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Interim Financial Statements

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LOG Commercial Properties e Participações S.A.

Interim Financial Statements (ITR)

September 30, 2022

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

Independent auditor's review report on quarterly information

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of LOG Commercial Properties e Participações S.A. for the quarter ended September 30, 2022, comprising the statement of financial position as of September 30, 2022 and the related statements of profit or loss and of comprehensive income, for the three and nine month period then ended and the changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

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

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim financial information

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

Conclusion on the consolidated interim financial information

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

Other matters

Corresponding figures audited or reviewed by the previous auditor

The audit of the individual and consolidated balance sheet as at December 31, 2021 and the review of the individual and consolidated interim financial information for the period ended September 30, 2021, presented for comparison purposes, were conducted by another auditor, who issued an unqualified audit report and review report, dated February 08, 2022 and October 27, 2021, respectively.



Statements of value added

The above mentioned quarterly information include the individual and consolidated statement of value added (SVA) for the nine-month period ended September 30, 2022, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Belo Horizonte, October 26, 2022.

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

Bruno Costa Oliveira
Contador CRC-1BA031359/O-8

BALANCE SHEETS AS AT SEPTEMBER 30, 2022 AND DECEMBER 31, 2021

(In thousands of Brazilian reais - R\$)

	Notes	Consolidated		Individual	
		9/30/22	12/31/21	9/30/22	12/31/21
Assets					
Current assets					
Cash and cash equivalents	3	272,199	207,564	269,446	206,623
Marketable securities	3	277,524	485,911	148,786	332,951
Receivables	4	75,853	61,190	18,115	37,052
Recoverable taxes		25,560	14,252	21,806	11,940
Prepaid expenses		3,921	4,029	2,126	3,303
Other		2,091	2,151	1,012	15,664
Total current assets		657,148	775,097	461,291	607,533
Noncurrent assets					
Marketable securities	3	227,564	203,130	216,911	200,000
Derivative financial instruments	19 (a)	17,356	-	17,356	-
Receivables	4	88,851	23,327	28,942	14,159
Receivables from related parties	18	-	-	5,188	4,748
Prepaid expenses		13,771	12,088	1,660	1,585
Recoverable taxes		43,565	36,909	41,976	35,302
Deferred income tax and social contribution	11 (b)	34,463	7,428	34,463	7,428
Other		12,699	7,764	54,183	8,680
Total long-term realisable		438,269	290,646	400,679	271,902
Investments in subsidiaries and joint ventures	5	327,541	313,663	3,423,230	2,681,877
Investment property	6	4,682,681	3,772,706	1,359,839	1,290,715
Property and equipment	7	14,389	4,927	14,379	4,903
Intangible assets		5,125	2,864	5,125	2,863
Total noncurrent assets		5,468,005	4,384,806	5,203,252	4,252,260
Total assets		6,125,153	5,159,903	5,664,543	4,859,793
Liabilities and equity					
Current liabilities					
Suppliers		32,734	44,604	9,602	20,385
Loans, financing and debentures	8	200,613	214,610	197,064	211,245
Land payables	9	16,420	46,383	-	28,966
Derivative financial instruments	19 (a)	10,821	-	10,821	-
Labor and social liabilities		13,977	9,138	10,357	7,568
Tax liabilities		29,927	15,457	10,009	6,723
Barters	10	155,361	70,290	90,936	1,642
Deferred taxes	11 (b)	5,393	2,494	-	-
Lease liability	13	624	219	565	219
Dividend payable	14 (c)	-	87,627	-	87,627
Other		18,832	20,603	965	12,158
Total current liabilities		484,702	511,425	330,319	376,533
Noncurrent liabilities					
Loans, financing and debentures	8	1,636,627	1,053,095	1,622,315	1,036,864
Derivative financial instruments	19 (a)	1,010	3,620	1,010	3,620
Barters	10	92,692	160,300	64,213	123,336
Deferred taxes	11 (b)	101,809	77,828	-	-
Land payables	9	1,000	3,034	1,000	2,296
Provisions for labor, tax and civil risks	12	2,195	1,991	168	116
Lease liability	13	71,747	4,244	8,005	4,244
Other		13,466	3,624	1,266	1,215
Total noncurrent liabilities		1,920,546	1,307,736	1,697,977	1,171,691
Total liabilities		2,405,248	1,819,161	2,028,296	1,548,224
Equity					
Paid-in capital	14 (a)	2,735,382	2,035,382	2,735,382	2,035,382
Treasury shares		(44,279)	(25,155)	(44,279)	(25,155)
Capital reserves		8,977	6,931	8,977	6,931
Earnings reserve		594,351	1,294,411	594,351	1,294,411
Retained earnings		341,816	-	341,816	-
Equity attributable to Company shareholders		3,636,247	3,311,569	3,636,247	3,311,569
Noncontrolling interests	14 (e)	83,658	29,173	-	-
Total equity		3,719,905	3,340,742	3,636,247	3,311,569
Total liabilities and equity		6,125,153	5,159,903	5,664,543	4,859,793

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

INCOME STATEMENTS FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2022 AND 2021

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

	Notes	Consolidated				Individual			
		2022		2021		2022		2021	
		3 rd quarter	nine months	3 rd quarter	nine months	3 rd quarter	nine months	3 rd quarter	nine months
Net revenue from lease and services provided	15	59,181	154,281	37,005	110,715	18,802	54,919	11,930	34,423
Costs of services provided - condominium management	16	(849)	(2,226)	(584)	(1,546)	(849)	(2,226)	(584)	(1,546)
Gross profit		58,332	152,055	36,421	109,169	17,953	52,693	11,346	32,877
Operating income (expenses)									
Selling expenses	16	(2,888)	(9,051)	(2,784)	(8,268)	(1,904)	(6,215)	(2,296)	(5,420)
General and administrative expenses	16	(7,940)	(22,275)	(4,872)	(14,815)	(7,449)	(20,977)	(4,605)	(14,012)
Management compensation	16	(1,753)	(5,098)	(1,607)	(4,184)	(1,753)	(5,098)	(1,607)	(4,184)
Changes in the fair value of investment property	6	77,634	279,563	67,375	218,456	649	(15,447)	-	53,750
Other operating income (expenses), net	16	(1,361)	(3,797)	(882)	10,407	(1,114)	(3,144)	323	(1,578)
Results from equity interest in investees	5	7,794	12,477	2,258	4,885	107,204	361,247	89,211	223,552
Income before financial income and taxes		129,818	403,874	95,909	315,650	113,586	363,059	92,372	284,985
Financial income (expenses)									
Financial expenses	17	(35,551)	(109,791)	(10,961)	(25,309)	(34,074)	(107,511)	(11,642)	(26,637)
Financial income	17	20,221	63,906	14,315	29,824	19,477	59,233	13,052	28,139
Income before taxes		114,488	357,989	99,263	320,165	98,989	314,781	93,782	286,487
Income tax and social contribution									
Current		(9,803)	(16,856)	(2,732)	(14,260)	-	-	-	-
Deferred	11	7,065	14,800	(1,833)	(10,662)	11,589	27,035	876	(5,125)
	11	(2,738)	(2,056)	(4,565)	(24,922)	11,589	27,035	876	(5,125)
Net income for the period		111,750	355,933	94,698	295,243	110,578	341,816	94,658	281,362
Net income attributable to:									
Shareholders of the Company		110,578	341,816	94,658	281,362	-	-	-	-
Noncontrolling interests	14 (e)	1,172	14,117	40	13,881	-	-	-	-
		111,750	355,933	94,698	295,243	-	-	-	-
Earnings per share (In Reais - R\$):									
Basic	14 (f)	1.10060	3.38982	0.93113	2.75899	1.10060	3.38982	0.93113	2.75899
Diluted	14 (f)	1.09929	3.38371	0.92887	2.75085	1.09929	3.38371	0.92887	2.75085

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2022 AND 2021

(In thousands of Brazilian reais - R\$)

	Consolidated				Individual			
	2022		2021		2022		2021	
	3 rd quarter	nine months	3 rd quarter	nine months	3 rd quarter	nine months	3 rd quarter	nine months
Net income for the period	111,750	355,933	94,698	295,243	110,578	341,816	94,658	281,362
Other components of comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	111,750	355,933	94,698	295,243	110,578	341,816	94,658	281,362
Comprehensive income attributable to:								
Shareholders of the Company	110,578	341,816	94,658	281,362				
Noncontrolling interests	1,172	14,117	40	13,881				
	111,750	355,933	94,698	295,243				

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

STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2022 AND 2021

(In thousands of Brazilian reais - R\$)

	Paid-in capital		Treasury shares	Capital reserves	Earnings reserves		Retained earnings	Equity attributable to Company shareholders (Individual)	Noncontrolling interests	Total (Consolidated)
	Subscript	Share issuance costs		Recognized options granted	Legal	Earnings retention				
BALANCE AT DECEMBER 31, 2020	2,053,976	(18,594)	(295)	4,772	34,183	986,079	-	3,060,121	19,840	3,079,961
Net contributions from noncontrolling shareholders	-	-	-	-	-	-	-	-	(5,202)	(5,202)
Treasury shares:										
Purchased	-	-	(55,675)	-	-	-	-	(55,675)	-	(55,675)
Sold	-	-	26,349	-	-	84	-	26,433	-	26,433
Disposed to beneficiaries of stock option plan	-	-	3	-	-	-	-	3	-	3
Stock options	-	-	-	1,876	-	-	-	1,876	-	1,876
Income of the period	-	-	-	-	-	-	281,362	281,362	13,881	295,243
BALANCE AT SEPTEMBER 30, 2021	2,053,976	(18,594)	(29,618)	6,648	34,183	986,163	281,362	3,314,120	28,519	3,342,639
BALANCE AT DECEMBER 31, 2021	2,053,976	(18,594)	(25,155)	6,931	52,631	1,241,780	-	3,311,569	29,173	3,340,742
Capital increase	700,000	-	-	-	-	(700,000)	-	-	-	-
Net contributions from noncontrolling shareholders	-	-	-	-	-	-	-	-	40,368	40,368
Treasury shares:										
Purchased	-	-	(19,518)	-	-	-	-	(19,518)	-	(19,518)
Disposed to beneficiaries of stock option plan	-	-	394	-	-	(60)	-	334	-	334
Stock options	-	-	-	2,046	-	-	-	2,046	-	2,046
Net income for the period	-	-	-	-	-	-	341,816	341,816	14,117	355,933
BALANCE AT SEPTEMBER 30, 2022	2,753,976	(18,594)	(44,279)	8,977	52,631	541,720	341,816	3,636,247	83,658	3,719,905

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

STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2022 AND 2021 - INDIRECT METHOD

(In thousands of Brazilian reais - R\$)

