



Financial Statements

LOG Commercial Properties e Participações S.A.

**Interim Condensed Consolidated and Individual
Financial Statements for the Quarter ended
September 30, 2020 and Report on Review of
Condensed Interim Financial Statements**

*(Free translation to English of Financial Statements Originally Issued in
Portuguese)*

LOG Commercial Properties e Participações S.A.

Interim Condensed Financial Statements (ITR)

September 30, 2020

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Report on review of quarterly information - ITR

To the Shareholders and Officers of
LOG Commercial Properties e Participações S.A.
Belo Horizonte – MG

Introduction

We have reviewed the interim financial information, individual and consolidated, of LOG Commercial Properties e Participações S.A. (“Company”), included in the “Formulário de Informações Trimestrais – ITR” as at September 30, 2020, which comprise the balance sheet as of September 30, 2020 and the related income statements and the comprehensive income statements for the three and nine-month period then ended and the statements of changes in equity and statements of cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation and fair presentation of the interim individual financial information in accordance with CPC 21 (R1) – *Demonstração intermediária*, and the interim consolidated financial information in accordance with CPC 21 (R1) 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 specific rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of quarterly information - ITR. Our responsibility is to express a conclusion on these interim individual and consolidated 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 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade*, 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 about the individual interim financial information

Based on our review, we are not aware of any facts that make us believe that the individual interim financial information included in the aforesaid quarterly information was not prepared, in all material respects, in accordance with CPC 21 (R1), applicable to the preparation of Quarterly Information - ITR., and presented in accordance with the standards issued by the Brazilian Securities Commission.

Conclusion about the consolidated interim financial information

Based on our review, we are not aware of any facts that make us believe that the consolidated interim financial information included in the aforesaid quarterly information was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of Quarterly Information - ITR., and presented in accordance with the standards issued by the Brazilian Securities Commission.

Other matters - Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added for the nine-month period ended September 30, 2020, prepared under the responsibility of Company's management and presented as supplementary information for IAS 34. These statements have been subjected to review procedures performed in connection with the review of the quarterly information, in order to conclude that they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - *Demonstração do Valor Adicionado*. Based on our review nothing has come to our attention that causes us to believe that these interim individual and consolidated statements of value added, were not prepared, in all material respects, consistently with the individual and consolidated interim financial information taken as a whole.

Belo Horizonte, October 29, 2020

KPMG Auditores Independentes
CRC SP-014428/O-6 F-MG
Original report in Portuguese signed by
Felipe Augusto Silva Fernandes
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(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR – 9/30/2020 - LOG Commercial Properties e Participações S.A.

Individual / Balance Sheets – Assets

(In thousands of Brazilian reais – R\$)

Code	Description	Current Quarter 9/30/2020	Previous year 12/31/2019
1	Total assets	3,984,588	3,861,059
1.01	Current assets	710,923	850,588
1.01.01	Cash and cash equivalents	376,909	505,869
1.01.03	Receivables	15,037	34,456
1.01.03.01	Trade receivables	15,037	34,456
1.01.06	Recoverable taxes	5,908	4,370
1.01.06.01	Recoverable current taxes	5,908	4,370
1.01.07	Prepaid expenses	1,741	302
1.01.08	Other current assets	311,328	305,591
1.01.08.03	Other	311,328	305,591
1.01.08.03.01	Marketable securities	310,710	303,572
1.01.08.03.02	Others	618	2,019
1.02	Noncurrent assets	3,273,665	3,010,471
1.02.01	Long-term assets	252,018	207,069
1.02.01.04	Receivables	32,064	27,640
1.02.01.04.01	Trade receivables	32,064	27,640
1.02.01.07	Deferred taxes	24,673	99,359
1.02.01.07.01	Deferred income tax and social contribution	24,673	99,359
1.02.01.08	Prepaid expenses	2,156	502
1.02.01.09	Receivables from related parties	5,873	7,637
1.02.01.09.02	Receivables from subsidiaries	5,873	7,637
1.02.01.10	Other noncurrent assets	187,252	71,931
1.02.01.10.01	Noncurrent assets available for sale	146,353	36,998
1.02.01.10.03	Derivative	2,677	70
1.02.01.10.04	Recoverable taxes	18,564	17,246
1.02.01.10.05	Others	19,658	17,617
1.02.02	Investments	3,014,844	2,796,493
1.02.02.01	Investments in subsidiaries and joint ventures	2,082,564	2,292,547
1.02.02.01.01	Investments in associates	321,833	306,253
1.02.02.01.02	Investments in subsidiaries	1,760,731	1,986,294
1.02.02.02	Investment property	932,280	503,946
1.02.03	Property and equipment	4,844	4,896
1.02.03.01	Property and equipment in use	4,844	4,896
1.02.04	Intangible assets	1,959	2,013
1.02.04.01	Intangible assets	1,959	2,013

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

Code	Description	Current Quarter	Previous year
		9/30/2020	12/31/2019
2	Total liabilities	3,984,588	3,861,059
2.01	Current Liabilities	246,810	115,788
2.01.01	Labor and social liabilities	5,257	3,695
2.01.01.01	Social liabilities	606	652
2.01.01.02	Labor liabilities	4,651	3,043
2.01.02	Suppliers	13,343	3,798
2.01.02.01	Domestic trade accounts payable	-	3,798
2.01.03	Tax liabilities	4,297	2,895
2.01.03.01	Federal taxes	4,288	2,824
2.01.03.01.01	Income taxes and social contribution	305	49
2.01.03.01.02	Other federal taxes	3,983	2,775
2.01.03.03	Municipal taxes	9	71
2.01.04	Loans and financing	175,949	79,661
2.01.04.01	Loans and financing	6,067	5,968
2.01.04.02	Debentures	169,882	73,693
2.01.05	Other liabilities	47,964	25,739
2.01.05.02	Other	47,964	25,739
2.01.05.02.02	Mandatory minimum dividend payable	-	21,423
2.01.05.02.04	Land payables	10,163	-
2.01.05.02.05	Advances - barter	36,212	1,550
2.01.05.02.06	Lease liability	189	168
2.01.05.02.07	Others	1,400	2,598
2.02	Noncurrent liabilities	698,526	806,314
2.02.01	Loans and financing	631,122	786,553
2.02.01.01	Loans and financing	17,539	21,495
2.02.01.02	Debentures	613,583	765,058
2.02.02	Other liabilities	67,404	19,761
2.02.02.02	Other	67,404	19,761
2.02.02.02.03	Advances - barter	34,595	14,746
2.02.02.02.04	Lease liability	4,231	4,097
2.02.02.02.05	Land payables	27,667	-
2.02.02.02.06	Provisions for labor, tax and civil risks	128	318
2.02.02.02.07	Others	783	600
2.03	Equity	3,039,252	2,938,957
2.03.01	Paid-in capital	2,038,021	2,038,072
2.03.02	Capital reserves	(534)	707
2.03.02.04	Recognized options granted	4,183	3,346
2.03.02.05	Treasury shares	(2,078)	-
2.03.02.07	Share issuance costs	(2,639)	(2,639)
2.03.04	Earnings reserve	896,824	900,178
2.03.04.01	Legal reserve	27,185	-
2.03.04.05	Retained profit reserve	869,639	-
2.03.05	Retained earnings/accumulated losses	104,941	-

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

Code	Description	7/1/2020 to 9/30/2020	1/1/2020 to 9/30/2020	7/1/2020 to 9/30/2019	1/1/2020 to 9/30/2019
3.01	Revenue from sales and/or services	8,157	22,427	5,892	16,979
3.02	Cost of services provided	(446)	(1,245)	(579)	(1,607)
3.03	Gross profit	7,711	21,182	5,313	15,372
3.04	Operating income (expenses)	136,115	163,426	61,830	87,382
3.04.01	Selling expenses	(1,667)	(4,670)	(1,156)	(3,511)
3.04.02	General and administrative expenses	(5,508)	(14,908)	(3,942)	(11,395)
3.04.04	Other operating incomes	117,080	117,207	1,811	1,883
3.04.04.01	Changes in the fair value of investment property	116,893	116,893	-	-
3.04.04.02	Other operating incomes	187	314	1,811	1,883
3.04.05	Other operating expenses	(2,995)	(4,384)	(4,097)	(4,433)
3.04.05.02	Other operating expenses	(2,994)	(4,391)	(4,097)	(4,433)
3.04.06	Results from equity participation	29,205	70,181	69,214	104,838
3.05	Income before financial income and taxes	143,826	184,608	67,143	102,754
3.06	Financial income (expenses)	(1,209)	(9,162)	(9,933)	(23,353)
3.06.01	Financial income	4,862	10,392	2,634	8,854
3.06.02	Financial expenses	(6,071)	(19,554)	(12,567)	(32,207)
3.07	Income before taxes	142,617	175,446	57,210	79,401
3.08	Income tax and social contribution	(76,623)	(70,505)	(34,318)	(27,214)
3.08.01	Current	-	-	-	-
3.08.02	Deferred	(76,623)	(70,505)	(34,318)	(27,214)
3.09	Net income (loss) from continuing operations	65,994	104,941	22,892	52,187
3.11	Net income (loss) for the period	65,994	104,941	22,892	52,187
3.99	Earnings per share (In Reais - R\$):	-	-	-	-
3.99.01	Basic	-	-	-	-
3.99.01.01	ON	0.65012	1.03277	0.31023	0.71997
3.99.02	Diluted	-	-	-	-
3.99.02.01	ON	0.64764	1.03010	0.30999	0.71961

Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR – 9/30/2020 - LOG Commercial Properties e Participações S.A.

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

Code	Description	7/1/2020 to 9/30/2020	1/1/2020 to 9/30/2020	7/1/2020 to 9/30/2019	1/1/2020 to 9/30/2019
4.01	Net income for the period	65,994	104,941	22,892	52,187
4.02	Other comprehensive income	-	-	-	4,734
4.02.01	Effect of change in relative interest in joint ventures	-	-	-	4,734
4.03	Comprehensive income for the period	65,994	104,941	22,892	56,921

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

Code	Description	1/1/2020 to 9/30/2020	1/1/2019 to 9/30/2019
6.01	Net cash used in operating activities	41,380	69,423
6.01.01	Cash provided by operating activities	(221)	(226)
6.01.01.01	Net income for the period	104,941	52,187
6.01.01.02	Depreciation	538	544
6.01.01.03	Results from equity participation	(70,181)	(104,838)
6.01.01.04	Financial results	9,214	23,353
6.01.01.05	Deferred taxes	65,642	27,214
6.01.01.06	Stock options	837	403
6.01.01.07	Amortization of prepaid expenses	136	158
6.01.01.08	Changes in the fair value of investment property	(112,080)	-
6.01.01.10	Allowance for doubtful accounts	732	753
6.01.02	Changes in assets and liabilities	41,601	69,649
6.01.02.01	(Increase) decrease in trade accounts receivable	(8,199)	(5,341)
6.01.02.02	(Increase) decrease in recoverable taxes	(2,856)	1,613
6.01.02.03	(Increase) decrease in prepaid expenses	(2,477)	1,177
6.01.02.04	(Increase) decrease in other assets	(9,901)	(8,079)
6.01.02.05	Increase (decrease) in payroll, social charges and benefits	1,482	1,197
6.01.02.06	Increase (decrease) in taxes, charges and contributions	1,199	765
6.01.02.07	Increase (decrease) in other liabilities	(1,205)	1,541
6.01.02.10	Dividends received from subsidiaries	63,558	76,776
6.02	Net cash provided (used) in investing activities	(59,697)	(340,625)
6.02.01	Increase in / Acquisition of investments	(55,389)	(271,462)
6.02.02	Acquisition of investment properties	(21,663)	(21,905)
6.02.04	Increase in marketable securities	(199,097)	(316,945)
6.02.05	Decrease in marketable securities	190,633	255,444
6.02.06	Receipts from subsidiary sale and purchase cancellation	23,980	11,871
6.02.07	Advance to subsidiaries	-	(62)
6.02.08	Receipts from subsidiaries	1,985	2,827
6.02.09	Other	(146)	(393)
6.03	Net cash provided (used in) by financing activities	(110,643)	229,340
6.03.01	Loans, financing and debentures	-	327,473
6.03.02	Interest paid	(31,295)	(47,552)
6.03.03	Shareholders' contributions	-	100,260
6.03.04	Share issuance costs	(77)	(3,178)
6.03.08	Dividends paid	(21,423)	(10,328)
6.03.09	Amortization of loans, financing and debentures	(54,671)	(134,819)
6.03.12	(Payment) Receipt on derivative financial instrument	-	(2,426)
6.03.13	Lease payments	(347)	(90)
6.03.14	Treasury shares purchased	(18,597)	-
6.03.15	Treasury shares sold	15,669	-
6.03.16	Proceeds from exercised stock options	98	-
6.05	Increase (decrease) in cash and cash equivalents	(128,960)	(41,862)
6.05.01	Cash and cash equivalents at beginning of period	505,869	149,640
6.05.02	Cash and cash equivalents at end of period	376,909	107,778

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR – 9/30/2020 LOG Commercial Properties e Participações S.A.

