Financial Statements

Iguatemi Empresa de Shopping Centers S.A.

December 31, 2018
with Independent Auditor's Review Report

(A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements prepared in Brazilian currency)

MESSAGE FROM MANAGEMENT

Year 2018 was challenging and atypical. Despite a still fragile economy and an unexpected event that shook consumer confidence - the truck drivers' strike in 2Q18, after the elections we observed a timid recovery in consumption. Throughout the year, Iguatemi's efforts continued in: (i) **strengthening our capital structure;** (ii) beginning **withdrawing discounts** from shopkeepers granted during the crisis, (iii) **strengthening our relationships with retailers;** and (iv) **continually improving the consumer experience.**

With the improvement - though gradual - in the occupation of our malls and by beginning withdrawing discounts granted to shopkeepers, we reached a **Net Revenue of R$ 721.5 in 2018, 4.2%** above 2017**.** The **EBITDA margin was 77.4%,** within the guidance provided at the beginning of 2018 and **EBITDA of R$ 558.5 million**.

	12M18	Guidance 2018
Net Revenue Growth	4.2%	2 – 7%
EBITDA Margin	77.4%	75 – 79%
Investment (R$ million) (1)	170.7	170 - 220

(1) Accrual basis. Includes investments in maintenance, reinvestment, projects and capitalization.

Iguatemi has an **important track record of promising and delivering its result guidance**. Since 2008 we have committed ourselves to the Group's guidance and have been consistent in achieving these results year after year. **AOne more guidance delivered,** especially in a year with a challenging macroeconomic scenario, **reinforces our focus on results and demonstrates Iguatemi's capacity to plan and execute.**

2018 HIGHLIGHTS

We finished the year 2018 with excellent results. Our 18 malls reached total sales of R$ 13.7 billion and a gross revenue of R$ 1.2 billion. Deducting the portions of the other partners of ventures, Iguatemi obtained total sales of R$ 6.3 billion and a gross revenue of R$ 826.1 million.

Same-area sales (SAS) grew by 3.2% and **same-store sales (SSS) performance was 1.5%** for the year. **Same-area rents (SAR) and same-store rents (SSR) grew by 4.4% and 2.7%, respectively**, favored by the discount reduction process initiated in 1Q18 and 12-month accumulated inflation (IGPM) of 10.81% in October, 9.69% in November and 7.55% in December. It is worthy of notice that in both sales and rental indicators, the difference between the same-area figures and the same-store figures is primarily due to the update of the mix made in recent years and the filling of vacant areas.

Regarding performance of **Shopping Malls at 100%,** we had a **growth of 3.4% in the Rent Revenue of the quarter** (Minimum Rent + Overage + Temporary Rent), reaching R$ 1,040.5 million (+3.4% vis-à-vis 2017). **Parking Revenue increased by 3.9% in 2018,** totaling R$ 244.5 million (+3.9% in relation to 2017). This result is largely due to (i) the maturation of the projects opened in recent years; (ii) the densification of the immediate surroundings of our malls; (iii) updating the mix of several of our ventures and filling vacant areas, and (iv) increasing parking fees in some of our shopping malls.

Significant events in 2018:

In November,**we celebrated the five years of existence of two expansions in our projects Iguatemi Esplanada** and **Praia de Belas mall.** In both cases, the expansions renewed the architecture of the malls, bringing new brands to the regions and strengthening the differentiated positioning of Iguatemi.

On **December 12, 2018**, Iguatemi opened the **I Fashion Outlet Santa Catarina**, a 20.0 thousand sqm Gross Leasable Area (GLA) project, with an environment designed to provide great experiences to customers. The I Fashion Outlet has two attractions unheard of in the state: a 22-meter-high giant wheel and a wave pool, which allows guests to practice indoor surfing. In addition to its focus on entertainment, the outlet has a number of previously unreleased brands (Vilebrequin, Track&Field, Lacoste, among others), a complete mix and an innovative architecture with high potential for expansion.

Also in **December 2018**, we announced the project of a commercial tower at Galleria Shopping mall in Campinas. This venture will be detailed later (Projects in Progress).

We currently have **one asset and four expansions in maturation** (5 years after their launch): Iguatemi Rio Preto (2014) and the expansions of Iguatemi São Carlos (2014), Iguatemi Campinas (2015), Iguatemi São Paulo (2015) and Iguatemi Porto Alegre (2016). These areas represent 15.1% of the total GLA of our portfolio and we are confident of its growth potential in the medium and long term.

