



Interim Financial Statements

Log Fortaleza III | CE

1Q23

LOG Belém | PA

LOG Commercial Properties e Participações S.A.

Interim Financial Statements (ITR)

March 31, 2023

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A free translation from Portuguese into English of Independent Auditor's Review Report on individual quarterly information prepared in Brazilian currency in accordance with NBC TG 21 applicable to the preparation of Quarterly Information Form (ITR) and on consolidated quarterly information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Independent auditor's review report for quarterly information

Shareholders, Board of Directors and Officers of
LOG Commercial Properties e Participações S.A.
Belo Horizonte - MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of LOG Commercial Properties e Participações S.A. for the quarter ended March 31, 2023, comprising the statement of financial position as of March 31, 2023 and the related statements of profit or loss, comprehensive income, changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information Form (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 auditing standards 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 interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with NBC TG 21 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

The above mentioned quarterly information include the individual and consolidated statement of value added (SVA) for the three-month period ended March 31, 2023, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. 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 overall individual and consolidated interim financial information.

Belo Horizonte (MG), April 26, 2023.

ERNST & YOUNG
Auditores Independentes S.S. Ltda.
CRC-SP015199/O

Bruno Costa Oliveira
Contador CRC-BA031359/O

	Notes	Consolidated		Individual	
		3/31/23	12/31/22	3/31/23	12/31/22
Assets					
Current assets					
Cash and cash equivalents	3	162,671	297,733	109,213	295,841
Marketable securities	3	42,913	206,592	30,238	190,271
Receivables	4	129,890	112,887	74,812	54,455
Recoverable taxes		27,734	25,810	25,311	23,681
Prepaid expenses		3,461	3,046	1,515	1,188
Other		2,150	2,229	977	1,031
Total current assets		368,819	648,297	242,066	566,467
Noncurrent assets					
Marketable securities	3	227,422	226,773	223,116	222,783
Derivative financial instruments	19 (a)	33,130	1,270	33,130	1,270
Receivables	4	52,528	107,316	37,948	55,710
Receivables from related parties	18	-	-	218	5,361
Prepaid expenses		13,884	13,258	1,484	1,507
Recoverable taxes		43,338	43,464	41,642	41,883
Deferred income tax and social contribution	11 (b)	55,976	47,871	55,976	47,871
Other		16,330	14,458	18,464	17,610
Total long-term realisable		442,608	454,410	411,978	393,995
Investments in subsidiaries and joint ventures	5	151,324	148,084	3,494,413	3,335,020
Investment property	6	5,021,023	4,878,721	1,288,533	1,285,418
Property and equipment	7	16,850	15,416	16,845	15,408
Intangible assets		6,058	5,678	6,058	5,678
Total noncurrent assets		5,637,863	5,502,309	5,217,827	5,035,519
Total assets		6,006,682	6,150,606	5,459,893	5,601,986
Liabilities and equity					
Current liabilities					
Suppliers		60,995	43,365	7,445	6,830
Loans, financing and debentures	8	219,847	181,379	215,974	177,770
Land payables	9	738	8,813	-	-
Advances from customers		6,871	5,787	-	-
Derivative financial instruments	19 (a)	-	39,135	-	39,135
Labor and social liabilities		10,922	13,714	7,147	10,721
Tax liabilities		28,107	19,222	13,915	11,611
Barters	10	40,118	61,994	-	1,686
Deferred taxes	11 (b)	4,431	5,806	416	416
Lease liability	13	723	614	665	556
Dividend payable	14 (c)	-	91,692	-	91,692
Other		4,341	8,208	496	633
Total current liabilities		377,093	479,729	246,058	341,050
Noncurrent liabilities					
Loans, financing and debentures	8	1,519,688	1,592,705	1,506,740	1,579,253
Derivative financial instruments	19 (a)	1,067	6,906	1,067	6,906
Barters	10	127,964	134,712	68,538	66,853
Deferred taxes	11 (b)	107,813	109,116	832	832
Land payables	9	13,000	13,000	13,000	13,000
Advances from customers		53,955	42,841	-	-
Provisions for labor, tax and civil risks	12	2,787	2,345	161	144
Lease liability	13	104,172	101,101	9,069	7,881
Other		4,428	4,313	1,512	1,414
Total noncurrent liabilities		1,934,874	2,007,039	1,600,919	1,676,283
Total liabilities		2,311,967	2,486,768	1,846,977	2,017,333
Equity					
Paid-in capital		2,735,382	2,735,382	2,735,382	2,735,382
Treasury shares		(51,203)	(51,552)	(51,203)	(51,552)
Capital reserves		10,628	9,970	10,628	9,970
Earnings reserve		890,622	890,853	890,622	890,853
Retained earnings		27,487	-	27,487	-
Equity attributable to Company shareholders		3,612,916	3,584,653	3,612,916	3,584,653
Noncontrolling interests	14 (e)	81,799	79,185	-	-
Total equity		3,694,715	3,663,838	3,612,916	3,584,653
Total liabilities and equity		6,006,682	6,150,606	5,459,893	5,601,986

The accompanying notes are an integral part of these interim financial statements.

INCOME STATEMENTS FOR THE QUARTERS ENDED MARCH 31, 2023 AND 2022

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

	Notes	Consolidated		Individual	
		1 st quarter of		1st quarter of	
		2023	2022	2023	2022
Net revenue from lease and services provided	15	67,012	40,792	20,167	15,035
Costs of services provided - condominium management	16	(888)	(668)	(888)	(668)
Gross profit		66,124	40,124	19,279	14,367
Operating income (expenses)					
Selling expenses	16	(2,445)	(2,721)	(1,539)	(1,843)
General and administrative expenses	16	(8,656)	(7,888)	(7,533)	(7,527)
Management compensation	16	(1,810)	(1,626)	(1,810)	(1,626)
Changes in the fair value of investment property	6	749	98,288	-	2,632
Other operating expenses, net	16	(2,510)	(1,393)	(579)	(1,192)
Results from equity participation	5	1,906	2,226	33,928	118,014
Income before financial income and taxes		53,358	127,010	41,746	122,825
Financial income (expenses)					
Financial expenses	17	(46,456)	(8,197)	(41,299)	(7,690)
Financial income	17	20,355	21,754	18,935	18,380
Income before taxes		27,257	140,567	19,382	133,515
Income tax and social contribution					
Current		(8,361)	(3,725)	-	-
Deferred	11	10,192	(4,508)	8,105	(2,067)
	11	1,831	(8,233)	8,105	(2,067)
Net income for the period		29,088	132,334	27,487	131,448
Net income attributable to:					
Shareholders of the Company		27,487	131,448	-	-
Noncontrolling interests	14 (e)	1,601	886	-	-
		29,088	132,334	-	-
Earnings per share (In Reais - R\$):					
Basic	14 (f)	0.27517	1.30001	0.27517	1.30001
Diluted	14 (f)	0.27517	1.29735	0.27517	1.29735

The accompanying notes are an integral part of these interim financial statements.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTERS ENDED MARCH 31, 2023 AND 2022
(In thousands of Brazilian reais - R\$)

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2023	2022	2023	2022
Net income for the period	29,088	132,334	27,487	131,448
Total comprehensive income for the period	29,088	132,334	27,487	131,448
Comprehensive income attributable to:				
Shareholders of the Company	27,487	131,448		
Noncontrolling interests	1,601	886		
	29,088	132,334		

The accompanying notes are an integral part of these interim financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTERS ENDED MARCH 31, 2023 AND 2022

(In thousands of Brazilian reais - R\$)

	Paid-in capital		Treasury shares	Capital reserves		Earnings reserves		Retained earnings	Valuation adjustment	Equity attributable to Company shareholders (Individual)	Noncontrolling interests	Total (Consolidated)
	Subscript	Share issuance costs		Share issuance costs	Recognized options granted	Legal	Earnings retention					
BALANCE AT DECEMBER 31, 2020	2,053,976	(18,594)	(25,155)	-	6,931	52,631	1,241,780	-	-	3,311,569	29,173	3,340,742
Share issuance cost reclassification	-	-	-	-	-	-	-	-	-	-	17,180	17,180
Disposed to beneficiaries of stock option plan	-	-	39	-	-	-	(2)	-	-	37	-	37
Stock options	-	-	-	-	592	-	-	-	-	592	-	592
Income of the period	-	-	-	-	-	-	-	131,448	-	131,448	886	132,334
BALANCE AT MARCH 31, 2022	2,053,976	(18,594)	(25,116)	-	7,523	52,631	1,241,778	131,448	-	3,443,646	47,239	3,490,885
BALANCE AT DECEMBER 31, 2022	2,753,976	(18,594)	(51,552)	-	9,970	71,935	818,918	-	-	3,584,653	79,185	3,663,838
Net contributions from noncontrolling shareholders	-	-	-	-	-	-	-	-	-	-	1,013	1,013
Treasury shares:												
Purchased	-	-	(714)	-	-	-	-	-	-	(714)	-	(714)
Sold	-	-	1,063	-	-	-	(231)	-	-	832	-	832
Stock options	-	-	-	-	658	-	-	-	-	658	-	658
Capital transaction	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	-	-	27,487	-	27,487	1,601	29,088
BALANCE AT MARCH 31, 2023	2,753,976	(18,594)	(51,203)	-	10,628	71,935	818,687	27,487	-	3,612,916	81,799	3,694,715

The accompanying notes are an integral part of these interim financial statements.

STATEMENTS OF CASH FLOWS FOR THE QUARTERS ENDED MARCH 31, 2023 AND 2022 - INDIRECT METHOD

(In thousands of Brazilian reais - R\$)