	Notes	Consolidated		Individual	
		nine months of		nine months of	
		2022	2021	2022	2021
Cash flows from operating activities					
Net Income for the period		355,933	295,243	341,816	281,362
Adjustments to reconcile net income to net cash generated by (used in) operating activities:					
Depreciation	16	947	611	943	607
Results from equity participation	5	(12,477)	(4,885)	(361,247)	(223,552)
Amortization of prepaid expenses		2,956	4,177	1,877	2,415
Allowance for credit risk		621	(197)	(34)	(50)
Financial result		62,139	4,872	62,749	8,160
Results on sale of partial equity interest in subsidiary		2,501	(10,094)	-	3,069
Deferred taxes		(1,451)	18,746	(27,035)	4,352
Changes in the fair value of investment property	6	(290,957)	(221,921)	15,447	(53,750)
Stock options	16	2,046	1,876	2,046	1,876
		122,258	88,428	36,562	24,489
(Increase) decrease in operating assets:					
Trade accounts receivable		(15,810)	(15,587)	(5,824)	(16,375)
Recoverable taxes		(17,964)	(3,393)	(16,540)	(3,249)
Prepaid expenses		(4,531)	(8,781)	(775)	(4,739)
Other assets		(4,875)	(1,533)	(26,272)	14,820
Increase (decrease) in operating liabilities:					
Suppliers		(11,870)	25,537	(10,783)	9,970
Labor and social liabilities		4,839	3,715	2,789	2,896
Tax liabilities		15,282	3,561	3,971	1,185
Other liabilities		2,897	2,706	(10,712)	1,371
Income tax and social contribution paid		(12,644)	(15,045)	(558)	(50)
Cash provided by (used in) operating activities		77,582	79,608	(28,142)	30,318
Cash flows from investing activities					
Increase in marketable securities		(784,389)	(1,065,483)	(500,308)	(937,045)
Decrease in marketable securities		1,015,952	648,683	710,406	585,616
Increase in / acquisition of investments	0	(7,561)	(20,206)	(465,232)	(83,175)
Dividends received from subsidiaries	5 (c)	6,160	6,278	143,028	162,265
Acquisition of investment properties		(743,706)	(380,342)	(86,642)	(306,739)
Receipt for the sale of subsidiaries / assets		185,841	199,468	10,012	8,187
Advances to related companies		-	-	(1)	-
Receipts from related companies		-	-	-	557
Other		(8,224)	(475)	(8,235)	(487)
Net cash used in investing activities		(335,927)	(612,077)	(196,972)	(570,821)
Cash flows from financing activities					
Proceeds from loans, financing and debentures, net		690,603	686,962	690,603	686,960
Amortization of loans, financing and debentures	8 (a)	(143,225)	(147,541)	(141,561)	(146,035)
Interest paid		(126,729)	(28,568)	(123,068)	(27,018)
Lease payments		(339)	(372)	(339)	(372)
Dividend paid	14 (c)	(87,627)	(33,240)	(87,627)	(33,240)
(Payment) receipt on derivative financial instrument		(30,887)	-	(30,887)	-
Disposal (acquisition) of treasury shares	14 (b)	(19,518)	(29,242)	(19,518)	(29,242)
Proceeds from exercised stock options		334	3	334	3
Contributions from noncontrolling shareholders	14 (e)	40,368	(5,202)	-	-
Net cash (used in) provided by financing activities		322,980	442,800	287,937	451,056
(Decrease) increase in cash and cash equivalents		64,635	(89,669)	62,823	(89,447)
Cash and cash equivalents					
At the beginning of the period		207,564	453,855	206,623	453,175
At the end of the period		272,199	364,186	269,446	363,728
(Decrease) increase in cash and cash equivalents		64,635	(89,669)	62,823	(89,447)

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

	Notes	Consolidated		Individual	
		nine months of		nine months of	
		2022	2021	2022	2021
Revenue:					
Revenues from lease and services provided		164,170	117,423	60,762	38,117
Other revenue		8,131	22,100	559	733
Changes in the fair value of investment property	6	290,957	221,921	(15,447)	53,750
Revenue from construction of own assets		746,205	349,787	83,558	162,720
Allowance for doubtful accounts		(621)	197	34	50
		1,208,842	711,428	129,466	255,370
Inputs purchased from third-parties (includes the taxes ICMS, IPI, PIS AND COFINS)					
Supplies, power, outside services and other items		(622,564)	(316,854)	(93,270)	(155,562)
		(622,564)	(316,854)	(93,270)	(155,562)
Gross value added		586,278	394,574	36,196	99,808
Depreciation	16	(947)	(611)	(943)	(607)
Net wealth created		585,331	393,963	35,253	99,201
Value added received in transfer					
Results from equity interest in investees	5	12,477	4,885	361,247	223,552
Financial income		66,983	31,203	62,104	29,512
		79,460	36,088	423,351	253,064
Total wealth for distribution		664,791	430,051	458,604	352,265
Wealth distributed					
Personnel:					
Salaries and wages		47,686	25,390	26,056	17,049
Benefits		38,165	19,815	21,848	13,403
Benefits		7,532	4,537	3,296	2,987
Severance pay fund (FGTS)		1,989	1,038	912	659
Taxes and fares:					
Federal		47,395	52,926	(12,807)	15,002
Federal		44,733	50,888	(13,650)	13,203
State		15	-	13	-
Municipal		2,647	2,038	830	1,799
Lenders and lessors:					
Interest		213,777	56,492	103,539	38,852
Interest		165,829	35,324	93,852	27,678
Rentals / Leases		47,724	21,103	9,635	11,159
Other		224	65	52	15
Shareholders:					
Retained earnings		355,933	295,243	341,816	281,362
Retained earnings		341,816	281,362	341,816	281,362
Noncontrolling interests	14 (e)	14,117	13,881	-	-
Wealth distributed		664,791	430,051	458,604	352,265

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

1. General information

LOG Commercial Properties e Participações S.A. (“Company”) is a publicly traded corporation listed in B3 S.A (B3), with its head office at 621 Professor Mário Werneck Ave., 10th floor, Belo Horizonte city, Minas Gerais, by CNPJ (taxpayer identification number) 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, rent and related services, including real estate consulting, on own or third-party residential and/or commercial buildings, mainly warehouses; and (iv) holding interests in other entities, either as partner or shareholder.

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

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

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

2.1 Presentation of condensed interim financial statements

The Company’s interim financial statements comprise:

- The condensed consolidated financial statements prepared in accordance with CPC 21 (R1) - Demonstração Intermediária (Interim Financial Reporting) and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB), identified as Consolidated; and
- The condensed Individual financial statements prepared in accordance with CPC 21 (R1) - Demonstração Intermediária (Interim Financial Reporting), identified as Individual.

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

Other information in relation to basis of preparation and basis of presentation, did not significantly change in relation to the information disclosed in Note 2 to the financial statements for the year ended December 31, 2021.

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, 2021.

2.3 Adoption of new standards

There are no standards and interpretations, which are valid for the annual periods beginning on or after January 1, 2022 which had material effects on the Group's financial statements.

3. Cash and cash equivalents and marketable securities

Breakdown is as follows:

	Consolidated		Individual	
	9/30/22	12/31/21	9/30/22	12/31/21
<u>Cash and cash equivalents:</u>				
Cash	1	1	1	1
Bank accounts	3,565	2,515	814	1,574
Short-term investments:				
Bank certificates of deposit (CDB)	188,870	205,048	188,868	205,048
Unrestricted investment funds	79,763	-	79,763	-
Total cash and cash equivalents	272,199	207,564	269,446	206,623

	Consolidated		Individual	
	9/30/22	12/31/21	9/30/22	12/31/21
<u>Marketable securities:</u>				
Restricted investment funds (i)	501,684	685,911	365,697	532,951
Unrestricted investment funds (ii)	3,181	2,924	-	-
Bank certificates of deposit (CDB) (ii)	223	206	-	-
Total marketable securities	505,088	689,041	365,697	532,951
Current	277,524	485,911	148,786	332,951
Noncurrent	227,564	203,130	216,911	200,000
	505,088	689,041	365,697	532,951

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

Short-term investments and marketable securities include interest income earned, equivalent to 100.8% of CDI in Consolidated and 101.0% of CDI in Individual in the nine-month period ended September 30, 2022 (142.1% of CDI in Consolidated and 140.7% of CDI in Individual for the same period of 2021).

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

	Consolidated		Individual	
	9/30/22	12/31/21	9/30/22	12/31/21
Bank certificates of deposit (CDB)	3,010	58,230	195	54,057
Securities with repurchase agreement	4,625	32,244	4,625	17,929
Unrestricted investment funds	10,749	33,098	695	13,128
Debentures	51,595	101,678	28,046	65,710
Private bonds	178,353	179,879	112,920	132,983
Public securities:				
Financial Treasury Bills (LFT)	16,573	61,643	1,482	34,486
National Treasury Notes - B (NTN-B)	224,160	216,387	216,911	213,536
National Treasury Bills (LTN)	12,594	2,712	814	1,076
Others	25	40	9	46
Total	501,684	685,911	365,697	532,951

The Company assessed the credit risk of the counterparty of its financial investments as described in Note 19.

Other information on cash and market table securities did not significantly change in relation to the information disclosed in Note 3 to the financial statements for the year ended December 31, 2021.

4. Trade receivables

Trade receivables are broken down as follows:

	Consolidated		Individual	
	9/30/22	12/31/21	9/30/22	12/31/21
Rentals	53,433	43,766	18,197	15,365
Sale of equity interest / assets	91,351	26,353	16,341	26,353
Condominium administration	699	457	699	457
Others	29,402	23,501	14,947	12,197
	174,885	94,077	50,184	54,372
Allowance for credit risk	(10,181)	(9,560)	(3,127)	(3,161)
Total	164,704	84,517	47,057	51,211
Current	75,853	61,190	18,115	37,052
Noncurrent	88,851	23,327	28,942	14,159
	164,704	84,517	47,057	51,211

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

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

	Consolidated		Individual	
	9/30/22	12/31/21	9/30/22	12/31/21
LOG SJC Sony (Note 18 [5])	13,642	14,797	13,642	14,797
Plaza Mirante Sul	2,699	5,133	2,699	5,133
Cabral (Note 18 [8])	-	6,423	-	6,423
PIB Meli (Note 6)	75,010	-	-	-
	91,351	26,353	16,341	26,353
Current	47,198	18,504	11,420	18,504
Noncurrent	44,153	7,849	4,921	7,849
	91,351	26,353	16,341	26,353

The table below shows the aging list of trade receivables:

	Consolidated		Individual	
	9/30/22	12/31/21	9/30/22	12/31/21
In due:				
Up to 12 months	74,160	60,603	17,429	37,133
After 12 months	88,851	23,327	28,942	14,159
	163,011	83,930	46,371	51,292
Past due:				
Up to 30 days	818	1,058	134	301
31 to 90 days	1,693	138	774	89
More than 90 days	9,363	8,951	2,905	2,690
	11,874	10,147	3,813	3,080
Total	174,885	94,077	50,184	54,372

Changes in the allowance for credit risk for the nine-month period ended September 30, 2022 and 2021 are as follows:

	Consolidated		Individual	
	nine months of		nine months of	
	2022	2021	2022	2021
Opening balance	(9,560)	(9,739)	(3,161)	(3,160)
Additions	(808)	(1,030)	(153)	(653)
Write-off	187	1,227	187	703
Closing balance	<u>(10,181)</u>	<u>(9,542)</u>	<u>(3,127)</u>	<u>(3,110)</u>

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

	Consolidated		Individual	
	9/30/22	12/31/21	9/30/22	12/31/21
12 months	239,586	164,949	67,058	50,733
13 to 24 months	214,362	135,189	56,358	45,820
25 to 36 months	187,644	105,371	46,739	38,549
37 to 48 months	159,095	83,996	37,542	31,128
49 to 60 months	122,805	59,417	20,508	24,354
After 60 months	290,634	64,096	17,537	23,391
Total	<u>1,214,126</u>	<u>613,018</u>	<u>245,742</u>	<u>213,975</u>

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, 2021.

