CVM applicable to the preparation of Interim Financial Information (ITR), identified as Individual and Consolidated.

Other information in relation to the basis of preparation, basis of presentation and significant accounting policies did not significantly change in relation to the information disclosed in Note 2 to the financial statements for the year ended December 31, 2016.

3. Adoption of new and revised standards and interpretations already issued and not yet adopted

Information related to adoption of new and revised standards and interpretations already issued and not yet adopted did not significantly change in relation to the information disclosed in Note 3 to the financial statements for the year ended December 31, 2016.

4. Cash and cash equivalents

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Cash	701	691	839	831
Bank accounts	255,399	219,793	429,955	393,304
	<u>256,100</u>	<u>220,484</u>	<u>430,794</u>	<u>394,135</u>
Short-term investments:				
Units of exclusive investment fund	1,320,564	759,565	1,644,082	1,099,824
Units of non-exclusive investment fund	180,302	76,988	180,301	76,988
Bank Certificates of Deposit (CDBs)	389,840	188,483	390,480	192,211
Certificates backed by debentures	27	394	27	394
	<u>1,890,733</u>	<u>1,025,430</u>	<u>2,214,890</u>	<u>1,369,417</u>
Total	<u>2,146,833</u>	<u>1,245,914</u>	<u>2,645,684</u>	<u>1,763,552</u>

Increase in Cash and cash equivalent balance in Individual and Consolidated is substantially due to the 9th issue of debentures, which occurred in the first quarter of 2017, in the amount of R\$750,000 (Note 11 (a)).

Breakdown of the exclusive investments funds' portfolio, proportionately to the units held by the Company and subsidiaries is as follows:

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Bank Certificates of Deposit (CDBs)	686,538	380,338	854,729	550,716
Repurchase agreements	337,111	247,438	419,697	358,281
Government and private sector securities	239,306	81,946	297,932	118,656
Units of non-exclusive investment fund	8,256	38,253	10,279	55,389
Other	49,353	11,590	61,445	16,782
Total	<u>1,320,564</u>	<u>759,565</u>	<u>1,644,082</u>	<u>1,099,824</u>

Other information on 'Cash and cash equivalents' is not significantly different from the information disclosed in Note 4 to the financial statements for the year ended December 31, 2016.

5. Marketable securities

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Investment fund units	104,868	101,808	104,868	101,808
Investment tied to savings deposits	2,536	4,826	2,536	7,055
Real estate consortium	4,341	4,619	4,341	4,619
Debentures (Note 18 (a))	149,275	144,037	149,275	144,037
Total	<u>261,020</u>	<u>255,290</u>	<u>261,020</u>	<u>257,519</u>

Other information on 'Marketable securities' is not significantly different from the information disclosed in Note 5 to the financial statements for the year ended December 31, 2016.

6. Trade accounts receivable

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
<u>Receivables from real estate development</u>				
Receivables from real estate development	1,557,173	1,687,461	2,742,929	2,826,366
Present value discount	(24,630)	(25,991)	(49,594)	(49,273)
Allow - ance for doubtful accounts	(93,570)	(83,845)	(144,608)	(127,256)
	<u>1,438,973</u>	<u>1,577,625</u>	<u>2,548,727</u>	<u>2,649,837</u>
Current	953,300	990,918	1,604,683	1,658,435
Noncurrent	<u>485,673</u>	<u>586,707</u>	<u>944,044</u>	<u>991,402</u>
<u>Receivables from services provided</u>				
Related parties (Note 18 (b))	449	183	1,302	1,673
Other receivables	984	1,066	1,689	1,917
Total - current	<u>1,433</u>	<u>1,249</u>	<u>2,991</u>	<u>3,590</u>

The amounts related to receivables for real estate development include fixed-rate contracts with fixed installments, floating-rate contracts with interest rates below those of similar transactions and floating-rate contracts indexed to inflation which are interest free and adjusted to present value using the higher of the rate of the Company's weighted market funding rate, less inflation indices, and the yield rates of government securities with similar risks and terms; and floating-rate contracts plus interest of 6% to 12% percent per year. The rates used to calculate the discount to present value at March 31, 2017 ranged from 0.4608% per month to 0.4637% per month (0.5148% per month to 0.5174% at December 31, 2016). The assumptions made by the Company's management for the calculation of the present value adjustment, are consistent among the periods, and thus there were no changes in assumptions during the reporting periods.

Floating-rate contracts are adjusted based on various financial indices, mainly the National Civil Construction Index (INCC) for the period before the delivery of the units, and the General Market Price Index (IGPM) or the National Broad Consumer Prices Index (IPCA) for the period after the delivery of the units.

The agreements entered into and to be entered into with Caixa Econômica Federal and Banco do Brasil involving subsidized mortgage loans, correspond to approximately 70% of the balance of receivables from real estate development and unearned sales revenue as at March 31, 2017. The agreements already entered into with the financial institutions above mentioned, correspond to 27% and 4% respectively (27% and 4% as of December 31, 2016).

Note 2.2 (a) to the financial statements for the year ended December 31, 2016 describes the policies used for the recognition of revenues earned on real estate operations, and are summarized below:

- receivables were recognized up to the amount of real estate operations conducted in the year, including the related financial income, under the conditions described above, as applicable;
- the present value adjustment represents the portion of interest to be earned in future years, on the accrual basis and is realized to calculate revenue at its fair value, and the reversals of present value adjustments are recognized in profit or loss for the year, in line item revenue from real estate development, during the period before the delivery of the units, and in line item financial income during the period after the delivery of the units;
- receipts in excess of the recognized balances of receivables were recognized as advances from customers, in liabilities and are disclosed in Note 13; and

- sales revenue are allocated to net income as construction develops, using the method called “POC”, which records the percentage of completion of each project. The land and construction costs inherent to the related developments of the units sold are allocated to net income when incurred.

The balances of unearned gross sales revenue to be appropriated and cost to be incurred from real estate already contracted sale transactions referring to uncompleted units, including related financial income, as applicable, are as follows:

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Unearned gross sales revenue (*)	1,050,237	1,119,562	2,038,240	2,058,930
Costs to be Incurred (*)	(619,754)	(663,541)	(1,209,216)	(1,224,724)

(*) Does not include the impacts of future inflation, taxes on sales, financial charges, and maintenance costs.

Aging of the amounts above, referring to receivables from real estate development and unearned sales revenue, is as follows:

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
<u>After the reporting period</u>				
12 months	1,672,188	1,768,881	3,078,010	3,169,711
13 to 24 months	711,673	806,918	1,338,317	1,368,613
25 to 36 months	90,309	104,000	144,079	144,071
37 to 48 months	12,494	14,445	23,027	22,862
After 48 months	2,546	2,943	3,534	3,510
	2,489,210	2,697,187	4,586,967	4,708,767
Unearned sales revenue	1,050,237	1,119,562	2,038,240	2,058,930
Receivables from real estate development	1,438,973	1,577,625	2,548,727	2,649,837

For simultaneous sales, before accepting a new customer, the Company sends documentation of prospective customers to the financing agents, which conduct their loan granting internal reviews. For other cases, the Company uses an internal credit rating system of each prospective customer, based on his or her personal documentation, level of indebtedness, master file restrictions, and proofs of income. Based on these analyses, a credit limit is defined and if not approved sale is not completed. See note 25 (e) for the credit risk.

Discounts, rebates and returns are deducted directly from revenue from real estate development and refer substantially to cancellation of purchase and sale agreements for properties not yet delivered. The amounts related to terminated agreements comprise all the revenue earned, net of the contractual fine to reimburse expenses incurred by the Company and its subsidiaries. Terminated agreements are recognized as they occur.

As at March 31, 2017, the Company has trade accounts receivable pledged as collateral of construction financing totaling R\$ 1,424,055 (R\$1,584,798 at December 31, 2016).

7. Inventories (real estate for sale)

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Real estate under construction	1,488,626	1,427,884	2,505,254	2,376,402
Completed units	29,036	29,522	39,301	40,895
Land bank	2,786,086	2,728,422	3,766,770	3,679,914
Advances to suppliers	16,386	20,257	30,797	32,678
Inventories of supplies	1,566	2,353	4,308	5,772
Total	4,321,700	4,208,438	6,346,430	6,135,661
Current	1,978,295	1,978,060	3,221,827	3,076,734
Noncurrent	2,343,405	2,230,378	3,124,603	3,058,927

As at March 31, 2017, this line item also includes the capitalization of financial charges, as detailed in Note 11 (f), totaling R\$467,293 (R\$ 446,781 at December 31, 2016) in Individual and R\$485,461 (R\$461,764 at December 31, 2016) in Consolidated. A project's land is transferred to line item 'Properties under construction' when the project sales are initiated.

The Company has agreements with financial institutions to finance the construction of real estate (see Note 11). As at March 31, 2017, the Company has real estate under construction recognized in assets, used as collateral of loans and financing agreements, totaling R\$153,524 and R\$327,419 (R\$143,791 and R\$290,052 at December 31, 2016), in Individual and Consolidated, respectively.

The information on (i) the net revenue amount generated by units under construction, (ii) the costs incurred and the profits recognized to date, and (iii) the advances received or resulting from barter, and the related criteria adopted for their recognition, are described in Note 22.

Other information on 'Inventories (real estate for sale)' is not significantly different from the information disclosed in Note 7 to the financial statements for the year ended December 31, 2016.

8. Interests in subsidiaries and joint ventures

a) The main information on equity interests is summarized as follows:

	Equity interest		Shareholders' equity		Profit (loss) for the 1 st quarter		Investment		Results from equity participation 1 st	
	3/31/17	12/31/16	3/31/17	12/31/16	2017	2016	3/31/17	12/31/16	2017	2016
Joint control:										
LOG Commercial Properties e Participações S.A. (*)	39.87%	39.87%	1,781,128	1,774,157	8,232	10,326	716,669	713,889	3,282	4,015
MRL Engenharia e Empreendimentos S.A.	37.36%	37.41%	4,388	12,804	(8,414)	705	1,639	4,790	(3,143)	264
PRIME Incorporações e Construções S.A.	60.00%	60.00%	(146,364)	(139,727)	(6,735)	(13,551)	(87,818)	(83,836)	(4,041)	(8,131)
SCP Royal Palms Club	70.00%	70.00%	6,497	6,397	(262)	(2,515)	4,548	4,478	(183)	(1,761)
Other 44 silent partnerships			46,289	48,386	(5,678)	(4,893)	28,098	29,335	(3,252)	(3,495)
MRV Md Pe Mar De Espanha SPE LTDA.	50.00%	50.00%	5,964	15,320	1,938	3,340	2,982	7,660	969	1,670
MRV Patrim Gal LTDA.	50.00%	50.00%	49,998	39,193	11,140	(3,069)	24,999	19,597	5,570	(1,535)
MRV PRIME Pq Chap Mantiqueira SPE LTDA.	60.00%	60.00%	17,150	17,140	6,517	86	10,290	10,284	3,910	52
Pq Belle Nature SPE LTDA.	65.00%	65.00%	22,725	22,449	3,710	(48)	14,771	14,592	2,412	(31)
Pq Chap Guimarães SPE LTDA.	65.00%	65.00%	3,034	5,057	(2,604)	(272)	1,972	3,287	(1,693)	(158)
Pq Chapada do Mirante SPE LTDA.	65.00%	65.00%	11,269	12,463	(1,163)	4,951	7,325	8,101	(756)	3,218
Top Taguatinga II SPE LTDA.	70.00%	70.00%	19,543	26,727	(3,770)	(5,481)	13,680	18,709	(2,639)	(3,837)
Top Taguatinga SPE LTDA.	70.00%	70.00%	23,483	36,279	(1,894)	(2,329)	16,438	25,395	(1,326)	(1,630)
Other 35 SPEs			169,439	165,890	(10,823)	1,601	106,803	104,826	(7,182)	1,168
Goodwill on acquisition of jointly controlled entity			-	-	-	-	3,237	3,237	-	-
Total jointly controlled entities - Individual			2,014,543	2,042,535	(9,806)	(11,149)	865,633	884,344	(8,072)	(10,191)
Elimination of indirect interests			-	-	-	-	(105,017)	(100,867)	(6,477)	(5,103)
Total jointly controlled entities - Consolidated			2,014,543	2,042,535	(9,806)	(11,149)	760,616	783,477	(14,549)	(15,294)