	Notes	Consolidated		Individual	
		1 st quarter of		1 st quarter of	
		2023	2022	2023	2022
Cash flows from operating activities					
Net Income for the period		29,088	132,334	27,487	131,448
Adjustments to reconcile net income to net cash generated by (used in) operating activities:					
Depreciation	16	904	297	423	296
Results from equity participation	5	(1,906)	(2,226)	(33,928)	(118,014)
Amortization of prepaid expenses		602	1,022	138	821
Allowance for credit risk		73	(114)	(8)	(122)
Financial result		33,276	(10,134)	29,878	(6,936)
Deferred taxes		(10,783)	8,690	(8,105)	2,067
Changes in the fair value of investment property	6	(1,637)	(102,495)	-	(2,632)
Stock options	16	658	592	658	592
		50,275	27,966	16,543	7,520
(Increase) decrease in operating assets:					
Trade accounts receivable		(1,192)	9,555	(3,700)	(1,558)
Recoverable taxes		(1,798)	(6,515)	(1,389)	(5,448)
Prepaid expenses		(1,643)	(946)	(442)	(574)
Other assets		(1,793)	(1,764)	(800)	10,593
Increase (decrease) in operating liabilities:					
Suppliers		17,630	(13,162)	615	(9,021)
Labor and social liabilities		(2,792)	(265)	(3,574)	(851)
Tax liabilities		14,569	7,624	2,312	2,890
Other liabilities		7,337	(9,396)	(22)	(10,225)
Income tax and social contribution paid		(5,684)	(7,206)	-	(1,116)
Net cash provided by (used in) operating activities		74,909	5,891	9,543	(7,790)
Cash flows from investing activities					
Increase in marketable securities		(105,274)	(176,715)	(53,041)	(136,581)
Decrease in marketable securities		279,638	351,365	223,526	166,288
Increase in / acquisition of investments	5 (c)	(1,334)	(2,261)	(149,854)	(31,716)
Dividends received from subsidiaries	5 (c)	-	2,160	47,072	5,301
Acquisition of investment properties		(153,129)	(239,478)	(3,115)	(38,202)
Receipt for the sale of subsidiaries / assets		38,904	5,348	1,113	5,348
Receipts from related companies		-	-	5,172	-
Other		(1,269)	(575)	(792)	(581)
Net cash provided by (used in) investing activities		57,536	(60,156)	70,081	(30,143)
Cash flows from financing activities					
Proceeds from loans, financing and debentures, net		-	-	-	-
Amortization of loans, financing and debentures	8 (a)	(15,401)	(15,192)	(14,794)	(14,652)
Interest paid		(97,646)	(42,600)	(95,985)	(42,121)
Lease payments		(152)	(187)	(152)	(187)
Dividend paid	14 (e)	(91,692)	(87,627)	(91,692)	(87,627)
Payment of derivative financial instrument		(63,747)	(7,811)	(63,747)	(7,811)
Disposal (acquisition) of treasury shares		118	-	118	-
Proceeds from exercised stock options		-	37	-	37
Contributions from noncontrolling shareholders	14 (e)	1,013	17,180	-	-
Net cash used in financing activities		(267,507)	(136,200)	(266,252)	(152,361)
Decrease in cash and cash equivalents		(135,062)	(190,465)	(186,628)	(190,294)
Cash and cash equivalents					
At the beginning of the period		297,733	207,564	295,841	206,623
At the end of the period		162,671	17,099	109,213	16,329
Decrease in cash and cash equivalents		(135,062)	(190,465)	(186,628)	(190,294)

The accompanying notes are an integral part of these interim financial statements.

	Notes	Consolidated		Individual	
		1 st quarter of		1 st quarter of	
		2023	2022	2023	2022
Revenue:					
Revenues from lease and services provided		70,876	43,394	22,299	16,701
Other revenue		792	(678)	(138)	364
Changes in the fair value of investment property	6	1,637	102,495	-	2,632
Revenue from construction of own assets		171,198	238,042	2,515	40,904
Allowance for doubtful accounts		(73)	114	8	122
		244,430	383,367	24,684	60,723
Inputs purchased from third-parties (includes the taxes ICMS, IPI, PIS AND COFINS)					
Supplies, power, outside services and other items		(129,280)	(196,767)	(11,030)	(36,585)
		(129,280)	(196,767)	(11,030)	(36,585)
Gross value added		115,150	186,600	13,654	24,138
Depreciation	16	(904)	(297)	(423)	(296)
Net wealth created		114,246	186,303	13,231	23,842
Value added received in transfer					
Results from equity interest in investees	5	1,906	2,226	33,928	118,014
Financial income		21,241	22,809	19,815	19,272
		23,147	25,035	53,743	137,286
Total wealth for distribution		137,393	211,338	66,974	161,128
Wealth distributed					
Personnel:					
Salaries and wages		15,482	12,504	7,328	6,589
Benefits		12,210	9,932	5,940	5,566
Benefits		2,628	2,017	1,125	770
Severance pay fund (FGTS)		644	555	263	253
Taxes and fares:		10,583	20,056	(2,908)	6,420
Federal		9,296	18,705	(3,108)	6,034
State		-	10	-	9
Municipal		1,287	1,341	200	377
Lenders and lessors:		82,240	46,444	35,067	16,671
Interest		67,187	30,143	34,337	12,090
Rentals / Leases		14,944	16,258	707	4,571
Other		109	43	23	10
Shareholders:		29,088	132,334	27,487	131,448
Retained earnings		27,487	131,448	27,487	131,448
Noncontrolling interests	14 (e)	1,601	886	-	-
Wealth distributed		137,393	211,338	66,974	161,128

The accompanying notes are an integral part of these interim financial statements.

1. General information

LOG Commercial Properties e Participações S.A. ("Company") is a publicly traded corporation listed in B3 S.A (B3), with its head office at 621 Professor Mário Werneck Ave., 10th floor, Belo Horizonte city, Minas Gerais, by CNPJ (taxpayer identification number) 09.041.168/0001-10. The Company was incorporated on June 10, 2008 and is engaged in the following activities: (i) management of own and third party assets; (ii) rendering engineering and construction services for residential and/or commercial properties; (iii) development, construction, rent and related services, including real estate consulting, on own or third-party residential and/or commercial buildings, mainly warehouses; and (iv) holding interests in other entities, either as partner or shareholder.

Projects are developed by LOG Commercial Properties e Participações S.A., its subsidiaries and joint ventures ("Group"), which are primarily engaged in the construction and rent (operating leases) of industrial warehouses and, to a lesser extent: development and sale of industrial lots and management services for its own condominiums. Delivered and managed projects are located in the States of Minas Gerais, São Paulo, Espírito Santo, Paraná, Rio de Janeiro, Goiás, Ceará, Pernambuco, Pará, Sergipe, Bahia and Rio Grande do Sul.

The Group maintains strong planning for expansion of its activities and, therefore, keep constant assessment of the financial market aiming at the best opportunities to obtain resources to execute its business plan.

2. Presentation of financial statements, significant accounting policies and new accounting standards

2.1 Presentation of condensed interim financial statements

The Company's interim financial statements comprise:

- The condensed 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), identified as Consolidated; and
- The condensed Individual financial statements prepared in accordance with CPC 21 (R1) - Demonstração Intermediária (Interim Financial Reporting), identified as Individual.

The Individual interim financial statements are not considered in conformity with International Financial Reporting Standards (IFRS) because borrowing costs on investees' qualifying assets are capitalized.

Other information in relation to basis of preparation and basis of presentation, did not significantly change in relation to the information disclosed in Note 2 to the financial statements for the year ended December 31, 2022.

2.2 Significant accounting policies

The accounting policies applied in this quarterly information are the same as those applied in the Group's financial statements for the year ended December 31, 2022.

2.3 Adoption of new standards

There are no standards and interpretations, which are valid for the annual periods beginning on or after January 1, 2023 which had material effects on the Group's financial statements.

3. Cash and cash equivalents and marketable securities

Breakdown is as follows:

	Consolidated		Individual	
	3/31/23	12/31/22	3/31/23	12/31/22
Cash and cash equivalents:				
Cash	1	1	1	1
Bank accounts	479	3,173	248	1,281
Short-term investments:				
Bank certificates of deposit (CDB)	147,049	185,190	93,822	185,190
Unrestricted investment funds	15,142	79,356	15,142	79,356
Securities with repurchase agreement backed by debentures	-	30,013	-	30,013
Total cash and cash equivalents	162,671	297,733	109,213	295,841

	Consolidated		Individual	
	3/31/23	12/31/22	3/31/23	12/31/22
Marketable securities:				
Restricted investment funds (i)	266,736	429,877	253,354	413,054
Unrestricted investment funds (ii)	3,361	3,257	-	-
Bank certificates of deposit (CDB) (iii)	238	231	-	-
Total marketable securities	270,335	433,365	253,354	413,054
Current	42,913	206,592	30,238	190,271
Noncurrent	227,422	226,773	223,116	222,783
	270,335	433,365	253,354	413,054

(i) The Group established restricted investment funds, managed by first-rate banks, responsible for the custody of the assets and financial settlement of its transactions. The established funds aim at yielding interest equivalent to CDI and invest in government and other banks securities, which in turn invest primarily in fixed-income securities.

(ii) Represents guarantee for the 12th debenture.

(iii) Pledged as collateral for financings.

Short-term investments and marketable securities yielded interest equivalent to 97,41% of CDI in Consolidated and 97,85% of CDI in Individual in the three-month period ended March 31, 2023 (118.4% of CDI in Consolidated and 119.9 of CDI in Individual for the same period of 2022).

Breakdown of the restricted investment fund's portfolio, proportionately to the units held by the Company and subsidiaries is as follows:

	Consolidated		Individual	
	3/31/23	12/31/22	3/31/23	12/31/22
Bank certificates of deposit (CDB)	1,736	2,928	1,056	2,325
Securities with repurchase agreement	10,602	561	10,602	446
Unrestricted investment funds	2,497	9,846	1,519	7,820
Debentures	2,014	30,868	1,223	27,536
Private bonds	14,728	139,832	8,957	132,862
Public securities:				
Financial Treasury Bills (LFT)	2,124	9,160	1,292	7,666
National Treasury Notes - B (NTN-B)	223,844	223,284	223,116	222,783
National Treasury Bills (LTN)	9,191	8,613	5,589	6,841
Others	-	4,785	-	4,775
Total	266,736	429,877	253,354	413,054

The Company assessed the credit risk of the counterparty of its financial investments as described in Note 19. Other information on cash and market table securities did not significantly change in relation to the information disclosed in Note 3 to the financial statements for the year ended December 31, 2022.

4. Trade receivables

Trade receivables are broken down as follows:

	Consolidated		Individual	
	3/31/23	12/31/22	3/31/23	12/31/22
Rentals	59,830	59,686	20,809	20,154
Sale of equity interest / assets	116,711	155,615	79,206	80,319
Condominium administration	1,004	868	1,004	868
Others (*)	15,640	14,728	15,009	12,100
	193,185	230,897	116,028	113,441
Allowance for credit risk	(10,767)	(10,694)	(3,268)	(3,276)
Total	182,418	220,203	112,760	110,165
Current	129,890	112,887	74,812	54,455
Noncurrent	52,528	107,316	37,948	55,710
	182,418	220,203	112,760	110,165

(*) Others refers substantially to accounts receivable from partners in projects.

Trade receivables from the sale of equity interest and assets are as follows:

	Consolidated		Individual	
	3/31/23	12/31/22	3/31/23	12/31/22
LOG SJC Sony (Note 18 [5])	14,151	13,970	14,151	13,970
Plaza Mirante Sul	941	1,853	941	1,853
PIB Meli (*)	37,505	75,296	-	-
Plaza Top Life	10,686	11,568	10,686	11,568
Torino (Note 5 (b))	53,428	52,928	53,428	52,928
	116,711	155,615	79,206	80,319
Current	99,281	80,708	61,095	43,047
Noncurrent	17,430	74,907	18,111	37,272
	116,711	155,615	79,206	80,319

(*) In March 2023, the Company partially sold this receivable to Banco Inter (Note 18 [10]). In this operation, a security in the total amount of R\$38,500 was derecognised, with the net amount of R\$36,326 received in cash by the Company. The difference between the book value of the derecognized security and the amount of consideration received was recognized in income under "Financial expenses" in the amount of R\$2,174. The Company derecognized the title of the balance sheet according to item 3.2.12 of CPC 48 / IFRS 9 – Financial instruments.

Condominium administration refers to the provision of management services for its own condominiums.