Updating the mix and filling vacant areas with more qualified retailers continue to play an important role in the Company's strategy. In the 4Q18, 119 new stores were opened in our ventures, several of them opened at I Fashion Outlet Santa Catarina, with the following highlights: Sumirê at Iguatemi Ribeirão Preto, Guess at I Fashion Outlet Novo Hamburgo, Madero Steakhouse at Praia de Belas and Mundo Verde at Iguatemi Alphaville.

In line with our mission to "create unique and memorable experiences of consumption and leisure" and observing the global trend, we announced the future launch in the first half of that year of **Iguatemi 365.** This project is also detailed later (Projects in Progress).

As a consequence of the initiatives mentioned above, the Company achieved a Gross Revenue of R$ 826.1 million in 2018 (+2.6% comparatively with 2017), which, together with the continual reduction of discounts granted in recent years, led to a **Net Revenue of R$ 721.5 milion in the year** (+.2% versus 2017).

Despite the growth in Administrative expenses, mainly due to the resumption of investments in personnel to prepare the Company for a new cycle of growth, **EBITDA reached R$ 558.5 million in the year**, 3.3% above 2017, with **EBITDA Margin of 77.4%**.

The **Company's Total Debt closed the year at R$ 2.18 billion,** 2.2% below 2017. Cash and cash equivalents stood at R$ 683.3 million, mainly due to the issuance of CRI in the amount of R$ 254 million in 2Q18 and the issuance of Debentures in the amount of R$ 100.0 million in 3Q18, leading to a **Net Debt of R$ 1.50 billion** and a **Net Debt/EBITDA** multiple **of 2.69x**, 0.3 below 2017.

Guidance 2019:

As announced on February 4, 2019 and in line with our expectations for the year, we estimate a Net Revenue growth between 5% and 10%, an EBITDA margin between 75% and 79% and a need for investments in a range from R$ 150 to 200 million.

	Guidance 2019
Net Revenue Growth	5 – 10%
EBITDA Margin	75 – 79%
Investment (R$ million) (1)	150 – 200

(1) Includes investments in maintenance, reinvestment, projects and capitalization.

We believe that Iguatemi is well positioned to meet the challenges of the coming years, through a robust and quality portfolio and a solid balance sheet. We will continue to invest in our existing assets, updating the mix, creating a differentiated consumption experience and seeking new opportunities for good investments.

Carlos Jereissati

CEO of Iguatemi Empresa de Shopping Centers S.A.

MAIN INDICATORS

The financial and operating information below is based on consolidated accounting figures, in thousand of Brazilian reais, in accordance with the Brazilian Corporation Law and the International Financial Reporting Standards (IFRS), as expressed in accounting pronouncements issued and approved by the Brazilian Securities and Exchange Commission (CVM). The Company's nonfinancial information has not been reviewed by independent auditors.

Financial indicators	2018	2017	Var. %
Gross Revenue (R$ thousand)	826,143	805,468	2.6%
Net Revenue (R$ thousand)	721,526	692,156	4.2%
EBITDA (R$ thousand)	558,524	540,558	3.3%
EBITDA Margin	*77.4%*	*78.1%*	*-0.7 p.p.*
Net Income (R$ thousand)	260,326	221,303	17.6%
Net Margin	*36.1%*	*31.6%*	*4.5 p.p.*
FFO (R$ thousand)	369,967	327,635	12.9%
FFO Margin	*51.3%*	*45.4%*	*3.9 p.p.*

Performance Indicators	2018	2017	Var. %
Total GLA (sqm) (2)	757,355	746,027	1.5%
Own GLA (sqm) (2)	458,567	454,625	0.9%
Avg Own GLA (sqm) (2)	448,700	454,612	-1.3%
Total GLA Shopping mall (sqm) (2)	718,484	701,786	2.4%
Own GLA Shopping mall (sqm) (2)	426,273	419,084	1.7%
Total Shopping malls (1)	18	17	5.9%
Total Sales (R$ thousand)	13,690,536	13,272,439	3.2%
Same-store sales (SSS)	1.5%	3.5%	-2.0 p.p.
Same Area Sales (SAS)	3.2%	4.9%	-1.7 p.p.
Same-store rents (SSR)	2.7%	5.8%	-3.1 p.p.
Same area rents (SAR)	4.4%	5.9%	-1.5 p.p.
Occupancy Cost (% of sales)	12.0%	12.1%	-0.1 p.p.
Occupancy Rate (3)	94.6%	93.6%	1.0 p.p.
Net default	2.0%	1.8%	0.2 p.p.