5. Investment in subsidiaries and joint ventures

a) Main information on each investment is summarized below:

	Equity interest		Information on investees		Investment	
			Equity			
	9/30/22	12/31/21	9/30/22	12/31/21	9/30/22	12/31/21
Joint ventures:						
Torino	40.00%	40.00%	458,097	453,078	183,265	181,257
Loteamento Betim	50.00%	50.00%	123,668	109,842	61,834	50,315
LOG SJC Sony	64.97%	64.97%	108,994	108,998	70,813	70,814
Others			1,352	-	583	-
Capitalized interest (a)			-	-	11,046	11,277
Total joint ventures - Consolidated			692,111	671,918	327,541	313,663
Subsidiaries:						
LOG I	100.00%	99.99%	159,056	158,489	159,056	158,473
LOG II	100.00%	99.99%	55,627	54,903	55,627	54,898
LOG Jundiaí	100.00%	99.99%	96,257	94,281	96,257	94,272
LOG Goiânia	100.00%	99.90%	158,027	151,576	158,027	151,424
LOG Hortolândia	100.00%	99.99%	136,431	136,934	136,431	136,920
LOG SJP	100.00%	99.99%	56,844	54,690	56,844	54,685
LOG Juiz de Fora	100.00%	99.99%	111,399	107,891	111,399	107,880
LOG Feira de Santana	100.00%	99.99%	40,591	39,857	40,591	39,853
LOG Fortaleza	100.00%	99.99%	132,240	133,041	132,240	133,028
LOG Via Expressa	100.00%	99.99%	166,596	164,581	166,596	164,565
LOG Viana	100.00%	99.99%	136,706	141,329	136,706	141,315
LOG Londrina	100.00%	99.99%	124,632	120,448	124,632	120,436
LOG Itatiaia	100.00%	99.99%	62,127	61,121	62,127	61,115
LOG Itaitinga I	100.00%	100.00%	360,614	172,030	360,614	172,030
LOG Aracajú	100.00%	99.99%	74,683	73,130	74,683	73,123
LOG Extrema	97.48%	97.48%	5,551	143,074	5,412	139,469
LOG Uberaba	100.00%	99.00%	44,239	43,614	44,239	43,178
LOG Sumaré	100.00%	99.99%	32	27	32	27
LOG SJRP	100.00%	99.99%	25,165	23,680	25,165	23,678
LOG Macaé	99.99%	99.99%	14,070	13,946	14,070	13,945
LOG RP	100.00%	99.99%	58,995	55,900	58,995	55,894
LOG Recife	80.00%	80.00%	417,616	127,836	334,093	102,269
LOG Itapeva	100.00%	99.99%	114,668	53,059	114,668	53,054
LOG Viana II	100.00%	100.00%	151,285	67,430	151,285	67,430
LOG PIB Meli	100.00%	100.00%	165,439	117,206	165,439	117,206
LOG Salvador	100.00%	100.00%	105,473	66,687	105,473	66,687
LOG Maceió	100.00%	100.00%	19,931	11,738	19,931	11,738
LOG Natal	100.00%	100.00%	27,833	8,730	27,833	8,730
LOG Contagem IV	100.00%	100.00%	65,679	9	65,679	9
LOG Teresina	100.00%	100.00%	(7)	3	(7)	3
LOG Campo Grande	100.00%	100.00%	11,680	3	11,680	3
LOG Brasília	100.00%	0.00%	49,877	-	49,877	-
LOG Cuiabá	100.00%	0.00%	631	-	631	-
LOG Joinville	100.00%	0.00%	835	-	835	-
LOG Itaitinga II	100.00%	0.00%	1,335	-	1,335	-
LOG Betim III	100.00%	0.00%	3	-	3	-
LOG Gravataí II	100.00%	0.00%	2	-	2	-
LDI	100.00%	100.00%	1,069	766	1,069	766
LE Empreendimentos	99.00%	99.00%	26,384	112	26,120	111
Total subsidiaries			3,179,615	2,398,121	3,095,689	2,368,214
Total Individual			3,871,726	3,070,039	3,423,230	2,681,877

a) Amount related to the capitalized financial charges on loans, financing, and debentures taken by the Company for the acquisition/development of its investees' investment properties and industrial subdivision (Note 2.2 (e) to the financial statements for the year ended December 31, 2021).

	Equity interest		Information on investees				Results from equity participation for the			
			Net income (loss) for the				3 rd quarter of		nine months of	
	9/30/22	9/30/21	2022	2021	2022	2021	2022	2021	2022	2021
Joint ventures:										
Cabral	0.00%	50.00%	-	332	-	(7,158)	-	166	-	(3,579)
Torino	40.00%	40.00%	7,354	3,454	20,421	9,641	2,941	1,382	8,168	3,856
Loteamento Betim (a)	50.00%	50.00%	1,042	1,551	1,763	11,319	5,401	775	5,497	5,660
LOG SJC Sony	64.97%	64.97%	(15)	(12)	(47)	(37)	(10)	(8)	(31)	(24)
Others			(2,509)	-	(5,554)	-	(419)	-	(926)	-
Capitalized interest (b)			-	-	-	-	(119)	(57)	(231)	(1,028)
Total joint ventures - Consolidated			5,872	5,325	16,583	13,765	7,794	2,258	12,477	4,885
Subsidiaries:										
LOG I	100.00%	99.99%	548	2,492	5,677	7,266	548	2,492	5,677	7,265
LOG II	100.00%	99.99%	720	658	2,217	1,937	720	658	2,217	1,937
LOG Jundiaí	100.00%	99.99%	952	1,118	2,435	3,390	952	1,118	2,435	3,390
LOG Goiânia	100.00%	99.90%	8,484	2,303	13,342	6,634	8,484	2,301	13,342	6,627
LOG Hortolândia	100.00%	99.99%	1,909	2,117	5,826	5,993	1,909	2,117	5,826	5,992
LOG SJP	100.00%	99.99%	806	602	2,149	1,666	806	602	2,149	1,666
LOG Juiz de Fora	100.00%	99.99%	2,044	1,353	5,544	3,444	2,044	1,353	5,544	3,444
LOG Feira de Santana	100.00%	99.99%	570	510	1,660	1,503	570	510	1,660	1,503
LOG Fortaleza	100.00%	99.99%	2,039	1,881	7,869	5,191	2,039	1,881	7,869	5,190
LOG Via Expressa	100.00%	99.99%	2,058	2,202	6,518	6,400	2,058	2,202	6,518	6,399
LOG Viana	100.00%	99.99%	(3,044)	1,996	951	6,116	(3,044)	1,996	951	6,115
LOG Londrina	100.00%	99.99%	767	2,707	5,298	7,257	767	2,707	5,298	7,256
LOG Itatiaia	100.00%	99.99%	455	455	1,455	1,282	492	455	1,455	1,282
LOG Itaitinga I	100.00%	100.00%	4,235	1,209	105,283	13,326	4,235	1,209	105,283	13,326
LOG Aracajú	100.00%	99.99%	1,154	995	3,291	2,944	1,154	995	3,291	2,944
LOG Extrema	97.48%	90.06%	106	(423)	3,287	15,431	103	(381)	3,204	13,577
LOG Uberaba	100.00%	99.00%	669	611	1,999	1,746	693	605	1,999	1,729
LOG Sumaré	100.00%	99.99%	-	-	-	(1)	-	-	-	(1)
LOG SJRP	100.00%	99.99%	514	208	1,328	455	514	208	1,328	455
LOG Macaé	99.99%	99.99%	(16)	(12)	(48)	(36)	(16)	(12)	(48)	(36)
LOG RP	100.00%	99.99%	1,088	458	2,830	1,015	1,088	458	2,830	1,015
LOG Recife	80.00%	80.00%	5,873	411	70,198	60,123	4,698	329	56,158	48,098
LOG Itapeva	100.00%	99.99%	7,750	149	10,391	18,091	7,750	149	10,391	18,089
LOG Viana II	100.00%	100.00%	5,723	18,616	12,569	18,616	5,723	18,616	12,569	18,616
LOG PIB Meli	100.00%	100.00%	(2,436)	46,801	5,292	46,807	(2,436)	46,801	5,292	46,807
LOG Salvador	100.00%	0.00%	1,728	-	2,013	-	1,728	-	2,013	-
LOG Maceió	100.00%	100.00%	411	-	519	-	411	-	519	-
LOG Natal	100.00%	0.00%	432	-	18,369	-	432	-	18,369	-
LOG Contagem IV	100.00%	0.00%	514	-	48,125	-	514	-	48,125	-
LOG Teresina	100.00%	0.00%	(393)	-	(395)	-	(393)	-	(395)	-
LOG Campo Grande	100.00%	0.00%	(11)	-	(12)	-	(11)	-	(12)	-
LOG Brasília	100.00%	0.00%	49,054	-	49,053	-	49,054	-	49,053	-
LOG Cuiabá	100.00%	0.00%	(11)	-	(11)	-	(11)	-	(11)	-
LOG Joinville	100.00%	0.00%	(10)	-	(10)	-	(10)	-	(10)	-
LOG Gravataí II	100.00%	0.00%	(1)	-	(1)	-	(1)	-	(1)	-
LDI	100.00%	100.00%	276	10	298	31	276	10	298	31
LE Empreendimentos	99.00%	99.00%	25,778	(12)	25,743	(38)	25,520	(12)	25,486	(38)
Capitalized interest (b)			-	-	-	-	(19,950)	(2,414)	(57,902)	(4,011)
Total subsidiaries			120,735	89,415	421,052	236,589	99,410	86,953	348,770	218,667
Total Individual			126,607	94,740	437,635	250,354	107,204	89,211	361,247	223,552

(a) The third quarter of 2022 includes the realization of previously unrealized results in the total amount of R\$4.6 million, referring to the sale of land by Loteamento Betim to the Company in 2021, where the PIB Meli asset was built, sold to third party in the quarter.

(b) Amount related to the capitalized financial charges on loans, financing, and debentures taken by the Company for the acquisition/development of its investees' investment properties and industrial subdivision (Note 2.2 (e) to the financial statements for the year ended December 31, 2021).

b) Joint ventures:

Summarized financial information of the joint ventures is as follows:

	Torino		Loteamento Betim		LOG SJC Sony	
	9/30/22	12/31/21	9/30/22	12/31/21	9/30/22	12/31/21
Cash and cash equivalents and marketable securities	2,440	6,032	8	111	3	3
Trade receivables	-	-	1,434	1,391	-	-
Inventories	-	-	38,825	35,797	-	-
Other current assets	-	-	7	64	-	1
Total current	2,440	6,032	40,274	37,363	3	4
Trade receivables	-	-	420	1,308	-	-
Inventories	-	-	89,492	81,543	-	-
Investment property	466,277	457,300	-	-	112,700	112,700
Other noncurrent assets	326	385	40	438	-	-
Total noncurrent assets	466,603	457,685	89,952	83,289	112,700	112,700
Total assets	469,043	463,717	130,226	120,652	112,703	112,704
Current liabilities	1,715	1,403	6,558	10,810	5	-
Noncurrent liabilities	9,231	9,236	-	-	3,704	3,706
Equity	458,097	453,078	123,668	109,842	108,994	108,998
Liabilities and equity	469,043	463,717	130,226	120,652	112,703	112,704