The table below shows the aging list of trade receivables:

	Consolidated		Individual	
	3/31/23	12/31/22	3/31/23	12/31/22
In due:				
Up to 12 months	128,157	112,531	74,360	52,606
After 12 months	52,528	107,316	37,948	55,710
	180,685	219,847	112,308	108,316
Past due:				
Up to 30 days	1,610	549	634	209
31 to 90 days	1,223	928	508	357
More than 90 days	9,667	9,573	2,578	4,559
	12,500	11,050	3,720	5,125
Total	193,185	230,897	116,028	113,441

Changes in the allowance for credit risk for the quarters ended March 31, 2023 and 2022 are as follows, carried out on the balances of trade receivable from rentals:

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2023	2022	2023	2022
Opening balance	(10,694)	(9,560)	(3,276)	(3,161)
Additions	(196)	(73)	(115)	(240)
Write-off	123	187	123	395
Closing balance	<u>(10,767)</u>	<u>(9,446)</u>	<u>(3,268)</u>	<u>(3,006)</u>

Future minimum rental receivables under non-cancellable operating leases are as follows:

	Consolidated		Individual	
	3/31/23	12/31/22	3/31/23	12/31/22
12 months	262,297	248,899	67,669	66,735
13 to 24 months	259,216	223,341	56,129	55,221
25 to 36 months	229,172	193,233	47,422	45,558
37 to 48 months	192,420	162,224	37,243	36,660
49 to 36 months	148,133	121,680	10,973	14,693
After 60 months	435,042	290,208	15,126	16,836
Total	<u>1,526,280</u>	<u>1,239,586</u>	<u>234,562</u>	<u>235,702</u>

Other information on cash did not significantly change in relation to the information disclosed in Note 3 to the financial statements for the year ended December 31, 2022.

5. Investment in subsidiaries and joint ventures

a) Main information on each investment is summarized below:

	Equity interest		Information on investees				Investment		Results from equity interest in investees for the 1 st quarter of	
			Equity		Net income (loss) for the 1 st quarter of					
	3/31/23	12/31/22	3/31/23	12/31/22	2023	2022	3/31/23	12/31/22	2023	2022
Joint ventures:										
Torino	0.00%	0.00%	-	-	-	6,142	-	-	-	2,457
Loteamento Betim	50.00%	50.00%	138,447	131,979	4,221	270	69,224	65,989	2,111	50
LOG SJC Sony	64.97%	64.97%	109,177	109,179	(18)	(14)	70,932	70,934	(12)	(9)
Others	16.67%	16.67%	(492)	(71)	(238)	(1,364)	412	252	(40)	(227)
Capitalized interest (a)			-	-	-	-	10,756	10,909	(153)	(45)
Total joint ventures - Consolidated			247,132	241,087	3,965	5,034	151,324	148,084	1,906	2,226
Subsidiaries:										
LOG I	100.00%	100.00%	159,064	158,931	2,685	2,456	159,064	158,931	2,685	2,456
LOG II	100.00%	100.00%	59,706	59,593	758	806	59,706	59,593	758	806
LOG Jundiá	100.00%	100.00%	95,371	95,790	946	514	95,371	95,790	946	514
LOG Goiânia	100.00%	100.00%	157,889	157,654	2,464	2,368	157,889	157,654	2,464	2,366
LOG Hortolândia	100.00%	100.00%	135,723	135,750	2,165	1,910	135,723	135,750	2,165	1,910
LOG SJP	100.00%	100.00%	62,828	62,318	511	634	62,828	62,318	511	634
LOG Juiz de Fora	100.00%	100.00%	110,665	109,912	1,952	1,535	110,665	109,912	1,952	1,535
LOG Feira de Santana	100.00%	100.00%	41,071	41,230	554	520	41,071	41,230	554	520
LOG Fortaleza	100.00%	100.00%	147,545	149,874	1,958	1,986	147,545	149,874	1,958	1,986
LOG Via Expressa	100.00%	100.00%	176,557	176,474	2,189	2,083	176,557	176,474	2,189	2,083
LOG Viana	100.00%	100.00%	137,771	136,536	2,283	2,002	137,771	136,536	2,283	2,002
LOG Londrina	100.00%	100.00%	129,629	130,026	1,086	2,642	129,629	130,026	1,086	2,642
LOG Itatiaia	100.00%	100.00%	64,298	64,358	715	477	64,298	64,358	715	477
LOG Itaitinga I	100.00%	100.00%	268,768	361,871	4,098	95,628	268,768	361,871	4,098	95,628
LOG Aracajú	100.00%	100.00%	78,225	78,043	1,154	1,069	78,225	78,043	1,154	1,069
LOG Extrema	97.48%	97.48%	1,676	637	1,039	3,098	1,634	621	1,013	3,020
LOG Uberaba	100.00%	100.00%	45,712	45,509	711	661	45,712	45,509	711	654
LOG Sumaré	100.00%	100.00%	32	33	-	-	32	33	-	-
LOG SJRP	100.00%	100.00%	23,758	23,683	(18)	357	23,758	23,683	(18)	357
LOG Macaé	100.00%	100.00%	14,253	14,140	(18)	(14)	14,253	14,140	(18)	(14)
LOG RP	100.00%	100.00%	58,691	56,436	1,039	772	58,691	56,436	1,039	772
LOG Recife	81.50%	81.50%	441,935	428,876	8,511	4,041	360,177	349,701	6,958	3,232
LOG Itapeva	100.00%	100.00%	109,785	108,956	1,610	909	109,785	108,956	1,610	909
LOG Viana II	100.00%	100.00%	182,270	166,289	10,176	2,589	182,270	166,289	10,176	2,589
LOG PIB Meli	100.00%	100.00%	65,097	69,465	(4,369)	2,884	65,097	69,465	(4,369)	2,884
LOG Salvador	100.00%	100.00%	184,737	148,438	5,076	83	184,737	148,438	5,076	83
LOG Maceió	100.00%	100.00%	49,783	28,439	1,461	53	49,783	28,439	1,461	53
LOG Natal	100.00%	100.00%	34,927	31,159	614	(1)	34,927	31,159	614	(1)
LOG Contagem IV	100.00%	100.00%	100,997	85,432	2,142	(1)	100,997	85,432	2,142	(1)
LOG Teresina	100.00%	100.00%	(9)	11	(35)	(1)	(9)	11	(35)	(1)
LOG Campo Grande	100.00%	100.00%	11,819	11,748	(18)	(1)	11,819	11,748	(18)	(1)
LOG Brasília	100.00%	100.00%	69,126	58,663	(69)	-	69,126	58,663	(69)	-
LOG Cuiabá	100.00%	100.00%	798	760	(18)	-	798	760	(18)	-
LOG Joinville	100.00%	100.00%	1,020	986	(17)	-	1,020	986	(17)	-
LOG Itaitinga II	100.00%	100.00%	147,751	20,192	3,303	-	147,751	20,192	3,303	-
LOG Betim III	100.00%	100.00%	1	2	(1)	-	1	2	(1)	-
LOG Gravataí II	100.00%	100.00%	1	2	(1)	-	1	2	(1)	-
LOG Goiânia III	100.00%	100.00%	413	56	-	-	413	56	-	-
LOG São Bernardo do Campo	100.00%	100.00%	5,106	4,210	(1)	-	5,106	4,210	(1)	-
LOG Contagem V Spe Ltda	100.00%	0.00%	3	-	-	-	3	-	-	-
LDI	100.00%	100.00%	1,244	1,232	13	11	1,244	1,232	13	11
LE Empreendimentos	99.00%	99.00%	49,346	42,841	(368)	(14)	48,853	42,413	(364)	(14)
Capitalized interest (a)			-	-	-	-	-	-	(22,683)	(15,372)
Total subsidiaries			3,425,382	3,266,555	56,280	132,056	3,343,089	3,186,936	32,022	115,788
Total Individual			3,672,514	3,507,642	60,245	137,090	3,494,413	3,335,020	33,928	118,014

(a) Amount related to the capitalized financial charges on loans, financing, and debentures taken by the Company for the acquisition/development of its investees' investment properties and industrial subdivision (Note 2.2 (e) to the financial statements for the year ended December 31, 2022).

b) Joint ventures:

Summarized financial information of the joint ventures is as follows:

	Loteamento Betim		LOG SJC Sony	
	3/31/23	12/31/22	3/31/23	12/31/22
Cash and cash equivalents and marketable securities	798	8	4	3
Trade receivables	4,125	1,853	-	-
Inventories	37,125	41,841	-	-
Other current assets	8	30	-	-
Total current	42,056	43,732	4	3
Trade receivables	1,848	1,271	-	-
Inventories	97,422	90,681	-	-
Investment property	-	-	113,100	113,100
Total noncurrent assets	99,270	91,952	113,100	113,100
Total assets	141,326	135,684	113,104	113,103
Current liabilities	2,784	3,682	7	5
Noncurrent liabilities	95	23	3,920	3,919
Equity	138,447	131,979	109,177	109,179
Liabilities and equity	141,326	135,684	113,104	113,103

	Torino		Loteamento Betim		LOG SJC Sony	
	1 st quarter of		1 st quarter of		1 st quarter of	
	2023	2022	2023	2022	2023	2022
Operating revenue	-	7,339	6,872	1,200	-	-
Cost of products and services	-	-	(2,434)	(876)	-	-
Other operating expenses	-	(429)	(12)	(14)	31	(14)
Financial income (expenses)	-	86	15	-	(1)	-
Changes in the fair value of investment property	-	-	-	-	(48)	-
Income tax and social contribution	-	(854)	(220)	(40)	-	-
Net income (loss)	-	6,142	4,221	270	(18)	(14)

c) Changes in the balances of investments in subsidiaries and joint ventures in the quarters ended March 31, 2023 and 2022 are as follows:

	Startup date	Opening balances	Capital contributions (reversals)	Results from equity interest in investees	Dividends received	Other	Closing balances
Year ended December 31, 2022:							
Joint ventures:							
Loteamento Betim	3/18	65,989	1,124	2,111	-	-	69,224
LOG SJC Sony	-	70,934	10	(12)	-	-	70,932
Others	-	252	200	(40)	-	-	412
Capitalized interest (a)	-	10,909	-	(153)	-	-	10,756
Total joint ventures - Consolidated		148,084	1,334	1,906	-	-	151,324
Subsidiaries:							
LOG I	2/09	158,931	908	2,685	(3,460)	-	159,064
LOG II	3/11	59,593	272	758	(917)	-	59,706
LOG Jundiaí	4/11	95,790	234	946	(1,599)	-	95,371
LOG Goiânia	4/12	157,654	703	2,464	(2,932)	-	157,889
LOG Hortolândia	9/12	135,750	435	2,165	(2,627)	-	135,723
LOG SJP	4/13	62,318	(1)	511	-	-	62,828
LOG Juiz de Fora	6/13	109,912	336	1,952	(1,535)	-	110,665
LOG Feira de Santana	6/13	41,230	37	554	(750)	-	41,071
LOG Fortaleza	8/13	149,874	689	1,958	(4,976)	-	147,545
LOG Via Expressa	11/13	176,474	581	2,189	(2,687)	-	176,557
LOG Viana	4/14	136,536	399	2,283	(1,447)	-	137,771
LOG Londrina	6/14	130,026	305	1,086	(1,788)	-	129,629
LOG Itatiaia	7/14	64,358	328	715	(1,103)	-	64,298
LOG Itaitinga I	9/21	361,871	(90,747)	4,098	(6,454)	-	268,768
LOG Aracajú	10/18	78,043	432	1,154	(1,404)	-	78,225
LOG Extrema	10/19	621	-	1,013	-	-	1,634
LOG Uberaba	9/20	45,509	376	711	(884)	-	45,712
LOG Sumaré	-	33	(1)	-	-	-	32
LOG SJRP	-	23,683	93	(18)	-	-	23,758
LOG Macaé	-	14,140	131	(18)	-	-	14,253
LOG RP	-	56,436	1,216	1,039	-	-	58,691
LOG Recife	5/22	349,701	10,266	6,958	(6,748)	-	360,177
LOG Itapeva	8/22	108,956	727	1,610	(1,508)	-	109,785
LOG Viana II	-	166,289	8,157	10,176	(2,352)	-	182,270
LOG PIB Meli	-	69,465	1	(4,369)	-	-	65,097
LOG Salvador	-	148,438	31,447	5,076	(224)	-	184,737
LOG Maceió	-	28,439	21,404	1,461	(1,521)	-	49,783
LOG Natal	-	31,159	3,154	614	-	-	34,927
LOG Contagem IV	-	85,432	13,431	2,142	(8)	-	100,997
LOG Teresina	-	11	15	(35)	-	-	(9)
LOG Campo Grande	-	11,748	89	(18)	-	-	11,819
LOG Brasília	-	58,663	10,680	(69)	(148)	-	69,126
LOG Cuiabá	-	760	56	(18)	-	-	798
LOG Joinville	-	986	51	(17)	-	-	1,020
LOG Itaitinga II	-	20,192	124,256	3,303	-	-	147,751
LOG Betim III	-	2	-	(1)	-	-	1
LOG Gravataí II	-	2	-	(1)	-	-	1
LOG Goiânia III	-	56	357	-	-	-	413
LOG São Bernardo do Campo	-	4,210	897	(1)	-	-	5,106
LOG Contagem V Spe Ltda	-	-	3	-	-	-	3
LDI	-	1,232	(1)	13	-	-	1,244
LE Empreendimentos (inc. LOG Barreiro I e IV)	-	42,413	6,804	(364)	-	-	48,853
Capitalized interest (a)	-	-	-	(22,683)	-	22,683	-
Total subsidiaries		3,186,936	148,520	32,022	(47,072)	22,683	3,343,089
Total Individual		3,335,020	149,854	33,928	(47,072)	22,683	3,494,413
Year ended December 31, 2021:							
Total Consolidated		313,663	2,261	2,226	(2,160)	-	315,990
Total Individual		2,681,877	31,716	118,014	(5,301)	15,372	2,841,678

a) Refers to capitalized financial charges from loans, financing and debentures, taken by the Company for the acquisition/development of its investees' investment properties and industrial subdivisions (note 2.2 (e) to the financial statements for the year ended December 31, 2022).

Other information on Interests in subsidiaries and joint ventures did not significantly change from the information disclosed in Note 5 to the financial statements for the year ended December 31, 2022.

6. Investment property

Investment property consists of properties held to generate rental revenue or for appreciation in value (including construction in progress) and are broken down as follows:

	Consolidated		Individual	
	3/31/23	12/31/22	3/31/23	12/31/22
Industrial warehouses	5,018,938	4,876,661	1,286,448	1,283,358
Strip malls	2,085	2,060	2,085	2,060
Total	5,021,023	4,878,721	1,288,533	1,285,418

Changes in balances of investment property for the quarters ended March 31, 2023 and 2022 were as follows:

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2023	2022	2023	2022
Opening balance	4,878,721	3,772,706	1,285,418	1,290,715
Additions	118,461	221,854	3,115	36,868
Right-of-use of land (*)	(479)	-	-	-
Capitalized interest (Note 8 (d))	22,683	18,349	-	2,977
Changes in fair value	1,637	102,495	-	2,632
Closing balance	5,021,023	4,115,404	1,288,533	1,333,192

(*) Right-of-use of land in LOG Brasília, LOG Barreiro I and LOG Barreiro IV, which will be amortized using the straight-line basis and remeasured at each reporting date, see Note 13.

Effects of changes in the fair value of investment property on profit or loss, net of PIS/COFINS deferred taxes are as follows:

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2023	2022	2023	2022
Changes in fair value of investment property	1,637	102,495	-	2,632
Deferred PIS/COFINS	(888)	(4,207)	-	-
Changes in fair value of investment property in profit or loss	749	98,288	-	2,632

Fair value of the investment properties has been determined at March 31, 2023, as follows:

- Completed projects: the discounted cash flow assumptions described in the financial statements of December 31, 2022 were maintained, except for cases that suffer significant changes, for which new valuations were performed.
- Projects under construction: the discounted cash flow assumptions described in the financial statements of December 31, 2022 were maintained, increased by the construction cost incurred in the three-month period ended March 31, 2023 except for cases that suffer significant changes, for which new valuations were performed.
- Land purchased: the amounts were assessed, and the fair values determined in the financial statements of December 31, 2022 were maintained, increased by the construction costs incurred in the three-month period ended March 31, 2023.
- Acquisition of new plot land: stated at the acquisition cost increased by the construction costs incurred in the three-month period ended March 31, 2023, when applicable.

As at March 31, 2023, from the total amount of investment property, R\$1,252,594 has been pledged as collateral for loans, financing and debentures of the Company and its subsidiaries (R\$1,247,461 as at December 31, 2022).

Other information on investment property did not significantly change in relation to the information disclosed in Note 6 to the financial statements for the year ended December 31, 2022.

7. Property and equipment

Changes in property and equipment for the quarters ended March 31, 2023 and 2022 are as follows:

Consolidated	Opening balance	Addition	Write-off	Closing balance
Quarter ended March 31, 2023:				
<u>Cost:</u>				
Right-of-use (*)	9,413	1,449	-	10,862
Other	8,984	269	-	9,253
Total cost	<u>18,397</u>	<u>1,718</u>	-	20,115
<u>Accumulated depreciation:</u>				
Right-of-use	1,449	210	-	1,659
Other	1,532	74	-	1,606
Total accumulated depreciation	<u>2,981</u>	<u>284</u>	-	3,265
Total property and equipment, net	<u>15,416</u>	<u>1,434</u>	-	16,850
Quarter ended March 31, 2022:				
Total property and equipment, net	<u>4,927</u>	<u>3,918</u>	-	8,845

	Opening balance	Addition	Write-off	Closing balance
Quarter ended March 31, 2023:				
<u>Cost:</u>				
Right-of-use (*)	9,413	1,449	-	10,862
Other	8,779	269	-	9,048
Total cost	<u>18,192</u>	<u>1,718</u>	-	19,910
<u>Accumulated depreciation:</u>				
Right-of-use	1,450	210	-	1,660
Other	1,334	71	-	1,405
Total accumulated depreciation	<u>2,784</u>	<u>281</u>	-	3,065
Total property and equipment, net	<u>15,408</u>	<u>1,437</u>	-	16,845
Quarter ended March 31, 2022:				
Total property and equipment, net	<u>4,903</u>	<u>3,923</u>	-	8,826

(*) Company's office rental agreements.

8. Loans, financing and debentures

a) Position

Loans, financing and debentures as at March 31, 2023 and December 31, 2022 are as follows:

Type	3/31/23			12/31/22
	Current	Noncurrent	Total	Total
Individual:				
Debenture - 12 th issue	10,113	37,502	47,615	50,121
Debenture - 15 th issue (CRI)	7,136	33,250	40,386	42,118
Debenture - 16 th issue (CRI)	18,301	18,182	36,483	47,182
Debenture - 17 th issue	77,212	76,666	153,878	159,532
Debenture - 18 th issue	84,656	166,667	251,323	260,474
Debenture - 19 th issue (CRI) (*)	1,505	481,009	482,514	470,353
Debenture - 20 th issue - 1 st series (CRI)	1,010	130,350	131,360	135,851
Debenture - 20 th issue - 2 nd series (CRI) (*)	608	174,314	174,922	171,396
Debenture - 21 st issue	12,800	400,000	412,800	428,321
(-) Funding cost	(4,775)	(14,075)	(18,850)	(20,046)
Total debentures and CRI - Individual	208,566	1,503,865	1,712,431	1,745,302
Construction financing	7,514	2,937	10,451	11,914
(-) Funding cost	(106)	(62)	(168)	(193)
Total financing - Individual	7,408	2,875	10,283	11,721
Total Individual	215,974	1,506,740	1,722,714	1,757,023
Subsidiaries:				
Construction financing (*)	3,955	13,129	17,084	17,346
(-) Funding cost	(82)	(181)	(263)	(285)
Total financing - Subsidiaries	3,873	12,948	16,821	17,061
Total Consolidated	219,847	1,519,688	1,739,535	1,774,084

(*) Measured at fair value through profit or loss, according to hedge accounting methodology, refer to Note 19 (a).

The main features of the Company's loans, financing and debentures are as follows:

Type	Qty	Funding date	Repayment of principal	Interest payment	Maturity of principal	Contractual rate (p.a.)	Effective rate (p.a.)
Debenture - 12 th issue	10,000	12/17	Monthly	Monthly	1/18 to 12/27	CDI + 2.25%	CDI + 2.42%
Debenture - 15 th issue (CRI)	70,000	12/18	Monthly	Monthly	1/19 to 12/28	CDI + 1.35%	CDI + 1.71%
Debenture - 16 th issue (CRI)	100,000	3/19	Semiannual	Semiannual	3/20 to 3/25	108% CDI	108% CDI + 0.34%
Debenture - 17 th issue	230,000	9/19	Annual	Semiannual	9/22 to 9/24	116.5% CDI	116.5% CDI + 0.18%
Debenture - 18 th issue	250,000	3/21	Annual	Semiannual	3/24 to 3/26	CDI + 2.00%	CDI + 2.21%
Debenture - 19 th issue (CRI)	450,000	9/21	Annual	Semiannual	9/25 to 9/28	IPCA + 5.52%	IPCA + 6.07%
Debenture - 20 th issue - 1 st series (CRI)	130,350	4/22	Annual	Semiannual	3/26 to 3/27	CDI + 1.10%	CDI + 1.55%
Debenture - 20 th issue - 2 nd series (CRI)	169,650	4/22	Annual	Semiannual	3/27 to 3/29	IPCA + 6.30%	IPCA + 6.87%
Debenture - 21 st issue	400,000	7/22	Annual	Semiannual	7/26 to 7/27	CDI + 1.65%	CDI + 1.79%
Construction financing	-	9/18	Monthly	Monthly	3/19 to 9/28	TR + 10%	TR + 10.87%
Construction financing	-	12/12	Monthly	Monthly	12/13 to 10/24	CDI + 1.65%	CDI + 1.92%

The debentures issued by the Company are simple, nonconvertible and registered.