(1) Considers Iguatemi Esplanada and Esplanada Shopping to be a single venture.

(2) Variation in the GLA is due to the project to standardize the GLA classification of our projects carried out during 2017.

(3) The occupancy rate did not include the I Fashion Outlet Santa Catarina, opened on December 12, 2018.

IGUATEMI PORTFOLIO

Portfolio	City	Total GCA (sqm) [4]	Total GLA (sqm)	Iguatemi Interest	GLA Iguatemi (sqm)
Iguatemi São Paulo	São Paulo	48,888	48,888	58.58%	28,639
JK Iguatemi	São Paulo	34,359	34,359	64.00%	21,990
Pátio Higienópolis	São Paulo	33,820	33,820	11.54%	3,903
Market Place	São Paulo	26,548	26,548	100.00%	26,548
Iguatemi Alphaville	Barueri	31,258	31,258	78.00%	24,381
Iguatemi Campinas	Campinas	76,828	72,659	70.00%	50,861
Galleria	Campinas	33,263	33,263	100.00%	33,263
Iguatemi Esplanada [1]	Sorocaba	64,482	64,482	55.37%	35,704
Iguatemi Esplanada - AP [2]	Sorocaba	6,556	3,678	100.00%	3,678
Iguatemi São Carlos	São Carlos	22,331	22,331	50.00%	11,166
Iguatemi Ribeirão Preto	Ribeirão Preto	40,543	40,543	88.00%	35,678
Iguatemi Rio Preto	São José do Rio Preto	43,546	43,546	88.00%	38,320
Subtotal Southeast		**462,422**	**455,375**	**68.98%**	**314,130**
Iguatemi Porto Alegre	Porto Alegre	66,761	63,366	36.00%	22,812
Praia de Belas	Porto Alegre	47,316	44,367	37.55%	16,660
Iguatemi Florianópolis	Florianópolis	28,840	21,109	30.00%	6,333
Iguatemi Caxias	Caxias do Sul	30,324	30,324	8.40%	2,547
Subtotal South		**173,241**	**159,166**	**30.38%**	**48,352**
Iguatemi Brasília	Brasília	34,148	34,148	64.00%	21,854
Subtotal DF		**34,148**	**34,148**	**64.00%**	**21,854**
I Fashion Outlet Novo Hamburgo	Novo Hamburgo	20,085	20,085	41.00%	8,235
Power Center Iguatemi Campinas [3]	Campinas	29,822	29,822	77.00%	22,963
I Fashion Santa Catarina	Tijucas	19,888	19,888	54.00%	10,739
Subtotal Outlet and Power Center		**49,908**	**69,795**	**60.09%**	**41,938**
Subtotal Shopping Malls		***719,718***	***718,484***	***59.33%***	***426,273***
Market Place Tower I	São Paulo	15,274	15,274	100.00%	15,274
Market Place Tower II	São Paulo	13,319	13,319	100.00%	13,319
Iguatemi Tower Porto Alegre	Porto Alegre	10,278	10,278	36.00%	3,700
Subtotal Towers		***38,871***	***38,871***	**83.08%**	***32,293***
Total		**758,589**	**757,355**	**60.55%**	**458,567**

(1) Considers the Iguatemi Esplanada complex, comprising Esplanada Shopping and Iguatemi Esplanada

(2) Owned area (OA) of Iguatemi in Esplanada, owned through subsidiary.

(3) Contiguous to the Iguatemi Campinas shopping mall.

(4) Gross Commercial Area (GCA) includes, in some projects, proprietary areas that do not belong to Iguatemi.

OPERATING PERFORMANCE (Shopping at 100%) - MINIMUM RENT + OVERAGE + TEMPORARY RENT (R$ thousand) [1]