	Cabral		Torino		Loteamento Betim		LOG SJC Sony	
	nine months of		nine months of		nine months of		nine months of	
	2022	2021	2022	2021	2022	2021	2022	2021
Operating revenue	-	367	24,048	12,812	5,941	21,584	-	-
Cost of products and services	-	-	-	-	(3,746)	(8,258)	-	-
Other operating expenses	-	(8,048)	(1,593)	(1,848)	(53)	(35)	(46)	(36)
Financial income (expenses)	-	550	1,031	173	(2)	10	(1)	(1)
Changes in the fair value of investment property	-	338	-	-	-	(1,345)	-	-
Income tax and social contribution	-	(365)	(3,065)	(1,496)	(377)	(637)	-	-
Net income (loss)	-	(7,158)	20,421	9,641	1,763	11,319	(47)	(37)

- c) Changes in the balances of investments in subsidiaries and joint ventures in the nine-month period ended September 30, 2022 and 2021 are as follows:

	Startup date	Opening balances	Capital contributions (reversals)	Results from equity interest in investees	Dividends received	Other	Closing balances
Nine month period ended September 30, 2022:							
Joint ventures:							
Torino	4/15	181,257	-	8,168	(6,160)	-	183,265
Loteamento Betim	3/18	50,315	6,022	5,497	-	-	61,834
LOG SJC Sony	-	70,814	30	(31)	-	-	70,813
Others	-	-	1,509	(926)	-	-	583
Capitalized interest (a)		11,277	-	(231)	-	-	11,046
Total joint ventures - Consolidated		313,663	7,561	12,477	(6,160)	-	327,541
Subsidiaries:							
LOG I	2/09	158,473	2,888	5,677	(7,982)	-	159,056
LOG II	3/11	54,898	634	2,217	(2,122)	-	55,627
LOG Jundiaí	4/11	94,272	1,308	2,435	(1,758)	-	96,257
LOG Goiânia	4/12	151,424	1,271	13,342	(8,010)	-	158,027
LOG Hortolândia	9/12	136,920	835	5,826	(7,150)	-	136,431
LOG SJP	4/13	54,685	10	2,149	-	-	56,844
LOG Juiz de Fora	6/13	107,880	1,059	5,544	(3,084)	-	111,399
LOG Feira de Santana	6/13	39,853	757	1,660	(1,679)	-	40,591
LOG Fortaleza	8/13	133,028	5,033	7,869	(13,690)	-	132,240
LOG Via Expressa	11/13	164,565	1,839	6,518	(6,326)	-	166,596
LOG Viana	4/14	141,315	1,684	951	(7,244)	-	136,706
LOG Londrina	6/14	120,436	2,924	5,298	(4,026)	-	124,632
LOG Itatiaia	7/14	61,115	(443)	1,455	-	-	62,127
LOG Itaitinga I	9/21	172,030	92,062	105,283	(8,761)	-	360,614
LOG Aracajú	10/18	73,123	1,007	3,291	(2,738)	-	74,683
LOG Extrema	10/19	139,469	(137,261)	3,204	-	-	5,412
LOG Uberaba	9/20	43,178	1,355	1,999	(2,293)	-	44,239
LOG Sumaré	-	27	5	-	-	-	32
LOG SJRP	-	23,678	159	1,328	-	-	25,165
LOG Macaé	-	13,945	173	(48)	-	-	14,070
LOG RP	-	55,894	271	2,830	-	-	58,995
LOG Recife	5/22	102,269	181,137	56,158	(5,471)	-	334,093
LOG Itapeva	8/22	53,054	51,224	10,391	(1)	-	114,668
LOG Viana II	-	67,430	71,286	12,569	-	-	151,285
LOG PIB Meli	-	117,206	97,474	5,292	(54,533)	-	165,439
LOG Salvador	-	66,687	36,773	2,013	-	-	105,473
LOG Maceió	-	11,738	7,674	519	-	-	19,931
LOG Natal	-	8,730	734	18,369	-	-	27,833
LOG Contagem IV	-	9	17,545	48,125	-	-	65,679
LOG Teresina	-	3	385	(395)	-	-	(7)
LOG Campo Grande	-	3	11,689	(12)	-	-	11,680
LOG Brasília	-	-	824	49,053	-	-	49,877
LOG Cuiabá	-	-	642	(11)	-	-	631
LOG Joinville	-	-	845	(10)	-	-	835
LOG Itaitinga II	-	-	1,335	-	-	-	1,335
LOG Betim III	-	-	3	-	-	-	3
LOG Gravataí II	-	-	3	(1)	-	-	2
LDI	-	766	5	298	-	-	1,069
LE Empreendimentos (inc. LOG Barreiro IV)	-	111	523	25,486	-	-	26,120
Capitalized interest (a)		-	-	(57,902)	-	57,902	-
Total subsidiaries		2,368,214	457,671	348,770	(136,868)	57,902	3,095,689
Total Individual		2,681,877	465,232	361,247	(143,028)	57,902	3,423,230
Nine month period ended September 30, 2021:							
Total Consolidated		326,336	20,206	4,885	(6,278)	-	345,149
Total Individual		2,100,584	224,322	223,552	(162,265)	4,011	2,390,204

- a) Refers to capitalized financial charges from loans, financing and debentures, taken by the Company for the acquisition/development of its investees' investment properties and industrial subdivisions (note 2.2 (e) to the financial statements for the year ended December 31, 2021).

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, 2021.

6. Investment property

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

	Consolidated		Individual	
	9/30/22	12/31/21	9/30/22	12/31/21
Industrial warehouses	4,662,616	3,752,906	1,339,774	1,270,915
Strip malls	20,065	19,800	20,065	19,800
Total	4,682,681	3,772,706	1,359,839	1,290,715

Changes in balances of investment property for the nine-month period ended September 30, 2022 and 2021 were as follows:

	Consolidated		Individual	
	nine months of		nine months of	
	2022	2021	2022	2021
Opening balance	3,772,706	2,994,470	1,290,715	1,118,706
Additions	739,551	499,777	141,094	406,125
Right-of-use of land	63,800	-	-	-
Capitalized interest (Note 8 (d))	60,879	10,713	2,977	6,702
Sale of assets	(234,456)	(250,979)	-	(8,499)
Cancellation of land contracts	(10,756)	-	(10,756)	-
Transfer of investment properties to SPE	-	-	(48,744)	(246,037)
Changes in fair value (*)	290,957	221,921	(15,447)	53,750
Closing balance	4,682,681	3,475,902	1,359,839	1,330,747

(*) Refers to fair value valuation of LOG Viana II, LOG Itapeva, LOG Recife, LOG Belém and LOG Itaitinga I (phases I and II), due to the completion of works and start of works in LOG Brasília, LOG Barreiro IV, LOG Contagem IV, LOG Natal and LOG Itaitinga I (phase III). It also includes the annual valuation at fair value of LOG I, Gaiolli, Rio Campo Grande, Goiânia I, Viana I, a requirement of the FIIs that hold interests in these assets.

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

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

	Consolidated		Individual	
	nine months of		nine months of	
	2022	2021	2022	2021
Changes in fair value of investment property	290,957	221,921	(15,447)	53,750
Deferred PIS/COFINS	(11,394)	(3,465)	-	-
Changes in fair value of investment property in profit or loss	279,563	218,456	(15,447)	53,750

On July 26, 2022, the subsidiary LOG PIB Meli sold an asset to the fund "CSHG Logística - Fundo de Investimento Imobiliário - FII" for the amount of R\$254 million with the receipt of the first installment on September 28, 2022 in the amount of R\$176 million and two remaining installments in the amount of R\$39 million each to be paid in 12 and 18 months, recorded under "accounts receivable" (R\$75,010, net of present value adjustment).

Fair value of the investment properties has been determined at September 30, 2022, as follows:

- Completed projects: the discounted cash flow assumptions described in the financial statements of December 31, 2021 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, 2021 were maintained, increased by the construction cost incurred in the nine-month period ended September 30, 2022, 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, 2021 were maintained, increased by the construction costs incurred in the nine-month period ended September 30, 2022.
- Acquisition of new plot land: stated at the acquisition cost increased by the construction costs incurred in the nine-month period ended September 30, 2022, when applicable.

As at September 30, 2022, from the total amount of investment property, R\$1,364,620 has been pledged as collateral for loans, financing and debentures of the Company and its subsidiaries (R\$1,418,560 as at December 31, 2021).

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, 2021.

7. Property and equipment

Changes in property and equipment for the nine-month period ended September 30, 2022 and 2021 are as follows:

Consolidated	Opening balance	Addition	Write-off	Closing balance
Nine month period ended September 30, 2022:				
Cost:				
Right-of-use (*)	4,967	4,446	-	9,413
Other (**)	2,154	5,643	(66)	7,731
Total cost	7,121	10,089	(66)	17,144
Accumulated depreciation:				
Right-of-use	855	441	-	1,296
Other	1,339	186	(66)	1,459
Total accumulated depreciation	2,194	627	(66)	2,755
Total property and equipment, net	4,927	9,462	-	14,389
Nine month period ended September 30, 2021:				
Total property and equipment, net	4,981	32	-	5,013

Individual	Opening balance	Addition	Write-off	Closing balance
Nine month period ended September 30, 2022:				
Cost:				
Right-of-use (*)	4,967	4,446	-	9,413
Other (**)	1,942	5,643	(58)	7,527
Total cost	6,909	10,089	(58)	16,940
Accumulated depreciation:				
Right-of-use	856	441	-	1,297
Other	1,150	172	(58)	1,264
Total accumulated depreciation	2,006	613	(58)	2,561
Total property and equipment, net	4,903	9,476	-	14,379
Nine month period ended September 30, 2021:				
Total property and equipment, net	4,938	47	-	4,985

(*) Company's office rental agreement.

(**) Primarily improvements in third party properties.

8. Loans, financing and debentures

a) Position

Loans, financing and debentures as at September 30, 2022 and December 31, 2021 are as follows:

Type	9/30/22			12/31/21
	Current	Noncurrent	Total	Total
Individual:				
Debenture - 12 th issue	10,125	42,502	52,627	60,106
Debenture - 14 th issue	65,024	30,000	95,024	121,363
Debenture - 15 th issue (CRI)	7,123	36,750	43,873	49,118
Debenture - 16 th issue (CRI)	18,332	27,273	45,605	64,989
Debenture - 17 th issue	77,121	76,667	153,788	235,266
Debenture - 18 th issue	1,176	250,000	251,176	256,485
Debenture - 19 th issue (CRI) (*)	1,367	462,130	463,497	459,132
Debenture - 20 th issue - 1 st series (CRI)	937	130,350	131,287	-
Debenture - 20 th issue - 2 nd series (CRI)	552	176,893	177,445	-
Debenture - 21 th issue	13,380	400,000	413,380	-
(-) Funding cost	(4,937)	(16,454)	(21,391)	(15,299)
Total debentures and CRI - Individual	190,200	1,616,111	1,806,311	1,231,160
Construction financing	6,968	6,318	13,286	17,247
(-) Funding cost	(104)	(114)	(218)	(298)
Total financing - Individual	6,864	6,204	13,068	16,949
Total Individual	197,064	1,622,315	1,819,379	1,248,109
Subsidiaries:				
Construction financing (*)	3,637	14,532	18,169	19,978
(-) Funding cost	(88)	(220)	(308)	(382)
Total financing - Subsidiaries	3,549	14,312	17,861	19,596
Total Consolidated	200,613	1,636,627	1,837,240	1,267,705