Changes in loans, financing and debentures were as follows:

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2023	2022	2023	2022
Opening balance	1,774,084	1,267,705	1,757,023	1,248,109
Interest expense	63,332	40,904	62,811	40,373
Fair value adjustment	12,535	(1,075)	12,282	(721)
Amortization of funding costs	1,243	921	1,221	899
Repayment of principal	(15,401)	(15,192)	(14,794)	(14,652)
Payment of interest	(96,258)	(42,600)	(95,829)	(42,121)
Closing balance	1,739,535	1,250,663	1,722,714	1,231,887

b) Guarantees

The types of guarantees for loans, financing and debentures as at March 31, 2023 are as follows:

	Consolidated			
	Construction financing	Debentures	CRI	Total
Collateral / receivables	27,535	201,493	76,869	305,897
No guaranties	-	664,123	788,796	1,452,919
Total (*)	27,535	865,616	865,665	1,758,816

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

c) Aging

Aging of loans, financing and debentures by maturity is as follow:

	Consolidated		Individual	
	3/31/23	12/31/22	3/31/23	12/31/22
<u>After the reporting period:</u>				
12 months	224,810	186,353	220,855	182,659
13 to 24 months	201,329	203,141	198,118	199,936
25 to 36 months	294,561	236,168	291,350	232,963
37 to 48 months	467,777	492,253	464,566	489,048
After 48 months	570,339	676,693	566,843	672,656
Total	1,758,816	1,794,608	1,741,732	1,777,262

d) Allocation of financial charges

Financial charges are capitalized as follows:

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2023	2022	2023	2022
<u>Financial charges on:</u>				
Loans, financing and debentures	(64,575)	(41,825)	(64,032)	(41,272)
Derivative financial instruments	(630)	4,558	(630)	4,558
Total financial charges	(65,205)	(37,267)	(64,662)	(36,714)
<u>Interest capitalized on:</u>				
Investment property (Note 6)	22,683	18,349	-	2,977
Investment (Note 5)	-	-	22,683	15,372
Financial charges allocated to profit or loss (Note 17)	(42,522)	(18,918)	(41,979)	(18,365)

For the quarter ended March 31, 2023, total capitalized borrowing costs on loans, financing and debentures represented an average rate of 15.70% p.a. in Consolidated (12.14% p.a. for the same period of 2022).

e) Contractual obligations

The 18th, 19th, 20th and 21th public issue of debentures and the CRI indenture provides for compliance with certain financial ratios covenants, determined and review quarterly and annually by the fiduciary agent, as follows:

Description - 18 th , 19 th , 20 th and 21 th issue	Required level	Fiscal year
Gross debt / Investment property	Up to 60%	2021 onwards

Gross debt is: (+) loans, financing and debentures current and noncurrent.

Investment property is: Investment property (+) noncurrent assets held for sale; (+) lands and real state for sale current and noncurrent.

On March 31, 2023, the Company was in compliance with the restrictive clauses of its loan, financing and debenture agreements.

Other contractual commitments:

The Company is subject to certain contractual requirements that must be complied throughout the debt period, such as: providing information requested within contractual deadlines; do not perform operations that are not in accordance with its corporate purpose, in compliance with the statutory, legal and regulatory provisions in force; obtaining the mandatory project issuance, according to its defined policies; complying with the payments provided for in the agreements; ensuring compliance with all laws, rules and regulations in any jurisdiction in which conducts businesses or have assets; keeping licenses valid for the business operation; honoring the guarantees provided in the agreements; providing information on material acts and facts that may affect its financial condition or ability to fulfill its obligations; proving the allocation of funds raised in the projects described in the agreements; items related to discontinuation of activities, bankruptcy or insolvency; guarantee completeness of data provided to financial agents; not to transfer rights on contracts without the consent of financial agents; not to have significant changes in statutory structure, without observance of the respective laws, and in the stock control, among others. Failure to comply with the mentioned covenants could result in early maturity of the agreements.

9. Land payables

	Consolidated		Individual	
	3/31/23	12/31/22	3/31/23	12/31/22
CDI	738	8,813	-	-
IPCA	13,000	13,000	13,000	13,000
Total	13,738	21,813	13,000	13,000
Current	738	8,813	-	-
Noncurrent	13,000	13,000	13,000	13,000
Total	13,738	21,813	13,000	13,000

10. Barter

This balance refers to commitments arising from barter transactions for the acquisition of land in exchange of industrial warehouses. The balances were recorded at fair values at the transactions' dates, measured based on the market price of the land obtained which was supported by internal technical reports. The commitments will be discharged by handing over the completed industrial warehouses and the segregation between current and non-current is made considering the forecast of completion of the construction of the related warehouses.

Barter's maturity is broken down as follows:

	Consolidated		Individual	
	3/31/23	12/31/22	3/31/23	12/31/22
<u>After the reporting period:</u>				
12 months	40,118	61,994	-	1,686
13 to 24 months	52,996	94,315	9,050	37,853
25 to 36 months	68,397	29,261	57,400	17,864
After 36 months	6,571	11,136	2,088	11,136
Total	168,082	196,706	68,538	68,539
Current	40,118	61,994	-	1,686
Noncurrent	127,964	134,712	68,538	66,853
	168,082	196,706	68,538	68,539

11. Income tax and social contribution

- (a) The income tax (IRPJ) and social contribution tax (CSLL) income (expenses) at the statutory tax rate are reconciled as follows:

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2023	2022	2023	2022
Income before income tax and social contribution	27,257	140,567	19,382	133,515
Statutory rate - income tax and social contribution	34%	34%	34%	34%
Nominal expense	(9,267)	(47,793)	(6,590)	(45,395)
Effect of IRPJ and CSLL on permanent differences:				
Results from equity participation grossed of written-off capitalized interest	648	757	19,248	45,351
Tax credit not recorded	(7,712)	(5,226)	(7,712)	(5,226)
Depreciation of investment properties	2,076	1,805	2,076	1,712
Tax basis difference for companies taxes based on deemed income	15,002	40,830	-	-
Other	1,084	1,394	1,083	1,491
IRPJ and CSLL credit (debit) in profit or loss	1,831	(8,233)	8,105	(2,067)

On March 31, 2023, there is no tax credit related to tax loss carryforwards of subsidiaries not constituted (R\$1,581 as of December 31, 2022).

- (b) Deferred tax balances

Breakdown of deferred tax assets (liabilities) disclosed in the balance sheets is as follows:

	Consolidated		Individual	
	3/31/23	12/31/22	3/31/23	12/31/22
<u>Noncurrent assets:</u>				
Income tax and social contribution	55,976	47,871	55,976	47,871
<u>Liabilities:</u>				
Income tax and social contribution	(51,129)	(53,216)	-	-
PIS/COFINS	(61,115)	(61,706)	(1,248)	(1,248)
	(112,244)	(114,922)	(1,248)	(1,248)
Current	(4,431)	(5,806)	(416)	(416)
Noncurrent	(107,813)	(109,116)	(832)	(832)
Total	(112,244)	(114,922)	(1,248)	(1,248)

Breakdown of the deferred income tax and social contribution is as follows:

	Consolidated		Individual	
	3/31/23	12/31/22	3/31/23	12/31/22
Tax effect on:				
Deferred assets:				
Tax loss carryforwards	127,137	96,152	126,323	95,901
Capitalized interests written-off (*)	111,773	111,773	111,773	111,773
Temporary differences	(15,130)	7,187	(15,130)	7,187
	223,780	215,112	222,966	214,861
Reclassified deferred liabilities	(167,804)	(167,241)	(166,990)	(166,990)
Deferred tax assets	55,976	47,871	55,976	47,871
Deferred liabilities:				
Fair value appreciation on investment property	(215,382)	(214,633)	(166,990)	(166,990)
Rental receivables and others	(2,343)	(3,430)	-	-
Sale of assets	(1,208)	(2,394)	-	-
	(218,933)	(220,457)	(166,990)	(166,990)
Reclassified deferred liabilities	167,804	167,241	166,990	166,990
Deferred tax liabilities	(51,129)	(53,216)	-	-

(*) According to Note 2.2 (e) to the financial statements for the year ended December 31, 2022, since financing activities are centrally managed by the Company, interest incurred by the Company on the financing of its investees' qualifying assets are capitalized and presented in the investment line item (Individual financial statements). Since investment properties are measured at fair value, the related costs are allocated to profit or loss by deducting such costs from equity participation calculation (Individual financial statements). In this process, deferred tax assets are recognized, since these amounts will be tax deductible upon realization of the respective investments.

Reclassified deferred tax balances are to offset amounts for presentation purpose. They are related to taxes on income collected by the same tax authority and were individually made by each taxable entity, have the same nature, and will be realized simultaneously.

As at March 31, 2023, the balance of deferred PIS/COFINS liabilities refers to the tax effect on: (i) fair value appreciation on investment property; and (ii) rental receivable for the remaining balance.

Changes in deferred income tax (IRPJ) and social contribution (CSLL) assets and liabilities for the quarters ended March 31, 2023 and 2022 are as follows:

	Consolidated				Individual			
	1 st quarter of				1 st quarter of			
	2023		2022		2023		2022	
	Assets	Liabilities	Net	Net	Assets	Liabilities	Net	Net
Opening balance	215,112	(220,457)	(5,345)	(30,583)	214,861	(166,990)	47,871	7,428
Effect of deferred IRPJ and CSLL recognized in:								
Net income for the period	8,668	1,524	10,192	(4,508)	8,105	-	8,105	(2,067)
Closing balance	223,780	(218,933)	4,847	(35,091)	222,966	(166,990)	55,976	5,361

12. Provisions for labor, tax and civil risks

Changes for the quarters ended March 31, 2023 and 2022 are as follows:

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2023	2022	2023	2022
Opening balance	2,345	1,991	144	116
Additions and inflation adjustments	530	80	89	3
Payments	(82)	(47)	(66)	(35)
Reversals	(6)	(24)	(6)	(11)
Closing balance	2,787	2,000	161	73

The lawsuits assessed as possible losses by the legal counsel amounted to R\$1,345 in Consolidated and R\$1,023 in Individual as at March 31, 2023 (R\$1,286 in Consolidated and R\$913 in Individual as at December 31, 2022).

Other information on the provision for labor, tax and civil risks is not significantly different from the information disclosed in Note 12 to the financial statements for the year ended December 31, 2022.

13. Lease

The Group does not have lease agreements in which it is a financial lessor, classifying all its leases as operational, fully represented by leases of investment properties.

As a lessee, the Group identified leases contracts, referring to the rental of its offices and land for LOG Brasília, LOG Barreiro I and LOG Barreiro IV assets.