	Equity interest		Shareholders' equity		Profit (loss) for the		Investment		Results from equity	
					1 st quarter				participation 1 st	
	3/31/17	12/31/16	3/31/17	12/31/16	2017	2016	3/31/17	12/31/16	2017	2016
Subsidiaries:										
MDI Desenvolvimento Imobiliário LTDA. (*)	99.90%	99.90%	2,432	2,384	48	(86)	(10,681)	(10,728)	48	(86)
MRV Construções LTDA.	95.00%	95.00%	30,864	32,175	(52)	(221)	29,321	30,566	(49)	(210)
Urbamais Properties e Participações S.A.	60.00%	60.00%	57,788	56,882	2,267	720	34,673	34,129	1,360	432
SCP Esp Campo Cruzeiro	99.50%	99.50%	9,306	13,025	(3,974)	5,210	9,259	12,960	(3,954)	5,184
SCP Parque Uniplaza	70.00%	70.00%	3,603	3,917	(60)	2,431	2,522	2,742	(42)	1,702
SCP Porto Farroupilha	99.50%	99.50%	11,895	12,957	(2,445)	212	11,836	12,892	(2,433)	211
SCP Spázio Reserva Imperial	71.00%	71.00%	3,395	2,704	2,763	1,380	2,410	1,920	1,962	980
Other 244 silent partnerships			299,642	292,419	(10,135)	(16,173)	245,476	234,310	(6,108)	(12,236)
Nasbe 02 SPE LTDA.	99.99%	99.99%	7,056	58	1,996	-	7,055	58	1,996	-
MRV MD Lagoa I Inc SPE LTDA.	60.00%	60.00%	15,695	17,240	3,418	(183)	9,417	10,344	2,051	(110)
MRV MDI Maraponga IV SPE LTDA.	99.50%	99.50%	43,038	39,171	1,730	1,062	42,823	38,975	1,721	1,057
MRV MRL Jardim De Viena SPE LTDA.	99.00%	99.00%	6,945	9,177	1,863	747	6,876	9,085	1,844	740
MRV MRL Jardim Jovita SPE LTDA.	99.00%	99.00%	9,978	14,046	3,393	365	9,878	13,906	3,359	361
MRV MRL JF Copa Inc SPE LTDA.	65.00%	65.00%	3,389	3,574	(876)	2,586	2,203	2,323	(569)	1,681
MRV MRL Jf Mig Inc. SPE LTDA.	65.00%	65.00%	11,063	13,423	3,931	549	7,191	8,725	2,555	357
MRV MRL LXXVII SPE LTDA.	99.00%	99.00%	6,782	6,634	4,852	180	6,714	6,568	4,803	178
MRV MRL LXXVIII SPE LTDA.	99.00%	99.00%	5,109	5,139	2,711	(19)	5,058	5,088	2,684	(19)
MRV MRL RJ2 Inc SPE LTDA.	65.00%	65.00%	8,094	7,277	(265)	3,019	5,261	4,730	(172)	1,962
MRV MRL Via Light 2 SPE LTDA.	65.00%	65.00%	10,678	15,357	3,851	122	6,941	9,982	2,503	79
MRV MRL XVI Inc SPE LTDA.	99.00%	99.00%	12,291	10,868	4,278	236	12,168	10,759	4,235	234
MRV MRL XXXIX Inc SPE LTDA.	65.00%	65.00%	24,208	23,068	359	4,405	15,735	14,994	233	2,863
MRV PRIME MT I Inc. SPE LTDA.	65.00%	65.00%	2,593	3,642	(112)	2,332	1,685	2,367	(73)	1,516
MRV Prime Projeto MT C Incorp. SPE LTDA.	60.00%	60.00%	22,510	18,438	8,793	779	13,506	11,063	5,276	467
MRV PRIME XL Inc SPE LTDA.	99.00%	99.00%	9,586	5,657	2,917	(6)	9,490	5,600	2,888	(6)
MRV PRIME XLI Inc SPE LTDA.	99.00%	99.00%	2,386	3,149	(358)	1,993	2,362	3,118	(354)	1,973
MRV PRIME XLII SPE LTDA.	99.00%	99.00%	11,716	17,661	7,455	540	11,599	17,484	7,380	535
MRV PRIME XV SPE LTDA.	58.00%	58.00%	3,743	4,962	(662)	3,223	2,171	2,878	(384)	1,869
MRV PRIME XXXVII Inc SPE LTDA.	99.00%	99.00%	3,130	5,838	97	3,794	3,099	5,780	96	3,756
Parque Álamo SPE LTDA.	99.00%	99.00%	(2,088)	(2,039)	(146)	2,939	(2,067)	(2,019)	(145)	2,910
Parque Alliance Inc SPE LTDA.	99.00%	99.00%	18,631	17,244	13,960	4,945	18,445	17,072	13,820	4,896
Parque Amabile SPE LTDA.	99.00%	99.00%	13,089	15,003	2,914	443	12,958	14,853	2,885	439
Parque Arpodor SPE LTDA.	99.00%	99.00%	(294)	140	(628)	1,732	(291)	139	(622)	1,715
Parque Austria SPE LTDA.	99.00%	99.00%	29,861	37,415	11,161	1,021	29,562	37,041	11,049	1,011
Parque Casa De Malaga SPE LTDA.	97.00%	97.00%	12,828	9,877	3,842	6	12,443	9,581	3,727	6
Parque Ilha Do Sol I SPE LTDA.	99.00%	99.00%	6,189	13,901	(2,613)	5,184	6,127	13,762	(2,587)	5,132
Parque Paradiso Inc SPE LTDA.	97.00%	97.00%	359	3,865	(669)	2,606	348	3,749	(649)	2,528
Parque Paris Inc SPE LTDA.	97.00%	97.00%	8,854	8,317	3,151	-	8,588	8,067	3,056	-
Parque Perola Do Oriente SPE LTDA.	99.00%	99.00%	7,136	7,043	40	5,069	7,065	6,973	40	5,018
Parque Piazza Bellini SPE LTDA.	99.00%	99.00%	22,029	25,569	9,205	656	21,809	25,313	9,113	649
Parque Piazza Brasil SPE LTDA.	99.00%	99.00%	1,348	1,390	(42)	2,528	1,335	1,376	(42)	2,503
Parque Porto Leon SPE LTDA.	99.00%	99.00%	3,011	3,636	(720)	2,473	2,981	3,600	(713)	2,448
Parque Porto Valência SPE LTDA.	99.00%	99.00%	4,909	4,743	1,616	810	4,860	4,696	1,600	802
Parque Salamanca SPE LTDA.	99.00%	99.00%	9,773	13,655	2,921	26	9,675	13,518	2,892	26
Parque Salém SPE LTDA.	99.00%	99.00%	18,805	15,612	2,347	(96)	18,617	15,456	2,324	(95)
Parque Serra Azul SPE LTDA.	99.00%	99.00%	12,498	19,432	5,731	259	12,373	19,238	5,674	256
Parque Solar dos Pássaros SPE LTDA.	99.00%	99.00%	18,807	25,809	10,278	1,579	18,619	25,551	10,175	1,563
Porto Gravatai Inc SPE LTDA.	99.00%	99.00%	2,989	4,705	(1,756)	1,414	2,959	4,658	(1,738)	1,400
Projeto Goiás IV SPE LTDA.	50.00%	50.00%	5,264	7,758	4,286	145	2,632	3,879	2,143	87
Reserva Casa Blanca SPE LTDA.	99.00%	99.00%	11,884	6,611	2,544	-	11,765	6,545	2,519	-
Residencial Liberdade SPE LTDA.	99.50%	99.50%	906	171	4,363	342	901	170	4,341	340
Roc 2 SPE LTDA.	65.00%	65.00%	3,966	5,194	(1,517)	2,401	2,578	3,376	(986)	1,561
Roc 3 SPE LTDA.	65.00%	65.00%	8,451	8,847	(1,068)	4,305	5,493	5,751	(694)	2,798
Sader 1 SPE LTDA.	65.00%	65.00%	19,389	16,546	3,544	382	12,603	10,755	2,304	248
Other 469 SPEs			1,087,924	981,572	12,890	13,017	870,115	768,510	11,066	8,066
Total subsidiaries - Individual			1,965,433	1,892,858	123,417	73,383	1,598,541	1,524,228	113,408	61,777
Total subsidiaries and Jointly controlled entities - Individual			3,979,976	3,935,393	113,611	62,234	2,464,174	2,408,572	105,336	51,586

(*) Includes the impact unrealized profits/losses, as described in (d) of this note.

b) Changes in investments are as follows:

	Opening balances	Capital/ profit subscription (reduction / distribution)	Equity in subsidiaries jointly controlled entities 1 st quarter	Closing balances
<u>Quarter ended March 31, 2017:</u>				
Joint control:				
LOG Commercial Properties e Participações S.A.	713,889	(502)	3,282	716,669
MRL Engenharia e Empreendimentos S.A.	4,790	(8)	(3,143)	1,639
PRIME Incorporações e Construções S.A.	(83,836)	59	(4,041)	(87,818)
Other	249,501	(10,188)	(4,170)	235,143
Total jointly controlled entities - Individual	884,344	(10,639)	(8,072)	865,633
Elimination of indirect interests	(100,867)	2,327	(6,477)	(105,017)
Total jointly controlled entities - Consolidated	783,477	(8,312)	(14,549)	760,616
Subsidiaries:				
MDI Desenvolvimento Imobiliário LTDA.	(10,728)	(1)	48	(10,681)
MRV Construções LTDA.	30,566	(1,196)	(49)	29,321
Urbamais Properties e Participações S.A.	34,129	(816)	1,360	34,673
Other	1,470,261	(37,082)	112,049	1,545,228
Total subsidiaries - Individual	1,524,228	(39,095)	113,408	1,598,541
Total subsidiaries and Jointly controlled entities - Individual	2,408,572	(49,734)	105,336	2,464,174
<u>Quarter ended March 31, 2016:</u>				
Total jointly controlled entities - Consolidated	739,840	7,908	(15,294)	732,454
Total subsidiaries and Jointly controlled entities - Individual	2,421,408	(174,326)	51,586	2,298,668

c) The main information on the Company's indirect investments is summarized as follows:

	Total equity interest		Shareholders' equity		Net income (loss)	
	03/31/17	12/31/16	03/31/17	12/31/16	1 st quarter	
					2017	2016
<u>LOG Commercial Properties e Participações S.A.</u>						
Cabral	19.94%	19.94%	116,796	117,249	803	659
LDI	39.87%	39.87%	491	488	5	2
LOG Aracajú	39.87%	39.87%	22,566	21,612	897	1,038
LOG Curitiba	39.87%	39.87%	45,181	43,472	1,659	1,935
LOG Feira De Santana	39.87%	39.87%	27,608	26,944	66	(51)
LOG Fortaleza	39.87%	39.87%	148,846	146,490	2,744	2,529
LOG Goiânia	39.83%	39.83%	127,396	119,429	2,389	2,793
LOG Hortolândia	39.87%	39.87%	130,513	129,736	1,549	1,697
LOG I	39.87%	39.87%	177,362	177,074	3,325	3,029
LOG II	39.87%	39.87%	44,213	44,351	254	681
LOG Itatiaia	39.87%	39.87%	38,985	38,854	257	75
LOG Juiz de Fora	39.87%	39.87%	69,212	67,649	1,018	1,238
LOG Jundiá	39.87%	39.87%	73,493	73,347	765	339
LOG Londrina	39.87%	39.87%	83,244	80,983	1,621	2,071
LOG Macaé	39.87%	39.87%	40,925	39,896	822	954
LOG Rio	39.87%	39.87%	119,277	114,231	1,223	2,206
LOG RP	39.87%	39.87%	54,687	53,245	1,289	1,473
LOG SJC Sony	39.87%	39.87%	105,268	105,051	(13)	3,957
LOG SJP	39.87%	39.87%	32,828	31,989	73	(154)
LOG SJRP	39.87%	39.87%	23,447	22,734	591	671
LOG Sumaré	39.87%	39.87%	8	8	-	-
LOG Uberaba	39.47%	39.47%	11,019	10,644	361	415
LOG Via Expressa	39.87%	39.87%	104,160	104,023	328	888
LOG Viana	39.87%	39.87%	132,453	130,912	2,274	1,597
Loteamento Betim	19.94%	19.94%	88,168	85,517	-	(2)
Torino	15.95%	15.95%	345,686	337,249	504	160
Total			2,163,832	2,123,177	24,804	30,200
<u>Prime Incorporações e Construções Ltda.</u>						
Pq Belle Nature SPE LTDA.	39.00%	39.00%	22,725	22,450	3,710	(48)
MRV PRIME Pq Chap Mantiqueira SPE LTDA.	39.00%	39.00%	17,150	17,140	6,517	86
Pq Chap Guimarães SPE LTDA.	18.00%	18.00%	3,034	5,057	(2,604)	(272)
Pq Chapada do Mirante SPE LTDA.	18.30%	18.30%	11,269	12,463	(1,163)	4,951
Top Taguatinga II SPE LTDA.	18.00%	18.00%	19,543	26,727	(3,770)	(5,481)
Top Taguatinga SPE LTDA.	18.00%	18.00%	23,483	36,279	(1,894)	(2,329)
Other 46 projects			103,429	102,998	(8,029)	(5,686)
Total			200,633	223,114	(7,233)	(8,779)
<u>MRL Engenharia e Empreendimentos S.A.</u>						
SCP Royal Palms Club	11.22%	11.22%	6,497	6,397	(262)	(2,515)
Other 36 projects			111,291	110,197	(6,192)	(80)
Total			117,788	116,594	(6,454)	(2,595)

d) The total balances of direct or indirect jointly controlled entities' balance sheet accounts and profit or loss accounts included in the consolidated financial statements are summarized as follows:

Companies	Assets					
	Current assets		Noncurrent assets		Total assets	
	03/31/17	12/31/16	03/31/17	12/31/16	03/31/17	12/31/16
LOG Commercial Properties e Participações S.A.	118,001	164,985	2,415,503	2,376,237	2,533,504	2,541,222
MRL Engenharia e Empreendimentos S.A.	24,169	15,333	184,688	181,433	208,857	196,766
PRIME Incorporações e Construções S.A.	42,146	20,220	158,634	164,244	200,780	184,464
SCP Royal Palms Club	1,482	915	6,120	5,873	7,602	6,788
Other 44 Joint ventures	50,273	41,259	14,643	23,564	64,916	64,823
MRV Md Pe Mar De Espanha SPE LTDA.	31,142	26,040	25,296	10,957	56,438	36,997
MRV Patrim Gal LTDA.	202,762	128,010	2,419	83,228	205,181	211,238
MRV PRIME Pq Chap Mantiqueira SPE LTDA.	37,992	35,914	9,266	5,528	47,258	41,442
Pq Belle Nature SPE LTDA.	26,261	34,559	14,459	5,919	40,720	40,478
Pq Chap Guimarães SPE LTDA.	2,632	4,525	1,654	1,621	4,286	6,146
Pq Chapada do Mirante SPE LTDA.	5,950	10,438	10,488	15,688	16,438	26,126
Top Taguatinga II SPE LTDA.	7,753	9,111	23,058	27,362	30,811	36,473
Top Taguatinga SPE LTDA.	4,471	12,541	26,927	30,501	31,398	43,042
Other 35 SPEs - Joint ventures	146,770	195,063	111,990	76,818	258,760	271,881
Total	701,804	698,913	3,005,145	3,008,973	3,706,949	3,707,886

Companies	Liabilities and shareholders' equity							
	Current liabilities		Noncurrent liabilities		Shareholders' equity		Liabilities and shareholders' equity	
	03/31/17	12/31/16	03/31/17	12/31/16	03/31/17	12/31/16	03/31/17	12/31/16
LOG Commercial Properties e Participações S.A.	325,297	309,195	427,079	457,870	1,781,128	1,774,157	2,533,504	2,541,222
MRL Engenharia e Empreendimentos S.A.	122,682	86,084	81,787	97,878	4,388	12,804	208,857	196,766
PRIME Incorporações e Construções S.A.	327,875	282,058	19,269	42,133	(146,364)	(139,727)	200,780	184,464
SCP Royal Palms Club	827	18	278	373	6,497	6,397	7,602	6,788
Other 44 Joint ventures	14,645	13,547	3,982	2,890	46,289	48,386	64,916	64,823
MRV Md Pe Mar De Espanha SPE LTDA.	4,633	21,221	45,841	456	5,964	15,320	56,438	36,997
MRV Patrim Gal LTDA.	8,834	4,190	146,349	167,855	49,998	39,193	205,181	211,238
MRV PRIME Pq Chap Mantiqueira SPE LTDA.	9,680	7,115	20,428	17,187	17,150	17,140	47,258	41,442
Pq Belle Nature SPE LTDA.	5,182	7,211	12,813	10,818	22,725	22,449	40,720	40,478
Pq Chap Guimarães SPE LTDA.	311	279	941	810	3,034	5,057	4,286	6,146
Pq Chapada do Mirante SPE LTDA.	1,851	5,421	3,318	8,242	11,269	12,463	16,438	26,126
Top Taguatinga II SPE LTDA.	3,449	4,087	7,819	5,659	19,543	26,727	30,811	36,473
Top Taguatinga SPE LTDA.	4,078	3,962	3,837	2,801	23,483	36,279	31,398	43,042
Other 35 SPEs - Joint ventures	64,600	75,426	24,721	30,565	169,439	165,890	258,760	271,881
Total	893,944	819,814	798,462	845,537	2,014,543	2,042,535	3,706,949	3,707,886

Companies	Results											
	Operating revenue		Cost of real estate sold		Operating income (expenses)		Financial income (expenses)		Income tax and social contribution		Net income (loss)	
	1 st quarter		1 st quarter		1 st quarter		1 st quarter		1 st quarter		1 st quarter	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
LOG Commercial Properties e Participações S.A.	4,210	5,063	-	-	6,419	5,636	(5,466)	(769)	3,069	396	8,232	10,326
MRL Engenharia e Empreendimentos S.A.	(18)	-	(83)	(1,026)	(1,210)	6,222	(7,103)	(4,491)	-	-	(8,414)	705
PRIME Incorporações e Construções S.A.	-	-	(136)	(517)	4,388	(3,150)	(10,987)	(9,884)	-	-	(6,735)	(13,551)
SCP Royal Palms Club	(20)	(8)	(89)	(2,367)	(158)	(144)	5	4	-	-	(262)	(2,515)
Other 44 Joint ventures	51	381	(2,715)	(2,505)	(2,754)	(2,824)	19	61	(279)	(6)	(5,678)	(4,893)
MRV Md Pe Mar De Espanha SPE LTDA.	7,916	7,125	(5,649)	(3,624)	(991)	(502)	810	475	(148)	(134)	1,938	3,340
MRV Patrim Gal LTDA.	21,212	11,706	(9,349)	(14,140)	(1,133)	(400)	815	(10)	(405)	(225)	11,140	(3,069)
MRV PRIME Pq Chap Mantiqueira SPE LTDA.	12,834	1,145	(5,496)	(648)	(673)	(395)	115	7	(263)	(23)	6,517	86
Pq Belle Nature SPE LTDA.	13,680	782	(8,019)	(517)	(1,855)	(296)	156	(2)	(252)	(15)	3,710	(48)
Pq Chap Guimarães SPE LTDA.	(47)	(80)	(2,482)	(67)	(141)	(133)	91	8	(25)	-	(2,604)	(272)
Pq Chapada do Mirante SPE LTDA.	924	11,421	(1,760)	(5,779)	(410)	(565)	105	124	(22)	(250)	(1,163)	4,951
Top Taguatinga II SPE LTDA.	478	591	(2,455)	(4,358)	(2,091)	(2,001)	333	313	(35)	(26)	(3,770)	(5,481)
Top Taguatinga SPE LTDA.	11,078	6,214	(10,927)	(6,931)	(2,170)	(1,770)	418	295	(293)	(137)	(1,894)	(2,329)
Other 35 SPEs - Joint ventures	3,210	26,283	(11,874)	(21,279)	(3,916)	(4,667)	2,090	1,820	(333)	(556)	(10,823)	1,601
Total	75,508	70,623	(61,034)	(63,758)	(6,695)	(4,989)	(18,599)	(12,049)	1,014	(976)	(9,806)	(11,149)

Note: Some percentages and other amounts of items (a) to (d) in all tables above have been rounded to facilitate their presentation. Thus, some totals presented in the tables may not represent the exact arithmetical sum of the amounts above.

As at March 31, 2017, upon the recognition of the results from equity participation in subsidiary MDI and LOG, the unrealized profits or losses were eliminated as follows: (i) MDI: unrealized profits amounting to R\$12,979 (R\$12,979 at December 31, 2016); (ii) LOG: unrealized losses and profits amounting to R\$7,582 and R\$1,049, respectively (R\$7,582 and R\$1,042 at December 31, 2016). The unrealized gains arise on the sale of land and the assignment of rights carried out, and the unrealized losses arise on the acquisition by the Company of a stake in a subsidiary of its joint venture LOG.

The asset percentages related to the Company's projects that are included in the merger's equity segregation frameworks are as follows as at March 31, 2017 and December 31, 2016 are as follows:

	Consolidated			
	3/31/17		12/31/16	
Projects under Law 10931/04 (Earmarked Assets)	5,021,385	38.02%	5,043,086	40.91%
Silent partnerships (SCPs)	360,957	2.73%	329,354	2.67%
Special Purpose Entities (SPEs)	977,549	7.40%	855,526	6.94%
Other entities	658,529	4.99%	559,381	4.54%
Projects with segregation	7,018,420	53.14%	6,787,347	55.06%
Projects without segregation	6,189,073	46.86%	5,539,666	44.94%
Total Consolidated	13,207,493	100.00%	12,327,013	100.00%

Other information on 'Interests in subsidiaries and joint ventures' is not significantly different from the information disclosed in Note 8 to the financial statements for the year ended December 31, 2016.

9. Property and equipment

Changes in property and equipment for the three-month period ended March 31, 2017 and 2016 are as follows:

	Opening balance	Addition	Write- off	Transfer	Closing balance
Individual					
Quarter ended March 31, 2017:					
<u>Cost:</u>					
Buildings, facilities and leasehold improvements	28,818	310	(173)	-	28,955
Aircraft and vehicles in use	10,451	968	(519)	-	10,900
Machinery and equipment	82,955	4,211	(285)	-	86,881
Furniture and fixtures	3,203	-	(18)	-	3,185
IT equipment and installations	6,736	-	-	-	6,736
Sales booths, stores and model apartments	45,152	27	(56)	187	45,310
Works in progress	3,220	2,319	-	(433)	5,106
Total cost	180,535	7,835	(1,051)	(246)	187,073
<u>Accumulated depreciation:</u>					
Buildings, facilities and leasehold improvements	10,601	620	(58)	-	11,163
Aircraft and vehicles in use	1,735	131	(123)	-	1,743
Machinery and equipment	11,108	3,287	(138)	-	14,257
Furniture and fixtures	2,233	60	(11)	-	2,282
IT equipment and installations	5,088	139	-	-	5,227
Sales booths, stores and model apartments	31,812	2,412	(20)	(84)	34,120
Total accumulated depreciation	62,577	6,649	(350)	(84)	68,792
Total property and equipment, net	117,958	1,186	(701)	(162)	118,281
Quarter ended March 31, 2016:					
Total property and equipment, net	88,818	1,804	(452)	(19)	90,151

	Opening balance	Addition	Write- off	Transfer	Closing balance
Consolidated					
Quarter ended March 31, 2017:					
Cost:					
Buildings, facilities and leasehold improvements	31,484	761	(410)	-	31,835
Aircraft and vehicles in use	10,451	968	(519)	-	10,900
Machinery and equipment	86,519	4,312	(548)	-	90,283
Furniture and fixtures	3,328	-	(24)	-	3,304
IT equipment and installations	6,779	3	(2)	-	6,780
Sales booths, stores and model apartments	75,099	72	(140)	3,029	78,060
Works in progress	10,652	4,655	-	(3,029)	12,278
Total cost	224,312	10,771	(1,643)	-	233,440
Accumulated depreciation:					
Buildings, facilities and leasehold improvements	10,719	779	(111)	-	11,387
Aircraft and vehicles in use	1,735	131	(123)	-	1,743
Machinery and equipment	11,547	3,415	(205)	-	14,757
Furniture and fixtures	2,298	67	(14)	-	2,351
IT equipment and installations	5,124	139	(2)	-	5,261
Sales booths, stores and model apartments	52,903	4,085	(42)	-	56,946
Total accumulated depreciation	84,326	8,616	(497)	-	92,445
Total property and equipment, net	139,986	2,155	(1,146)	-	140,995
Quarter ended March 31, 2016:					
Total property and equipment, net	105,311	1,849	(578)	-	106,582

At the end of the reporting periods, the Company's management concluded that there were no indications of impairment of its tangible assets with finite useful lives, as none of the loss indicators set out in CPC 01, paragraphs 10 and 12, was evidenced. As of March 31, 2017, the residual value of items pledged as collateral is R\$49,321, in Individual and Consolidated (R\$47,629 as at December 31, 2016).

Other information on 'Property and equipment' is not significantly different from the information disclosed in Note 9 to the financial statements for the year ended December 31, 2016.

10. Intangible assets

Changes in intangible assets for the three-month period ended March 31, 2017 and 2016 are as follows:

	Opening balance	Addition	Baixa	Transfer	Closing balance
Individual					
Quarter ended March 31, 2017:					
Cost:					
Software development	71,346	246	-	9,868	81,460
Software license	52,066	683	-	-	52,749
Intangibles under development	14,055	4,251	-	(9,868)	8,438
Trademarks and patents	24,000	-	-	-	24,000
Total cost	161,467	5,180	-	-	166,647
Accumulated amortization:					
Software development	35,452	3,352	-	-	38,804
Software license	40,062	1,342	-	-	41,404
Total accumulated amortization	75,514	4,694	-	-	80,208
Total intangible assets	85,953	486	-	-	86,439
Quarter ended March 31, 2016:					
Total intangible assets	84,217	294	-	-	84,511

	Opening balance	Addition	Baixa	Transfer	Closing balance
Consolidated					
Quarter ended March 31, 2017:					
Cost:					
Softw are development	71,346	246	-	9,868	81,460
Softw are license	52,070	683	-	-	52,753
Intangibles under development	14,286	4,251	-	(9,868)	8,669
Trademarks and patents	24,000	-	-	-	24,000
Total cost	161,702	5,180	-	-	166,882
Accumulated amortization:					
Softw are development	35,450	3,353	-	-	38,803
Softw are license	40,064	1,342	-	-	41,406
Total accumulated amortization	75,514	4,695	-	-	80,209
Total intangible assets	86,188	485	-	-	86,673
Quarter ended March 31, 2016:					
Total intangible assets	84,415	295	-	-	84,710

At the end of the reporting periods, the Company's management concluded that there were no indications of impairment of its intangible assets with finite useful lives, as none of the loss indicators set out in CPC 01, paragraphs 10 and 12, was evidenced.

Other information on 'Intangible assets' is not significantly different from the information disclosed in Note 10 to the financial statements for the year ended December 31, 2016.

11. Loans, financing and debentures

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Debentures (a)	1,104,298	336,441	1,104,298	336,441
Loans and financing (b)	1,640,465	1,516,294	2,202,690	1,994,937
(-) Funding cost	(27,629)	(16,954)	(28,571)	(17,738)
Total (c)	2,717,134	1,835,781	3,278,417	2,313,640
Current	925,004	872,900	1,023,447	937,050
Noncurrent	1,792,130	962,881	2,254,970	1,376,590

(a) Debentures:

On March 07, 2017, the Company recognized received proceeds totaling R\$750,000 related to the 9th public issue of simple, nonconvertible debentures, with no guarantees, represented by 75 thousand debentures with par value of ten thousand Brazilian reais, in three series for public distribution with restricted efforts. Main conditions are detailed below in table below.