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

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

Type	Qty	Funding date	Repayment of principal	Interest payment	Maturity of principal	Contractual rate (p.a.)	Effective rate (p.a.)
Debenture - 12 th issue	10,000	12/17	Monthly	Monthly	1/18 to 12/27	CDI + 2.25%	CDI + 2.42%
Debenture - 14 th issue	15,000	11/18	Semiannual	Semiannual	11/21 to 11/23	117% CDI	117% CDI + 0.26%
Debenture - 15 th issue (CRI)	70,000	12/18	Monthly	Monthly	1/19 to 12/28	CDI + 1.35%	CDI + 1.71%
Debenture - 16 th issue (CRI)	100,000	3/19	Semiannual	Semiannual	3/20 to 3/25	108% CDI	108% CDI + 0.34%
Debenture - 17 th issue	230,000	9/19	Annual	Semiannual	9/22 to 9/24	116.5% CDI	116.5% CDI + 0.18%
Debenture - 18 th issue	250,000	3/21	Annual	Semiannual	3/24 to 3/26	CDI + 2.00%	CDI + 2.21%
Debenture - 19 th issue (CRI)	450,000	9/21	Annual	Semiannual	9/25 to 9/28	IPCA + 5.52%	IPCA + 6.07%
Debenture - 20 th issue - 1 st series (CRI)	130,350	4/22	Annual	Semiannual	3/26 to 3/27	CDI + 1.10%	CDI + 1.55%
Debenture - 20 th issue - 2 nd series (CRI)	169,650	4/22	Annual	Semiannual	3/27 to 3/29	IPCA + 6.30%	IPCA + 6.87%
Debenture - 21 th issue	400,000	7/22	Annual	Semiannual	7/26 to 7/27	CDI + 1.65%	CDI + 1.79%
Construction financing	-	9/18	Monthly	Monthly	3/19 to 9/28	TR + 10%	TR + 10.87%
Construction financing	-	12/12	Monthly	Monthly	12/13 to 10/24	CDI + 1.65%	CDI + 1.92%

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

Funding during the nine-month period ended September 30, 2022 is as follows:

Type	Qty	Funding date	Repayment of principal	Interest payment	Maturity of principal	Contractual rate (p.a.)	Amount (*)
Debenture - 20 th issue - 1 st series	130,350	4/22	Annual	Semiannual	3/26 to 3/27	CDI + 1.10%	130,350
Debenture - 20 th issue - 2 nd series	169,650	4/22	Annual	Semiannual	3/27 to 3/29	IPCA + 6.30%	169,650
Debenture - 21 th issue	400,000	7/22	Annual	Semiannual	7/26 to 7/27	CDI + 1.65%	400,000
Total - Individual and Consolidated							700,000

(*) Gross of funding cost.

Changes in loans, financing and debentures were as follows:

	Consolidated		Individual	
	nine months of		nine months of	
	2022	2021	2022	2021
Opening balance	1,267,705	800,663	1,248,109	775,525
Funding	700,000	700,000	700,000	700,000
Interest expense	158,465	31,466	156,841	29,928
Fair value adjustment	(15,966)	(3,463)	(15,601)	-
Funding cost	(9,397)	(13,038)	(9,397)	(13,040)
Amortization of funding costs	3,458	2,453	3,385	2,372
Repayment of principal	(143,225)	(147,541)	(141,561)	(146,035)
Payment of interest	(123,800)	(28,568)	(122,397)	(27,018)
Closing balance	1,837,240	1,341,972	1,819,379	1,321,732

b) Guarantees

The types of guarantees for loans, financing and debentures as at September 30, 2022 are as follows:

	Consolidated			
	Construction financing	Debentures	CRI	Total
Collateral / receivables	31,455	301,439	89,478	422,372
No guaranties	-	664,556	772,229	1,436,785
Total (*)	31,455	965,995	861,707	1,859,157

(*) 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	
	9/30/22	12/31/21	9/30/22	12/31/21
<u>After the reporting period:</u>				
12 months	205,742	218,227	202,105	214,765
13 to 24 months	234,654	181,294	231,500	178,274
25 to 36 months	235,621	202,486	232,467	199,466
37 to 48 months	491,706	224,944	488,552	221,924
After 48 months	691,434	456,733	686,364	449,277
Total	1,859,157	1,283,684	1,840,988	1,263,706

d) Allocation of financial charges

Financial charges are capitalized as follows:

	Consolidated			
	2022		2021	
	3 rd quarter	nine months	3 rd quarter	nine months
<u>Financial charges on:</u>				
Loans, financing and debentures	(58,180)	(161,923)	(15,671)	(33,919)
Derivative financial instruments	(13,287)	2,299	(667)	(705)
Total financial charges	(71,467)	(159,624)	(16,338)	(34,624)
<u>Interest capitalized on:</u>				
Investment property	19,950	60,879	6,349	10,713
Financial charges allocated to profit or loss (Note 17)	(51,517)	(98,745)	(9,989)	(23,911)

	Individual			
	2022		2021	
	3 rd quarter	nine months	3 rd quarter	nine months
Financial charges on:				
Loans, financing and debentures	(57,596)	(160,226)	(15,143)	(32,300)
Derivative financial instruments	(13,287)	2,299	(667)	(705)
Total financial charges	(70,883)	(157,927)	(15,810)	(33,005)
Interest capitalized on:				
Investment property	-	2,977	3,935	6,702
Investment (Note 5)	19,950	57,902	2,414	4,011
Financial charges allocated to profit or loss (Note 17)	(50,933)	(97,048)	(9,461)	(22,292)

For the nine-month period ended September 30, 2022, total capitalized borrowing costs on loans, financing and debentures represented an average rate of 14.08% p.a. in Consolidated (5.95% p.a. for the same period of 2021).

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, 2021.

9. Land payables

	Consolidated		Individual	
	9/30/22	12/31/21	9/30/22	12/31/21
CDI	16,420	41,678	-	23,523
IPCA	1,000	7,739	1,000	7,739
Total	17,420	49,417	1,000	31,262
Current	16,420	46,383	-	28,966
Noncurrent	1,000	3,034	1,000	2,296
Total	17,420	49,417	1,000	31,262

10. Barters

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

Barters' maturity is broken down as follows:

	Consolidated		Individual	
	9/30/22	12/31/21	9/30/22	12/31/21
After the reporting period:				
12 months	155,361	70,290	90,936	1,642
13 to 24 months	69,741	136,266	41,262	103,787
25 to 36 months	5,319	24,034	5,319	19,549
After 36 months	17,632	-	17,632	-
Total	248,053	230,590	155,149	124,978
Current	155,361	70,290	90,936	1,642
Noncurrent	92,692	160,300	64,213	123,336
Total	248,053	230,590	155,149	124,978

11. Income tax and social contribution

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

	Consolidated			
	2022		2021	
	3 rd quarter	nine months	3 rd quarter	nine months
Income (loss) before income tax and social contribution	114,488	357,989	99,263	320,165
Statutory rate - income tax and social contribution	34%	34%	34%	34%
Nominal expense	(38,926)	(121,716)	(33,749)	(108,856)
Effect of IRPJ and CSLL on permanent differences:				
Results from equity participation grossed of written-off capitalized interest	2,690	4,321	768	1,661
Unrecognized tax credit	(6,783)	(19,687)	9,422	8,879
Depreciation of investment property	2,271	6,346	1,722	4,913
Tax basis difference for companies taxes based on deemed income	31,625	123,963	16,567	67,374
Others	6,385	4,717	705	1,107
IRPJ and CSLL credit (debit) in profit or loss	(2,738)	(2,056)	(4,565)	(24,922)

	Individual			
	2022		2021	
	3 rd quarter	nine months	3 rd quarter	nine months
Income before income tax and social contribution	98,989	314,781	93,782	286,487
Statutory rate - income tax and social contribution	34%	34%	34%	34%
Nominal expense	(33,656)	(107,026)	(31,886)	(97,406)
Effect of IRPJ and CSLL on permanent differences:				
Results from equity participation grossed of written-off capitalized interest	43,232	142,511	31,153	77,371
Tax credit not constituted	(6,783)	(19,687)	(822)	8,879
Depreciation of investment properties	2,178	6,068	1,629	4,636
Others	6,618	5,169	802	1,395
IRPJ and CSLL credit (debit) in profit or loss	11,589	27,035	876	(5,125)

On September 30, 2022, the Company did not recognize deferred taxes on tax losses carryforwards of subsidiaries in the amount of R\$1,581 (R\$1,581 as of December 31, 2021).

- (b) Deferred tax balances

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

	Consolidated		Individual	
	9/30/22	12/31/21	9/30/22	12/31/21
Noncurrent assets:				
Income tax and social contribution	34,463	7,428	34,463	7,428
Liabilities:				
Income tax and social contribution	(50,246)	(38,011)	-	-
PIS/COFINS	(56,956)	(42,311)	-	-
	(107,202)	(80,322)	-	-
Current	(5,393)	(2,494)	-	-
Noncurrent	(101,809)	(77,828)	-	-
Total	(107,202)	(80,322)	-	-

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

	Consolidated		Individual	
	9/30/22	12/31/21	9/30/22	12/31/21
Tax effect on:				
Deferred assets:				
Tax loss carryforwards	99,681	66,060	99,421	65,773
Capitalized interests written-off (*)	94,189	94,746	94,189	94,746
Temporary differences	(7,791)	2,447	(7,791)	2,447
	186,079	163,253	185,819	162,966
Reclassified deferred liabilities	(151,616)	(155,825)	(151,356)	(155,538)
Deferred tax assets	34,463	7,428	34,463	7,428
Deferred liabilities:				
Fair value appreciation on investment property	(196,048)	(190,616)	(151,356)	(155,538)
Rental receivables and others	(3,420)	(3,220)	-	-
Sale of assets	(2,394)	-	-	-
	(201,862)	(193,836)	(151,356)	(155,538)
Reclassified deferred liabilities	151,616	155,825	151,356	155,538
Deferred tax liabilities	(50,246)	(38,011)	-	-

(*) According to Note 2.2 (e) to the financial statements for the year ended December 31, 2021, 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, 2022, 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, 2022 and 2021 are as follows:

	Consolidated				Individual			
	nine months of				nine months of			
	2022		2021		2022		2021	
	Assets	Liabilities	Net	Net	Assets	Liabilities	Net	Net
Opening balance	163,253	(193,836)	(30,583)	(13,693)	162,966	(155,538)	7,428	16,537
Effect of deferred IRPJ and CSLL recognized in:								
Net income for the period	22,826	(8,026)	14,800	(10,662)	22,853	4,182	27,035	(5,125)
Closing balance	186,079	(201,862)	(15,783)	(24,355)	185,819	(151,356)	34,463	11,412

12. Provisions for labor, tax and civil risks

Changes for the nine-month period ended September 30, 2022 and 2021 are as follows:

	Consolidated		Individual	
	nine months of		nine months of	
	2022	2021	2022	2021
Opening balance	1,991	1,725	116	108
Additions and inflation adjustments	470	401	99	16
Payments	(163)	(24)	(35)	(4)
Reversals	(103)	(48)	(12)	(9)
Closing balance	2,195	2,054	168	111

The lawsuits assessed as possible losses by the legal counsel amounted to R\$1,062 in Consolidated and R\$566 in Individual as at September 30, 2022 (R\$4,611 in Consolidated and R\$4,181 in Individual as at December 31, 2021).

Other information on the provision for labor, tax and civil risks is not significantly different from the information disclosed in Note 12 to the financial statements for the year ended December 31, 2021.

13. 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 contracts that contain leases, referring to the rental of its offices and land for LOG Brasília and LOG Barreiro IV assets.