Changes in lease liability for the quarters ended March 31, 2023 and 2022 are as follows:

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2023	2022	2023	2022
Opening balance	101,715	4,463	8,437	4,463
Additions (*)	-	2,541	-	2,541
Remeasurement	1,449	1,546	1,449	1,546
Interest expenses	2,039	109	156	109
Repayment of principal	(152)	(78)	(152)	(78)
Payment of interest	(156)	(109)	(156)	(109)
Closing balance	104,895	8,472	9,734	8,472
Current	723	530	665	530
Noncurrent	104,172	7,942	9,069	7,942
	104,895	8,472	9,734	8,472

The undiscounted contractual cash flows (gross lease liabilities) represent annual cash-outs, ending December 2073 and are as follow:

	Up to 12 months	From 13 to 24 months	From 25 to 36 months	After 36 months	Total
Consolidated:					
Lease liability	1,798	8,095	9,012	427,487	446,392
Total	<u>1,798</u>	<u>8,095</u>	<u>9,012</u>	<u>427,487</u>	<u>446,392</u>
Individual:					
Lease liability	1,284	1,284	1,284	9,752	13,604
Total	<u>1,284</u>	<u>1,284</u>	<u>1,284</u>	<u>9,752</u>	<u>13,604</u>

Leases representing exemptions in recognition

The Group applies recognition exemptions for short-term leases and leases for which the underlying assets are of low value. These leases essentially include short-term property and vehicle rentals. For these leases, lease expenses are recognized on a straight-line basis, when incurred.

In the quarter ended March 31, 2023, these leases represent R\$25 in Consolidated and R\$24 in Individual (R\$2 for the same period of 2022).

Other information on the lease is not significantly different from the information disclosed in Note 13 to the financial statements for the year ended December 31, 2022.

14. Equity

(a) Shares and capital

	Consolidated and Individual	
	3/31/23	12/31/22
Subscribed capital	2,753,976	2,753,976
Number of common shares, without par value (thousand)	102,159	102,159

The Company's authorized capital as at March 31, 2023 and December 31, 2022 is R\$3,700,000 (three billion and seven hundred million reais), represented exclusively by common shares and each share entitles its holder to one vote in shareholders meeting.

(b) Treasury shares

On February 8, 2023, the Board of Directors approved for 18 months, starting on February 8, 2023, the Company's Share Buyback program, in the maximum amount of 5.9 million common shares, respecting the legal limits, for being held in treasury, canceled, re-placed on the market, or allocated to the Stock Option Plans.

During the quarter ended March 31, 2023, 47 thousand shares were acquired in the amount of R\$714 through the Company's Share Buyback Program and 47 thousand shares were sold in the amount of R\$ 832, as shown below:

Type	Number (thousand)					Cost in reais (per share) of the acquired shares			Market value (*)
	Opening balance	Acquired	Sold	Transferred	Closing balance	Weighted average	Maximum	Minimum	
1st quarter of 2023:									
Common shares	2,252	47	(47)	-	2,252	15.31	15.53	15.01	35,604
1st quarter of 2022:									
Common shares	1,048	-	-	(2)	1,046	25.59	27.69	22.16	30,313

(*) Market value of shares remaining in treasury as at March 31, 2023 and 2022.

(c) Mandatory minimum dividend payable to shareholders

Fiscal year 2022 dividends, amounting R\$91.692, were approved at the Board of Directors Meeting held on February 8, 2023 and paid on February 23, 2022.

Fiscal year 2021 dividends, amounting R\$87,627, were approved at the Board of Directors Meeting held on February 8, 2022 and paid on February 21, 2022.

(d) Stock option plan

On July 29, 2022, the Company's Board of Directors approved the issuance of program 11 of the stock option plan, granting to directors and managers up to 402 thousand options with vesting period of 5 years, with exercise deadline date in December 2029. The stock option fair value is R\$8.61 each with, total cost of remuneration of R\$3,112, which will be recognized in the income statement over the vesting period.

The table below shows the main terms and conditions of the stock option programs:

Program	Approval	Maximum quantity	% of total approved in the plan	Vesting	Strike price	Participants	Initial exercise deadline	Exercise deadline (*)
3	10/13	32,879	1.06%	Up to 5 year	R\$ 30.04	Officers and managers	12/13	12/23
4	11/14	31,835	1.03%	Up to 5 year	R\$ 30.04	Officers and managers	12/14	12/24
5	12/15	27,710	0.90%	Up to 5 year	R\$ 30.04	Officers and managers	12/15	12/25
6	4/18	352,000	11.38%	Up to 5 year	R\$ 22.00	Officers and managers	12/18	12/25
7	9/19	226,251	7.32%	Up to 5 year	R\$ 23.42	Officers and managers	12/19	12/26
8	6/20	653,216	21.12%	Up to 5 and 10 year	R\$ 21.62	Officers and managers	12/20	12/27 and 12/32
10	12/21	338,074	10.93%	Up to 5 year	R\$ 24.17	Officers and managers	12/21	12/28
11	7/22	401,761	12.99%	Up to 5 year	R\$ 18.99	Officers and managers	12/22	12/29

(*) After the last vesting of each plan, the beneficiary has three additional exercise years. The programs 2 to 5 had a 3-year extension in exercise deadline date as approved by the Board of Directors.

The tables below show the changes in stock option plan program for the quarters ended March 31, 2023 and 2022 and supplemental information thereon:

Program	Number of participants	Changes 1 st quarter of 2023 (thousand options)				
		Opening balance	Granted	Expired / forfeited	Exercised	Closing balance
3	2	21	-	-	-	21
4	2	21	-	-	-	21
5	2	21	-	-	-	21
6	3	267	-	-	-	267
7	13	168	-	-	-	168
8	15	634	-	-	-	634
10	19	335	-	(2)	-	333
11	16	402	-	-	-	402
		<u>1,869</u>	-	<u>(2)</u>	-	<u>1,867</u>
Weighted average price of exercised options		<u>22.01</u>	-	<u>24.17</u>	-	<u>22.00</u>
1 st quarter of 2022 (thousand options)		<u>1,488</u>	-	<u>(6)</u>	-	<u>1,482</u>
Weighted average price of options		<u>22.83</u>	-	<u>22.46</u>	-	<u>22.83</u>

Program	Number of vested shares (thou.)	Compensation cost for the year	Unrecognized compensation cost	Remaining compensation cost period (in years)
3	21	-	-	-
4	21	-	-	-
5	21	-	-	-
6	267	-	-	-
7	34	42	126	0.8
8	96	257	3,324	6.9
10	67	143	1,251	2.8
11	40	216	2,226	3.8
2023	<u>567</u>	<u>658</u>	<u>6,927</u>	<u>5.0</u>
2022	<u>255</u>	<u>592</u>	<u>6,920</u>	<u>6.3</u>

As at March 31, 2023, had all options currently granted been exercised, the Company would have issued 1,867 thousand shares, which would represent a 1.79% dilution in relation to the Company's total of 102,159 thousand shares (1.80% at December 31, 2022).

As at March 31, 2023 and December 31, 2022 Stock options granted represents 69.73% of the total approved plan.

Under Article 171, Par. 3, of the Brazilian Corporate Law, the Company's shareholders do not have preemptive rights on the exercise of stock options.

(e) Noncontrolling interests

	Consolidated	
	1 st quarter of	
	2023	2022
Opening balance	79,185	29,173
Net contributions (distributions) to noncontrolling shareholders	1,013	17,180
Interests in net income for the period	1,601	886
Closing balance	<u>81,799</u>	<u>47,239</u>

(f) Earnings per share

Net income and the weighted average number of common shares used to calculate basic and diluted earnings per share are as follows:

	Consolidated and Individual	
	1 st quarter of	
	2023	2022
Basic earnings per share:		
Net income for the period	27,487	131,448
Weighted average number of outstanding common (thousand)	99,890	101,113
Basic earnings per share - in R\$	<u>0.27517</u>	<u>1.30001</u>
Diluted earnings per share:		
Net income for the period	27,487	131,448
Weighted average number of outstanding common (thousand)	99,890	101,113
Dilutive effect of stock options (thousand)	-	207
Total shares after dilutive effect (thousand)	99,890	101,320
Diluted earnings per share - in R\$	<u>0.27517</u>	<u>1.29735</u>

Other information on equity did not significantly change in relation to the information disclosed in Note 14 to the financial statements for the year ended December 31, 2022.

15. Net revenue

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2023	2022	2023	2022
Rental revenue	66,515	40,715	19,937	12,750
Revenue from management services	2,360	1,409	2,360	2,680
Revenue from construction services	2,001	1,271	-	1,271
Taxes on revenue	(3,864)	(2,603)	(2,130)	(1,666)
Net revenue	<u>67,012</u>	<u>40,792</u>	<u>20,167</u>	<u>15,035</u>

As at March 31, 2023, the Company has one Client whose net revenue individually represented 20.40% of the total, which is R\$13,670 (R\$1,305 representing 3.20% as at March 31, 2022).

16. Costs and expenses by nature

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2023	2022	2023	2022
Costs of services provided - condominium management	(888)	(668)	(888)	(668)
Operating expenses:				
Salaries, charges and benefits	(4,719)	(5,313)	(4,698)	(5,174)
Outside services	(2,704)	(1,547)	(1,658)	(989)
General expenses	(1,196)	(1,783)	(1,268)	(1,657)
Management compensation	(1,810)	(1,626)	(1,810)	(1,626)
Vacancy expenses	(748)	(813)	(194)	(403)
Stock options	(658)	(592)	(658)	(592)
Advertising	(172)	(264)	(173)	(259)
Depreciation and amortization	(904)	(297)	(423)	(296)
Other operating expenses, net	(2,510)	(1,393)	(579)	(1,192)
	(15,421)	(13,628)	(11,461)	(12,188)
Classified as:				
Selling expenses	(2,445)	(2,721)	(1,539)	(1,843)
General and administrative expenses	(8,656)	(7,888)	(7,533)	(7,527)
Management compensation	(1,810)	(1,626)	(1,810)	(1,626)
Other operating expenses, net	(2,510)	(1,393)	(579)	(1,192)
	(15,421)	(13,628)	(11,461)	(12,188)

17. Financial expenses and income

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2023	2022	2023	2022
Financial expenses				
Interest on loans, financing and debentures (Note 8 (d))	(42.522)	(18.918)	(41.979)	(18.365)
Mark-to-market derivative financial instruments (includes hedge effect)	1.184	10.584	1.437	10.584
Other financial expenses	(5.118)	137	(757)	91
	(46.456)	(8.197)	(41.299)	(7.690)
Financial income				
Income from financial investments	18.164	21.436	17.576	17.855
Interest income on intercompany loans	-	35	170	188
Other financial income (*)	2.191	283	1.189	337
	20.355	21.754	18.935	18.380
Financial result	(26.101)	13.557	(22.364)	10.690

(*) Includes tax effect in financial income.