Individual / Statement of Changes in Equity – 1/1/2020 to 9/30/2020
 (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	Equity attributable to Company owners
5.01	Opening balance	2,038,072	707	900,178	-	-	2,938,957
5.03	Adjusted opening balance	2,038,072	707	900,178	-	-	2,938,957
5.04	Shareholders capital transaction	(51)	(1,241)	(752)	-	-	(2,044)
5.04.01	Capital increase	(51)	-	-	-	-	(51)
5.04.04	Treasury shares purchased	-	(18,597)	-	-	-	(18,597)
5.04.11	Treasury shares sold	-	15,669	-	-	-	15,669
5.04.12	Treasury shares transferred	-	752	(752)	-	-	-
5.04.13	Treasury shares disposed to beneficiaries of stock option plan	-	98	-	-	-	98
5.04.14	Stock Options	-	837	-	-	-	837
5.05	Total comprehensive income	-	-	(2,602)	104,941	-	102,339
5.05.01	Net income (loss) for the period	-	-	-	104,941	-	104,941
5.05.02	Other comprehensive income	-	-	(2,602)	-	-	(2,602)
5.05.02.08	Capital transaction	-	-	(2,602)	-	-	-
5.07	Closing balance	2,038,021	(534)	896,824	104,941	-	3,039,252

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR – 9/30/2020 LOG Commercial Properties e Participações S.A.

Individual / Statement of Changes in Equity – 1/1/2019 to 9/30/2019
 (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	Equity attributable to Company owners
5.01	Opening balance	1,315,841	84	836,078	-	(4,734)	2,147,269
5.03	Adjusted opening balance	1,315,841	84	836,078	-	(4,734)	2,147,269
5.04	Shareholders capital transaction	100,260	(1,695)	-	-	-	98,565
5.04.01	Capital increase	100,260	(2,098)	-	-	-	98,162
5.04.03	Recognized options granted	-	403	-	-	-	403
5.05	Total comprehensive income	-	-	(4,679)	52,187	4,734	52,242
5.05.01	Net income (loss) for the period	-	-	-	52,187	-	52,187
5.05.02	Other comprehensive income	-	-	(4,679)	-	4,734	55
5.05.02.06	Effect of change in relative interest in joint ventures	-	-	(4,679)	-	4,734	55
5.07	Closing balance	1,416,101	(1,611)	831,399	52,187	-	2,298,076

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR – 9/30/2020 - LOG Commercial Properties e Participações S.A.

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

Code	Description	1/01/2020 to 9/30/2020	1/01/2019 to 9/30/2019
7.01	Revenue	169,497	64,750
7.01.01	Revenues from sales of goods, services and products	24,833	18,811
7.01.02	Other revenue	109,958	46
7.01.02.01	Other revenue	(2,122)	46
7.01.02.02	Changes in the fair value of investment property	112,080	-
7.01.03	Revenue from construction of own assets	35,416	46,646
7.01.04	Allowance for doubtful accounts	(710)	(753)
7.02	Inputs purchased from third parties	(42,144)	(38,151)
7.02.02	Supplies, power, outside services and other items	(42,144)	(38,151)
7.03	Gross value added	127,353	26,599
7.04	Retentions	(538)	(544)
7.04.01	Depreciation, amortization and depletion	(538)	(544)
7.05	Net value added generated	126,815	26,055
7.06	Value added received in transfer	81,046	114,103
7.06.01	Results from equity participation	70,181	104,838
7.06.02	Financial income	10,865	9,265
7.07	Total value added for distribution	207,861	140,158
7.08	Value added distributed	207,861	140,158
7.08.01	Personnel	10,662	9,361
7.08.01.01	Salaries and wages	8,967	7,785
7.08.01.02	Benefits	1,374	1,204
7.08.01.03	Severance Pay Fund (FGTS)	321	372
7.08.02	Taxes, charges and contributions	70,503	31,783
7.08.02.01	Federal	70,197	31,593
7.08.02.02	State	-	4
7.08.02.03	Municipal	306	186
7.08.03	Debt remuneration	21,755	46,827
7.08.03.01	Interest	20,988	45,506
7.08.03.02	Rentals	-	1,295
7.08.03.03	Other	767	26
7.08.03.03.01	Leases	755	12
7.08.03.03.02	Others	12	14
7.08.04	Shareholders	104,941	52,187
7.08.04.03	Earnings retained in the period	104,941	52,187

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR – 9/30/2020 - LOG Commercial Properties e Participações S.A.

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

Code	Description	Current Quarter	Previous year
		9/30/2020	12/31/2019
1	Total assets	4,100,964	3,988,727
1.01	Current assets	731,594	872,038
1.01.01	Cash and cash equivalents	377,182	507,388
1.01.03	Receivables	32,071	49,709
1.01.03.01	Trade receivables	32,071	49,709
1.01.06	Recoverable taxes	7,466	6,409
1.01.06.01	Recoverable current taxes	7,466	6,409
1.01.07	Prepaid expenses	2,658	1,489
1.01.08	Other current assets	312,217	307,043
1.01.08.03	Other	312,217	307,043
1.01.08.03.01	Marketable securities	310,803	303,609
1.01.08.03.02	Others	1,414	3,434
1.02	Noncurrent assets	3,369,370	3,116,689
1.02.01	Long-term assets	252,020	229,329
1.02.01.04	Receivables	43,889	38,848
1.02.01.04.01	Trade receivables	43,889	38,848
1.02.01.07	Deferred taxes	24,673	99,359
1.02.01.07.01	Deferred income tax and social contribution	24,673	99,359
1.02.01.08	Prepaid expenses	5,260	5,043
1.02.01.10	Other noncurrent assets	178,198	86,079
1.02.01.10.01	Noncurrent assets available for sale	146,353	36,998
1.02.01.10.03	Marketable securities	2,974	2,936
1.02.01.10.04	Derivative financial instruments	2,677	70
1.02.01.10.05	Recoverable taxes	20,241	28,255
1.02.01.10.06	Others	5,953	17,820
1.02.02	Investments	3,110,499	2,880,388
1.02.02.01	Investments in subsidiaries and joint ventures	321,833	306,253
1.02.02.01.04	Investments in joint ventures	321,833	306,253
1.02.02.02	Investment property	2,788,666	2,574,135
1.02.03	Property and equipment	4,891	4,958
1.02.03.01	Property and equipment in use	4,891	4,958
1.02.04	Intangible assets	1,960	2,014
1.02.04.01	Intangible assets	1,960	2,014

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

Code	Description	Current Quarter 9/30/2020	Previous year 12/31/2019
2	Total liabilities	4,100,964	3,988,727
2.01	Current Liabilities	257,375	130,422
2.01.01	Labor and social liabilities	6,036	4,169
2.01.01.01	Social liabilities	771	829
2.01.01.02	Labor liabilities	5,265	3,340
2.01.02	Suppliers	13,196	8,501
2.01.02.01	Domestic trade accounts payable	13,196	8,501
2.01.03	Tax liabilities	8,500	6,886
2.01.03.01	Federal taxes	8,491	6,703
2.01.03.01.01	Income taxes and social contribution	3,061	2,955
2.01.03.01.02	Other federal taxes	5,430	3,748
2.01.03.03	Municipal taxes	9	183
2.01.04	Loans and financing	179,140	82,526
2.01.04.01	Loans and financing	3,191	8,833
2.01.04.01.01	Loans and financing in domestic currency	3,191	8,833
2.01.04.02	Debentures	175,949	73,693
2.01.05	Other liabilities	50,503	28,340
2.01.05.02	Other	50,503	28,340
2.01.05.02.02	Mandatory minimum dividend payable	-	21,423
2.01.05.02.04	Land payables	10,163	-
2.01.05.02.05	Advances - barter	36,212	1,550
2.01.05.02.06	Lease liability	189	168
2.01.05.02.07	Deferred taxes	1,778	1,763
2.01.05.02.08	Others	2,161	3,436
2.02	Noncurrent liabilities	786,165	904,082
2.02.01	Loans and financing	653,001	807,279
2.02.01.01	Loans and financing	21,879	42,221
2.02.01.01.01	Loans and financing in domestic currency	21,879	42,221
2.02.01.02	Debentures	631,122	765,058
2.02.02	Other liabilities	133,164	96,803
2.02.02.02	Other	133,164	96,803
2.02.02.02.03	Advances - barter	34,595	14,746
2.02.02.02.04	Deferred taxes	60,608	66,462
2.02.02.02.05	Land payables	27,667	-
2.02.02.02.06	Provisions for labor, tax and civil risks	1,694	1,808
2.02.02.02.07	Lease liability	4,231	4,097
2.02.02.02.08	Others	4,369	9,690
2.03	Equity	3,057,424	2,954,223
2.03.01	Paid-in capital	2,038,021	2,038,072
2.03.02	Capital reserves	(534)	707
2.03.02.04	Recognized options granted	4,183	3,346
2.03.02.05	Treasury shares	(2,078)	-
2.03.02.07	Share issuance costs	(2,639)	(2,639)
2.03.04	Earnings reserve	896,824	900,178
2.03.04.01	Legal reserve	27,185	27,185
2.03.04.05	Retained profit reserve	869,639	872,993
2.03.05	Retained earnings/accumulated losses	104,941	-
2.03.09	Noncontrolling interests	18,172	15,266

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR – 9/30/2020 - LOG Commercial Properties e Participações S.A.

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

Code	Description	7/1/2020 to 9/30/2020	1/1/2020 to 9/30/2020	7/1/2020 to 9/30/2019	1/1/2020 to 9/30/2019
3.01	Revenue from sales and/or services	36,138	105,184	32,441	93,340
3.02	Cost of services provided	(446)	(1,245)	(579)	(1,607)
3.03	Gross profit	35,692	103,939	31,862	91,733
3.04	Operating income (expenses)	111,785	96,569	40,680	30,059
3.04.01	Selling expenses	(2,633)	(7,668)	(2,263)	(6,536)
3.04.02	General and administrative expenses	(5,780)	(15,715)	(4,224)	(12,370)
3.04.04	Other operating incomes	123,841	124,614	67,614	68,360
3.04.04.01	Changes in the fair value of investment property	122,796	122,899	65,634	66,000
3.04.04.02	Other operating incomes	1,045	1,715	1,980	2,360
3.04.05	Other operating expenses	(4,079)	(6,460)	(4,437)	(5,825)
3.04.05.02	Other operating expenses	(4,079)	(6,460)	(4,437)	(5,825)
3.04.06	Results from equity participation	436	1,798	(16,010)	(13,570)
3.05	Income before financial income and taxes	147,477	200,508	72,542	121,792
3.06	Financial income (expenses)	(1,050)	(14,248)	(13,376)	(32,520)
3.06.01	Financial income	4,897	10,360	2,750	9,061
3.06.02	Financial expenses	(5,947)	(24,608)	(16,126)	(41,581)
3.07	Income before taxes	146,427	186,260	59,166	89,272
3.08	Income tax and social contribution	(80,185)	(80,575)	(36,070)	(36,650)
3.08.01	Current	(3,016)	(8,086)	(2,430)	(6,898)
3.08.02	Deferred	(77,169)	(72,489)	(33,640)	(29,752)
3.09	Net income (loss) from continuing operations	66,242	105,685	23,096	52,622
3.11	Net income (loss) for the period	66,242	105,685	23,096	52,622
3.11.01	Attributable to shareholders of the Company	65,994	104,941	22,892	52,187
3.11.02	Attributable to Non-controlling	248	744	204	435
3.99	Earnings per share (In Reais - R\$):	-	-	-	-
3.99.01	Basic	-	-	-	-
3.99.01.01	ON	0.65012	1.03277	0.31023	0.71997
3.99.02	Diluted	-	-	-	-
3.99.02.01	ON	0.64764	1.03010	0.30999	0.71961

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR – 9/30/2020 - LOG Commercial Properties e Participações S.A.