Changes in lease liability for the nine-month period ended September 30, 2022 and 2021 are as follows:

	Consolidated		Individual	
	nine months of		nine months of	
	2022	2021	2022	2021
Opening balance	4,463	4,374	4,463	4,374
Additions (*)	66,342	-	2,541	-
Remeasurement	1,905	294	1,905	294
Interest expenses	397	219	397	219
Repayment of principal	(339)	(153)	(339)	(153)
Payment of interest	(397)	(219)	(397)	(219)
Closing balance	72,371	4,515	8,570	4,515
Current	624	219	565	219
Noncurrent	71,747	4,244	8,005	4,244
	72,371	4,463	8,570	4,463

(*) Includes R\$63,800 referring to the right-of-use land in LOG Brasília and LOG Barreiro IV assets.

The undiscounted contractual cash flows (gross lease liabilities) represent annual cash-outs, ending September 2067 and are as follow:

	Up to 12 months	From 13 to 24 months	From 25 to 36 months	After 36 months	Total
Consolidated:					
Lease liability	1,156	5,212	6,492	289,076	301,936
Total	1,156	5,212	6,492	289,076	301,936
Individual:					
Lease liability	1,093	1,093	1,093	8,871	12,150
Total	1,093	1,093	1,093	8,871	12,150

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, 2022, these leases represent R\$127 (R\$111 for the same period of 2021).

Other information on the lease is not significantly different from the information disclosed in Note 13 to the financial statements for the year ended December 31, 2021.

14. Equity

(a) Shares and capital

	Consolidated and Individual	
	9/30/22	12/31/21
Subscribed capital	2,753,976	2,053,976
Number of common shares, without par value (thousand)	102,159	102,159

The Company's authorized capital as at September 30, 2022 is R\$3,700,000 (three billion and seven hundred million reais), three billion as at December 31, 2021, represented exclusively by common shares and each share entitles its holder to one vote in shareholders meeting.

During the nine-month period ended September 30, 2022, the Shareholders' Meeting (SM), approved the following capital increases, through partial capitalization of its profit reserve, as follows:

Date of approval	Number of shares	Unit price	Total capital increase	Share capital after capital increase	Total outstanding shares after issuance
	(thousand)	R\$	R\$'000	R\$'000	(thousand)
Nine month period ended September 30, 2022:					
4/19/22 - Capitalization of reserves	-	-	700,000	2,753,976	102,159

(b) Treasury shares

On September 9, 2021, the Board of Directors approved for 18 months, starting on September 9, 2021, the Company's Share Buyback program, in the maximum amount of 5.5 million common shares, respecting the legal limits, for being held in treasury, canceled, re-placed on the market, or allocated to the Stock Option Plans.

During the nine-month period ended September 30, 2022, 871 thousand shares were acquired in the amount of R\$19,518 through the Company's Share Buyback Program, and 17 thousand shares were transferred to the beneficiaries of the Company's stock option plan, 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 month period ended September 30, 2022:									
Common shares	1,048	871	-	(17)	1,902	22.43	24.76	20.42	47,075
Nine month period ended September 30, 2021:									
Common shares	16	2,088	(990)	-	1,114	26.65	27.69	25.11	28,875

(*) Market value of shares remaining in treasury as at September 30, 2022 and 2021.

(c) Mandatory minimum dividend payable to shareholders

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

Fiscal year 2020 dividends, amounting R\$33,240, were approved at the Board of Directors Meeting held on March 1st, 2021 and paid on April 1st, 2021.

(d) Stock option plan

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

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

Program	Approval	Maximum quantity	% of total approved in the plan	Vesting	Strike price	Participants	Initial exercise deadline	Exercise deadline (*)
2	6/12	22,444	0.73%	Up to 5 year	R\$ 22.36	Officers	8/12	12/22
3	10/13	32,879	1.06%	Up to 5 year	R\$ 30.04	Officers and managers	12/13	12/23
4	11/14	31,835	1.03%	Up to 5 year	R\$ 30.04	Officers and managers	12/14	12/24
5	12/15	27,710	0.90%	Up to 5 year	R\$ 30.04	Officers and managers	12/15	12/25
6	4/18	352,000	11.38%	Up to 5 year	R\$ 22.00	Officers and managers	12/18	12/25
7	9/19	226,251	7.32%	Up to 5 year	R\$ 23.42	Officers and managers	12/19	12/26
8	6/20	653,216	21.12%	Up to 5 and 10 year	R\$ 21.62	Officers and managers	12/20	12/27 and 12/32
10	12/21	338,074	10.93%	Up to 5 year	R\$ 24.17	Officers and managers	12/21	12/28
11	7/22	401,761	12.99%	Up to 5 year	R\$ 18.99	Officers and managers	12/22	12/29

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

The tables below show the changes in stock option plan program for the nine-month period ended September 30, 2022 and 2021 and supplemental information thereon:

Program	Number of participants	Changes nine months of 2022 (thousand options)				
		Opening balance	Granted	Expired / forfeited	Exercised	Closing balance
2	-	15	-	-	(15)	-
3	2	21	-	-	-	21
4	2	21	-	-	-	21
5	2	21	-	-	-	21
6	3	267	-	-	-	267
7	13	171	-	(3)	-	168
8	15	637	-	(3)	-	634
10	20	335	-	-	-	335
11	16	-	402	-	-	402
		1,488	402	(6)	(15)	1,869
Weighted average price of exercised options		22.83	18.99	22.46	22.36	22.01
Nine months of 2021 (thousand options)		1,182	338	(27)	-	1,493
Weighted average price of exercised options		22.44	30.22	22.69	-	24.20

Program	Number of vested shares (thou.)	Compensation cost for the period	Unrecognized compensation cost	Remaining compensation cost period (in years)
2	15	-	-	-
3	21	-	-	-
4	21	-	-	-
5	21	-	-	-
6	53	159	52	0.3
7	26	136	213	1.3
8	64	879	3,874	7.4
10	34	604	1,595	3.3
11	-	268	2,844	4.3
2022	255	2,046	8,578	5.4
2021	167	1,876	9,052	6.4

As at September 30, 2022, had all options currently granted been exercised, the Company would have issued 1,869 thousand shares, which would represent a 1.80% dilution in relation to the Company's total of 102,159 thousand shares (1.44% at December 31, 2021).

As at September 30, 2022, Stock options granted represents 69.73% of the total approved plan (92.72% December 31, 2021).

The weighted average market price of exercised shares, considering each exercise date, during the period ended September 30, 2022, was R\$25.30 (zero for the same period of 2021).

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

(e) Noncontrolling interests

	Consolidated	
	nine months of	
	2022	2021
Opening balance	29,173	19,840
Net contributions (distributions) to noncontrolling shareholders	40,368	(5,202)
Interests in net income for the period	14,117	13,881
Closing balance	83,658	28,519

(f) Earnings per share

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

	Consolidated and Individual			
	2022		2021	
	3 rd quarter	nine months	3 rd quarter	nine months
Basic earnings per share:				
Net income for the period	110,578	341,816	94,658	281,362
Weighted average number of outstanding common (thousand)	100,471	100,836	101,659	101,980
Basic earnings per share - in R\$	1.10060	3.38982	0.93113	2.75899
Diluted earnings per share:				
Net income for the period	110,578	341,816	94,658	281,362
Weighted average number of outstanding common (thousand)	100,471	100,836	101,659	101,980
Dilutive effect of stock options (thousand)	119	182	248	302
Total shares after dilutive effect (thousand)	100,590	101,018	101,907	102,282
Diluted earnings per share - in R\$	1.09929	3.38371	0.92887	2.75085

Other information on equity did not significantly change in relation to the information disclosed in Note 14 to the financial statements for the year ended December 31, 2021.

15. Net revenue

	Consolidated			
	2022		2021	
	3 rd quarter	nine months	3 rd quarter	nine months
Rental revenue	60,170	154,760	38,060	113,676
Revenue from management services	1,852	5,018	1,261	3,747
Revenue from construction services	738	4,392	-	-
Taxes on revenue	(3,579)	(9,889)	(2,316)	(6,708)
Net revenue	59,181	154,281	37,005	110,715

	Individual			
	2022		2021	
	3 rd quarter	nine months	3 rd quarter	nine months
Rental revenue	18,034	51,352	11,988	34,370
Revenue from management services	1,852	5,018	1,261	3,747
Revenue from construction services	738	4,392	-	-
Taxes on revenue	(1,822)	(5,843)	(1,319)	(3,694)
Net revenue	<u>18,802</u>	<u>54,919</u>	<u>11,930</u>	<u>34,423</u>

16. Costs and expenses by nature

	Consolidated			
	2022		2021	
	3 rd quarter	nine months	3 rd quarter	nine months
Costs of services provided - condominium management	(849)	(2,226)	(584)	(1,546)
Operating income (expenses):				
Salaries, charges and benefits	(4,733)	(14,171)	(2,607)	(8,730)
Outside services	(2,518)	(6,194)	(1,708)	(5,581)
General expenses	(1,233)	(4,454)	(1,371)	(3,582)
Management compensation	(1,753)	(5,098)	(1,607)	(4,184)
Vacancy expenses	(707)	(2,438)	(368)	(1,407)
Stock options	(861)	(2,046)	(832)	(1,876)
Advertising	(443)	(1,076)	(561)	(1,296)
Depreciation and amortization	(333)	(947)	(209)	(611)
Other operating expenses, net:				
Sale of assets	1,372	1,372	(2,296)	15,344
Others	(2,733)	(5,169)	1,414	(4,937)
	<u>(13,942)</u>	<u>(40,221)</u>	<u>(10,145)</u>	<u>(16,860)</u>
Classified as:				
Selling expenses	(2,888)	(9,051)	(2,784)	(8,268)
General and administrative expenses	(7,940)	(22,275)	(4,872)	(14,815)
Management compensation	(1,753)	(5,098)	(1,607)	(4,184)
Other operating expenses, net	(1,361)	(3,797)	(882)	10,407
	<u>(13,942)</u>	<u>(40,221)</u>	<u>(10,145)</u>	<u>(16,860)</u>

	Individual			
	2022		2021	
	3 rd quarter	nine months	3 rd quarter	nine months
Costs of services provided - condominium management	(849)	(2,226)	(584)	(1,546)
Operating expenses:				
Salaries, charges and benefits	(4,660)	(13,886)	(2,607)	(8,730)
Outside services	(1,602)	(3,849)	(1,257)	(3,018)
General expenses	(1,072)	(4,025)	(1,299)	(3,385)
Management compensation	(1,753)	(5,098)	(1,607)	(4,184)
Vacancy expenses	(383)	(1,371)	(136)	(525)
Stock options	(861)	(2,046)	(832)	(1,876)
Advertising	(444)	(1,072)	(562)	(1,291)
Depreciation and amortization	(331)	(943)	(208)	(607)
Other operating expenses, net:				
Sale of assets	1,372	1,372	(2,296)	(2,296)
Others	(2,486)	(4,516)	2,619	718
	<u>(12,220)</u>	<u>(35,434)</u>	<u>(8,185)</u>	<u>(25,194)</u>
Classified as:				
Selling expenses	(1,904)	(6,215)	(2,296)	(5,420)
General and administrative expenses	(7,449)	(20,977)	(4,605)	(14,012)
Management compensation	(1,753)	(5,098)	(1,607)	(4,184)
Other operating expenses, net	(1,114)	(3,144)	323	(1,578)
	<u>(12,220)</u>	<u>(35,434)</u>	<u>(8,185)</u>	<u>(25,194)</u>

17. Financial expenses and income

	Consolidated			
	2022		2021	
	3 rd quarter	nine months	3 rd quarter	nine months
Financial expenses				
Interest on loans, financing and debentures (Note 8 (d))	(51,517)	(98,745)	(9,989)	(23,911)
Mark-to-market derivative financial instruments (includes hedge effect)	17,047	(8,075)	(701)	(782)
Other financial expenses	(1,081)	(2,971)	(271)	(616)
	(35,551)	(109,791)	(10,961)	(25,309)
Financial income				
Income from short-term investments	20,514	64,274	13,923	28,614
Interest income on loans	224	332	132	295
Other financial income (*)	(517)	(700)	260	915
	20,221	63,906	14,315	29,824
Financial (expenses) income	(15,330)	(45,885)	3,354	4,515

(*) Includes tax effect in financial income.