Main features of the Company's debentures are as follows:

Issue	Date	Number	Amount	Contractual rate	Effective rate	Maturity	Charge payment
4 th	12/23/10	300	300,000	TR + 8.25% p.a. (*)	TR + 8.42% p.a. (*)	12/13 to 12/17	Semiannual
6 th	5/3/12	500,000	500,000	CDI + 1.50% p.a.	CDI + 1.65% p.a.	5/16 and 5/17	Semiannual
9 th (1 st series)	3/7/17	17,273	172,730	CDI + 1.50% p.a.	CDI + 1.60% p.a.	2/19 and 2/20	Semiannual
9 th (2 nd series)	3/7/17	49,727	497,270	CDI + 2.30% p.a.	CDI + 2.48% p.a.	2/20 and 2/22	Semiannual
9 th (3 rd series)	3/7/17	8,000	80,000	IPCA + 8.25% p.a. (**)	IPCA + 8.28% p.a.	2/22	Semiannual

(*) The spread for projects with a marketing value higher than the value set by the FGTS Board is 10.25% p.a.

(**) As mentioned in note 25 (b), for this operation the Company hired derivative financial instruments (interest rate swap) to hedge its exposure to IPCA plus fixed rate, by pegging interest to CDI.

Aging of debentures (period after the end of the reporting period) is as follows:

	Individual and Consolidated				12/31/16 Total
	3/31/17				
	4 th issue	6 th issue	9 th issue	Total	
Amortization:					
12 months	82,579	264,511	6,957	354,047	336,441
13 to 24 months	-	-	25,910	25,910	-
25 to 36 months	-	-	246,275	246,275	-
37 to 48 months	-	-	198,908	198,908	-
After 48 months	-	-	279,158	279,158	-
Total	82,579	264,511	757,208	1,104,298	336,441
Funding cost:					
12 months	-	(64)	(2,349)	(2,413)	(256)
13 to 24 months	-	-	(2,352)	(2,352)	-
25 to 36 months	-	-	(2,295)	(2,295)	-
37 to 48 months	-	-	(1,572)	(1,572)	-
After 48 months	-	-	(1,442)	(1,442)	-
Total	-	(64)	(10,010)	(10,074)	(256)
Total, net	82,579	264,447	747,198	1,094,224	336,185

(b) Loans and financing:

Breakdown of loans and financing as at March 31, 2017 and December 31, 2016 are as follows:

Type:	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Bank credit notes	722,697	618,394	772,797	643,421
Working capital	233,980	238,381	233,980	238,381
Construction financing	647,124	623,984	1,159,249	1,077,600
FINAME financing	15,858	18,035	15,858	18,035
Leasing	20,806	17,500	20,806	17,500
	1,640,465	1,516,294	2,202,690	1,994,937
(-) Funding cost	(17,555)	(16,698)	(18,497)	(17,482)
Total	1,622,910	1,499,596	2,184,193	1,977,455

As at March 31, 2017, main terms and conditions of loans and financing are as follows:

Type	Funding date	Repayment of de principal	Interest payment	Maturity of principal	Index	Contractual rate (p.a.)	Actual rate (p.a.)
Bank Credit Notes	2/16	Semiannual	Semiannual	2/18 to 2/23	CDI	CDI + 2.03%	CDI + 2.28%
Bank Credit Notes	6/16	Semiannual	Monthly	12/17 to 6/19	CDI	CDI + 1.60%	CDI + 2.21%
Bank Credit Notes	10/16	Semiannual	Quarterly	1/17 to 10/18	CDI	CDI + 1.60%	CDI + 1.62 a 2.16%
Bank Credit Notes	10/16	Monthly	Semiannual	8/19 to 11/9	CDI	CDI + 1.20%	CDI + 2.44%
Bank Credit Notes	11/16 to 2/17	Bullet payment	Bullet payment	12/18	CDI	CDI + 0.40%	CDI + 0.88%
Bank Credit Notes	12/16	Quarterly	Quarterly	6/18 to 1/19	CDI	CDI + 1.30%	CDI + 2.19%
Bank Credit Notes	12/16	Annual	Monthly	12/17 to 12/19	CDI	CDI + 1.15%	CDI + 1.51%
Working capital	6/14	Semiannual	Monthly	6/17 to 6/18	CDI	113% CDI	113.00% CDI + 0.12%
Working capital	7/13	Semiannual	Monthly	12/15 to 6/17	CDI	111% CDI	111% CDI
Working capital	7/13	Annual	Semiannual	6/16 to 6/17	CDI	CDI + 2.05%	CDI + 2.83%
Construction financing (*)	Sundry	Semiannual	Semiannual	1/17 to 9/18	TR	TR + 10.21% a 12.15%	TR + 11.14% a 12.15%
Construction financing	3/16	Monthly	Monthly	4/16 to 3/23	TR	TR + 13.29%	TR + 13.29%
Construction financing	Sundry	Bullet payment	Bullet payment	6/17 to 8/17	TR	TR + 12.00%	TR + 12.00%
Construction financing	Sundry	Sundry	Sundry	8/15 to 1/22	TR	TR+ 8.00% a 12.00%	8.00% a 12.00%
FINAME financing	Sundry	Sundry	Sundry	7/16 to 7/19	TJLP	TJLP + 3.70% a 4.50%	3.7% a 4.5%
FINAME financing	Sundry	Sundry	Sundry	10/16 to 4/20	Fixed rate	4.50% a 9.50%	4.50% a 9.50%
Leasing	Sundry	Sundry	Sundry	3/17 to 3/20	CDI	CDI + 2.50% a 2.85%	CDI + 2.50% a 2.85%

(*) As mentioned in note 25 (b), for these operations the Company hired derivative financial instruments (interest rate swap) to hedge its exposure to TR plus fixed rate, by pegging interest to CDI.

Main terms and conditions of funding, in the three-month period ended March 31, 2017 are as follows:

Type	Funding date	Repayment of principal	Interest payment	Maturity of principal	Contractual rate (p.a.)	Amount (*)
Bank Credit Notes	1/17 to 2/17	Bullet payment	Bullet payment	12/18	CDI + 0.40%	99,009
Construction financing	Sundry	Sundry	Sundry	2/16 to 1/22	TR + 8.00% to 12.00%	187,681
Leasing	1/17 to 3/17	Monthly	Monthly	3/17 to 3/20	CDI + 2.78% and 2.85%	3,211
Total Individual						289,901
Bank Credit Notes	1/17 to 2/17	Annual	Monthly	1/17 to 12/19	CDI + 1.15%	25,176
Construction financing	Sundry	Sundry	Sundry	2/16 to 1/22	TR + 8.00% to 12.00%	156,911
Total Consolidated						471,988

(*) Gross of funding cost

Construction financing agreements are collateralized by receivables (see note 6) or mortgage of land (see note 7).

(c) Guarantees

The types of guarantees for loans, financing and debentures as at March 31, 2017 are as follows:

	Consolidated						Total
	Debentures	Bank Credit Notes	Working capital	Construction financing	Finame financing	Leasing	
Collateral / surety	82,579	168,734	103,503	136,421	15,858	20,806	527,901
Collateral / receivables	-	-	-	1,022,828	-	-	1,022,828
No guarantees	1,021,719	604,063	130,477	-	-	-	1,756,259
Total (*)	1,104,298	772,797	233,980	1,159,249	15,858	20,806	3,306,988

(*) Amount of loans, financing and debentures, gross of funding costs.

(d) Aging of loans, financing and debentures is as follows:

After the reporting period	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
12 months	925,004	872,900	1,023,447	937,050
13 to 24 months	810,392	672,780	1,085,074	918,794
25 to 36 months	458,954	234,413	641,462	396,146
37 to 48 months	212,429	16,322	214,311	18,204
After 48 months	310,355	39,366	314,123	43,446
Total	2,717,134	1,835,781	3,278,417	2,313,640

(e) Contractual obligations

As at March 31, 2017, the Company is compliant with all the contractual obligations involving the financial ratios required in the loan, financing and debentures agreements.

(f) Allocation of financial charges

	Individual		Consolidated	
	1 st quarter of		1 st quarter of	
	2017	2016	2017	2016
Gross financial charges	69,252	70,801	83,877	78,422
Capitalized financial charges	(47,674)	(57,901)	(61,638)	(65,400)
Amounts recognized in financial income (expenses) (note 24)	21,578	12,900	22,239	13,022
Financial charges allocated to real estate under construction				
Opening balance	446,781	327,258	461,764	334,611
Capitalized financial charges related to:				
Loans and financing	10,744	12,202	23,310	19,701
Debentures	36,930	45,699	38,328	45,699
Capitalized financial charges	47,674	57,901	61,638	65,400
Charges allocated to profit or loss in cost of real estate sold and services provided (note 23)	(27,162)	(27,237)	(37,941)	(33,864)
Closing balance (note 7)	467,293	357,922	485,461	366,147

In the three-month period ended March 31, 2017, total financial charges capitalized on loans, financing and debentures represented an average charge rate of 13.09% p.a. (14.53% p.a. for the same period in 2016).

Other information on 'Loans, financing and debentures' is not significantly different from the information disclosed in Note 11 to the financial statements for the year ended December 31, 2016.

12. Land payables

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Credit purchases	1,677,861	1,658,945	2,237,214	2,220,424
Discount to present value	(9,751)	(7,527)	(13,828)	(10,811)
Total	1,668,110	1,651,418	2,223,386	2,209,613
Current	451,753	425,526	534,423	514,578
Noncurrent	1,216,357	1,225,892	1,688,963	1,695,035

As at March 31, 2017, 'Land payables' include financial barterers in the amount of R\$451,753 in Individual and R\$988,806 in Consolidated.

Several land acquisition agreements have clauses that allow the resolution without any burden to the Company, if certain conditions are not met or reached. These conditions mainly include obtaining legal, municipal or state approvals (incorporation permits, construction licenses, etc.), technical and commercial viability of the projects and obtaining construction financing.

As at March 31, 2017, R\$920,853 in Individual and Consolidated, of total 'Land payables', involves repayments linked to the above mentioned conditions, therefore only will occur if and when the projects become feasible, this is when the Company obtains the respective approvals.

Aging of Land payables is as follows:

Periods after the reporting	Individual		Consolidated	
	3/31/17	31/12/16	3/31/17	31/12/16
12 months	451,753	425,526	534,423	514,578
13 to 24 months	300,597	337,765	342,356	382,470
25 to 36 months	215,654	202,359	222,471	211,551
37 to 48 months	80,476	133,932	94,866	145,564
After 48 months	619,630	551,836	1,029,270	955,450
Total	1,668,110	1,651,418	2,223,386	2,209,613

Other information on 'Land payables' is not significantly different from the information disclosed in Note 12 to the financial statements for the year ended December 31, 2016.

13. Advances from customers

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Advanced receivables	64,338	89,862	91,126	121,025
Advances for barterers	797,987	816,482	1,141,561	1,182,601
	862,325	906,344	1,232,687	1,303,626
Current	398,128	430,668	613,142	674,864
Noncurrent	464,197	475,676	619,545	628,762

Several barter agreements have clauses that allow the resolution without any burden to the Company, if certain conditions are not met or reached. These conditions mainly include obtaining legal, municipal or state approvals (incorporation permits, construction licenses, etc.), technical and commercial viability of the projects and obtaining construction financing.

As at March 31, 2017, R\$479,427 in Individual and Consolidated, of total 'Advance for barterers', involves obligations linked to the above mentioned conditions, therefore only will occur if and when the projects become feasible, this is when the Company obtains the respective approvals.

Advances from customers are broken down as follows:

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Periods after the reporting period				
12 months	398,128	430,668	613,142	674,864
13 to 24 months	267,701	274,208	363,818	371,372
After 24 months	196,496	201,468	255,727	257,390
Total	862,325	906,344	1,232,687	1,303,626

Bank guarantees provided for land purchases, including barter arrangements are summarized as follows:

	3/31/17	12/31/16
Periods after the reporting period		
12 months	613,735	612,620
13 to 24 months	55,207	24,116
	668,942	636,736

Further to bank guarantees, customer advances are insured by a property delivery guarantee, as described in Note 28.

Other information on 'Advances from customers' is not significantly different from the information disclosed in Note 13 to the financial statements for the year ended December 31, 2016.

14. Payroll and related taxes

	Individual		Consolidated	
	3/31/17	31/12/16	3/31/17	31/12/16
Salaries and wages	10,480	10,548	17,206	16,990
Payroll taxes	9,209	9,979	15,161	16,324
Accrued vacation, 13th salary and related taxes	38,785	33,169	64,886	54,313
Provision of employee and management profit sharing	18,326	16,128	18,826	16,391
Other	3,676	3,245	6,487	6,050
Total	80,476	73,069	122,566	110,068

Other information on 'Payroll and related taxes' is not significantly different from the information disclosed in Note 14 to the financial statements for the year ended December 31, 2016.