18. Related parties

Related-party balances and transactions are as follows:

	Consolidated				Individual				
	Asset		Liability		Asset		Liability		
	3/31/23	12/31/22	3/31/23	12/31/22	3/31/23	12/31/22	3/31/23	12/31/22	
Short-term investments and marketable securities									
Other related parties:									
Banco Inter S.A. (Inter)	[1]	285,874	348,125	-	-	232,612	348,125	-	-
Banco Bradesco S.A.	[2]	3,361	21,851	-	-	-	18,594	-	-
Intercompany receivables									
Investees									
SPEs	[3]	-	-	-	-	218	5,361	-	-
Rental receivables									
Other related parties:									
Patrus Transportes Urgentes Ltda.	[4]	626	578	-	-	27	27	-	-
Trade receivable from sale of equity interests									
Other related parties:									
MRV MRL Camp Nou Incorporações e Participações Ltda.	[5]	14,151	13,970	-	-	14,151	13,970	-	-
Services supplier									
Other related parties:									
Conedi Participações Ltda. e MA Cabaleiro Participações Ltda.	[6]	-	-	77	58	-	-	77	58

	Consolidated				Individual				
	Income		Expense		Income		Expense		
	1 st quarter of		1 st quarter of		1 st quarter of		1 st quarter of		
	2023	2022	2023	2022	2023	2022	2023	2022	
Financial income									
Short-term investments and marketable securities									
Other related parties									
Banco Inter S.A. (Inter)	[1]	10,203	12,627	-	-	10,165	12,627	-	-
Banco Bradesco S.A.	[2]	525	167	-	-	420	85	-	-
Intercompany receivables									
Investees									
SPEs	[3]	-	-	-	-	37	158	-	-
Trade receivable from sale of equity interests									
Other related parties									
MRV MRL Camp Nou Incorporações e Participações Ltda	[5]	298	519	-	-	298	519	-	-
MRV Engenharia e Participações S.A. (MRV)	[8]	-	237	-	-	-	237	-	-
Rental revenue									
Rental receivables									
Other related parties:									
Patrus Transportes Urgentes Ltda.	[4]	1,765	1,743	-	-	-	73	-	-
Other operating income (expenses) net									
Other related parties:									
Commission:									
Banco Inter S.A. (Inter)	[9]	76	85	-	-	76	85	-	-
General and administrative expenses									
Other related parties:									
Conedi Participações Ltda. e MA Cabaleiro Participações Ltda.	[6]	-	-	252	81	-	-	252	81
MRV Engenharia e Participações S.A. (MRV)	[7]	-	-	940	576	-	-	940	220
Banco Inter S.A. (Inter)	[10]	-	-	2,174	-	-	-	-	-

[1] Refers to transactions with Banco Inter S.A. and/or subsidiaries ("Inter"), which is controlled by controlling shareholder of the Company. In the three-month ended March 31, 2023, short-term investments yielded 97.1% of CDI in Consolidated and Individual (129,9% for the same period of 2022).

[2] Refers to transactions with Banco Bradesco, controlling shareholder of Banco Bradesco Investimentos (BBI), which in turn is the controlling shareholder of 2bCapital, current manager of the Fundo de Investimento em Participações Multisetorial Plus, a shareholder of the Company. In the quarter ended March 31, 2023, short-term investments yielded 103.6% of CDI in Consolidated and Individual (130% for the same period of 2022).

[3] Refers to loan between the Company and subsidiary, granted in January 2018. This loan is subject to interest by CDI + 2.25% p.a.

[4] Refers to warehouse's lease agreement entered by the Company and subsidiaries with Patrus Transportes Urgentes Ltda., controlled by a noncontrolling shareholder of the Company.

[5] In July 2018, the Company sold equity interest in the subsidiary MRV LOG MDI SJC I Incorporações SPE Ltda. (“LOG SJC Sony”) to MRV MRL CAMP NOU Incorporações e Participações Ltda, a company controlled by MRV Engenharia e Participações S.A. The contract determines payments in two tranches as detailed below:

- I. R\$10,800 referring to 10.81% of the equity interest, to be paid in 24 monthly installments of R\$450 each, updated by INCC index, the first being paid after the approval of the land subdivision project by the Municipal Administration, an event that took place in July 2018; and
- II. R\$25,523 (R\$24,200 plus update by IPCA index) referring to 24.22% of the equity interest, which will be paid in 48 monthly installments of R\$532 each, the first being paid after approval of a change in the zoning area from industrial to residential by the Municipal Administration, an event that took place in the fourth quarter of 2019. In February 2023, an amendment was signed rescheduling the payment for six installments of R\$250 from July to December 2023 and twenty installments of R\$480 from January 2024 to August 2025.

The effects of this transaction are shown below:

	Effect on results		
	Tranche I	Tranche II	Total
Contractual amount	10,800	25,523	36,323
Present value discount	(847)	(1,942)	(2,789)
	9,953	23,581	33,534
Investment write-off	(11,155)	(24,984)	(36,139)
Other operating income (expenses), net	(1,202)	(1,403)	(2,605)
Deferred income tax and social contribution	(1,383)	(3,606)	(4,989)
Sale result	(2,585)	(5,009)	(7,594)
Trade receivables as at March 31, 2023	-	14,151	14,151
Trade receivables as at December 31, 2022	-	13,970	13,970

In this transaction, an agreement of shares holders was celebrated that started to characterize the joint control on this entity, so far controlled by the Company. The amount of transactions affecting cash flows arising from LOG SJC are not material for separate presentation in the statement of cash flows.

- [6] Refers to lease agreement of part of ninth and tenth floor of the office building where the head office is located, owned by the companies Conedi Participações Ltda. (“Conedi”) and MA Cabaleiro Participações Ltda. (“MA Cabaleiro”). Conedi is a one of the Company’s shareholders and MA Cabaleiro is owned by Marcos Alberto Cabaleiro Fernandez, a noncontrolling shareholder. The contract is valid until February 28, 2035, including extension of the contract, adjustable annually by IPCA index. On March 31, 2023, the agreement establishes a total monthly payment (gross of taxes) of R\$77 (R\$77 on December 31, 2022).
- [7] Amounts related to expenses incurred on the provision of administrative services. The agreement establishes a monthly payment of R\$334 on March 31, 2023 (R\$254 per project of the Company or its investees on December 31, 2022). This amount is annually adjusted using the average salary increase percentage granted to the employees of MRV. On December 09, 2019, the contract was renegotiated making the term indefinite, in the absence of opposition between the parties.
- [8] Refers to the sale of the Company’s interest in Cabral Investimentos SPE Ltda. (“Cabral”) concluded in December 2021. The agreement established the payment of monthly installments of R\$533 each, updated by the INCC and was fully paid in September 2022. The revenue refers to the aforementioned correction while the expense refers to the loss generated in the derecognition of this investment.
- [9] It refers to “preference premium” paid to the Company by 25% on the credit revenue obtained by the bank referring to invoices from the Company’s suppliers discounted by them. In these operations, the original conditions and economic substance carried out with the respective suppliers are maintained. As at March 31, 2023, the consolidated balance held on these transactions amounts to R\$2,036.
- [10] It refers to the financial discount generated by the anticipation of receivable security made in the 1st quarter of 2023.

Compensation of key management personnel

Pursuant to CPC 05 and IAS 24 Related Party Disclosures, which addresses related party disclosures, and according to the Company's understanding, key management personnel consist 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.

	Consolidated and Individual	
	1 st quarter of	
	2023	2022
Short-term benefits granted to management:		
Management compensation	1,810	1,626
Profit sharing	716	508
Non-monetary benefits	45	41
Long-term benefits to management:		
Retirement private plan	29	25
Share-based compensation:		
Stock option plan	507	478
	3,107	2,678

On April 19, 2023, the Ordinary Shareholders' Meeting approved the overall management compensation at R\$13,484.

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

19. Financial instruments and risk management

(a) Financial instruments

Financial instruments are represented by the balances of cash, banks, short-term investments, marketable securities, trade receivables, intercompany loans, trade payables, loans, financing, debentures, and derivatives. All financial instruments held by the Group were recorded as at March 31, 2022.

The Company entered derivative financial instruments to hedge its exposure to fixed rates and stock price fluctuation. The sole purpose of these transactions is to hedge the risk of fluctuation by swapping them. Main conditions and effects are described below:

Type of transaction	Contract date	Asset / Liability	Maturity	Notional amount	Long position	Short position	Effect on result		3/31/23
							Gain (loss) on transaction	Mark-to-market	Derivative fair value
	11/18	10.5% / 108.95% CDI	8/28	16,986	17,095	17,147	(52)	(1,015)	(1,067)
	9/21	IPCA + 5.52% / CDI + 1.23%	9/28	450,000	504,871	453,518	7,386	(22,455)	28,898
	4/22	IPCA + 6.30% / CDI + 1.47%	3/29	169,650	179,376	170,805	(3,960)	(4,678)	3,893
Swap [4]	9/21	LOGG3 / CDI + 1.75%	1/23 and 3/23	74,468	-	-	(38,136)	-	-
Swap	01/23	LOGG3 (*) / CDI + 1.84%	05/24 and 08/24	46,312	48,490	47,071	-	339	339
							(34,762)	(27,809)	32,063

	Consolidated and Individual
Noncurrent assets	33,130
Noncurrent liabilities	(1,067)

[1] Derivatives designed as hedge instruments, according to hedge accounting methodology. This derivative's notional value is R\$25,000, of which R\$23,695, representing 95%, was designated as a hedge instrument for debt protection, according to the hedge accounting methodology.

[2] Derivative fair value includes net payment effect of R\$43,967.

[3] Derivative fair value includes net payment effect of R\$12,531.

[4] Derivative fair value includes net payment effect of R\$38,136.

(*) The closing share price on March 31, 2023 was R\$15.81/share. If the share price reaches the floor of 100% of the volatility of the last 12 months, reaching R\$10.65/share, it would represent an estimated additional loss of R\$15,335 and if the share price reaches the ceiling of 100% of the volatility of the last 12 months, reaching R\$30.01/share, would represent an approximate gain of R\$42,170.

Type of transaction	Contract date	Asset / Liability	Maturity	Notional amount	Long position	Short position	Effect on result		12/31/22
							Gain (loss) on transaction	Mark-to-market	Derivative fair value
Swap	11/18	10.5% / 108.95% CDI	8/28	17,573	17,681	17,730	(49)	(1,298)	(1,347)
Swap	9/21	IPCA + 5.52% / CDI + 1.23%	9/28	450,000	502,125	469,171	7,705	(31,684)	1,270
Swap	4/22	IPCA + 6.30% / CDI + 1.47%	3/29	169,650	178,788	176,802	(3,652)	(7,545)	(5,559)
Swap	9/21	LOGG3 / CDI + 1.75%	1/23 and 3/23	74,468	50,731	86,801	-	(39,135)	(39,135)
							4,004	(79,662)	(44,771)

		Consolidated and Individual
Noncurrent assets		1,270
Current liabilities		(39,135)
Noncurrent liabilities		(6,906)
Total liabilities		(46,041)

Effect on results - Consolidated			
	Gain (loss) on transaction	Mark-to-market	Total
1st quarter of 2023			
Effect in profit or loss			
Swaps with fair value hedge	(630)	12,380	11,750
Swaps with no hedge	-	1,339	1,339
Gross effect in profit or loss	(630)	13,719	13,089
Reducing effect of hedges	-	(12,535)	(12,535)
Net effect in profit or loss	(630)	1,184	554
1st quarter of 2022			
Effect in profit or loss			
Swaps with fair value hedge	4,558	(1,086)	3,472
Swaps with no hedge	-	11,670	11,670
Gross effect in profit or loss	4,558	10,584	15,142
Reducing effect of hedges	-	27,448	27,448
Net effect in profit or loss	4,558	38,032	42,590

Impacts on profit or loss related to derivatives above are recognized in line-item financial charges, according to their nature.