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

Code	Description	7/1/2020 to 9/30/2020	1/1/2020 to 9/30/2020	7/1/2020 to 9/30/2019	1/1/2020 to 9/30/2019
4.01	Net income for the period	66,242	105,685	23,096	52,622
4.02	Other comprehensive income	-	-	-	4,734
	Effect of change in relative interest in joint				
4.02.01	ventures	-	-	-	4,734
4.03	Comprehensive income for the period	66,242	105,685	23,096	57,356
4.03.01	Attributable to shareholders of the Company	65,994	104,941	22,892	56,921
4.03.02	Attributable to Non-controlling	248	744	204	435

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

Code	Description	1/1/2020 to 9/30/2020	1/1/2019 to 9/30/2019
6.01	Net cash used in operating activities	64,747	68,467
6.01.01	Cash provided by operating activities	71,240	66,545
6.01.01.01	Net income for the period	105,685	52,622
6.01.01.02	Depreciation	541	549
6.01.01.03	Results from equity participation	(1,798)	13,570
6.01.01.04	Financial results	14,248	32,520
6.01.01.05	Deferred taxes	68,873	29,875
6.01.01.06	Stock options	837	403
6.01.01.07	Amortization of prepaid expenses	1,067	1,370
6.01.01.08	Allowance for doubtful accounts	1,000	1,421
6.01.01.10	Changes in the fair value of investment property	(119,213)	(65,785)
6.01.02	Changes in assets and liabilities	(6,493)	1,922
6.01.02.01	(Increase) decrease in trade accounts receivable	(12,385)	(7,204)
6.01.02.02	(Increase) decrease in recoverable taxes	6,957	2,040
6.01.02.03	(Increase) decrease in prepaid expenses	(2,453)	(775)
6.01.02.04	(Increase) decrease in other assets	4,617	(8,792)
6.01.02.05	Increase (decrease) in payroll, social charges and benefits	1,867	1,453
6.01.02.06	Increase (decrease) in taxes, charges and contributions	9,343	7,338
6.01.02.07	Increase (decrease) in other liabilities	(6,710)	1,162
6.01.02.09	Income tax and social contribution paid	(7,729)	(6,300)
6.01.02.10	Dividends received from subsidiaries	-	13,000
6.02	Net cash provided (used) in investing activities	(80,817)	(183,184)
6.02.01	Increase in / Acquisition of investments	(4,512)	(5,045)
6.02.02	Acquisition of investment properties	(91,642)	(130,881)
6.02.04	Increase in marketable securities	(213,834)	(334,671)
6.02.05	Decrease in marketable securities	205,323	276,141
6.02.06	Receipts from subsidiary sale and purchase cancellation	23,982	11,872
6.02.07	Other	(134)	(600)
6.03	Net cash provided (used in) by financing activities	(114,136)	73,575
6.03.01	Loans, financing and debentures	-	329,218
6.03.02	Amortization of loans, financing and debentures	(55,737)	(253,208)
6.03.03	Interest paid	(33,282)	(86,668)
6.03.04	Shareholders' contributions	-	100,260
6.03.05	Share issuance costs	(77)	(3,178)
6.03.08	(Distributions to) Contributions from noncontrolling shareholders	(440)	(5)
6.03.09	Dividends paid	(21,423)	(10,328)
6.03.11	(Payment) Receipt on derivative financial instrument	-	(2,426)
6.03.12	Lease payments	(347)	(90)
6.03.13	Treasury shares purchased	(18,597)	-
6.03.14	Treasury shares sold	15,669	-
6.03.15	Proceeds from exercised stock options	98	-
6.05	Increase (decrease) in cash and cash equivalents	(130,206)	(41,142)
6.05.01	Cash and cash equivalents at beginning of period	507,388	150,488

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR – 9/30/2020 - LOG Commercial Properties e Participações S.A.

Consolidated / Statement of Changes in Equity – 1/1/2020 to 9/30/2020
 (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	Equity attributable to Company owners	Non-controlling interest	Total
5.01	Opening balance	2,038,072	707	900,178	-	-	2,938,957	15,266	2,954,223
5.03	Adjusted opening balance	2,038,072	707	900,178	-	-	2,938,957	15,266	2,954,223
5.04	Shareholders capital transaction	(51)	(1,241)	(752)	-	-	(2,044)	(440)	(2,484)
5.04.01	Capital increase	(51)	-	-	-	-	(51)	-	(51)
5.04.04	Treasury shares purchased	-	(18,597)	-	-	-	(18,597)	-	(18,597)
5.04.10	Net contributions from (distribution to) noncontrolling shareholders	-	-	-	-	-	-	(440)	(440)
5.04.13	Treasury shares sold	-	15,669	-	-	-	15,669	-	15,669
5.04.14	Treasury shares transferred	-	752	(752)	-	-	-	-	-
5.04.15	Treasury shares disposed to beneficiaries of stock option plan	-	98	-	-	-	98	-	98
5.04.16	Stock Options	-	837	-	-	-	837	-	837
5.05	Total comprehensive income	-	-	(2,602)	104,941	-	102,339	3,346	105,685
5.05.01	Net income (loss) for the period	-	-	-	104,941	-	104,941	744	105,685
5.05.02	Other comprehensive income	-	-	(2,602)	-	-	(2,602)	2,602	-
5.05.02.07	Capital transaction	-	-	(2,602)	-	-	(2,602)	2,602	-
5.07	Closing balance	2,038,021	(534)	896,824	104,941	-	3,039,252	18,172	3,057,424

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR – 9/30/2020 - LOG Commercial Properties e Participações S.A.

Consolidated / Statement of Changes in Equity – 1/1/2019 to 9/30/2019
 (In thousands of Brazilian reais – R\$)

Code	Description	Paid-in capital	Capital reserves, granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Equity attributable to Company owners	Non-controlling interest	Total
5.01	Opening balance	1,315,841	84	836,078	-	(4,734)	2,147,269	12,354	2,159,623
5.03	Adjusted opening balance	1,315,841	84	836,078	-	(4,734)	2,147,269	12,354	2,159,623
5.04	Shareholders capital transaction	100,260	(1,695)	-	-	-	98,565	(5)	98,560
5.04.01	Capital increase	100,260	(2,098)	-	-	-	98,162	-	98,162
5.04.03	Recognized options granted	-	403	-	-	-	403	-	403
5.04.10	Net contributions from (distribution to) noncontrolling shareholders	-	-	-	-	-	-	(5)	(5)
5.05	Total comprehensive income	-	-	(4,679)	52,187	4,734	52,242	435	52,677
5.05.01	Net income (loss) for the period	-	-	-	52,187	-	52,187	435	52,622
5.05.02	Other comprehensive income	-	-	(4,679)	-	4,734	55	-	55
5.05.02.06	Effect of change in relative interest in joint ventures	-	-	(4,679)	-	4,734	55	-	55
5.07	Closing balance	1,416,101	(1,611)	831,399	52,187	-	2,298,076	12,784	2,310,860

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR – 9/30/2020 - LOG Commercial Properties e Participações S.A.

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

Code	Description	1/1/2020 to 9/30/2020	1/1/2019 to 9/30/2019
7.01	Revenue	340,304	328,401
7.01.01	Revenues from sales of goods, services and products	110,573	98,802
7.01.02	Other revenue	118,080	66,246
7.01.02.01	Other revenue	(1,133)	461
7.01.02.02	Changes in the fair value of investment property	119,213	65,785
7.01.03	Revenue from construction of own assets	112,667	164,774
7.01.04	Allowance for doubtful accounts	(1,016)	(1,421)
7.02	Inputs purchased from third parties	(109,254)	(143,920)
7.02.02	Supplies, power, outside services and other items	(109,254)	(143,920)
7.03	Gross value added	231,050	184,481
7.04	Retentions	(541)	(549)
7.04.01	Depreciation, amortization and depletion	(541)	(549)
7.05	Net value added generated	230,509	183,932
7.06	Value added received in transfer	12,633	(4,091)
7.06.01	Results from equity participation	1,798	(13,570)
7.06.02	Financial income	10,835	9,479
7.07	Total value added for distribution	243,142	179,841
7.08	Value added distributed	243,142	179,841
7.08.01	Personnel	16,410	13,766
7.08.01.01	Salaries and wages	13,545	10,997
7.08.01.02	Benefits	2,264	2,195
7.08.01.03	Severance Pay Fund (FGTS)	601	574
7.08.02	Taxes, charges and contributions	86,110	47,516
7.08.02.01	Federal	85,503	47,290
7.08.02.02	State	-	6
7.08.02.03	Municipal	607	220
7.08.03	Debt remuneration	34,937	65,937
7.08.03.01	Interest	29,116	58,967
7.08.03.02	Rentals	5,752	6,873
7.08.03.03	Other	69	97
7.08.03.03.01	Leases	-	14
7.08.03.03.02	Others	69	83
7.08.04	Shareholders	105,685	52,622
7.08.04.03	Earnings retained in the period	104,941	52,187
7.08.04.04	Profit attributable to non-controlling interests	744	435

(Free translation to English of Financial Statements Originally Issued in Portuguese)

LOG Commercial Properties e Participações S.A.

Notes to the Interim Condensed Financial Statements

September 30, 2020

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



1. General information

LOG Commercial Properties e Participações S.A. ("Company") is a publicly traded corporation listed in B3 S.A (B3) under ticker LOGG3, with its head office at 621 Professor Mário Werneck Ave., 10^o floor, Belo Horizonte city, Minas Gerais, with CNPJ (taxpayer identification number) nº 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, lease 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 lease (operating leases) of industrial warehouses and development and sale of industrial lots. On January 1st, 2019, the Company began providing management services for its own condominiums, previously outsourced to companies operating in that business. Delivered and managed projects are located in the States of Minas Gerais, São Paulo, Espírito Santo, Paraná, Rio de Janeiro, Goiás, Ceará, Sergipe and Bahia.

In 2019, capital increases in the total amount of R\$738,135 were made in the Company, through the issuance of 32,930 thousand new common shares, registered, book-entry and with no par value.

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, 2019.

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, 2019.

2.3 Adoption of new standards

The following standards and interpretations had not significant impact on Group's consolidated financial statements when they came into force.

- Amendment to references to conceptual framework in IFRS standards
- Definition of a business (Amendments to CPC 15 - IFRS 3)
- Definition of material (Amendments to CPC 26 - IAS 1 e CPC 23 - IAS 8)
- IFRS 17 Insurance contracts

3. Cash and cash equivalents and marketable securities

Breakdown is as follows:

	Consolidated		Individual	
	9/30/20	12/31/19	9/30/20	12/31/19
Cash and cash equivalents:				
Cash	5	8	1	4
Bank accounts	880	1,612	687	97
Short-term investments:				
Bank certificates of deposit (CDB)	374,341	306,090	374,265	306,090
Unrestricted investment funds	1,956	199,678	1,956	199,678
Total cash and cash equivalents	377,182	507,388	376,909	505,869

	Consolidated		Individual	
	9/30/20	12/31/19	9/30/20	12/31/19
Marketable securities:				
Restricted investment funds (i)	146,586	45,516	146,492	45,479
Unrestricted investment funds (ii)	166,992	170,720	164,218	167,982
Bank certificates of deposit (CDB) (ii)	199	90,309	-	90,111
Total marketable securities	313,777	306,545	310,710	303,572
Current	310,803	303,609	310,710	303,572
Noncurrent	2,974	2,936	-	-
	313,777	306,545	310,710	303,572

- The Group established a restricted investment fund, managed by first-rate banks, responsible for the custody of the assets and financial settlement of its transactions. The established fund is highly liquid and aim at yielding interest equivalent to CDI. The fund invests in government and other banks securities and in others unrestricted investment funds, which in turn invest primarily in fixed-income securities.
- Include R\$2,775 pledged as collateral for "Plano empresario" program loans, working capital and debentures.
- Given as collateral for loans, financing and debentures, infrastructure works and others.