15. Taxes payables

	Individual		Consolidated	
	3/31/17	31/12/16	3/31/17	31/12/16
Income tax and social contribution	4,992	5,496	12,751	11,263
Taxes on revenue (PIS and COFINS)	15,290	15,568	21,138	21,430
Withheld third-party taxes	3,809	4,134	11,121	15,147
Taxes withheld on interest on capital	4,115	5,924	5,455	8,086
Other	1,037	953	1,467	1,392
Total	29,243	32,075	51,932	57,318

As at March 31, 2017, amounts of recoverable taxes, essentially arising from tax credits claimed on the costs incurred on units sold (PIS and COFINS) and short-term investments are R\$81,007 and R\$112,275 in Individual and Consolidated, respectively (R\$200,707 and R\$229,364 as at December 31, 2016), and are classified in line item 'Recoverable taxes', in current assets.

Other information on 'Taxes payables' is not significantly different from the information disclosed in Note 15 to the financial statements for the year ended December 31, 2016.

16. Provision for maintenance of real estate

	Individual		Consolidated	
	3/31/17	31/12/16	3/31/17	31/12/16
Current	21,206	21,749	41,918	40,331
Noncurrent	47,382	49,241	98,686	99,747
Total	68,588	70,990	140,604	140,078

Changes in provision for maintenance of real estate is as follows:

	Opening balance	Additions	Write offs	Transfer	Closing balance
Individual					
Circulante	21,749	10,371	(12,773)	1,859	21,206
Não circulante	49,241	-	-	(1,859)	47,382
Total - 1st quarter of 2017	70,990	10,371	(12,773)	-	68,588
Total - 1 st quarter of 2016	74,285	11,146	(10,385)	-	75,046
Consolidated					
Current	40,331	18,093	(17,567)	1,061	41,918
Noncurrent	99,747	-	-	(1,061)	98,686
Total - 1st quarter of 2017	140,078	18,093	(17,567)	-	140,604
Total - 1 st quarter of 2016	135,871	19,030	(17,724)	-	137,177

As at March 31, 2017 and December 31, 2016, amounts corresponding to 1.85% to 2.20% of the total construction cost actually incurred were accrued.

Other information on 'Provision for maintenance of real estate' is not significantly different from the information disclosed in Note 16 to the financial statements for the year ended December 31, 2016.

17. Provisions for civil, labor and tax risks

Changes in provisions are as follows:

	Opening balance	Additions	Reversals	Payments	Inflation adjustment	Closing balance
Individual						
Civil	47,973	1,934	(2,412)	(3,982)	2,065	45,578
Labor	21,460	6,177	(1,600)	(1,580)	1,006	25,463
Tax	448	35	(1)	-	21	503
Total - 1st quarter of 2017	69,881	8,146	(4,013)	(5,562)	3,092	71,544
Total - 1 st quarter of 2016	70,467	19,988	(14,608)	(10,422)	935	66,360
Consolidated						
Civil	72,184	2,017	(3,675)	(5,918)	3,117	67,725
Labor	24,917	6,611	(1,909)	(1,667)	1,151	29,103
Tax	551	31	(1)	-	26	607
Total - 1st quarter of 2017	97,652	8,659	(5,585)	(7,585)	4,294	97,435
Total - 1 st quarter of 2016	91,604	32,528	(22,580)	(15,022)	1,204	87,734

The total number of the Group's lawsuits and the number of lawsuits classified as a "probable" likelihood of an unfavorable outcome classified, based on Company's legal counsel's assessment, broken down by type, are as follows:

	Individual			
	3/31/17		12/31/16	
	Total	Probable	Total	Probable
Nature:				
Civil	16,009	3,709	16,061	4,090
Labor	3,113	478	3,166	481
Tax	514	15	477	14
Criminal	93	-	87	-
Environmental	104	-	112	-
Total	19,833	4,202	19,903	4,585
	Consolidated			
	3/31/17		12/31/16	
	Total	Probable	Total	Probable
Nature:				
Civil	25,182	5,105	25,256	5,620
Labor	4,505	667	4,560	676
Tax	574	17	523	16
Criminal	104	-	95	-
Environmental	151	-	158	-
Total	30,516	5,789	30,592	6,312

As shown above main lawsuits as at March 31, 2017 and the additions for the three-month period then ended refer to civil and labor lawsuits, basically related to:

- civil: actions seeking injunctions/compensation related to the delivery of the units, resolutions of purchase/sale agreements of units sold, and brokerage fees.
- labor: lawsuits claiming employment relationship, lawsuits involving former employees and contractors over which the Company has joint liability.

Civil, labor, tax, criminal, and environmental proceedings assessed by the legal counsel as possible losses, which have essentially the same nature as those described above, total R\$137,502 in Individual and R\$222,137 in Consolidated, as at March 31, 2017 (R\$144,190 in Individual and R\$232,544 in Consolidated at December 31, 2016). In accordance with accounting practices adopted in Brazil and applicable legislation, no provision was recognized for these contingent liabilities.

Other information on 'Provisions for civil, labor and tax risks' is not significantly different from the information disclosed in Note 17 to the financial statements for the year ended December 31, 2016.

18. Related parties

(a) Short-term investments

The Company, subsidiaries and joint ventures below hold investments in Bank Certificates of Deposit (CDB) in Banco Intermedium S.A. (Intermedium), a company controlled by shareholder Rubens Menin Teixeira de Souza (Company's largest shareholder).

Balances:	Index	3/31/17	12/31/16
Company	107.37% CDI	139,265	140,753
Joint ventures:			
LOG Commercial Properties e	105.00% CDI	25,866	25,067
Cabral Investimentos SPE Ltda.	108.00% CDI	9,581	9,277
Total		174,712	175,097

Total financial income for the three-month period ended March 31, 2017 and 2016, paid by Intermedium, was R\$5,660 and R\$4,495, respectively.

On July 29, 2016, joint venture LOG Commercial Properties e Participações S.A. made its ninth issue of debentures, for private issue, non-convertible, with unsecured guarantee, in the amount of R\$135,000, represented by 135 debentures with par value of one thousand Brazilian reais, with interest by CDI + 2.36% p.a. and maturity in October 2017. Debentures were fully subscribed and paid by joint venturer MRV Engenharia e Participações S.A. and are recorded in line item "Marketable securities" totaling R\$149,275 as at March 31, 2017 (R\$144,037 as at December 31, 2016). Financial income for the three-month period ended March 31, 2017 was R\$5,238.

(b) Dividends, trade accounts receivables and trade accounts payables

Dividends

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Subsidiary:				
Urbamais Properties e Participações S.A.	817	-	-	-
Joint venture:				
LOG Commercial Properties e Participações S.A.	3,375	3,375	3,375	3,375
Total	4,192	3,375	3,375	3,375

Receivables from services provided

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Subsidiaries:				
Urbamais Properties e Participações S.A. (i)	73	43	-	-
MRV Construções Ltda (ii)	-	-	926	1,533
Joint ventures:				
LOG Commercial Properties e Participações S.A.(i)	155	-	155	-
MRL Engenharia e Empreendimentos S.A. (i)	18	4	18	4
Other related parties:				
Construtora Verde Grande Ltda.(iii)	11	-	11	-
MRV Serviços de Engenharia Ltda. (iii)	35	-	35	-
Expar Exito Participações Ltda. (iii)	6	2	6	2
Banco Intermedium S.A. (iv)	43	43	43	43
Partners in real estate development projects	108	91	108	91
Total	449	183	1,302	1,673

- (i) The Company provides administrative services to subsidiary Urbamais Propriedades e Participações S.A. and joint ventures LOG Commercial Properties e Participações S.A. (LOG), MRL Engenharia e Empreendimentos S.A. (MRL), and Prime Incorporações e Construções S.A. (PRIME). For the three-month period ended March 31, 2017, the agreement with LOG provides for the monthly payment of R\$4.5 per project developed by the Company or its investees (R\$4.0 for the same period in 2016). This amount is annually adjusted using the average salary increase percentage of Company employees. The agreement is effective for three years, beginning December 2, 2013, automatically extendable for an equal period, if not apposed by any of the parties. On December 02, 2016, in the absence of opposition by the parties, the contract was automatically extended for an equal period. Revenue from administrative services rendered to MRL and PRIME is calculated on a monthly basis based on the fixed amount (annually adjusted) of each transaction, multiplied by the number of transactions performed for these companies.
- (ii) Refers to construction services provided to jointly controlled entities. The transactions in the three-month period ended March 31, 2017 total R\$1,327 in Consolidated (R\$4,130 for the same period in 2016) and were recognized in line item 'Revenue from construction services' (Note 22).
- (iii) Construtora Verde Grande Ltda., MRV Serviços de Engenharia Ltda. e Expar Exito Participações Ltda. are controlled by the Company shareholders Marcos Alberto Cabaleiro Fernandez and Rubens Menin Teixeira de Souza, but are not part of the Group. The Company provides building services to these related parties and revenue from services rendered is equivalent to 15% of incurred cost on the construction project.
- (iv) Refer to 0.15% on invoices of the Company's suppliers discounted in the bank.

In the three-month period ended March 31, 2017, revenue from services provided (net of taxes) to the companies described in (i), (iii) and (iv) total R\$1,060 in individual and Consolidated (R\$859 for the same period in 2016) and was recognized in line item 'Other operating income'.

Trade and other accounts payables

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
<u>Trade payables</u>				
Subsidiaries:				
MRV Construções Ltda. (i)	40,051	37,032	-	-
Total	40,051	37,032	-	-
<u>Payables for the acquisition of investment</u>				
Joint venture:				
LOG Commercial Properties e Participações S.A. (ii)	3,605	4,768	3,605	4,768
Total	3,605	4,768	3,605	4,768

- (i) Refers to amounts payable for construction services provided to the Company and subsidiaries. In the three-month period ended March 31, 2017, the transactions with the Company total R\$44,498 and R\$82,527 with the Company and subsidiaries (R\$47,421 and R\$80,547 respectively for the same period in 2016), eliminated on consolidation.
- (ii) In March 2015, the Company acquired a stake in MRV LOG SP I Incorporações SPE Ltda. ("Office Park Pirituba") from jointly controlled entities LOG Commercial Properties e Participações S.A. and LDI LOG Desenvolvimento Imobiliário Ltda. for R\$110,000, payable through October 2017, including R\$11,000 paid as down payment and 30 monthly installments of R\$3,300, adjusted using the IPCA (National Broad Consumer Price Index). Due to the fact that the amount payable is adjusted only using the IPCA, the Company discounted it to present value at the effective interest rate of 4.8% per annum totaling R\$5,802, R\$2,029 as at March 31, 2017.

On November 25, 2015, LOG transferred the receivable balance to HSBC Bank Brasil S.A. (HSBC) amounting to R\$75,892 referring to the 23 monthly installments remaining of this operation on that date. According to said assignment contract, the Company retains the obligation to pay LOG the amounts related to the IPCA adjustment (since March 2015), which as at March 31, 2017 correspond to R\$3,605 (R\$4,768 as at December 31, 2016) and will be paid in monthly installments through October 2017. Accordingly, liability balances as at March 31, 2017 and December 31, 2016 were recognized in line item 'Payables for the acquisition of investment' and are broken down as follows:

	Individual and Consolidated			
	3/31/17			12/31/16
	Discount to present value			
	HSBC	LOG	value	Total
Total Current	23,100	3,605	(2,029)	24,676
				34,882

(c) Intercompany loan balances

	Individual		Consolidado	
	3/31/17	12/31/16	3/31/17	12/31/16
<u>Intercompany receivables (i)</u>				
Joint ventures:				
Prime Incorporações e Construções S.A.	127	529	178	587
MRL Engenharia e Empreendimentos S.A.	-	-	29	33
Other related parties:				
Partners in real estate development projects	38,925	34,003	43,849	36,023
Total	<u>39,052</u>	<u>34,532</u>	<u>44,056</u>	<u>36,643</u>
<u>Intercompany payables (ii)</u>				
Loans with SPEs	<u>22,875</u>	<u>12,374</u>	<u>8,739</u>	<u>1,310</u>

- (i) No maturities have been defined for these transactions and as at March 31, 2017, R\$10,232 in Individual and Consolidated (R\$6,195 in Individual and Consolidated as at December 31, 2016) are subject to interest pegged to interbank deposit rate (CDI) plus a spread of 0% to 3.10% p.a. (0% to 2.36% p.a. as at December 31, 2016).

Intercompany receivables from joint ventures and partners refer mainly to transactions conducted to fund the initial stage of the projects in view of the business relationships that are maintained with for the development of real estate development.

Financial income from related parties for the three-month period ended March 31, 2017 and 2016 is broken down as follows:

	Individual		Consolidated	
	1 st quarter of		1 st quarter of	
	2017	2016	2017	2016
Subsidiaries:				
Urbamais Properties e Participações S.A.	-	49	-	49
Joint ventures:				
Prime Incorporação e Construções S.A.	12	2,266	12	2,409
MRL Engenharia e Empreendimentos S.A.	23	5	23	14
LOG Commercial Properties e Participações S.A.	-	51	-	51
Other related parties:				
Partners in real estate development projects	313	304	313	303
Total (note 24)	<u>348</u>	<u>2,675</u>	<u>348</u>	<u>2,826</u>

- (ii) No maturities have been defined for these transactions and are recognized in line item 'Other accounts payable', in current liabilities.

In addition to the amounts above, the Company has receivables from subsidiaries and partners in real estate development projects related to capital contributions and advances to be made, recognized in line item 'Other current assets', as shown below:

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Subsidiaries:				
Prime Incorporação e Construções S.A.	346	344	613	1,215
MRL Engenharia e Empreendimentos S.A.	975	1,630	2,183	2,734
Silent partnerships and special purpose entities	16,139	18,836	2,222	3,723
Other related parties:				
Partners in real estate development projects	51	788	131	2,129
Total	<u>17,511</u>	<u>21,598</u>	<u>5,149</u>	<u>9,801</u>

The balances receivable from subsidiaries and partners for capital contributions do not incur charges and are receivable immediately after being collected by the Company.