Hedge accounting

The Group formally designated derivative financial instruments (swap types) as hedging instruments and a financings as hedged items, establishing a relationship of economic protection between them, according to the hedge accounting methodology. These designations were classified as fair value hedges, as they reduce the market risk arising from the fair value fluctuations of the respective financing. Thus, both the derivative and financings are being measured at fair value through profit and loss, with the expectation that changes in fair values will compensate each other. The critical terms of the instruments are as follows:

	Hedge Instrument (swap)	Hedge Item
Notional value	25,000	25,000
Contract date	12/18	12/18
Maturity date	8/28	9/28
	Long position	Short position
Rates	10.5%	108.95% CDI
		Debt
		TR + 10%

	Hedge Instrument (swap)	Hedge Item
Notional value	450,000	450,000
Contract date	9/21	9/21
Maturity date	9/28	9/28

	Long position	Short position	Debt
Rates	IPCA + 5.52%	CDI + 1.23%	IPCA + 5.52%

	Hedge Instrument (swap)	Hedge Item
Notional value	169,650	169,650
Contract date	04/22	04/22
Maturity date	03/29	03/29

	Long position	Short position	Debt
Rates	IPCA + 6.30%	CDI + 1.47%	IPCA + 6.30%

The effects of hedge accounting on balance sheet and the statement of income are as follows:

Fair value hedge	Notional value	Rates	Fair value	Effects on results
	3/31/23		3/31/23	2023
Loans, financing and debentures	16,986	10%	(16,499) (*)	(253)
Loans, financing and debentures	450,000	IPCA + 5.52%	(482,514)	(9,415)
Loans, financing and debentures	169,650	IPCA + 6.30%	(174,922)	(2,867)
	636,636		(673,935)	(12,535)
(Hedged item)				
		Long position		
		10%	16,499	253
		IPCA + 5.52%	482,416	9,230
		IPCA + 6.30%	174,698	2,867
			673,613	12,350
Derivative financial instrument	16,986			
Derivative financial instrument	450,000			
Derivative financial instrument	169,650			
(Hedge instrument)	636,636	Short position		
		108.95% CDI	(17,566)	30
		CDI + 1.23%	(453,518)	-
		CDI + 1.47%	(170,805)	-
			(641,889)	30
		Swap net position - Individual	31,724	12,380
		Total net position - Consolidated	(642,211)	(155)

(*) Swap hedging relation of 96.58% of the hedged item.

(b) Category of financial instruments

Consolidated	Note	3/31/23		12/31/22	
		Book value	Fair value	Book value	Fair value
Financial assets:					
Amortized cost		182,898	182,898	223,377	223,377
Cash and bank accounts		480	480	3,174	3,174
Trade receivables	4	182,418	182,418	220,203	220,203
Fair value through profit or loss (mandatorily measured) (*)		465,656	465,656	699,181	699,181
Restricted investment funds	3	266,736	266,736	429,877	429,877
Unrestricted investment funds		18,503	18,503	82,613	82,613
Bank certificates of deposit (CDB)		147,287	147,287	185,421	185,421
Derivative financial instruments	19 (a)	33,130	33,130	1,270	1,270
Financial liabilities:					
Amortized cost		1,244,643	1,243,078	1,281,882	1,278,849
Loans, financing and debentures		1,065,015	1,063,450	1,114,989	1,111,956
Land payables	9	13,738	13,738	21,813	21,813
Trade payables (suppliers)		60,995	60,995	43,365	43,365
Lease	13	104,895	104,895	101,715	101,715
Other payables		8,769	8,769	2,093	2,093
Fair value through profit or loss (Hedge accounting) (*)		674,520	674,520	659,095	659,095
Loans, financing and debentures		674,520	674,520	659,095	659,095
Fair value through profit or loss (mandatorily measured) (*)		1,067	1,067	46,041	46,041
Derivative financial instruments	19 (a)	1,067	1,067	46,041	46,041

(*) Financial assets and liabilities recognized at fair value with level 2 measurement, using the discounted cash flows valuation technique.

Fair value of loans, financing, and debentures was estimated by the Company's management based on the future value of the loans at maturity with the contracted rate, discounted to present value at the market rate at March 31, 2023 and December 31, 2022.

The table below shows a comparison of the contracted and market rates, at March 31, 2022:

Contractual rate (p.a.)	Current market rate (p.a.)	Maturity dates
Debentures and CRI		
CDI + 1.10% to 2.25%	CDI + 1.13% to 1.88%	03/26 to 12/28
108% to 116.50% CDI	CDI + 1.13% to 1.88%	09/24 to 03/25
IPCA + 5.52% to 6.30%	IPCA + 5.75% to 6.54%	09/28 to 03/29
Construction financing		
CDI + 1.65%	CDI + 1.65%	10/24
TR + 10.00%	TR + 10.00%	9/28

Management believes that the carrying value of other financial instruments such as cash, banks accounts, short-term investments, marketable securities, trade receivables, and trade payables approximate their fair values because substantially all the balances mature on dates close to the reporting period.

(c) Exposure to interest rates and inflation adjustment indexes

The following analysis was carried out for March 31, 2023, according with that described in Note 19, letter (c), to the financial statements for the year ended December 31, 2022:

Index	Financial asset	Financial liability	Net exposed financial (asset) liability	Effective rate for the 12-month period ended 03/31/2023	Estimated annual rate for 2023 (*)	Rates changes for each scenario	Total estimated financial impact
<u>Probable scenario:</u>							
CDI/Selic	199,491	(1,842,450)	(1,642,959)	12.33%	13.42%	(i) 1.09%	(17,908)
TR	-	(17,084)	(17,084)	1.62%	2.10%	(i) 0.48%	(82)
IPCA	949,519	(670,436)	279,083	5.78%	5.33%	(ii) -0.46%	(1,284)
							<u>(19,274)</u>
<u>Scenario I:</u>							
CDI/Selic	199,491	(1,842,450)	(1,642,959)	12.33%	16.78%	4.45%	(73,112)
TR	-	(17,084)	(17,084)	1.62%	2.63%	1.01%	(173)
IPCA	949,519	(670,436)	279,083	5.78%	4.00%	-1.78%	(4,968)
							<u>(78,253)</u>
<u>Scenario II:</u>							
CDI/Selic	199,491	(1,842,450)	(1,642,959)	12.33%	20.13%	7.80%	(128,151)
TR	-	(17,084)	(17,084)	1.62%	3.15%	1.53%	(261)
IPCA	949,519	(670,436)	279,083	5.78%	2.66%	-3.12%	(8,707)
							<u>(137,119)</u>

(i) Data obtained from B3 website.

(ii) Data obtained from Banco Central website.

(*) Effective change for the first three months of 2023 plus a projection for the next nine months of 2023.

(d) Capital risk management

As at March 31, 2023 and December 2022, the net debt-to-equity ratio is as follows:

	Consolidated		Individual	
	3/31/23	12/31/22	3/31/23	12/31/22
Loans, financing and debentures	1,739,535	1,774,084	1,722,714	1,757,023
Cash and cash equivalents and marketable securities	(433,006)	(731,098)	(362,567)	(708,895)
Net debt	1,306,529	1,042,986	1,360,147	1,048,128
Equity	3,694,715	3,663,838	3,612,916	3,584,653
Net debt-to-equity ratio	35.4%	28.5%	37.6%	29.2%

The Group is not subject to any external debt requirements, except for the contractual obligations described in Note 8 (e) to the financial statements for the year ended December 31, 2022.

(e) Liquidity and interest rate risk table

The cash flows of the financial liabilities based on the nearest date on which the Group should settle the related obligations was based on the projections for each index on March 31, 2023, by maturity, are as follows:

	Up to 12 months	From 13 to 24 months	From 25 to 36 months	Over 3 years	Total
Consolidated:					
Floating rates liabilities	394,429	369,068	445,207	1,363,970	2,572,674
Fixed rates liabilities	1,798	8,095	9,012	427,487	446,392
Non-interest bearing liabilities	65,336	4,428	-	-	69,764
Total	461,563	381,591	454,219	1,791,457	3,088,830
Individual:					
Floating rates liabilities	390,457	364,647	440,710	1,352,023	2,547,837
Fixed rates liabilities	1,284	1,284	1,284	9,752	13,604
Non-interest bearing liabilities	8,025	1,512	-	-	9,537
Total	399,766	367,443	441,994	1,361,775	2,570,978

Liquidity risk

The Executive Board of Finance 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, maintaining a balanced debt profile, in line with the equity structure and the indebtedness to be maintained by the Group.

(f) Credit risk

It refers to the risk of a counterparty failing to meet its contractual obligations, leading the Group to incur in financial losses. The Group is exposed to credit risks related to:

- i) Accounts receivable from customers: to mitigate this risk, the Group adopts the policy of dealing only with counterparties that have credit capacity and obtain sufficient guarantees. The company records allowance for credit risk as mentioned in Note 2.2 (i) to the financial statements for the year ended December 31,2022.
- ii) Financial investments: to mitigate default risk, the Group maintains its investments with first class financial institutions.

Other information on 'Financial instruments and risk management' is not significantly different from the information disclosed in Note 19 to the financial statements for the year ended December 31, 2022.

20. Guarantees

Except for the guarantees described in Notes 6 and 8, the Group does not collateralize any of its assets and is not the guarantor of any other types of third-party transactions.

21. Noncash transactions

During the quarters ended March 31, 2023 and 2022, the Company and its subsidiaries conducted the following financing and investment transactions that did not involve cash, and, therefore, are not reflected in the statement of cash flows:

	Consolidated		Individual	
	nine months of		nine months of	
	2023	2022	2023	2022
Interest capitalization	22,683	18,349	22,683	18,349
Right-of-use (remeasurement of CPC 06 (R2)) (note 13)	1,449	1,546	1,449	1,546

22. 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, 2023, insurance coverage is as follows:

Items	Type of coverage	Insured amount
Engineering risk insurance	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 on the insured site.	932,055
Civil liability (officers)	Insures the coverage of moral damage suffered by the company officers (D&O)	50,000
Civil liability (events)	Insures the coverage of moral damage suffered by the company events participants.	1,000
Group life and personal injury insurance	Insures payment of compensation related to involuntary personal injuries to employees, contractors, interns, and officers.	53,310
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.	139,448
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.	4,062
Barter insurance	Guarantees the fulfillment of the obligation, by the Company, whether financial (payment of due installments) or delivery of GLA after the completion of the agreed work, to the exchanger.	77,889
Free energy market guarantee insurance	Guarantees to the energy supplier payments agreed in contracts annually.	744

23. Approval of the financial statements

These interim financial statements were reviewed by the Fiscal Board and authorized for issuance by the Board of Directors on April 26, 2023.