Short-term investments and marketable securities include interest income earned, equivalent to 52.86% of CDI in Consolidated and 52.79% of CDI in Individual in the nine-month period ended September 30, 2020 (102.64% of CDI in Consolidated and 102.72% of CDI in Individual for the same period of 2019).

The Company maintains the balance of cash and cash equivalents for the strategic purpose of being able to meet short-term commitments and maintain adequate liquidity in order to take advantage of investment opportunities in the properties market.

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

	Consolidado		Individual	
	30/09/20	31/12/19	30/09/20	31/12/19
Certificados de depósitos bancários (CDB)	1,024	266	1,024	266
Operações compromissadas	7,389	1,346	7,389	1,344
Cotas de fundos não exclusivos	75,902	40,483	75,809	40,450
Debêntures	25,314	175	25,314	175
Letras financeiras	18,505	3,057	18,505	3,055
Títulos públicos	18,452	189	18,451	189
Total	146,586	45,516	146,492	45,479

The Company assessed the credit risk of the counterparty of its financial investments as described in Note 18.

4. Trade receivables

Trade receivables are broken down as follows:

	Consolidated		Individual	
	9/30/20	12/31/19	9/30/20	12/31/19
Rentals	49,063	41,674	14,966	9,291
Sale of partial equity interest	20,230	43,317	20,230	43,317
Condominium administration	401	361	401	361
Other	15,200	11,139	14,231	11,122
	84,894	96,491	49,828	64,091
Allowance for credit risk	(8,934)	(7,934)	(2,727)	(1,995)
Total	75,960	88,557	47,101	62,096
Current	32,071	49,709	15,037	34,456
Noncurrent	43,889	38,848	32,064	27,640
	75,960	88,557	47,101	62,096

Trade receivables from the sale of equity interest is as follows:

	Consolidated and Individual	
	9/30/20	12/31/19
LOG SJC (Note 17)	21,460	29,760
LOG Curitiba (Note 5 (a))	-	15,398
	21,460	45,158
Adjustment to present value	(1,230)	(1,841)
Total	20,230	43,317
Current	6,363	26,016
Noncurrent	15,097	19,142
	21,460	45,158

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

The table below shows the aging list of trade receivables:

	Consolidated		Individual	
	9/30/20	12/31/19	9/30/20	12/31/19
In due:				
Up to 12 months	32,333	48,000	15,095	33,787
After 12 months	43,889	38,848	32,064	27,640
	76,222	86,848	47,159	61,427
Past due:				
Up to 30 days	178	379	366	117
31 to 90 days	1,564	1,921	924	757
More than 90 days	6,930	7,343	1,379	1,790
	8,672	9,643	2,669	2,664
Total	84,894	96,491	49,828	64,091

Changes in the allowance for credit risk for the nine-month period ended September 30, 2020 and 2019 are as follows:

	Consolidado		Individual	
	Nove meses de		Nove meses de	
	2020	2019	2020	2019
Saldo inicial	(7,934)	(6,326)	(1,995)	(1,150)
Constituição (*)	(1,123)	(1,566)	(855)	(783)
Baixa	123	145	123	30
Saldo final	(8,934)	(7,747)	(2,727)	(1,903)

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

	Consolidated		Individual	
	9/30/20	12/31/19	9/30/20	12/31/19
12 months	130,982	130,110	38,228	25,037
13 to 24 months	110,351	94,386	32,304	16,339
25 to 36 months	93,001	80,537	26,906	11,962
37 to 48 months	66,651	67,740	17,095	10,094
49 to 60 months	56,182	52,638	12,372	4,100
After 60 months	159,151	182,339	26,954	8,720
Total	616,318	607,750	153,859	76,252

The Company assessed the credit risk of the counterparty of its trade receivable as described in Note 18.

Other information on trade receivables did not significantly change in relation to the information disclosed in Note 4 to the financial statements for the year ended December 31, 2019.

5. Investment in subsidiaries and joint ventures

a) Main information on each investment is summarized below:

	Equity interest		Information on investees		Investment	
			Equity			
	9/30/20	12/31/19	9/30/20	12/31/19	9/30/20	12/31/19
<u>Joint ventures:</u>						
Cabral	50.00%	50.00%	51,734	50,460	25,608	24,971
Torino	40.00%	40.00%	390,388	372,484	156,180	151,498
Loteamento Betim	50.00%	50.00%	117,802	97,081	58,901	48,541
LOG SJC Sony	64.97%	64.97%	105,371	105,359	68,460	68,452
Capitalized interest (a)			-	-	12,684	12,791
Total joint ventures - Consolidated			665,295	625,384	321,833	306,253
<u>Subsidiaries:</u>						
LOG I	99.99%	99.99%	144,589	145,277	144,575	145,262
LOG II	99.99%	99.99%	51,542	51,803	51,537	51,798
LOG Jundiaí	99.99%	99.99%	95,693	95,246	95,683	95,236
LOG Goiânia	99.90%	99.90%	150,906	150,419	150,755	150,269
LOG Hortolândia	99.99%	99.99%	138,379	139,615	138,365	139,601
LOG SJP	100.00%	99.99%	50,728	49,135	50,728	49,130
LOG Juiz de Fora	99.99%	99.99%	119,906	107,536	119,893	107,525
LOG Feira de Santana	99.99%	99.99%	37,807	37,618	37,803	37,614
LOG Fortaleza	99.99%	99.99%	128,501	242,682	128,488	242,658
LOG Via Expressa	99.99%	99.99%	165,548	163,765	165,531	163,749
LOG Viana	99.99%	99.99%	139,627	137,799	139,613	137,785
LOG Londrina	99.99%	99.99%	112,504	111,897	112,493	111,886
LOG Itatiaia	99.99%	99.99%	66,175	66,907	66,168	66,900
LOG Rio	0.00%	99.99%	-	151,320	-	151,305
LOG Aracajú	99.99%	99.99%	72,627	71,325	72,620	71,318
LOG BTS Extrema	90.06%	91.50%	182,821	179,859	164,650	164,571
LOG Uberaba	99.00%	99.00%	29,863	10,620	29,564	10,514
LOG Sumaré	99.99%	99.99%	19	20	19	20
LOG SJRP	99.99%	99.99%	24,489	23,498	24,487	23,496
LOG Macaé	99.99%	99.99%	14,220	13,912	14,219	13,911
LOG RP	99.99%	99.99%	52,697	51,198	52,692	51,193
LDI	100.00%	100.00%	627	454	627	454
LE Empreendimentos	99.00%	99.00%	224	100	221	99
Total subsidiaries			1,779,492	2,002,005	1,760,731	1,986,294
Total Individual			2,444,787	2,627,389	2,082,564	2,292,547

	Information on investees				Results from equity participation for the			
	Net income (loss) for the							
	3 rd quarter of		Nine months of		3 rd quarter of		Nine months of	
	2020	2019	2020	2019	2020	2019	2020	2019
Joint ventures:								
Cabral	410	(34,481)	1,274	(32,407)	205	(17,240)	637	(16,203)
Torino	531	2,643	2,370	5,518	212	1,057	948	2,236
Loteamento Betim	88	543	630	1,628	44	272	315	814
LOG SJC Sony	(12)	(12)	8	(98)	(8)	(12)	5	(88)
Capitalized interest (a)	-	-	-	-	(17)	(87)	(107)	(274)
Other	-	-	-	-	-	-	-	(55)
Total joint ventures -								
Consolidated	1,017	(31,307)	4,282	(25,359)	436	(16,010)	1,798	(13,570)
Subsidiaries:								
LOG I	1,300	29,007	5,581	34,693	1,299	29,004	5,580	34,690
LOG II	(122)	585	966	1,637	(122)	585	966	1,637
LOG Jundiá	779	852	3,085	2,748	779	852	3,085	2,747
LOG Goiânia	(2,403)	26,500	888	32,065	(2,401)	26,474	887	32,033
LOG Hortolândia	1,764	1,415	4,529	4,112	1,764	1,415	4,529	4,111
LOG SJP	486	290	1,297	958	486	290	1,297	958
LOG Juiz de Fora	1,378	424	4,284	1,368	1,377	424	4,283	1,368
LOG Feira de Santana	482	393	1,275	(608)	482	393	1,275	(608)
LOG Fortaleza	5,917	3,213	12,591	7,349	5,917	3,213	12,590	7,348
LOG Via Expressa	2,101	402	6,024	1,817	2,100	402	6,023	1,817
LOG Viana	848	40,862	4,867	46,578	848	40,858	4,867	46,573
LOG Londrina	2,157	952	763	3,493	2,157	952	763	3,493
LOG Itatiaia	320	52	481	792	320	52	481	792
LOG Rio	11,140	1,549	15,015	5,311	11,140	1,549	15,015	5,310
LOG Aracajú	634	370	1,402	2,498	634	370	1,402	2,498
LOG BTS Extrema	2,497	2,083	7,608	4,735	2,253	1,906	6,867	4,333
LOG Uberaba	275	153	621	487	272	151	615	482
LOG Sumaré	-	-	(1)	-	-	-	(1)	-
LOG SJRP	128	272	570	851	128	272	570	851
LOG Macaé	(12)	384	99	937	(12)	384	99	937
LOG RP	296	622	1,308	1,977	295	622	1,307	1,976
LOG Curitiba (b)	-	(21,106)	-	(19,979)	-	(21,104)	-	(19,977)
LDI	1	11	(12)	17	1	11	(12)	17
LE Empreendimentos	(12)	(12)	(42)	(57)	(12)	(12)	(42)	(57)
Capitalized interest (a)	-	-	-	-	(936)	(3,839)	(4,063)	(14,921)
Total subsidiaries	29,954	89,273	73,199	133,779	28,769	85,224	68,383	118,408
Total Individual	30,971	57,966	77,481	108,420	29,205	69,214	70,181	104,838

- (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 in investees (Note 2.2 (f) to the financial statements for the year ended December 31, 2019).
- (b) Sale of SPE LOG Curitiba shares as described below.

On July 17, 2019, the Company and LDI LOG Desenvolvimento Imobiliário Ltda. entered into an agreement to sell the entire equity interest in subsidiary LOG Curitiba I SPE Ltda. (LOG Curitiba), which owns a land located in the same city, for R\$30,800, to be received in 12 equal and consecutive installments, the first on the signatures contract date and the rest in subsequent months. This operation generated a loss of R\$22,895, of which R\$21,100 was recorded under the caption "Changes in the fair value of investment property", arising from the remeasurement of the fair value of the subsidiary's assets before sale, and R\$1,795 related to the sale commission, recorded in "Other operating income (expenses), net".

b) Joint ventures:

Summarized financial information of the joint ventures is as follows:

	Cabral		Torino		Loteamento Betim		LOG SJC Sony	
	9/30/20	12/31/19	9/30/20	12/31/19	9/30/20	12/31/19	9/30/20	12/31/19
Cash and cash equivalents and marketable securities	10,908	9,971	8,331	10,173	208	86	17	3
Trade receivables	308	193	-	-	1,260	1,938	-	-
Inventories	-	-	-	-	18,990	27,847	-	-
Other current assets	6	8	411	300	129	133	1	-
Total current	11,222	10,172	8,742	10,473	20,587	30,004	18	3
Trade receivables	470	539	-	-	2,432	2,616	-	-
Inventories	-	-	-	-	100,387	81,738	-	-
Investment property	41,403	41,626	392,325	373,100	-	-	109,000	109,000
Other noncurrent assets	1	1,444	468	472	-	-	-	-
Total noncurrent assets	41,874	43,609	392,793	373,572	102,819	84,354	109,000	109,000
Total assets	53,096	53,781	401,535	384,045	123,406	114,358	109,018	109,003
Current liabilities	911	2,860	793	1,178	5,565	1,508	3	-
Noncurrent liabilities	451	461	10,354	10,383	39	15,769	3,644	3,644
Equity	51,734	50,460	390,388	372,484	117,802	97,081	105,371	105,359
Liabilities and equity	53,096	53,781	401,535	384,045	123,406	114,358	109,018	109,003

	Cabral		Torino		Loteamento Betim		LOG SJC Sony	
	Nine months of		Nine months of		Nine months of		Nine months of	
	2020	2019	2020	2019	2020	2019	2020	2019
Operating revenue	1,119	656	4,913	6,077	1,845	5,657	-	-
Cost of products and services	-	-	-	-	(1,133)	(3,752)	-	-
Other operating expenses	190	(34,012) (*)	(2,092)	(1,340)	(30)	(43)	24	(97)
Financial income (expenses)	198	418	145	2,242	(3)	2	(1)	(1)
of investment property	-	717	-	-	-	-	-	-
Income tax and social contribution	(233)	(186)	(596)	(1,461)	(49)	(236)	(15)	-
Net income (loss)	1,274	(32,407)	2,370	5,518	630	1,628	8	(98)