As at March 31, 2017 and 2016 no allowance for doubtful accounts was recognized for receivables from related parties as no losses on these transactions are expected.

Related-party transactions are conducted with subsidiaries and partners in real estate projects under terms and conditions negotiated by the parties. As the Company does not conduct similar transactions with unrelated parties, there is no evidence that these transactions would produce the same results had they been conducted with unrelated parties.

d) Rental agreements

The Company and subsidiary Urbamais Properties e Participações S.A. hold rental agreements of head office building, owned by the companies Conedi Participações Ltda. (“Conedi”) and MA Cabaleiro Participações Ltda. (“MA Cabaleiro”). Conedi is owned by the Company’s controlling shareholder Rubens Menin Teixeira de Souza and the following executives: Maria Fernanda Menin Teixeira de Souza Maia (Legal Executive Officer) and Rafael Menin Teixeira de Souza (Region I Managing Director and board member). MA Cabaleiro is owned by shareholder Marcos Alberto Cabaleiro Fernandez, member of the Company's board. The rental agreements are effective until February 28, 2025, adjustable by the General Market Price Index (IGPM) and on March 31, 2017 provides for the monthly payment of R\$509 (R\$491 as at March 31, 2016). Related rental expenses for the three-month period ended March 31, 2017, recognized in profit or loss, net of taxes, totaled R\$1,386 (R\$1,269 for the same period in 2016).

Joint venture LOG Commercial Properties e Participações S.A. holds rental agreement of part of tenth floor of head office building, owned by the companies mentioned above. The agreement are effective until February 28, 2025, adjustable by the General Market Price Index (IGPM) and as at March 31, 2017 provides for the monthly payment of R\$37 (R\$34 as at March 31, 2016). Related rental expenses for the three-month period ended March 31, 2017 recognized in LOG’s results, totaled R\$111 (R\$101 for the same period in 2016).

e) Noncompetition agreement

Company shareholders Marcos Alberto Cabaleiro Fernandez and Rubens Menin Teixeira de Souza entered into a noncompetition agreement with the Company, under which they agree not to engage in any activity in Brazil, in the construction industry outside the Company for up to a two-year period after a possible withdrawal as shareholders. Their activities in the industry are, therefore, restricted to the Company.

f) Brand license

In 2014 the Company acquired from MRV Serviços e Engenharia Ltda. the use and property rights of the trademark “MRV Engenharia” for an indefinite period. The total agreement amount, supported by economic studies, is R\$24,000 paid in 24 monthly installments of R\$1,000, adjusted by the SELIC (Central Bank’s policy rate). The outstanding balance was settled in August 2016 and was recognized in line item ‘Suppliers’ and the incurred interest recognized in

Company's results amounts to nil in the three-month period ended March 31, 2017 (R\$1,044 for the same period in 2016).

g) Guarantees and surety

The Company guaranteed Bank Credit Notes obtained by a subsidiary and several jointly controlled entities from financial institutions, as described below:

	Start	Maturity	Amount
MRL Engenharia e Empreendimentos S.A.	10/10/2014	10/10/2017	7,558
	12/21/2015	6/5/2018	85,689
	9/9/2016	9/10/2018	20,179
	9/23/2016	9/10/2018	30,269
	9/30/2015	9/28/2018	24,038
	1/30/2017	1/30/2019	30,711
Prime Incorporações e Construções S.A.	1/6/2017	4/6/2017	226,565
	6/20/2016	6/20/2017	20,103
	10/10/2014	10/10/2017	15,117
	3/29/2016	3/23/2018	45,787
	9/30/2015	9/28/2018	34,054
	5/13/2016	4/15/2019	452
Urbamais Properties e Participações S.A.	7/8/2016	5/15/2019	733
	7/26/2016	7/15/2019	706
	12/29/2016	12/27/2019	50,100
	3/18/2016	3/6/2023	11,827
			603,888

h) Compensation of key personnel

Pursuant to CPC 05, which addresses related party disclosures, and according to the Company's understanding, key management personnel consists of members of the Board of Directors and officers elected by the Board of Directors in conformity with the Company's bylaws, and their roles and responsibilities comprise decision-making powers and control of the Company's activities.

	Individual		Consolidated	
	1st quarter of		1st quarter of	
	2017	2016	2017	2016
Short-term benefits granted to management:				
Management compensation (*)	2,880	2,389	3,138	2,503
Profit sharing	879	1,240	925	1,240
Non-monetary benefits	81	71	96	71
Share-based compensation:				
Stock option plan	629	602	629	602
	4,469	4,302	4,788	4,416

(*) Not included social security contributions at the rate of 20%.

On April 28, 2017, the Extraordinary and Annual Shareholders' Meeting approved the change in the overall management compensation threshold to R\$25,500.

Besides the benefits above, the Company does not grant any other benefits such as postemployment benefits, other long-term benefits, or severance pay.

i) Largest shareholder

The Company's largest shareholder is Mr. Rubens Menin Teixeira de Souza, who holds 33.6% of the Company shares as at March 31, 2017 (34.9% at December 31, 2016).

j) Stake acquisition

In August 2016, the Company acquired equity of the company Interfronting Corretora e Consultoria de Seguros Ltda. (Interfronting), controlled by Banco Intermedium, in the amount of R\$123, equivalent to 10% of the company's shares. Interfronting provides insurance brokerage services in various market segments. The amount of insurance premiums paid by the Company for insurers in which Interfronting obtained brokerage commission in the period ended March 31, 2017 was R\$2,264 (R\$1,510 for the same period in 2016).

19. Equity

(a) Issued capital

	Individual and Consolidated	
	3/31/17	12/31/16
Subscribed capital	4,509,521	4,509,521
Number of common shares, without par value (Thousands)	444,139	444,139

The Company is authorized to increase its capital up to the limit of R\$7,000,000 (Seven billions reais), as mentioned in Note 29.

(b) Stock option plan

Main features of the stock option plan programs are as follows:

Program	Approval	Stock options (thou.)	Vesting	Option price	Participants	Exercise deadline
3	3/8/10	1,701	Up to 4 years	R\$ 11.80	Officers, managers, and key employees	April 2018
4	6/11/12	1,945	Up to 4 years	R\$ 11.56	Officers, managers, and key employees	August 2019
5	8/20/13	1,522	Up to 4 years	R\$ 5.91	Officers, managers, and key employees	December 2020
6	10/14/14	1,512	Up to 4 years	R\$ 6.50	Officers, managers, and key employees	December 2021
7	6/1/15	1,444	Up to 4 years	R\$ 6.84	Officers, managers, and key employees	December 2022
8	7/1/16	1,529	Up to 4 years	R\$ 10.42	Officers, managers, and key employees	December 2023

The tables below show the changes in options per program for the three-month period ended March 31, 2017 and 2016 and supplemental information thereon:

Program	Number of participants	Movements in the 1st quarter of 2017 (thou. shares)				Closing balance
		Opening balance	Granted	Expired/ forfeited	Exercised	
3	98	1,178	-	(7)	-	1,171
4	134	1,493	-	(18)	-	1,475
5	55	1,328	-	-	-	1,328
6	88	1,421	-	-	-	1,421
7	77	1,403	-	-	-	1,403
8	65	1,524	-	-	-	1,524
		8,347	-	(25)	-	8,322
Weighted average price of shares		8.83	11.80	11.63	-	8.82

		Movements in the 1 st quarter of 2016 (thou. shares)				
Program	Number of participants	Opening balance	Granted	Expired/ forfeited	Exercised	Closing balance
3	117	1,274	-	(9)	-	1,265
4	161	1,603	-	(12)	-	1,591
5	56	1,408	-	-	-	1,408
6	89	1,466	-	(7)	-	1,459
7	78	1,425	-	-	-	1,425
		7,176	-	(28)	-	7,148
Weighted average price of shares		8.52	-	10.26	-	8.52

Other information					
Program	Number of vested shares (thou.)	Compensation cost in 1 st quarter	Unrecognized compensation cost	Remaining compensation cost period (in years)	Remaining contractual life (in years)
3	1,171	-	-	-	1.1
4	1,475	-	-	-	2.4
5	222	242	644	0.7	3.7
6	180	267	1,788	1.8	4.8
7	146	237	2,356	2.8	5.8
8	88	376	4,578	3.8	6.8
2017	3,282	1,122	9,366	2.9	4.2
2016	1,935	1,153	8,564	2.8	4.6

The compensation costs arising from joint ventures and recognized by the Company totaled R\$22 for the three-month period ended March 31, 2017 (R\$32 for the same period in 2016).

As at March 31, 2017, had all stock options currently granted been exercised, the Company would have issued 8,322 thousand shares, which would represent a 1.84% dilution in relation to total Company shares of 444,139 thousand.

As there was no stock options exercised in the three-month period ended March 31, 2017 and 2016. The weighted average market prices of the exercised options was nil.

Up to March 31, 2017 and December 31, 2016, 88.32% of the total stock options approved under the plan had been granted.

In the three-month period ended March 31, 2017, the Company received R\$647 in proceeds related to 126 thousand stock options exercised, and were delivered 126 thousand common shares held in treasury, as explained in (c) below.

(c) Treasury shares

In the three-month period ended March 31, 2017, 126 thousand shares were transferred to beneficiaries of the Company's stock option plan (Nil for the same period in 2016), as shown below:

Type	Number (thousand)				Cost in reais (per share) of the acquired shares			Market value (*)	
	Openin balance	Acquired	Transferred	Cancelled	Closing balance	Weighted average	Maximu		Minimu
1st quarter of 2017:									
Common shares	2,868	-	(126)	-	2,742	-	-	-	39,375
1st quarter of 2016:									
Common shares	2,980	-	-	-	2,980	-	-	-	35,283

(*) Market value of shares remaining in treasury as at March 31, 2017 and 2016.

In the three-month period ended March 31, 2017, R\$265 were transferred from line item 'Treasury shares' to line items 'Earnings retention reserve' related to the transfers to stock option plan participants.

(d) Mandatory minimum dividend payable to shareholders

On November 9, 2016, the Board of Directors proposed the distribution of extraordinary interim dividends in the amount of R\$150,000. This proposal was approved by the Extraordinary Shareholders' Meeting held on January 30, 2017 and the amounts were paid to the shareholders on March 30, 2017 by the final amount of R\$150,075.

The Company's mandatory minimum dividends of fiscal year 2016 by R\$132,315 were approved at the Extraordinary and Annual Shareholders' Meeting (EASM) held on April 28, 2017 and will be paid on June 14, 2017, and are equivalent to R\$0.29984851 per share, net of inflation adjustment, as per the shareholding position effective on May 15, 2017.

The 2015 dividends, amounting to R\$156,061, including R\$130,051 in mandatory minimum dividends and R\$26,010 in additional dividends, were approved at the Extraordinary and Annual Shareholders' Meeting (EASM) held on April 29, 2016 and paid on June 15, 2016, and are equivalent to R\$0.35375102 per share, net of inflation adjustment, as per the shareholding position effective on December 31, 2015.

(e) Noncontrolling interests

	Consolidated	
	1 st quarter	
	2017	2016
Opening balance	253,758	274,259
Net distributions to noncontrolling interests	(9,435)	(20,139)
Capital transactions	-	(332)
Interest in net income	3,484	6,428
Closing balance	247,807	260,216

Other information on 'Equity' is not significantly different from the information disclosed in Note 19 to the financial statements for the year ended December 31, 2016.

Other information on 'Segment information' did not change significantly in relation to the information disclosed in Note 21 to the financial statements for the year ended December 31, 2016.

22. Net operating revenue

The table below shows the reconciliation between gross revenue and net revenue stated in the statements of income for the three-month period ended March 31, 2017 and 2016:

	Individual		Consolidated	
	1 st quarter of		1 st quarter of	
	2017	2016	2017	2016
Gross operating revenue				
Real estate development	511,851	582,652	1,030,327	980,942
Bartered real estate units	3,034	14,075	5,729	27,899
Revenue from construction services	-	-	1,327	4,130
	514,885	596,727	1,037,383	1,012,971
Taxes on sales	(11,499)	(13,903)	(23,330)	(22,940)
Net operating revenue	503,386	582,824	1,014,053	990,031

The amounts related to units under construction recognized in Consolidated for the three-month period ended March 31, 2017 and 2016 are as follows:

	Consolidated	
	1 st quarter of	
	2017	2016
Net revenue from units under construction	1,007,940	985,327
Costs of real estate sold under construction	(645,816)	(660,343)
Recognized profits	362,124	324,984
Advances received or from barterers	6,427	80,676

The accounting revenue recognition criteria and policies are described in note 2.2 (a) to the financial statements for the year ended December 31, 2016.

Additionally, in order to determine when the risks and rewards from the ownership of the real estate units sold are transferred to the buyers, the Company follows the guidance set out in Technical Guideline OCPC 04. This determination requires significant judgment and, in the context of this judgment, management has assessed all the discussions on this subject that resulted in the presentation to the CPC, the Technical Guideline OCPC 04, and has guided the application of Technical Interpretation ICPC 02 by Brazilian real estate developers.

The accounting treatment of terminated sell and purchase commitment agreements are described in Note 6.

Other information on 'Net operating revenue' did not change significantly in relation to the information disclosed in Note 22 to the financial statements for the year ended December 31, 2016.