	Individual			
	2022		2021	
	3 rd quarter	nine months	3 rd quarter	nine months
Financial expenses				
Interest on loans, financing and debentures (Note 8 (d))	(50,933)	(97,048)	(9,461)	(22,292)
Mark-to-market derivative financial instruments	16,864	(9,160)	(2,101)	(4,245)
Other financial expenses	(5)	(1,303)	(80)	(100)
	(34,074)	(107,511)	(11,642)	(26,637)
Financial income				
Income from financial investments	19,722	59,288	12,664	26,928
Interest income on loans	378	833	223	507
Other financial income (*)	(623)	(888)	165	704
	19,477	59,233	13,052	28,139
Financial (expenses) income	(14,597)	(48,278)	1,410	1,502

(*) Includes tax effect in financial income.

18. Related parties

Related-party balances and transactions are as follows:

	Consolidated				Individual				
	Asset		Liability		Asset		Liability		
	9/30/22	12/31/21	9/30/22	12/31/21	9/30/22	12/31/21	9/30/22	12/31/21	
Short-term investments and marketable securities									
Other related parties:									
Banco Inter S.A. (Inter)	[1]	356,300	432,391	-	-	356,300	432,391	-	-
Banco Bradesco S.A.	[2]	40,488	3,435	-	-	37,305	511	-	-
Intercompany receivables									
Investees									
SPEs	[3]	-	-	-	-	5,188	4,748	-	-
Rental receivables									
Other related parties:									
Patrus Transportes Urgentes Ltda.	[4]	642	563	-	-	27	24	-	-
Trade receivable from sale of equity interests									
Other related parties:									
MRV MRL Camp Nou Incorporações e Participações Ltda.	[5]	13,642	14,797	-	-	13,642	14,797	-	-
MRV Engenharia e Participações S.A. (MRV)	[8]	-	6,423	-	-	-	6,423	-	-
Loans, financing and debentures									
Other related parties:									
Banco Inter S.A. (Inter)	[1]	-	-	-	51,147	-	-	-	51,147
Banco Bradesco S.A.	[2]	-	-	-	184,119	-	-	-	184,119
Services supplier									
Other related parties:									
Conedi Participações Ltda. e MA Cabaleiro Participações Ltda.	[6]	-	-	50	46	-	-	50	46
Land payables									
Other related parties:									
Banco Inter S.A. (Inter)	[9]	-	-	-	10,590	-	-	-	10,590

	Consolidated								
	Income				Expense				
	3 rd quarter of		nine months of		3 rd quarter of		nine months of		
	2022	2021	2022	2021	2022	2021	2022	2021	
Financial income									
Short-term investments and marketable securities									
Other related parties									
Banco Inter S.A. (Inter)	[1]	7,629	7,458	35,375	15,210	-	-	-	-
Banco Bradesco S.A.	[2]	2,281	310	2,611	855	-	-	-	-
Trade receivable from sale of equity interests									
Other related parties									
MRV MRL Camp Nou Incorporações e Participações Ltda.	[5]	(96)	-	730	-	-	-	-	-
MRV Engenharia e Participações S.A. (MRV)	[8]	177	-	522	-	-	-	-	-
Rental revenue									
Rental receivables									
Other related parties									
Patrus Transportes Urgentes Ltda.	[4]	1,863	1,614	5,399	4,835	-	-	-	-
General and administrative expenses									
Other related parties									
Conedi Participações Ltda. e MA Cabaleiro Participações Ltda.	[6]	-	-	-	-	76	50	234	219
MRV Engenharia e Participações S.A. (MRV)	[7]	-	-	-	-	737	373	2,026	1,230
Financial expenses									
Other related parties									
Commission:									
Banco Inter S.A. (Inter)	[10]	-	-	-	-	-	4,058	-	4,058

	Individual								
	Income				Expense				
	3 rd quarter of		nine months of		3 rd quarter of		nine months of		
	2022	2021	2022	2021	2022	2021	2022	2021	
Financial income									
Short-term investments and marketable securities									
Other related parties									
Banco Inter S.A. (Inter)	[1]	7,629	7,458	35,375	15,210	-	-	-	-
Banco Bradesco S.A.	[2]	2,164	262	2,312	759	-	-	-	-
Intercompany loans									
Investees									
SPEs	[3]	219	91	566	212	-	-	-	-
Trade receivable from sale of equity interests									
Other related parties									
MRV MRL Camp Nou Incorporações e Participações Ltda.	[5]	(96)	-	730	-	-	-	-	-
MRV Engenharia e Participações S.A. (MRV)	[8]	177	-	522	-	-	-	-	-
Rental revenue									
Rental receivables									
Other related parties									
Patrus Transportes Urgentes Ltda.	[4]	81	72	235	214	-	-	-	-
General and administrative expenses									
Other related parties									
Conedi Participações Ltda. e MA Cabaleiro Participações Ltda.	[6]	-	-	-	-	76	50	234	219
MRV Engenharia e Participações S.A. (MRV)	[7]	-	-	-	-	597	213	1,095	551
Financial expenses									
Other related parties									
Commission:									
Banco Inter S.A. (Inter)	[10]	-	-	-	-	-	4,058	-	4,058

- [1] Refers to transactions with Banco Inter S.A. and/or subsidiaries (“Inter”), which is controlled by controlling shareholder of the Company. In the nine-month period ended September 30, 2022, short-term investments yielded 97.6% of CDI in Consolidated and Individual (181.8% for the same period of 2021).
- [2] Refers to transactions with Banco Bradesco, controlling shareholder of Banco Bradesco Investimentos (BBI), which in turn is the controlling shareholder of 2bCapital, current manager of the Fundo de Investimento em Participações Multisetorial Plus, a shareholder of the Company.
- [3] Refers to loan between the Company and subsidiary, granted in January 2018. This loan is subject to interest by CDI + 2.25% p.a.
- [4] Refers to warehouse’s lease agreement entered by the Company and subsidiaries with Patrus Transportes Urgentes Ltda., controlled by a noncontrolling shareholder of the Company.
- [5] In July 2018, the Company sold equity interest in the subsidiary MRV LOG MDI SJC I Incorporações SPE Ltda. (“LOG SJC Sony”) to MRV MRL CAMP NOU Incorporações e Participações Ltda, a company controlled by MRV Engenharia e Participações S.A. The contract determines payments in two tranches as detailed below:
- I. R\$10,800 referring to 10.81% of the equity interest, to be paid in 24 monthly installments of R\$450 each, updated by INCC index, the first being paid after the approval of the land subdivision project by the Municipal Administration, an event that took place in July 2018; and
 - II. R\$25,523 (R\$24,200 plus update by IPCA index) referring to 24.22% of the equity interest, which will be paid in 48 monthly installments of R\$532 each, the first being paid after approval of a change in the zoning area from industrial to residential by the Municipal Administration, an event that took place in the fourth quarter of 2019.

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, 2022	-	13,642	13,642
Trade receivables as at December 31, 2021	-	14,797	14,797

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

- [6] Refers to lease agreement of part of tenth and ninth floor of the office building where the head office is located, owned by the companies Conedi Participações Ltda. (“Conedi”) and MA Cabaleiro Participações Ltda. (“MA Cabaleiro”). Conedi is a one of the Company’s shareholders and MA Cabaleiro is owned by Marcos Alberto Cabaleiro Fernandez, a noncontrolling shareholder. The contract is valid until February 28, 2035, including extension of the contract, adjustable annually by IPCA index.
- [7] Amounts related to expenses incurred on the provision of administrative services. The agreement provides for the monthly payment of R\$6 per project developed by the Company or its investees at September 30, 2022 (R\$5 at December 31, 2021). This amount is annually adjusted using the average salary increase percentage granted to the employees of MRV. On December 09, 2019, the contract was renegotiated making the term indefinite, in the absence of opposition by the parties.
- [8] Refers to the sale of the Company's interest in Cabral Investimentos SPE Ltda. (“Cabral”) concluded in December 2021. The agreement established the payment of monthly installments of R\$533 each, updated by the INCC and was fully paid in September 2022. The revenue refers to the aforementioned correction.
- [9] Refers to the purchase of land from the supplier R&R Negócios e Participações S.A. in the amount of R\$28,231, with an entry of R\$1,000 and 18 monthly and consecutive installments of R\$1,513, fully paid in July 2022. The supplier made prepayment of receivables with Banco Inter S.A., which then became the creditor of the transaction.
- [10] Refers to services related to coordination, placement and distribution of CRI (Certificates of real estate receivables), under best efforts modality, guaranteed by the Company's 19th 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 consist of members of the Board of Directors and officers elected by the Board of Directors in conformity with the Company’s bylaws, and their roles and responsibilities comprise decision-making powers and control of the Company’s activities.

	Consolidated and Individual			
	2022		2021	
	3 rd quarter	nine months	3 rd quarter	nine months
Short-term benefits granted to management:				
Management compensation	1,753	5,098	1,607	4,184
Profit sharing	791	2,089	346	1,037
Non-monetary benefits	41	124	41	121
Long-term benefits to management:				
Retirement private plan	28	80	24	72
Share-based compensation:				
Stock option plan	667	1,623	658	1,529
	3,280	9,014	2,676	6,943

On April 19, 2022, the Ordinary Shareholders’ Meeting approved the overall management compensation at R\$13,484.

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

19. Financial instruments and risk management

(a) Financial instruments

Financial instruments are represented by the balances of cash, banks, short-term investments, marketable securities, trade receivables, intercompany loans, trade payables, loans, financing, debentures, and derivatives. All financial instruments held by the Group were recorded as at September 30, 2022 .

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

Type of transaction	Contract date	Asset / Liability	Maturity	Notional amount	Long position	Short position	Effect on result		9/30/22
							Gain (loss) on transaction	Mark-to-market	Derivative fair value
Swap (*)	11/18	10.5% / 108.95% CDI	8/28	18,142	18,253	18,303	(50)	(960)	(1,010)
Swap (**)	9/21	IPCA + 5.52% / CDI + 1.23%	9/28	450,000	493,540	453,266	15,025	(29,630)	10,644
Swap (***)	4/22	IPCA + 6.30% / CDI + 1.47%	3/29	169,650	175,539	170,709	(808)	1,882	6,712
Swap	9/21	LOGG3 / CDI + 1.75%	1/23 and 3/23	74,468	76,274	83,753	-	(10,821)	(10,821)
							14,167	(39,529)	5,525

	Consolidated and Individual
Noncurrent assets	17,356
Current liabilities	10,821
Noncurrent liabilities	1,010
Total liabilities	11,831

Type of transaction	Contract date	Asset / Liability	Maturity	Notional amount	Long position	Short position	Effect on result		12/31/21
							Gain (loss) on transaction	Mark-to-market	Derivative fair value
Swap (*)	11/18	10.5% / 108.95% CDI	8/28	19,758	19,885	19,885	-	(609)	(609)
Swap	9/21	IPCA + 5.52% / CDI + 1.23%	9/28	450,000	471,690	459,822	11,868	(12,559)	(691)
Swap	9/21	LOGG3 / CDI + 1.75%	1/23 and 3/23	74,468	75,111	75,921	(810)	(1,510)	(2,320)
							11,058	(14,678)	(3,620)

	Consolidated and Individual
Noncurrent liabilities	3,620

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

(**) Derivative fair value includes net payment effect of R\$25,249.