(*) Loss on sale of equity interest in Shopping Contagem, as described above.

c) Changes in the balances of investments in subsidiaries and joint ventures in the nine-month period ended September 30, 2020 and 2019 are as follows:

	Startup date	Opening balances	Capital contributions (reversals)	Results from equity participation	Dividends received	Other	Closing balances
Nine-month period ended September 30, 2020:							
Joint ventures:							
Cabral	11/13	24,971	-	637	-	-	25,608
Torino	4/15	151,498	3,734	948	-	-	156,180
Loteamento Betim	3/18	48,541	775	315	-	9,270	58,901
LOG SJC Sony	-	68,452	3	5	-	-	68,460
Capitalized interest (a)		12,791	-	(107)	-	-	12,684
Total joint ventures - Consolidated		306,253	4,512	1,798	-	9,270	321,833
Subsidiaries:							
LOG I	2/09	145,262	3,482	5,580	(9,749)	-	144,575
LOG II	3/11	51,798	283	966	(1,510)	-	51,537
LOG Jundiáí	4/11	95,236	681	3,085	(3,319)	-	95,683
LOG Goiânia	4/12	150,269	4,561	887	(4,962)	-	150,755
LOG Hortolândia	9/12	139,601	785	4,529	(6,550)	-	138,365
LOG SJP	4/13	49,130	301	1,297	-	-	50,728
LOG Juiz de Fora	6/13	107,525	8,951	4,283	(866)	-	119,893
LOG Feira de Santana	6/13	37,614	385	1,275	(1,471)	-	37,803
LOG Fortaleza (b)	8/13	242,658	1,108	12,590	(11,322)	(116,546)	128,488
LOG Via Expressa	11/13	163,749	917	6,023	(5,158)	-	165,531
LOG Viana	4/14	137,785	2,750	4,867	(5,789)	-	139,613
LOG Londrina	6/14	111,886	2,960	763	(3,116)	-	112,493
LOG Itatiaia	7/14	66,900	383	481	(1,596)	-	66,168
LOG Rio (b)	2/17	151,305	2,983	15,015	(3,123)	(166,180)	-
LOG Aracajú	10/18	71,318	741	1,402	(841)	-	72,620
LOG BTS Extrema (c)	10/19	164,571	-	6,867	(4,186)	(2,602)	164,650
LOG Uberaba	-	10,514	18,435	615	-	-	29,564
LOG Sumaré	-	20	-	(1)	-	-	19
LOG SJRP	-	23,496	421	570	-	-	24,487
LOG Macaé	-	13,911	209	99	-	-	14,219
LOG RP	-	51,193	192	1,307	-	-	52,692
LDI	-	454	185	(12)	-	-	627
LE Empreendimentos	-	99	164	(42)	-	-	221
Capitalized interest (a)		-	-	(4,063)	-	4,063	-
Total subsidiaries		1,986,294	50,877	68,383	(63,558)	(281,265)	1,760,731
Total Individual		2,292,547	55,389	70,181	(63,558)	(271,995)	2,082,564
Nine-month period ended September 30, 2019:							
Total Consolidated		342,794	5,045	(13,570)	(13,000)	1,055	322,324
Total Individual		2,257,123	209,018	104,838	(76,776)	(14,816)	2,479,387

- a) Adjustment in results from equity participation by the capitalized interest amount during the fiscal year, due to adoption of fair value measurement for investment property (Note 2.2 (f) to the financial statements for the year ended December 31, 2019).
- b) The amounts listed as "others" refer to the partial spin-off and merger operation by the Company referring to 50% of SPE LOG Fortaleza and full merger of SPE LOG Rio. SPE LOG Rio is part of the assets pool expected to be sold to the fund, as mentioned in Note 6.
- c) Other, refer to equity transaction regarding change in ownership interest according to investee's bylaws.

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, 2019.

6. Investment property

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

	Consolidated		Individual	
	9/30/20	12/31/19	9/30/20	12/31/19
Industrial warehouses	2,750,745	2,536,495	894,359	466,306
Strip malls	37,921	37,640	37,921	37,640
Total	2,788,666	2,574,135	932,280	503,946

Changes in balances of investment property for the nine-month period ended September 30, 2020 and 2019 were as follows:

	Consolidated		Individual	
	Nine months of		Nine months of	
	2020	2019	2020	2019
Opening balance	2,574,135	2,485,297	503,946	445,780
Additions	200,321	153,853	134,929	25,080
Spin-off and merger of assets	-	-	290,387	-
Capitalized interest (Note 8)	4,352	19,901	293	3,955
Transfer to assets available for sale	(124,355)	(202,000)	(124,355)	-
Sale of partial equity interest in subsidiary (Note 5(a))	-	(32,579)	-	-
Changes in fair value	134,213	65,785	127,080	-
Closing balance	2,788,666	2,490,257	932,280	474,815

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

	Consolidated		Individual	
	Nine months of		Nine months of	
	2020	2019	2020	2019
Changes in fair value of investment property	134,213	65,785	127,080	-
Deferred PIS/COFINS	3,686	215	4,813	-
Changes in fair value of investment property in profit or loss	137,899	66,000	131,893	-

Fair value of the investment properties has been determined at September 30, 2020, as follows:

- Completed projects: the discounted cash flow assumptions described in the financial statements of December 31, 2019 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, 2019 were maintained, increased by the construction cost incurred in the nine-month period ended September 30, 2020, 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, 2019 were maintained, increased by the construction costs incurred in the nine-month period ended September 30, 2020.
- Acquisition of new plot land: stated at the acquisition cost increased by the construction costs incurred in the nine-month period ended September 30, 2020, when applicable.

In the third quarter of 2020, the fair value of three of the Company's assets was remeasured, due to the expected sale to Fundo LOG CP Inter Fundo de Investimento Imobiliário and four new assets, which were previously measured at acquisition cost were measured at fair value using the discounted cash flow technique. These updates represented a net gain of fair value of R\$123 million, recognized in the caption "Changes in fair value of investment properties" in the income statement. The valuations were carried out by external advisors and assets expected to be traded were adjusted to the negotiated prices and were reclassified to the caption "Non-current assets held for sale" as shown below, and its gain was recorded at the lowest value between the appraisal reports and values actually negotiated. On September 15, 2020, the Company entered into Sale Agreements with the aforementioned fund for the sale of minority interests in five Company's assets, being these; LOG Goiânia, LOG Contagem I, LOG Viana, LOG Rio and LOG Gaiolli for R\$146 million and its completion is expected for fourth quarter of 2020. The other assets were reviewed internally, without material net effects, considering the priorities in the Company's strategic investment plan.

See Note 22 for management's assessments and conclusions regarding the potential effects of COVID-19.

Significant changes in the discount and divestment rates considered for fair value calculation of completed and under construction projects, could cause significant changes in the fair value of investment properties. As at September 30, 2020, from the total amount of investment property, R\$1,848,810 has been pledged as collateral for loans, financing and debentures of the Company and its subsidiaries (R\$1,835,263 as at December 31, 2019).

Non-current assets held for sale

Changes in balances of non-current assets held for sale for the nine-month period ended September 30, 2020 and 2019 were as follows:

	Consolidated		Individual	
	Nine months of		Nine months of	
	2020	2019	2020	2019
Opening balance	36,998	-	36,998	-
Transfer of investment property	124,355	202,000	124,355	-
Changes in fair value	(15,000)	-	(15,000)	-
Closing balance	146,353	202,000	146,353	-

Effects of changes in the fair value of non-current assets held for sale on profit or loss are as follows:

	Consolidated		Individual	
	Nine months of		Nine months of	
	2020	2019	2020	2019
Changes in fair value of non-current assets held for sale	(15,000)	-	(15,000)	-

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, 2019.

7. Property and equipment

Changes in property and equipment for the nine-month period ended September 30, 2020 and 2019 are as follows:

	Opening balance	Adoption CPC 06 (R2) / IFRS 16	Addition	Closing balance
Consolidated				
Nine-month period ended September 30, 2020:				
<u>Cost:</u>				
Right-of-use (*)	4,387	-	286	4,673
Other (**)	1,760	-	-	1,760
Total cost	6,147	-	286	6,433
<u>Accumulated depreciation:</u>				
Right-of-use (*)	243	-	228	471
Other (**)	946	-	125	1,071
Total accumulated depreciation	1,189	-	353	1,542
Total property and equipment, net	4,958	-	(67)	4,891
Nine-month period ended September 30, 2019:				
Total property and equipment, net	970	3,676	36	4,682

	Opening balance	Adoption CPC 06 (R2) / IFRS 16	Addition	Closing balance
Individual				
Nine-month period ended September 30, 2020:				
<u>Cost:</u>				
Right-of-use (*)	4,387	-	286	4,673
Other (**)	1,548	-	-	1,548
Total cost	5,935	-	286	6,221
<u>Accumulated depreciation:</u>				
Right-of-use (*)	243	-	228	471
Other (**)	796	-	110	906
Total accumulated depreciation	1,039	-	338	1,377
Total property and equipment, net	4,896	-	(52)	4,844
Nine-month period ended September 30, 2019:				
Total property and equipment, net	888	3,676	52	4,616

(*) Rental agreement for the Company's headquarters (Note 17).
(**) Primarily, improvements in third party properties.

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

8. Loans, financing and debentures

a) Loans, financing and debentures

Loans, financing and debentures as at September 30, 2020 and December 31, 2019 are as follows:

Type	9/30/20			12/31/19
	Current	Noncurrent	Total	Total
<u>Individual:</u>				
Debenture - 8 th issue	16,754	-	16,754	29,463
Debenture - 10 th issue	22,478	53,929	76,407	75,820
Debenture - 11 th issue	14,864	7,286	22,150	29,277
Debenture - 12 th issue	10,035	62,501	72,536	80,063
Debenture - 13 th issue	81,548	-	81,548	81,165
Debenture - 14 th issue	1,442	150,000	151,442	150,929
Debenture - 15 th issue	7,037	50,750	57,787	63,056
Debenture - 16 th issue	18,207	63,636	81,843	104,882
Debenture - 17 th issue	100	230,000	230,100	233,391
(-) Funding cost	(2,583)	(4,519)	(7,102)	(9,296)
Total debentures - Individual	169,882	613,583	783,465	838,750
Construction financing	6,171	17,864	24,035	27,977
(-) Funding cost	(104)	(325)	(429)	(513)
Total loans and financing - Individual	6,067	17,539	23,606	27,464
Total Individual	175,949	631,122	807,071	866,214
<u>Subsidiaries:</u>				
Construction financing (*)	3,301	22,287	25,588	24,196
(-) Funding cost	(110)	(408)	(518)	(605)
Total loans and financing - Subsidiaries	3,191	21,879	25,070	23,591
Total Consolidated	179,140	653,001	832,141	889,805

(*) Measured at fair value through profit or loss, according to hedge accounting methodology, refer to Note 18 (a).

The main features of 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 - 8 th issue	60	12/15	Quarterly	Quarterly	11/17 to 8/21	119% CDI	119% CDI + 0.29%
Debenture - 10 th issue	100,000	12/17	Semiannual	Semiannual	12/20 to 12/23	CDI + 1.60%	CDI + 1.77%
Debenture - 11 th issue	51,000	12/17	Semiannual	Semiannual	12/18 to 12/21	CDI + 2.00%	CDI + 2.23%
Debenture - 12 th issue	10,000	12/17	Monthly	Monthly	1/18 to 12/27	CDI + 2.25%	CDI + 2.42%
Debenture - 13 th issue	81,000	7/18	Bullet payment	Semiannual	6/21	108% CDI	108% CDI + 0.87%
Debenture - 14 th issue	15,000	11/18	Semiannual	Semiannual	11/21 to 11/23	117% CDI	117% CDI + 0.26%
Debenture - 15 th issue	70,000	12/18	Monthly	Monthly	1/19 to 12/28	CDI + 1.35%	CDI + 1.71%
Debenture - 16 th issue	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%
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, registered and book-entry.