23. Operating costs and expenses

	Individual		Consolidated	
	1 st quarter of		1 st quarter of	
	2017	2016	2017	2016
Cost of real estate sold and services:				
Financial charges (note 11 (e))	(27,162)	(27,237)	(37,941)	(33,864)
Land, construction and maintenance costs	(318,745)	(356,602)	(635,504)	(630,458)
Total cost of real estate sold and services	(345,907)	(383,839)	(673,445)	(664,322)
Selling, general and administrative expenses:				
Salaries, charges and benefits	(47,330)	(51,839)	(61,008)	(62,198)
Management compensation	(2,727)	(2,253)	(2,985)	(2,368)
Management and employees profit sharing	(2,701)	(3,156)	(2,725)	(3,175)
Stock option plan expenses	(1,122)	(1,153)	(1,122)	(1,153)
Commissions and brokers' fees	(11,597)	(14,487)	(24,538)	(26,345)
Outside services	(12,422)	(12,126)	(17,471)	(16,257)
Marketing expenses	(21,110)	(18,036)	(32,424)	(28,942)
Utilities	(2,861)	(3,243)	(3,545)	(3,827)
Depreciation and amortization	(7,825)	(4,992)	(9,515)	(6,739)
Training	(474)	(248)	(477)	(248)
Other expenses	(34,985)	(24,057)	(43,040)	(30,835)
Total selling, general and administrative expenses	(145,154)	(135,590)	(198,850)	(182,087)
Classified as:				
Selling expenses	(80,546)	(74,093)	(127,668)	(115,917)
General and administrative expenses	(64,608)	(61,497)	(71,182)	(66,170)
	(145,154)	(135,590)	(198,850)	(182,087)

	Individual		Consolidated	
	1 st quarter of		1 st quarter of	
	2017	2016	2017	2016
Other operating expenses, net:				
Provision for civil, labor and tax risks	(5,156)	(3,902)	(7,257)	(10,621)
Real estate credit	(5,291)	(7,910)	(7,083)	(9,436)
Results on the sale of property and	(35)	(57)	(279)	(25)
Donatives - Institute MRV	(1,331)	(658)	(1,331)	(658)
Other:				
Income	1,127	1,126	2,159	1,494
Expenses	(3,132)	(1,206)	(4,388)	(1,431)
Total other operating expenses, net	(13,818)	(12,607)	(18,179)	(20,677)

24. Financial expenses and income

	Individual		Consolidated	
	1 st quarter of		1 st quarter of	
	2017	2016	2017	2016
Financial expenses:				
Interest expenses on loans, financing and debentures (note 11(e))	(21,578)	(12,900)	(22,239)	(13,022)
Expenses on debentures issue commissions and fees	(177)	(327)	(177)	(327)
Expenses on fees and taxes	(1,185)	(1,292)	(2,218)	(2,223)
Other financial expenses	(1,762)	(3,352)	(2,652)	(3,716)
	(24,702)	(17,871)	(27,286)	(19,288)
Financial income:				
Income from short-term investments	50,209	42,810	59,928	49,320
Interest income on intercompany loans (note 18(c))	348	2,675	348	2,826
Other financial income	2,731	1,236	4,357	2,830
	53,288	46,721	64,633	54,976
Income from real estate development receivables	8,254	8,020	11,774	12,271
	61,542	54,741	76,407	67,247
Financial income (expenses)	36,840	36,870	49,121	47,959

25. Financial instruments and risk management

(a) Capital risk management

As at March 31, 2017 and December 31, 2016, the debt-to-equity ratio is as follows:

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Loans, financing and debentures	2,717,134	1,835,781	3,278,417	2,313,640
Cash, cash equivalents and marketable securities	(2,407,853)	(1,501,204)	(2,906,704)	(2,021,071)
Net debt	309,281	334,577	371,713	292,569
Shareholders' equity	5,165,728	5,183,729	5,413,535	5,437,487
Net debt-to-equity ratio	6.0%	6.5%	6.9%	5.4%

(b) Categories of financial instruments

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Financial assets:				
Cash and banks	256,100	220,484	430,794	394,135
Fair value through profit or loss held for trading (*)	1,890,733	1,025,430	2,214,890	1,369,417
Held-to-maturity investments	156,152	153,482	156,152	155,711
Available-for-sale financial assets (*)	104,868	101,808	104,868	101,808
Loans and receivables	1,479,458	1,613,406	2,595,774	2,690,070
Financial liabilities:				
Amortized cost	4,695,925	3,797,688	5,918,378	4,949,829

(*) Financial assets recognized in the financial statements at fair value with level 2 measurement

It is not a Company policy to enter into derivative transactions or any other assets for speculative purposes.

The Company entered into non-speculative derivative financial instruments to hedge its exposure to the interest rates in loan, financing and debentures pegged to the Referential Rate (TR) or the Broad consumer price index (IPCA) variance plus fixed spread. The sole purpose of these transactions is value hedging by minimizing the impacts of changes in interest rates, by replacing the TR / IPCA plus fixed spread for the interbank deposit rate (CDI).

As of March 31, 2017, outstanding swap contracts have maturities between June 2018 and March 2023, and are composed as follows:

Type of transaction	Hiring	Asset/Liability	Maturity	Notional amount	Long position	Short position	3/31/17	Effect on result	
							Derivative fair value	Gain or loss on transaction	Mark-to-market
Sw ap	6/2016	12.15% / 97.16% CDI	6/2018	100,000	100,447	100,443	1,860	4	742
Sw ap	7/2016	12.00% / 96.75% CDI	7/2018	75,000	77,034	77,049	1,441	(15)	738
Sw ap	3/2016	TR + 13.29% / CDI + 2.55%	3/2023	11,485	11,827	11,607	705	220	236
Sw ap	3/2017	IPCA + 8.25% / 132.2% CDI	3/2022	80,000	80,701	80,870	(53)	(169)	116
							3,953	40	1,832
								Individual	Consolidated
							Total Non-current	3,248	3,953
							Assets	3,301	4,006
							Liabilities	(53)	(53)
								3,248	3,953

(c) Risk management

Market risk

The Company conducted a sensitivity analysis for the financial instruments exposed to changes in interest rates and financial indicators. The sensitivity analysis was developed considering the exposure to changes in the indexes of financial assets and financial liabilities, taking into account the net exposure of these financial instruments at March 31, 2017, as if such balances were outstanding during the next twelve months, as detailed below:

- Exposed net financial asset and exposed financial liability, net: the change in the rate estimated for 2017 (“probable scenario”) compared to the effective rate for the three-month period ended March 31, 2017, multiplied by the exposed net balance as at March 31, 2017, was used to calculate the financial impact, had the probable scenario materialized in 2017. For the impact estimates, we took into consideration a decrease in financial assets and an increase in financial liabilities at the rate estimated for 2017 of 25% for scenario I and 50% for scenario II.

Index	Assets	Liabilities	Exposed asset (liability)	Effective rate for the 12-month period ended 3/31/17	Annual rate estimated for 2017 (*)	Rates changes for each scenario	Total estimated financial impact	Estimated impact on net income and equity
<u>Probable scenario</u>								
CDI	2,483,606	(1,968,650)	514,956	13.75%	9.88% (i)	-3.87%	(19,929)	(6,689)
IGPM	162,135	(470,145)	(308,010)	4.86%	2.92% (i)	-1.94%	5,975	2,005
INCC	749,876	(500,805)	249,071	5.74%	3.92% (i)	-1.82%	(4,533)	(4,533)
TR	2,536	(1,264,242)	(1,261,706)	1.92%	0.00% (i)	-1.92%	24,225	8,131
IPCA	101,335	(196,150)	(94,815)	4.57%	3.69% (i)	-0.88%	834	280
TJLP	-	(10,458)	(10,458)	7.50%	7.00% (i)	-0.50%	52	17
							<u>6,624</u>	<u>(789)</u>
<u>Scenario I</u>								
CDI	2,483,606	(1,968,650)	514,956	13.75%	7.41%	-6.34%	(32,648)	(10,958)
IGPM	162,135	(470,145)	(308,010)	4.86%	3.65%	-1.21%	3,727	1,251
INCC	749,876	(500,805)	249,071	5.74%	2.94%	-2.80%	(6,974)	(6,974)
TR	2,536	(1,264,242)	(1,261,706)	1.92%	0.00%	-1.92%	24,225	8,131
IPCA	101,335	(196,150)	(94,815)	4.57%	4.61%	0.04%	(38)	(13)
TJLP	-	(10,458)	(10,458)	7.50%	8.75%	1.25%	(131)	(44)
							<u>(11,839)</u>	<u>(8,607)</u>
<u>Scenario II</u>								
CDI	2,483,606	(1,968,650)	514,956	13.75%	4.94%	-8.81%	(45,368)	(15,227)
IGPM	162,135	(470,145)	(308,010)	4.86%	4.38%	-0.48%	1,478	496
INCC	749,876	(500,805)	249,071	5.74%	1.96%	-3.78%	(9,415)	(9,415)
TR	2,536	(1,264,242)	(1,261,706)	1.92%	0.00%	-1.92%	24,225	8,131
IPCA	101,335	(196,150)	(94,815)	4.57%	5.54%	0.97%	(920)	(309)
TJLP	-	(10,458)	(10,458)	7.50%	10.50%	3.00%	(314)	(105)
							<u>(30,314)</u>	<u>(16,429)</u>

(i) Data obtained on BM&F's website (Futures and Commodities Exchange). As there was no market projection for the INCC available for 2017, the IPCA variance was used.

(*) Effective change for the first nine months of 2017 plus a projection for the next three months of 2017.

The total financial effect estimated, basically pegged to CDI and TR, would be substantially recognized in real estate for sale and development and allocated to profit or loss as the real estate units were sold. Thus, the estimated effect on net income and shareholders' equity is net of the remaining portion of real estate for sale and development.

As required by IFRS 7, management believes that the estimated annual rates presented in the probable scenarios above reflect the reasonable possible scenario for 2017.

Liquidity risk

The Board of Directors is responsible for the management of the liquidity risk and periodically reviews the cash flow projections, using stress scenarios and assesses the possible funding requirements in line with the equity structure and the indebtedness to be maintained by the group.

Liquidity and interest rate risk table

The undiscounted cash flows of the financial liabilities based on the closest date when the Group is expected to settle the related obligations, based on the projection of the indices at March 31, 2017 through contractual maturity, are as follows:

	<u>Up to 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>Over 3 years</u>	<u>Total</u>
<u>Individual:</u>					
Floating rates	1,488,638	1,284,757	871,331	801,952	4,446,678
Fixed rates	3,930	1,072	608	49	5,659
Non-interest bearing securities	316,440	29,974	12,272	597,620	956,306
Total	<u>1,809,008</u>	<u>1,315,803</u>	<u>884,211</u>	<u>1,399,621</u>	<u>5,408,643</u>
<u>Consolidated:</u>					
Floating rates	1,621,371	1,562,458	1,104,131	881,778	5,169,738
Fixed rates	4,458	1,072	608	49	6,187
Non-interest bearing securities	435,372	32,380	12,272	1,005,671	1,485,695
Total	<u>2,061,201</u>	<u>1,595,910</u>	<u>1,117,011</u>	<u>1,887,498</u>	<u>6,661,620</u>

The Company has financial assets (basically represented by cash and cash equivalents, securities, and receivables from real estate development) that it considers sufficient to honor its commitments arising on its operating activities.

(d) Foreign exchange risk

The Company and its subsidiaries do not have foreign currency-denominated assets or liabilities.

(e) Credit risk

The credit risk of the Company's operations, especially with regard to accounts receivable, is managed based on specific customer acceptance standards, credit rating, and the setting of exposure limits per customer. Additionally, trade accounts receivable are substantially collateralized by the real estate units themselves.

(f) Social and Environmental risks

Social and Environmental risks in the Company's operating activities are related to various environmental and labor laws and regulations involving licenses, registrations, among others. The risks are managed in the form of mitigation of environmental and community impacts, as well as guaranteeing decent work conditions, observing compliance with the Company's Code of Conduct by our employees, partners and suppliers.