(***) Derivative fair value includes net payment effect of R\$5,638.

Effect on results - Consolidated			
	Gain (loss) on transaction	Mark-to-market	Total
3rd quarter of 2022			
Effect in profit or loss			
Swaps with fair value hedge	(13,287)	3,803	(9,484)
Swaps with no hedge	-	16,531	16,531
Gross effect in profit or loss	(13,287)	20,334	7,047
Reducing effect of hedges	-	(3,287)	(3,287)
Net effect in profit or loss	(13,287)	17,047	3,760
Nine months of 2022			
Effect in profit or loss			
Swaps with fair value hedge	2,299	(15,540)	(13,241)
Swaps with no hedge	-	(8,501)	(8,501)
Gross effect in profit or loss	2,299	(24,041)	(21,742)
Reducing effect of hedges	-	15,966	15,966
Net effect in profit or loss	2,299	(8,075)	(5,776)

Effect on results - Consolidated			
	Gain (loss) on transaction	Mark-to-market	Total
3rd quarter of 2021			
Effect in profit or loss			
Swaps with fair value hedge	129	(1,457)	(1,328)
Swaps with no hedge	-	(1,441)	(1,441)
Gross effect in profit or loss	129	(2,898)	(2,769)
Reducing effect of hedges	-	1,397	1,397
Net effect in profit or loss	129	(1,501)	(1,372)
Nine months of 2021			
Effect in profit or loss			
Swaps with fair value hedge	92	(3,601)	(3,509)
Swaps with no hedge	-	(1,441)	(1,441)
Gross effect in profit or loss	92	(5,042)	(4,950)
Reducing effect of hedges	-	3,463	3,463
Net effect in profit or loss	92	(1,579)	(1,487)

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

Hedge accounting

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

	Hedge Instrument (swap)	Hedge Item
Notional value	25,000	25,000
Contract date	12/18	12/18
Maturity date	8/28	9/28

	Long position	Short position	Debt
Rates	10.5%	108.95% CDI	TR + 10%

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

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

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

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

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

Fair value hedge	Notional value	Rates	Fair value	Effects on results
	9/30/22		9/30/22	2022
Loans, financing and debentures	18,142	10%	(17,761) (*)	365
Loans, financing and debentures	450,000	IPCA + 5.52%	(463,497)	17,483
Loans, financing and debentures	169,650	IPCA + 6.30%	(177,445)	(1,882)
	637,792		(658,703)	15,966
(Hedged item)				
		Long position		
		10%	17,761	(365)
		IPCA + 5.52%	463,910	(17,070)
		IPCA + 6.30%	177,421	1,882
			659,092	(15,553)
Derivative financial instrument	18,142			
Derivative financial instrument	450,000			
Derivative financial instrument	169,650			
(Hedge instrument)	637,792			
		Short position		
		108.95% CDI	(18,771)	13
		CDI + 1.23%	(453,266)	-
		CDI + 1.47%	(170,709)	-
			(642,746)	13
		Swap net position - Individual	16,346	(15,540)
		Total net position - Consolidated	(642,357)	426

(*) Swap hedging relation of 97.76% of the hedged item.

(b) Category of financial instruments

Consolidated	Note	9/30/22		12/31/21	
		Book value	Fair value	Book value	Fair value
Financial assets:					
Amortized cost		168,270	168,270	87,033	87,033
Cash and bank accounts		3,566	3,566	2,516	2,516
Trade receivables	4	164,704	164,704	84,517	84,517
Fair value through profit or loss (mandatorily measured) (*)		791,077	791,077	894,089	894,089
Restricted investment funds	3	501,684	501,684	685,911	685,911
Unrestricted investment funds	3	82,944	82,944	2,924	2,924
Bank certificates of deposit (CDB)		189,093	189,093	205,254	205,254
Derivative financial instruments	19 (a)	17,356	17,356	-	-
Financial liabilities:					
Amortized cost		1,300,654	1,297,374	887,079	865,873
Loans, financing and debentures		1,178,129	1,174,849	788,595	767,389
Land payables	9	17,420	17,420	49,417	49,417
Trade payables (suppliers)		32,734	32,734	44,604	44,604
Lease	13	72,371	72,371	4,463	4,463
Fair value through profit or loss (Hedge accounting) (*)		659,111	659,111	479,110	479,110
Loans, financing and debentures		659,111	659,111	479,110	479,110
Fair value through profit or loss (mandatorily measured) (*)		11,831	11,831	3,620	3,620
Derivative financial instruments	19 (a)	11,831	11,831	3,620	3,620

(*) 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, 2022 and December 31, 2021.

The table below shows a comparison of the contracted and market rates, at September 30, 2022:

Contractual rate (p.a.)	Current market rate (p.a.)	Maturity dates
Debentures and CRI		
CDI + 1.10% to 2.25%	CDI + 1.13% to 2.12%	03/26 to 12/28
108% to 117% CDI	CDI + 1.13% to 1.95%	11/23 to 03/25
IPCA + 5.52% to 6.30%	IPCA + 5.70% to 6.45%	09/28 to 03/29
Construction financing		
CDI + 1.65%	CDI + 1.65%	10/24
TR + 10.00%	TR + 10.00%	9/28

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

(c) Exposure to interest rates and inflation adjustment indexes

The following analysis was carried out for September 30, 2022, according with that described in Note 19, letter (c), to the financial statements for the year ended December 31, 2021:

Index	Financial asset	Financial liability	Net exposed financial (asset) liability	Effective rate for the 12-month period ended 9/30/22	Estimated annual rate for 2022 (*)	Rates changes for each scenario	Total estimated financial impact
Probable scenario:							
CDI	549,561	(1,928,726)	(1,379,165)	10.87%	13.70% (i)	2.83%	(39,030)
TR	-	(18,169)	(18,169)	1.19%	2.20% (i)	1.01%	(184)
IPCA	935,161	(641,942)	293,219	7.17%	5.47% (ii)	-1.70%	(4,985)
							<u>(44,199)</u>
Scenario I:							
CDI	549,561	(1,928,726)	(1,379,165)	10.87%	17.13%	6.26%	(86,336)
TR	-	(18,169)	(18,169)	1.19%	2.75%	1.56%	(283)
IPCA	935,161	(641,942)	293,219	7.17%	4.10%	-3.07%	(9,002)
							<u>(95,621)</u>
Scenario II:							
CDI	549,561	(1,928,726)	(1,379,165)	10.87%	20.55%	9.68%	(133,503)
TR	-	(18,169)	(18,169)	1.19%	3.30%	2.11%	(383)
IPCA	935,161	(641,942)	293,219	7.17%	2.73%	-4.44%	(13,019)
							<u>(146,905)</u>

(i) Data obtained from B3 website.

(ii) Data obtained from Banco Central website.

(*) Effective change for the first nine months of 2022 plus a projection for the next three months of 2022.

(d) Capital risk management

As at September 30, 2022 and December 31, 2021, the net debt-to-equity ratio is as follows:

	Consolidated		Individual	
	9/30/22	12/31/21	9/30/22	12/31/21
Loans, financing and debentures	1,837,240	1,267,705	1,819,379	1,248,109
Cash and cash equivalents and marketable securities	(777,287)	(896,605)	(635,143)	(739,574)
Net debt	1,059,953	371,100	1,184,236	508,535
Equity	3,719,905	3,340,742	3,636,247	3,311,569
Net debt-to-equity ratio	28.5%	11.1%	32.6%	15.4%

(e) Liquidity and interest rate risk table

The cash flows of the financial liabilities based on the nearest date on which the Group should settle the related obligations was based on the projections for each index on September 30, 2022, by maturity, are as follows:

	Up to 12 months	From 13 to 24 months	From 25 to 36 months	After 37 months	Total
<u>Consolidated:</u>					
Floating rates liabilities	409,902	405,980	385,091	1,492,440	2,693,413
Fixed rates liabilities	1,156	5,212	6,492	289,076	301,936
Non-interest bearing liabilities	32,734	-	-	-	32,734
Total	443,792	411,192	391,583	1,781,516	3,028,083
<u>Individual:</u>					
Floating rates liabilities	405,728	402,071	380,750	1,478,666	2,667,215
Fixed rates liabilities	1,093	1,093	1,093	8,871	12,150
Non-interest bearing liabilities	9,602	-	-	-	9,602
Total	416,423	403,164	381,843	1,487,537	2,688,967

(f) Credit risk

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

- i) Accounts receivable from customers: to mitigate this risk, the Group adopts the policy of dealing only with counterparties that have credit capacity and obtain sufficient guarantees. The company records allowance for credit risk as mentioned in Note 2.2 (i) to the financial statements for the year ended December 31, 2021.
- ii) Financial investments: to mitigate default risk, the Group maintains its investments with first class financial institutions.

Other information on 'Financial instruments and risk management' is not significantly different from the information disclosed in Note 19 to the financial statements for the year ended December 31, 2021.

20. Guarantees

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

21. Noncash transactions

During the nine-month period ended September 30, 2022 and 2021, 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	
	2022	2021	2022	2021
Interest capitalization	60,879	10,713	60,879	10,713
Right-of-use (remeasurement of CPC 06 (R2)) (note 13)	1,905	294	1,905	294
Right-of-use (additions) (note 13)	66,342	-	2,541	-
Net effect on barbers	27,842	119,461	57,008	90,337
Net effect on land payables	(31,997)	14,608	(2,556)	19,705

22. Insurance

The Company has an insurance policy that considers primarily risk concentration and their materiality, taking into consideration the nature of its business, and advice of the insurance brokers. As at September 30, 2022, 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.	669,362
Civil liability (officers)	Insures the coverage of moral damage suffered by the company officers (D&O)	50,000
Civil liability (events)	Insures the coverage of moral damage suffered by the company events participants.	1,000
Group life and personal injury insurance	Insures payment of compensation related to involuntary personal injuries to employees, contractors, interns, and officers.	76,267
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.	140,544
Legal guarantee insurance	Insures to the policyholder the payment of any disputed amount in full related to any lawsuit filed with any court or threatened. The contracted guarantee replaces escrow deposits.	4,062
Barter insurance	Guarantees the fulfillment of the obligation, by the Company, whether financial (payment of due installments) or delivery of GLA after the completion of the agreed work, to the exchanger.	77,161
Free energy market guarantee insurance	Guarantees to the energy supplier payments agreed in contracts annually.	744

23. Subsequent events

On July 26, 2022, a share purchase and sale agreement and other agreements were signed with CSHG Logística - Fundo de Investimento Imobiliário - FII, for the sale of the Company's entire equity interest in Parque Torino Imóveis S.A. (Torino), for the amount of R\$175 million. On October 6, 2022, after overcoming the precedent conditions, the sale was concluded, with receipt by the Company of R\$120 million, and the two remaining installments of R\$27 million each will be received within 12 and 18 months after the payment of the first installment.

24. Approval of the financial statements

These interim financial statements were reviewed by the Fiscal Board and authorized for issue by the Board of Directors on October 26, 2022.