Changes in loans, financing and debentures were as follows:

	Consolidated		Individual	
	Nine months of		Nine months of	
	2020	2019	2020	2019
Opening balance	889,805	940,313	866,214	770,502
Funding	-	331,854	-	330,051
Interest expense	26,257	54,891	24,543	47,083
Ajuste ao valor justo	2,733	-	-	-
Funding cost	-	(2,636)	-	(2,578)
Amortization of funding costs	2,365	5,965	2,280	3,809
Repayment of principal	(55,737)	(253,208)	(54,671)	(134,819)
Payment of interest	(33,282)	(86,435)	(31,295)	(47,319)
Closing balance	832,141	990,744	807,071	966,729

b) Guarantees

The types of guarantees for loans, financing and debentures as at September 30, 2020 are as follows:

	Consolidated		
	Construction financing	Debentures	Total
Collateral / receivables	49,623	790,567	840,190 (*)

(*) 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	
	9/30/20	12/31/19	9/30/20	12/31/19
<u>After the reporting period:</u>				
12 months	179,140	82,526	175,949	79,661
13 to 24 months	207,578	194,518	204,850	191,879
25 to 36 months	200,717	208,797	197,977	206,158
37 to 48 months	159,647	209,151	156,890	206,500
After 48 months	85,059	194,813	71,405	182,016
Total	832,141	889,805	807,071	866,214

d) Allocation of financial charges

Financial charges are capitalized as follows:

	Consolidated			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Financial charges on:				
Loans, financing and debentures	(7,142)	(28,622)	(21,645)	(60,856)
Derivative financial instruments	5	30	68	(377)
Total financial charges	(7,137)	(28,592)	(21,577)	(61,233)
Interest capitalized on:				
Investment property (Note 6)	1,134	4,352	5,552	19,901
Financial charges allocated to profit or loss (Note 16)	(6,003)	(24,240)	(16,025)	(41,332)

	Individual			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Financial charges on:				
Loans, financing and debentures	(6,567)	(26,823)	(18,234)	(50,892)
Derivative financial instruments	5	30	68	(377)
Total financial charges	(6,562)	(26,793)	(18,166)	(51,269)
Interest capitalized on:				
Investment property (Note 6)	200	293	1,713	3,955
Investment (Note 5)	936	4,063	3,839	14,921
Financial charges allocated to profit or loss (Note 16)	(5,426)	(22,437)	(12,614)	(32,393)

For the nine-month period ended September 30, 2020, total capitalized borrowing costs on loans, financing and debentures represented an average rate of 4.17% p.a. (8.22% p.a. for the same period of 2019).

e) Contractual obligations

The 14th public issue of debentures indenture provide for compliance with certain financial ratios covenants, determined and review by the fiduciary agent, as follows:

Description	Required level	Fiscal year
Net debt / Adjusted EBITDA	7 x	2020
	6.5 x	2021
	6 x	2022 onwards

Net debt is: (+) Debt with financial institutions; (+) marketable securities representing debt; (+) leasing; (+/-) derivatives net balance; (-) cash and cash equivalents, public securities, short-term investments and equivalents.

EBITDA is: (+/-) Net income / loss; (+/-) financial result; (+) income taxes; (+) depreciation and amortization; (+/-) unusual operations; (+/-) fair value of investments property; (+/-) fair value of associates.

As at September 30, 2020, the Company is in compliance with all covenants of the loan, financing and debenture agreements.

Other information on loans, financing and debentures did not significantly change in relation to the information disclosed in Note 8 to the financial statements for the year ended December 31, 2019.

9. Advances - barter

This balance refers to commitments arising from barter transactions under which the Group acquired land in exchange of industrial warehouses or ownership interest in the projects. The balances were recorded at fair values at the transaction dates, measured based on the sales price of the land obtained which was supported by technical reports. The commitments will be discharged by handing over the completed industrial warehouses.

10. 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			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Income (loss) before income tax and social contribution	146,427	186,260	59,166	89,272
Statutory rate - income tax and social contribution	34%	34%	34%	34%
Nominal expense	(49,785)	(63,328)	(20,116)	(30,352)
Effect of IRPJ and CSLL on permanent differences:				
Results from equity participation grossed of written-off capitalized interest	148	611	(5,443)	(4,614)
Unrecognized tax credit	(317)	(1,380)	(980)	(4,748)
Depreciation of investment property	683	2,862	1,374	4,100
Tax basis difference for companies taxes based on deemed income	7,832	18,241	29,198	39,258
Effect of the spin-off and merger of subsidiaries (*)	(40,772)	(40,772)	(39,134)	(39,134)
Fair value write-off on sale of investment	-	-	(599)	(599)
Other	2,026	3,191	(370)	(561)
IRPJ and CSLL credit (debit) in profit or loss	(80,185)	(80,575)	(36,070)	(36,650)

	Individual			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Income (loss) before income tax and social contribution	142,617	175,446	57,210	79,401
Statutory rate - income tax and social contribution	34%	34%	34%	34%
Nominal expense	(48,490)	(59,652)	(19,451)	(26,996)
Effect of IRPJ and CSLL on permanent differences:				
Results from equity participation grossed of written-off capitalized interest	10,248	25,243	24,838	40,718
Unrecognized tax credit	(317)	(1,380)	(980)	(4,748)
Depreciation of investment property	591	2,585	865	2,574
Effect of the spin-off and merger of subsidiaries (*)	(40,772)	(40,772)	(39,134)	(39,134)
Fair value write-off on sale of investment	-	-	(599)	(599)
Other	2,117	3,471	143	971
IRPJ and CSLL credit (debit) in profit or loss	(76,623)	(70,505)	(34,318)	(27,214)

(*) Spin-off and merger operation as mentioned in Note 5 (c).

On September 30, 2020, the Company did not to recognize deferred taxes on tax losses carryforwards of subsidiaries in the amount of R\$1,581 (R\$5,251 as of December 31, 2019).

- (b) Deferred tax balances

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

	Consolidated		Individual	
	9/30/20	12/31/19	9/30/20	12/31/19
Noncurrent assets:				
Income tax and social contribution	24,673	99,359	24,673	99,359
Liabilities:				
Income tax and social contribution	(29,227)	(31,451)	-	-
PIS/COFINS	(33,159)	(36,774)	-	-
	(62,386)	(68,225)	-	-
Current	(1,778)	(1,763)	-	-
Noncurrent	(60,608)	(66,462)	-	-
Total	(62,386)	(68,225)	-	-

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

	Consolidated		Individual	
	9/30/20	12/31/19	9/30/20	12/31/19
Tax effect on:				
Deferred assets:				
Tax loss carryforwards	72,709	60,876	72,210	59,697
Capitalized interests written-off (*)	99,691	99,691	99,691	99,691
Temporary differences	613	7,109	613	7,109
	173,013	167,676	172,514	166,497
Reclassified deferred liabilities	(148,340)	(68,317)	(147,841)	(67,138)
Deferred tax assets	24,673	99,359	24,673	99,359
Deferred liabilities:				
Fair value appreciation on investment property	(175,110)	(97,513)	(147,841)	(67,138)
Rental receivables and others	(2,529)	(2,255)	-	-
Financial income taxed on a cash basis	72	-	-	-
	(177,567)	(99,768)	(147,841)	(67,138)
Reclassified deferred liabilities	148,340	68,317	147,841	67,138
Deferred tax liabilities	(29,227)	(31,451)	-	-

(*) According to Note 2.2 (f) to the financial statements for the year ended December 31, 2019, 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 September 30, 2020, the estimated realization of deferred tax assets, based on the forecast of future taxable income, prepared by the Company's management, is as follows:

	IRPJ and CSLL	
	Consolidated	Individual
Expected realization:		
2020	1,541	1,541
2021	1,251	1,251
2022	471	471
2023	3,320	3,320
2024	513	513
2025 to 2027	7,184	7,184
2028 to 2029	10,393	10,393
Total	24,673	24,673

For the purpose of mentioned forecast, the assumptions described in the financial statements of December 31, 2019 were maintained.

As at September 30, 2020, 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 nine-month period ended September 30, 2020 and 2019 are as follows:

	Consolidated				Individual			
	Nine months of				Nine months of			
	2020		2019		2020		2019	
	Assets	Liabilities	Net	Net	Assets	Liabilities	Net	Net
Opening balance	167,676	(99,768)	67,908	97,786	166,497	(67,138)	99,359	125,769
Effect of the merger of subsidiary	-	-	-	-	-	(4,208)	(4,208)	-
Equity interest sale effect	-	-	-	815	-	-	-	-
Effect of deferred IRPJ and CSLL recognized in:								
Equity	27	-	27	1,080	27	-	27	1,080
Net income for the period	5,310	(77,799)	(72,489)	(29,752)	5,990	(76,495)	(70,505)	(27,214)
Closing balance	173,013	(177,567)	(4,554)	69,929	172,514	(147,841)	24,673	99,635

Other information on the income tax and social contribution is not significantly different from the information disclosed in Note 10 to the financial statements for the year ended December 31, 2019.

11. Provisions for labor, tax and civil risks

Changes for the nine-month period ended September 30, 2020 and 2019 are as follows:

	Consolidated		Individual	
	Nine months of		Nine months of	
	2020	2019	2020	2019
Opening balance	1,808	2,098	318	425
Additions and inflation adjustments	725	360	424	116
Payments	(568)	(317)	(448)	(140)
Reversals	(271)	(454)	(166)	(124)
Closing balance	1,694	1,687	128	277

The lawsuits assessed as possible losses by the legal counsel amounted to R\$4,997 in Consolidated and R\$480 in Individual as at September 30, 2020 (R\$5,672 in Consolidated and R\$286 in Individual as at December 31, 2019).

Other information on the provision for labor, tax and civil risks is not significantly different from the information disclosed in Note 11 to the financial statements for the year ended December 31, 2019.

12. Lease

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

As a lessee, the Group identified a rental agreement related to its headquarters.

Changes in lease liability for the nine-month period ended September 30, 2020 and 2019 are as follows:

	Consolidated and Individual	
	Nine months of	
	2020	2019
Opening balance	4,265	-
Initial adoption of CPC 06 (R2) / IFRS 16	-	3,676
Remeasurement	286	331
Interest expenses	216	233
Repayment of principal	(131)	(90)
Payment of interest	(216)	(233)
Closing balance	4,420	3,917
Current	189	132
Noncurrent	4,231	3,785
	4,420	3,917

The undiscounted contractual cash flows (gross lease liabilities) represent annual cash-outs of R\$472, ending February 2035.

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 rental. For these leases, lease expenses are recognized on a straight-line basis, when incurred. In nine-month period ended September 30, 2020, these leases represent R\$38 (R\$23 for the same period of 2019).

Other information on the lease is not significantly different from the information disclosed in Note 12 to the financial statements for the year ended December 31, 2019.

13. Equity

(a) Shares and capital

	Consolidated and Individual	
	9/30/20	9/30/19
Subscribed capital	2,053,976	2,053,976
Number of common shares, without par value (thousand)	102,159	102,159

The Company's authorized capital as at September 30, 2020 and 2019 is R\$2,500,000, represented exclusively by common shares and each share entitles its holder to one vote in shareholders meeting.

On September 06, 2019, the Board of Directors approved the capital increase in the amount of R\$59, through the issuance of 25 thousand registered common shares, with no par value, intended for the beneficiaries of the Company's stock option plan as follows.

On March 20, 2019, the Board of Directors approved the capital increase in the amount of R\$100,201, through the issuance of 4,555 registered, book-entry common shares with no par value, as shown below. The issue of the shares generated expenses in the amount of R\$2,989 (R\$1,973 net of tax effects), recorded in Equity under caption "Capital reserves – share issuance cost".

Date of approval	Description	Number of shares (thousand)	Total outstanding shares after issuance (thousand)	Unit price R\$	Total capital increase R\$'000	Share capital after capital increase R\$'000
Nine-month period ended September 30, 2019:						
9/6/19	Issue of new shares	25	73,809	2.39	59	1,416,101
3/20/19	Issue of new shares	4,555	73,784	22.00	100,201	1,416,042

(b) Mandatory minimum dividend payable to shareholders

Fiscal year 2019 dividends, amounting R\$21,423, were paid in May 29, 2020, as proposed by the Management sent to the Ordinary General Meeting to be held on April 16, 2020, when dividends will be approved.