(g) Fair value of financial instruments

The table below shows in detail the comparisons between the carrying amounts and fair values of loans, financing and debentures:

	Individual			Consolidated		
	3/31/17			3/31/17		
<u>Financial instruments</u>	Carrying amount	Fair value (*)	Difference	Carrying amount	Fair value (*)	Difference
Debentures						
TR + 8.25% p.a.	82,579	82,579	-	82,579	82,579	-
CDI + 1.50% to 2.30% p.a.	941,066	941,066	-	941,066	941,066	-
IPCA + 8.2502% p.a.	80,653	80,653	-	80,653	80,653	-
Total	1,104,298	1,104,298	-	1,104,298	1,104,298	-
Bank credit notes						
CDI + 0.40% to 2.03% p.a.	722,697	714,431	8,266	772,797	764,531	8,266
Total	722,697	714,431	8,266	772,797	764,531	8,266
Working capital loan						
111% and 113% of CDI	130,477	128,728	1,749	130,477	128,728	1,749
CDI + 2.05% p.a.	103,503	103,077	426	103,503	103,077	426
Total	233,980	231,805	2,175	233,980	231,805	2,175
Financing						
To construction – TR + 8% to 12% p.a.	408,764	408,764	-	909,062	909,062	-
To construction – TR + 10.21% to 12.15% p.a.	238,360	239,093	(733)	238,360	239,093	(733)
To construction – TR + 13.29% p.a.	-	-	-	11,827	11,827	-
Finame – TJLP + 3.70% and 4.50% p.a.	10,459	10,469	(10)	10,459	10,469	(10)
Finame – Pré-fixado 4.5% to 9.5% p.a.	5,399	6,544	(1,145)	5,399	6,544	(1,145)
Total	662,982	664,871	(1,889)	1,175,107	1,176,996	(1,889)
Leasing						
CDI + 2.50% to 2.85% p.a.	20,806	20,813	(7)	20,806	20,813	(7)
Total	20,806	20,813	(7)	20,806	20,813	(7)
Grand Total -(w o funding cost)	2,744,763	2,736,218	8,545	3,306,988	3,298,443	8,545

	Individual			Consolidated		
	12/31/16			12/31/16		
<u>Financial instruments</u>	Carrying amount	Fair value (*)	Difference	Carrying amount	Fair value (*)	Difference
Debentures						
TR + 8.25% p.a.	80,673	80,673	-	80,673	80,673	-
CDI + 1.50% p.a.	255,768	255,768	-	255,768	255,768	-
Total	336,441	336,441	-	336,441	336,441	-
Bank credit notes						
CDI + 0.40% to 2.03% p.a.	618,394	602,275	16,119	643,421	627,302	16,119
Total	618,394	602,275	16,119	643,421	627,302	16,119
Working capital loan						
111% and 113% of CDI	130,458	127,833	2,625	130,458	127,833	2,625
CDI + 2.05% p.a.	107,923	106,654	1,269	107,923	106,654	1,269
Total	238,381	234,487	3,894	238,381	234,487	3,894
Financing						
To construction – TR + 8% to 12% p.a.	358,157	358,157	-	799,505	799,505	-
To construction – TR + 10.21% to 12.15% p.a.	265,827	266,929	(1,102)	265,827	266,929	(1,102)
To construction – TR + 13.29% p.a.	-	-	-	12,268	12,268	-
Finame – TJLP + 3.70% and 4.50% p.a.	11,423	11,395	28	11,423	11,395	28
Finame – Pré-fixado 4.5% to 9.5% p.a.	6,612	6,046	566	6,612	6,046	566
Total	642,019	642,527	(508)	1,095,635	1,096,143	(508)
Leasing						
CDI + 2.50% to 2.85% p.a.	17,500	17,500	-	17,500	17,500	-
Total	17,500	17,500	-	17,500	17,500	-
Grand Total -(w o funding cost)	1,852,735	1,833,230	19,505	2,331,378	2,311,873	19,505

The fair values of loans, financing, and debentures were estimated by the Company's management based on their future value on maturity at the contracted rate, discounted to present value at the market rate at March 31, 2017 and December 31, 2016.

The table below shows a comparative of the contracted and market rates, at March 31, 2017, is as follows:

	<u>Current marketrate</u>	<u>Maturity dates</u>
Debentures		
TR + 8.25% p.a.	TR + 8.25% p.a.	December 2017
CDI + 1.50% p.a.	CDI + 1.50% p.a.	May 2017
CDI + 1.50% p.a.	CDI + 1.50% p.a.	February 2020
CDI + 2.30% p.a.	CDI + 2.30% p.a.	February 2012
IPCA + 8.25% p.a.	CDI + 8.25% p.a.	February 2012
Bank credit notes		
CDI + 2.03% p.a.	CDI + 1.15% p.a.	February 2023
CDI + 1.60% p.a.	CDI + 2.11 p.a.	June 2019
CDI + 1.60% p.a.	CDI + 0.40% p.a.	October 2018
CDI + 1.20% p.a.	CDI + 3.30 p.a.	November 2019
CDI + 0.40% p.a.	CDI + 2.03% p.a.	December 2018
CDI + 1.30% p.a.	CDI + 4.37% p.a.	January 2019
CDI + 1.15% p.a.	CDI + 3.40% p.a.	December 2019
Loans and financing		
Working capital loan		
113% of CDI	CDI + 3.80% p.a.	June 2018
111% of CDI	CDI + 3.80% p.a.	June 2017
CDI + 2.05% p.a.	CDI + 3.80% p.a.	June 2017
Financing		
To construction		
TR + 10.21% p.a.	TR + 10.21% p.a.	September 2018
TR + 12.00% p.a.	TR + 12.00% p.a.	August 2017
TR + 12.15% p.a.	TR + 10.92% p.a.	June 2018
TR + 13.29% p.a.	TR + 13.29% p.a.	March 2023
TR + 8% to 12% p.a.	TR + 8% to 12% p.a.	January 2022
Finame		
TJLP + 3.70% p.a.	TJLP + 4.00% p.a.	April 2019
TJLP + 4.50% p.a.	TJLP + 4.00% p.a.	July 2019
Fixed rate of 4.50% p.a.	4.50% p.a.	April 2020
Fixed rate of 6.00% p.a.	4.50% p.a.	November 2017
Fixed rate of 9.50% p.a.	4.50% p.a.	August 2019
Leasing		
CDI + 2.50% p.a	CDI + 2.85% p.a.	July 2019
CDI + 2.80% p.a	CDI + 2.85% p.a.	September 2019
CDI + 2.85% p.a	CDI + 2.85% p.a.	December 2019
CDI + 2.78% p.a	CDI + 2.58% p.a.	March 2020

Management believes that other financial instruments, such as trade receivables, trade payables, which are recognized in the financial statements at their carrying amounts, do not present significant changes in relation to their fair values.

Other information on 'Financial instruments and risk management' is not significantly different from the information disclosed in Note 25 to the financial statements for the year ended December 31, 2016.

26. Deferred taxes

Deferred tax liabilities are broken down as follows:

	<u>Individual</u>		<u>Consolidated</u>	
	<u>3/31/17</u>	<u>12/31/16</u>	<u>3/31/17</u>	<u>12/31/16</u>
Liabilities:				
Income tax (IRPJ)	13,917	15,192	29,793	30,268
Social contribution (CSLL)	7,288	7,956	15,452	15,699
Tax on revenue (PIS)	5,534	5,878	9,299	9,373
Tax on revenue (COFINS)	25,553	27,157	42,953	43,300
Total	<u>52,292</u>	<u>56,183</u>	<u>97,497</u>	<u>98,640</u>
Current	<u>32,439</u>	<u>33,033</u>	<u>58,163</u>	<u>58,514</u>
Noncurrent	<u>19,853</u>	<u>23,150</u>	<u>39,334</u>	<u>40,126</u>

Changes in deferred income tax (IRPJ) and social contribution (CSLL) liabilities for the three-month period ended March 31, 2017 and 2016 are as follows:

	Individual		Consolidated	
	1 st quarter of		1 st quarter of	
	2017	2016	2017	2016
Opening balance	(23,148)	(27,272)	(45,967)	(52,390)
Upstream merger	-	(694)	-	-
Effects recognized in profit or loss	1,943	1,709	722	1,974
Closing balance	(21,205)	(26,257)	(45,245)	(50,416)

The effects of corporate income tax (IRPJ) and social contribution on net income (CSLL) on temporary differences are shown as follows:

	Individual		Consolidated	
	3/31/17	12/31/16	3/31/17	12/31/16
Effects of IRPJ and CSLL on:				
Portion not received for real estate development	(42,273)	(43,502)	(66,381)	(66,393)
(-) Advances from customers	3,684	4,246	3,752	4,318
Net amount	(38,589)	(39,256)	(62,629)	(62,075)
(-) Provision for maintenance of real estate	607	617	607	617
(-) Provision for civil, labor and tax risks	12,781	11,778	12,781	11,778
(-) Provision for profit sharing	3,739	3,290	3,739	3,290
(-) Other provisions	257	423	257	423
Liabilities - net credits	(21,205)	(23,148)	(45,245)	(45,967)

Reconciliation of income tax and social contribution expenses at the statutory and effective rates for the three-month period ended March 31, 2017 and 2016 is as follows:

	Individual	
	1 st quarter of	
	2017	2016
Income before income tax and social contribution	140,683	139,244
Tax rate - IRPJ e CSLL	34%	34%
Nominal expense	(47,832)	(47,343)
Effects of IRPJ and CSLL on:		
Results from equity participation	35,814	17,539
Earmarked assets	6,199	24,172
Other permanent add-backs	(4,347)	(5,657)
Expenses in profit or loss	(10,166)	(11,289)
Breakdown of expense in profit or loss - Individual:		
Current	(12,109)	(12,998)
Deferred	1,943	1,709
	(10,166)	(11,289)
	Consolidated	
	1 st quarter of	
	2017	2016
Revenue from real estate development - subsidiaries	518,476	398,290
Nominal tax rate (*)	1.92%	1.92%
Special taxation regime (RET):		
Real estate development	(9,955)	(7,647)
Financial income - subsidiaries (**)	(3,857)	(2,807)
IRPJ and CSLL in subsidiaries	(13,812)	(10,454)
IRPJ and CSLL in Individual	(10,166)	(11,289)
Other	(172)	516
Expenses in profit or loss	(24,150)	(21,227)
Breakdown of expense in profit or loss -		
Current	(24,872)	(23,201)
Deferred	722	1,974
	(24,150)	(21,227)

(*) Tax rate for earmarked assets projects that opted for the special taxation regime (RET) as described in note 2.2 to the financial statements for the year ended December 31, 2016

(**) Financial income of subsidiaries is taxed at 34%

27. Noncash transactions

In the three-month period ended March 31, 2017 and 2016, the Company and its subsidiaries conducted the following financing transaction that did not involve cash, thus is not reflected in the statement of cash flows:

	Individual		Consolidated	
	1 st quarter of		1 st quarter of	
	2017	2016	2017	2016
Capitalized financial charges (Note 11 (f))	47,674	57,901	61,638	65,400

28. Insurance

The Company has an insurance policy that considers primarily risk concentration and their materiality, taking into consideration the nature of its business, and advice of the insurance brokers. As at March 31, 2017, insurance coverage is as follows:

Items	Type of coverage	Insured amount
Construction insurance (engineering risk)	Insures, during the project construction period, any compensation for damages caused to the construction, such as: fire, lightning, theft, and other specific coverage of facilities and assemblies of the insured site.	8,576,800
Professional liability for property damages	Insures the payment of indemnities from borrower or property owner claims against the builder and/or the engineer in charge, duly registered with the CREA/CAU (Regional Engineers and Architects professional Association), related to design errors, construction defects, and/or use of incorrect materials, over a five-year period after the issue of the occupancy permit.	80,895
Warranty insurance after delivery	Insures the maintenance and resolution of construction issues during up to five years, concerning damages provided for in the Consumer Bill of Rights.	118,977
Multi-peril insurance	Insures the completion of a project construction, compensation for damages caused by fire, lightning, windstorm, electrical damages, and glass shattering.	748,026
Civil liability civil (works under construction)	Insures payments, up to the insured ceiling amount, of compensation for which the Company is held liable for involuntary bodily injuries or property damages caused to third parties.	266,500
Builder guarantee insurance	Insures the project financier that construction will be completed in the event of technical and/or financial inability by the Company.	1,203,109
Sundry risks insurance	Insures the payment to the financial agent of compensation for property damages caused to financed/leased equipment.	38,897
Civil liability (officers)	Insures the coverage of pain and suffering payable by Company officers (D&O).	80,000
Auto	Insures payment to the Company of any amounts arising from damages to insured vehicles, such as theft, collision, property damages, and bodily injuries to passengers.	737
Lenders insurance	Insures that the Company will receive the outstanding balance of a property sold in case of lender's death.	6,848
Group life and personal injury insurance	Insures payment of compensation related to involuntary personal injuries to employees, contractors, interns, and officers.	563,984
Residential	Insures payment of compensation to the Company for covered events in leased residential properties, events such as electric damages, fire, lightning, windstorm, etc.	4,732

Items	Type of coverage	Insured amount
Corporate insurance	Insures payment of compensation to the Company for covered events occurring in leased commercial properties, events such as electric damages, fire, lightning, windstorm, etc.	73,817
Airc raft insurance	Insures payment of compensation to the Company for damages to aircraft hulls, covered risks, such as expense and liability payment reimbursements claimed from the Company due to the use of insured aircraft.	53,567
Lessor guarantee insurance	Insures the receipt of rentals, real estate tax (IPTU), CAM fees and sundry expenses by the lessor if not paid by the lessee.	3,754
Legal guarantee insurance	Insures to the policyholder the payment of any disputed amount in full related to any lawsuit filed with any court or threatened. The contracted guarantee replaces escrow deposits.	77,159
Infrastruc ture insurance	Insures to City authorities the completion of any infrastructure works required under licensing procedures of the projects under construction.	60,266
Property delivery insurance	Insures to the barterers the delivery of the units subject matter of the Barter Instrument entered into by the parties.	403,626
Warranty insurance for Infrastruc ture	It guarantees the execution of infrastructure works in the projec t construc tion required by the financ ial institution to make the projec t feasible.	132,214

29. Events after the reporting period

On April 28, 2017 the Extraordinary and Annual Shareholders' Meeting (EASM) approved to capitalize the earnings retention reserve in the amount of R\$260,424 and to approve the change of Company Bylaws' article 6, authorizing the Company to increase its capital up to R\$7,000,000 (Seven billion reais) including shares already issued, regardless of amendments to the bylaws, without maintaining proportion between the existing shares.

30. Approval of the interim financial statements

These interim financial statements were approved by the executive committee and authorized for issue on May 11 2017.