Fiscal year 2018 dividends, amounting to R\$10,328, were approved at the Ordinary and Extraordinary Shareholders' Meeting held on April 30, 2019 and paid on June 12, 2019.

(c) Stock option plan

In April 16, 2020, was approved at the Ordinary and Extraordinary Shareholders' Meeting the amendment to the Company's Stock Option Plan, increasing the quantity of options in 1,000,000 (one million), from 892,000 to 1,892,000 options.

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

Program	Approval	Quantity	% of total approved in the plan	Vesting	Strike price	Participants	Initial exercise deadline	Exercise deadline (*)
1	6/11	-	-	Up to 5 year	R\$ 1.00	Officers	8/11	12/21
2	6/12	15,349	0.81%	Up to 5 year	R\$ 5.59	Officers	8/12	8/22
3	10/13	20,729	1.10%	Up to 5 year	R\$ 7.51	Officers and managers	12/13	12/23
4	11/14	20,729	1.10%	Up to 5 year	R\$ 7.51	Officers and managers	12/14	12/24
5	12/15	20,729	1.10%	Up to 5 year	R\$ 7.51	Officers and managers	12/15	12/25
6	4/18	267,000	14.11%	Up to 5 year	R\$ 22.00	Officers and managers	12/18	12/25
7	9/19	187,753	9.92%	Up to 5 year	R\$ 23.42	Officers and managers	12/19	12/26
8	6/20	653,216	34.52%	Up to 5 and 10 year	R\$ 21.62	Officers and managers	12/20	12/27 to 12/32

(*) After each plan's last vesting, the beneficiary has three additional exercise years. The programs 1 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 nine-month period ended September 30, 2020 and 2019 and supplemental information thereon:

Program	Number of participants	Changes in nine months of 2020 (thousand options)				
		Opening balance	Granted	Expired / forfeited	Exercised	Closing balance
1	1	45	-	-	(45)	-
2	2	22	-	(7)	-	15
3	3	28	-	(7)	-	21
4	3	28	-	(7)	-	21
5	3	28	-	(7)	-	21
6	4	352	-	(85)	-	267
7	16	226	-	(38)	-	188
8	18	-	653	-	-	653
		729	653	(151)	(45)	1,186
Weighted average price of options		22.26	21.62	23.49	4.00	22.44
Nine months of 2019 (thou. options):		528	226	-	(25)	729
Weighted average price of options		20.89	23.42	-	4.00	22.26

Program	Number of vested shares (thou.)	Compensation cost for the year	Unrecognized compensation cost	Remaining compensation cost period (in years)
1	-	-	-	-
2	15	-	-	-
3	21	-	-	-
4	21	-	-	-
5	21	-	-	-
6	27	52	503	2.3
7	9	162	609	3.3
8	-	623	6,631	9.4
2020	114	837	7,743	8.4
2019	146	403	2,066	3.8

(d) Treasury shares

On March 13, 2020, the Board of Directors approved for 18 months, starting on March 16, 2020, the Company's share buyback program (Repurchase Program), in the maximum amount of 4 million common shares, respecting the legal limits, for being held in treasury, canceled or re-placed on the market, or even allocated to the Stock Option Plans.

In the nine-month period ended September 30, 2020, 985 thousand shares in the amount of R\$18,597 were acquired, sold 424 thousand shares in the amount of R\$15,669 and transferred 45 thousand shares in the amount of R\$98, 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	
Nine months of 2020:									
Common shares	-	985	(424)	(45)	516	18.88	22.18	14.87	15,516

(*) Market value of shares remaining in treasury as at June 30, 2020.

(e) 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			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Basic earnings per share:				
Net income for the period	65,994	104,941	22,892	52,187
Weighted average number of outstanding common (thousand)	101,510	101,611	73,791	72,485
Basic earnings per share - in R\$	0.65012	1.03277	0.31023	0.71997
Diluted earnings per share:				
Net income for the period	65,994	104,941	22,892	52,187
Weighted average number of outstanding common (thousand)	101,510	101,611	73,791	72,485
Dilutive effect of stock options (thousand)	389	264	57	36
Total shares after dilutive effect (thousand)	101,899	101,875	73,848	72,521
Diluted earnings per share - in R\$	0.64764	1.03010	0.30999	0.71961

Other information on equity did not significantly change in relation to the information disclosed in Note 13 to the financial statements for the year ended December 31, 2019.

14. Net revenue

	Consolidated			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Lease revenue	36,879	107,442	33,378	95,991
Revenue from condominium management service	1,104	3,131	950	2,811
Taxes on revenue	(1,845)	(5,389)	(1,887)	(5,462)
Net revenue	36,138	105,184	32,441	93,340

	Individual			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Lease revenue	7,938	21,702	5,574	16,000
Revenue from condominium management service	1,104	3,131	950	2,811
Taxes on revenue	(885)	(2,406)	(632)	(1,832)
Net revenue	8,157	22,427	5,892	16,979

15. Costs and expenses by nature

	Consolidated			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Costs of services provided - condominium management	(446)	(1,245)	(579)	(1,607)
Operating expenses:				
Depreciation and amortization	(182)	(541)	(186)	(549)
Advertising	(345)	(1,122)	(353)	(973)
Salaries, charges and benefits	(3,183)	(8,085)	(2,126)	(6,213)
Management compensation	(1,120)	(3,136)	(746)	(1,998)
Outside services	(1,402)	(4,048)	(1,180)	(3,881)
General expenses	(884)	(2,778)	(913)	(2,570)
Stock options	(450)	(837)	(158)	(403)
Vacancy expenses	(847)	(2,836)	(825)	(2,319)
Other	(3,034)	(4,745)	(2,457)	(3,465)
	(11,447)	(28,128)	(8,944)	(22,371)
Classified as:				
Selling expenses	(2,633)	(7,668)	(2,263)	(6,536)
General and administrative expenses	(4,660)	(12,579)	(3,478)	(10,372)
Management compensation	(1,120)	(3,136)	(746)	(1,998)
Other operating expenses, net	(3,034)	(4,745)	(2,457)	(3,465)
	(11,447)	(28,128)	(8,944)	(22,371)

	Individual			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Costs of services provided - condominium management	(446)	(1,245)	(579)	(1,607)
Operating expenses:				
Depreciation and amortization	(181)	(538)	(183)	(544)
Advertising	(346)	(1,111)	(353)	(972)
Salaries, charges and benefits	(3,183)	(8,085)	(2,125)	(6,213)
Management compensation	(1,120)	(3,136)	(746)	(1,998)
Outside services	(801)	(2,226)	(514)	(1,752)
General expenses	(757)	(2,484)	(825)	(2,273)
Stock options	(450)	(837)	(158)	(403)
Vacancy expenses	(337)	(1,161)	(194)	(751)
Other	(2,808)	(4,070)	(2,286)	(2,550)
	(9,983)	(23,648)	(7,384)	(17,456)
Classified as:				
Selling expenses	(1,667)	(4,670)	(1,156)	(3,511)
General and administrative expenses	(4,388)	(11,772)	(3,196)	(9,397)
Management compensation	(1,120)	(3,136)	(746)	(1,998)
Other operating expenses, net	(2,808)	(4,070)	(2,286)	(2,550)
	(9,983)	(23,648)	(7,384)	(17,456)

16. Financial expenses and income

	Consolidated			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Financial expenses				
Interest on loans, financing and debentures (Note 8 (d))	(6,003)	(24,240)	(16,025)	(41,332)
Loss on derivative financial instruments	(30)	(156)	85	401
Other financial expenses	86	(212)	(186)	(650)
	(5,947)	(24,608)	(16,126)	(41,581)
Financial income				
Income from short-term investments	4,566	9,028	2,401	7,952
Income on derivative financial instruments	-	-	(2)	23
Other financial income (*)	331	1,332	351	1,086
	4,897	10,360	2,750	9,061
Financial (expenses) income	(1,050)	(14,248)	(13,376)	(32,520)

	Individual			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Financial expenses				
Interest on loans, financing and debentures (Note 8 (d))	(5,426)	(22,437)	(12,614)	(32,393)
Loss on derivative financial instruments	(912)	2,577	85	401
Other financial expenses	267	306	(38)	(215)
	(6,071)	(19,554)	(12,567)	(32,207)
Financial income				
Income from short-term investments	4,532	8,959	2,336	7,720
Interest income on intercompany loans	72	286	144	594
Income on derivative financial instruments	-	-	(2)	23
Other financial income (*)	258	1,147	156	517
	4,862	10,392	2,634	8,854
Financial (expenses) income	(1,209)	(9,162)	(9,933)	(23,353)

(*) Includes tax effect in financial income.

17. Related parties

Related-party balances and transactions are as follows:

		Consolidated				Individual			
		Asset		Liability		Asset		Liability	
		9/30/20	12/31/19	9/30/20	12/31/19	9/30/20	12/31/19	9/30/20	12/31/19
Short-term investments and marketable securities									
Other related parties									
Banco Inter S.A. (Inter)	[1]	313,019	328,915	-	-	313,019	328,915	-	-
Banco Bradesco S.A.	[2]	35,718	158,794	-	-	32,869	156,055	-	-
Intercompany receivables									
Investees									
SPEs	[3]	-	-	-	-	5,873	7,637	-	-
Rental receivables									
Other related parties									
Patrus Transportes Urgentes Ltda.	[4]	1,052	427	-	-	57	21	-	-
MRV Engenharia e Participações S.A. (MRV)	[5]	34	34	-	-	34	34	-	-
Receivables from shares sale									
Other related parties									
MRV MRL Camp Nou Incorporações e Participações Ltda.	[6]	20,230	27,919	-	-	20,230	27,919	-	-
Loans, financing and debentures									
Other related parties									
Banco Inter S.A. (Inter)	[1]	-	-	49,759	50,409	-	-	49,759	50,409
Banco Bradesco S.A.	[2]	-	-	179,132	181,472	-	-	179,132	181,472
Lease liability									
Other related parties									
Conedi Participações Ltda. e MA Cabaleiro Participações Ltda.	[7]	-	-	52	41	-	-	52	41

	Consolidated								
	Income				Expense				
	3 rd quarter of		Nine months of		3 rd quarter of		Nine months of		
	2020	2019	2020	2019	2020	2019	2020	2019	
Financial income									
Short-term investments and marketable securities									
Other related parties									
Banco Inter S.A. (Inter)	[1]	2,336	892	24	2,514	-	-	-	-
Banco Bradesco S.A.	[2]	201	49	1,813	132	-	-	-	-
Lease revenue									
Rental receivables									
Other related parties									
Patrus Transportes Urgentes Ltda.	[4]	1,318	1,798	3,931	3,474	-	-	-	-
MRV Engenharia e Participações S.A. (MRV)	[5]	102	-	307	-	-	-	-	-
Operating expenses									
General and administrative expenses									
Other related parties									
Conedi Participações Ltda. e MA Cabaleiro Participações Ltda.	[7]	-	-	-	-	73	80	226	233
MRV Engenharia e Participações S.A.	[8]	-	-	-	-	376	377	1,160	1,244
Financial expenses									
Other related parties									
Interest:									
Banco Inter S.A. (Inter)	[1]	-	-	-	-	302	-	1,333	-
Banco Bradesco S.A.	[2]	-	-	-	-	1,085	4,551	4,798	12,034
Brokerage fee:									
Banco Inter S.A. (Inter)	[9]	-	-	-	-	-	241	-	1,221

	Individual								
	Income				Expense				
	3 rd quarter of		Nine months of		3 rd quarter of		Nine months of		
	2020	2019	2020	2019	2020	2019	2020	2019	
Financial income									
Short-term investments and marketable securities									
Other related parties									
Banco Inter S.A. (Inter)	[1]	2,336	892	24	2,514	-	-	-	-
Banco Bradesco S.A.	[2]	178	49	1,771	132	-	-	-	-
Intercompany receivables									
Investees									
SPEs	[3]	72	144	286	594	-	-	-	-
Lease revenue									
Rental receivables									
Other related parties									
Patrus Transportes Urgentes Ltda.	[4]	69	65	203	207	-	-	-	-
MRV Engenharia e Participações S.A. (MRV)	[5]	102	-	307	-	-	-	-	-
Operating expenses									
General and administrative expenses									
Other related parties									
Conedi Participações Ltda. e MA Cabaleiro Participações Ltda.	[7]	-	-	-	-	73	80	226	233
MRV Engenharia e Participações S.A.	[8]	-	-	-	-	147	137	432	443
Financial expenses									
Other related parties									
Interest:									
Banco Inter S.A. (Inter)	[1]	-	-	-	-	302	-	1,333	-
Banco Bradesco S.A.	[2]	-	-	-	-	1,085	4,551	4,798	12,034
Brokerage fee:									
Banco Inter S.A. (Inter)	[9]	-	-	-	-	-	241	-	1,221

- [1] Refers to transactions with Banco Inter S.A. and/or subsidiaries (“Inter”), which is controlled by controlling shareholder of the Company. In September 30, 2020, short-term investments yielded 52.86% of CDI in Consolidated and Individual (109.72% for the same period of 2019).

Joint venture Cabral Investimentos SPE Ltda (“Cabral”) holds short-term investments in Inter amounting to R\$1,555 at September 30, 2020 (R\$5,560 at December 31, 2019). The financial income arising on these short-term investments for the three and nine-month period ended September 30, 2020 was R\$17 and R\$100, respectively (R\$84 and R\$284 for the same period of 2019, respectively).

- [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 Investment Fund for Multisectorial Holdings Plus, a shareholder of the Company.
- [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 the lease agreement entered by the Company and subsidiaries with Patrus Transportes Urgentes Ltda., controlled by a noncontrolling shareholder of the Company.
- [5] Refers to the lease agreement entered by the Company and MRV Engenharia e Participações S.A., company controlled by the Company’s controlling shareholder.
- [6] In July 2018, the Company sold equity interest in the subsidiary MRV LOG MDI SJC I Incorporações SPE Ltda. (“LOG SJC Sony”) for 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, 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 updated 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.

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 September 30, 2020	-	21,460	21,460
Trade receivables as at December 31, 2019	4,237	25,523	29,760

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 SIC are not relevant for separate presentation in the statement of cash flows

- [7] Refers to lease agreement of part of 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 and member of the Company’s board. The contract is valid until February 28, 2035, including extension of the contract, adjustable by the General Market Price Index (IGPM).
- [8] Amounts related to expenses incurred on the provision of administrative services. The agreement provides for the monthly payment of R\$4 per project developed by the Company or its investees at September 30, 2020 and December 31, 2019. This amount is annually adjusted using the average salary increase percentage granted to the employees of MRV. The agreement is effective for three years, beginning December 2, 2013, automatically extendable for an equal period, if not opposed by any of the parties. On December 09, 2019, the contract was renegotiated making the term indefinite, in the absence of opposition by the parties.
- [9] Refers to services related to coordination, placement and distribution of CRI (Certificates of real estate receivables), under best efforts modality, backed by the Company’s 16th issue of debentures.

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 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.

	Consolidated and Individual			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Short-term benefits granted to management:				
Management compensation	1,120	3,136	895	2,398
Profit sharing	321	964	158	473
Non-monetary benefits	40	105	22	63
Long-term benefits to management:				
Retirement private plan	21	63	17	51
Share-based compensation:				
Stock option plan	368	666	134	359
	1,870	4,934	1,226	3,344

On April 16, 2020, the Ordinary and Extraordinary Shareholders’ Meeting approved the overall management compensation at R\$8,016.

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

18. 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 September 30, 2020.

The Company entered non-speculative derivative financial instruments to hedge its exposure to interbank deposit rate (CDI) fluctuation or to fixed rates. The sole purpose of these transactions is to hedge the risk of rates 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		9/30/20
							Gain (loss) on transaction	Mark-to-market	Derivative fair value
Swap (*)	11/18	10.5% / 108.95% CDI	8/28	22,198	22,333	22,227	106	2,571	2,677
							106	2,571	2,677
									Consolidated and Individual
							Noncurrent assets		2,677
							Total		2,677

(*) 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.

Type of transaction	Contract date	Asset / Liability	Maturity	Notional amount	Long position	Short position	Effect on result		12/31/19
							Gain (loss) on transaction	Mark-to-market	Derivative fair value
Swap (*)	11/18	10.5% / 108.95% CDI	8/28	23,517	23,661	23,585	76	(6)	70
							76	(6)	70
									Consolidated and Individual
							Noncurrent assets		70
							Total		70

(*) 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.

Impact on profit or loss – Consolidated and Individual			
	Gain (loss) on transaction	Mark-to-market	Total
3 rd quarter of 2020	5	(912)	(907)
Nine months of 2020	30	2,577	2,607
3 rd quarter of 2019	68	83	151
Nine months of 2019	(377)	424	47

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

Hedge accounting

In December 2018, the Group formally designated a derivative financial instrument (swap type) as a hedging instrument and a financing as hedged item, establishing a relationship of economic protection between them, according to the hedge accounting methodology. This designation was classified as a fair value hedge, since it reduces the market risk arising from the fair value fluctuations of the respective financing. In this way, both the derivative and the financing are 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 TR + 10%

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
	9/30/20		9/30/20	2020
Loans and financing (Hedged item)	22,198	10%	(25,393) (*)	3,059
		Long position		
		10% (**)	25,393	(3,059)
Derivative financial instrument (Hedge instrument)	22,198	Short position		
		108.95% CDI	(22,716)	488
		Swap net position	2,677	(2,571)
		Total net position	(22,716)	488

(*) Swap hedging relation of 99.24% of the hedged item.

(**) In order to reduce volatility in results, the Company opted for hedge accounting, and in this way, measured the short position of the hedging instrument by the mark-to-market rate of the hedged item.

(b) Category of financial instruments

Consolidated	Note	9/30/20		12/31/19	
		Carrying	Fair value	Carrying	Fair value
Financial assets:					
Amortized cost		76,845	76,845	90,177	90,177
Cash and bank accounts	3	885	885	1,620	1,620
Trade receivables	4	75,960	75,960	88,557	88,557
Fair value through profit or loss (mandatorily measured) (*)		692,751	692,751	812,383	812,383
Restricted investment funds	3	146,586	146,586	45,516	45,516
Unrestricted investment funds	3	168,948	168,948	370,398	370,398
Bank certificates of deposit (CDB)	3	374,540	374,540	396,399	396,399
Derivative financial instruments	18 (a)	2,677	2,677	70	70
Financial liabilities:					
Amortized cost		861,999	851,476	878,375	833,184
Loans, financing and debentures	8	806,553	796,030	865,609	820,418
Land payables		37,830	37,830	-	-
Trade payables (suppliers)		13,196	13,196	8,501	8,501
Lease	12	4,420	4,420	4,265	4,265
Fair value through profit or loss (Hedge accounting) (*)		25,588	25,588	24,196	24,196
Loans, financing and debentures	8	25,588	25,588	24,196	24,196

(*) 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 September 30, 2020 and December 31, 2019.

The table below shows a comparison of the contracted and market rates, at September 30, 2020:

Contractual rate (p.a.)	Current market rate (p.a.)	Maturity dates
Debentures		
CDI + 1.35% to 2.25%	CDI + 0.88% to 3.66%	12/21 to 12/28
108% to 119% CDI	CDI + 0.38% to 0.88%	06/21 and 03/25
Construction financing		
CDI + 1.65%	CDI + 1.65%	10/24
TR + 10.00%	TR + 10.00%	09/28

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 matures on dates close to the reporting period.

(c) Exposure to interest rates and inflation adjustment indices

The analysis below as at September 30, 2020, has been prepared in accordance to Note 18 (c), to the financial statements for the year ended December 31, 2019:

Index	Financial asset	Financial liability	Net exposed financial liability	Effective rate for the 12-month period ended 9/30/20	Estimated annual rate for 2020 (*)	Change in effective rate for the relevant scenario	Total estimated effect
<u>Probable scenario:</u>							
CDI	690,074	(874,630)	(184,556)	3.54%	1.97%	(i) -1.57%	2,898
TR	-	(25,588)	(25,588)	0.00%	0.01%	(i) 0.01%	(3)
IPCA	21,460	-	21,460	3.14%	2.39%	(ii) -0.74%	(159)
							<u>2,736</u>
<u>Scenario I:</u>							
CDI	690,074	(874,630)	(184,556)	3.54%	2.46%	-1.08%	1,993
TR	-	(25,588)	(25,588)	0.00%	0.01%	0.01%	(3)
IPCA	21,460	-	21,460	3.14%	1.79%	-1.35%	(290)
							<u>1,700</u>
<u>Scenario II:</u>							
CDI	690,074	(874,630)	(184,556)	3.54%	2.96%	-0.58%	1,070
TR	-	(25,588)	(25,588)	0.00%	0.02%	0.02%	(5)
IPCA	21,460	-	21,460	3.14%	1.20%	-1.94%	(416)
							<u>649</u>

(i) Data obtained on B3 site.

(ii) Data obtained on Banco Central do Brasil site.

(*) Effective change for the first nine months of 2020 plus a projection for the next three months of 2020

(d) Capital risk management

As at September 30, 2020 and December 31, 2019, the debt-to-equity ratio is as follows:

	Consolidated		Individual	
	9/30/20	12/31/19	9/30/20	12/31/19
Loans, financing and debentures	832,141	889,805	807,071	866,214
Cash and cash equivalents and marketable securities	(690,959)	(813,933)	(687,619)	(809,441)
Net debt	141,182	75,872	119,452	56,773
Equity	3,057,424	2,954,223	3,039,252	2,938,957
Net debt-to-equity ratio	4.6%	2.6%	3.9%	1.9%

The Group is not subject to any external debt requirements, except for the contractual obligations described in Note 8 (e).

(e) Liquidity and interest rate risk table

The undiscounted cash flows of the financial liabilities based on the nearest date on which the Group should settle the related obligations, based on the future estimated indices at September 30, 2020 through their due date, are as follows.

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Consolidated:					
Floating rates liabilities	211,515	259,140	230,046	275,343	976,044
Non-interest bearing liabilities	13,196	-	-	-	13,196
Total	224,711	259,140	230,046	275,343	989,240
Individual:					
Floating rates liabilities	207,435	255,057	225,958	254,817	943,267
Non-interest bearing liabilities	13,343	-	-	-	13,343
Total	220,778	255,057	225,958	254,817	956,610

(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 has the policy of only negotiating with counterparties with creditworthiness and obtaining adequate guarantees, when appropriate, to mitigate the risk of financial loss due to default.

19. 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.

20. Noncash transactions

During the nine-month period ended September 30, 2020 and 2019, 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	
	2020	2019	2020	2019
Interest capitalization	4,352	19,901	4,356	18,876
Right-of-use (Initial adoption of CPC 06 (R2)) (Note 7)	286	4,007	286	4,007
Unpaid capital contributions in joint venture	-	1,000	-	1,000

21. 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 September 30, 2020, 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.	199,458
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.	500
Group life and personal injury insurance	Insures payment of compensation related to involuntary personal injuries to employees, contractors, interns, and officers.	26,385
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.	145,696
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.	2,701
Barter insurance	Guarantees the obligation of delivering GLA to the barterer, by the Company, after the conclusion of the agreed work.	31,500
Free energy market guarantee insurance	Guarantees to the energy supplier payments agreed in contracts annually.	489

22. COVID-19 impacts on quarterly information

In compliance with CVM's Circular Letter No. 02/2020 of March 10, 2020, which deals with the effects of COVID-19 on the Company's interim financial statements, Management assessed the impacts of the main risks and uncertainties that could affect the quarterly information presented herein, these being:

- Cash equivalents and marketable securities (Note 3): Changes in issuers' ratings may lead to the recognition of impairment adjustments on these assets.
- Trade receivables (Note 4): Materially higher defaults due to longer-term concessions in the lease payments.
- Investment properties - PPIs (Note 6): Changes in fair value of assets.
- Deferred tax asset (Note 10): Changes in the estimated realization of deferred tax assets, based on the forecast of future taxable income.

The Company's management assessed the items above and understood that, until the issuance date of this quarterly information, there are no material impacts that could affect them. With respect to PPIs, the management reassessed each of the assumptions used for September 30, 2020, both for discounted cash flows and for the fair value of land and verified that these are adequate for this reporting date and that the effects of COVID-19 are temporary, due to the value outlook for the Company assets in the long-term, that is, short-term fluctuations do not affect the value of assets in the long-term.

23. Approval of the financial statements

These interim financial statements were analyzed by the Fiscal Board and authorized for issue by the Board of Directors on October 29, 2020.