Portfolio	2018	2017	Var. %
Iguatemi São Paulo	200,742	197,916	1.4%
JK Iguatemi	82,156	77,670	5.8%
Pátio Higienópolis	102,357	99,844	2.5%
Market Place	29,669	30,736	-3.5%
Market Place Towers	21,861	23,830	-8.3%
Iguatemi Alphaville	34,199	32,109	6.5%
Iguatemi Campinas	114,082	108,632	5.0%
Galleria	24,444	22,786	7.3%
Iguatemi Esplanada [2]	71,306	70,468	1.2%
Iguatemi São Carlos	12,875	11,930	7.9%
Iguatemi Ribeirão Preto	23,926	23,672	1.1%
Iguatemi Rio Preto	33,287	27,904	19.3%
Iguatemi Porto Alegre	119,192	111,640	6.8%
Iguatemi Tower Porto Alegre	5,877	-	-
Praia de Belas	52,004	50,888	2.2%
Iguatemi Florianópolis	28,753	29,143	-1.3%
Iguatemi Caxias	24,077	25,425	-5.3%
Iguatemi Brasília	43,348	45,423	-4.6%
I Fashion Outlet Novo Hamburgo	12,776	13,062	-2.2%
I Fashion Outlet Santa Catarina	107	-	-
Power Center Iguatemi Campinas	3,479	3,453	0.8%
Total	**1,040,519**	**1,006,532**	**3.4%**

OPERATING PERFORMANCE (Shopping at 100%) - PARKING (R$ thousand)

Portfolio	2018	2017	Var. %
Iguatemi São Paulo	30,645	31,103	-1.5%
JK Iguatemi	22,472	20,867	7.7%
Pátio Higienópolis	16,850	15,599	8.0%
Market Place	21,484	23,568	-8.8%
Market Place Towers	-	-	-
Iguatemi Alphaville	15,416	15,162	1.7%
Iguatemi Campinas	32,329	29,634	9.1%
Galleria	10,483	9,560	9.7%
Iguatemi Esplanada [2]	20,567	19,797	3.9%
Iguatemi São Carlos	3,573	3,488	2.5%
Iguatemi Ribeirão Preto	-	-	-
Iguatemi Rio Preto	-	210	-
Iguatemi Porto Alegre	28,174	26,600	5.9%
Iguatemi Tower Porto Alegre	-	-	-
Praia de Belas	18,693	16,666	12.2%
Iguatemi Florianópolis	5,884	5,315	10.7%
Iguatemi Caxias	5,411	5,880	-8.0%
Iguatemi Brasília	11,531	11,034	4.5%
I Fashion Outlet Novo Hamburgo	-	-	-
I Fashion Outlet Santa Catarina	-	-	-
Power Center Iguatemi Campinas	1,009	886	13.9%
Total	**244,520**	**235,368**	**3.9%**

(1) The figures do not include the straight-line effect.

(2) Considers the complex comprising Iguatemi Esplanada and Esplanada Shopping

SALES AND RENTALS

Year-to-date (YTD) total Sales grew by 3.2% comparatively with the previous year, reaching R$ 13.7 billion. The segments that best performed in sales were Miscellaneous Articles, Health and Beauty and Fashion. The worst performing segments continued being Entertainment and Bookstores, Stationery and Computers.

Same-area sales (SAS) grew 3.2% in the quarter, while same-store sales (SSS) grew 1.5%. Same-area rentals (SAR) grew 4.4% and same-store rentals (SSR) grew 2.7%. The positive performance of rents is largely due to the acceleration of the IGPM in the period, the reduction of discounts granted to retailers and, in the case of SAR, the end of the grace period for new shopkeepers and the improvement in the occupancy rate of the ventures.

Revenue from Rental of Assets at 100% reached R$ 1,040.5 million in 2018 (+3.4% compared to 2017). Parking Revenue reached R$ 244.5 million in the year (+3.9% compared to 2017). In Iguatemi São Paulo assets, the parking fee adjustment did not compensate for the fall in the flow of vehicles. In the case of Market Place, there was no parking fee adjustment in the last year.

OCCUPANCY RATE AND COST

The average occupancy rate of shopping malls in the year was 94.6%, an increase of 0.1 percent over 2017. The increase in the occupancy rate is due to our efforts to update the mix in mature malls, taking advantage of the less favorable economic scenario that impacted some shopkeepers and of attracting relevant brands to maturing malls.

The occupancy cost for year 2018 is 12.0%, a reduction of 0.1 percent in relation to the previous year.

DEFAULT

Year-to-date delinquency was 2.0%, 0.2 percent higher than the previous year.

ECONOMIC AND FINANCIAL PERFORMANCE

Consolidatedd Statement of P&L (R$ thousand)	2018	2017	Var. %
Gross Revenue	**826,143**	**805,468**	**2.6%**
Taxes and discounts	-104,616	-113,312	-7.7%
Net Revenue	**721,526**	**692,156**	**4.2%**
Costs and Expenses	-197,920	-175,077	13.0%
Other Operating Income (Expenses)	33,794	22,289	51.6%
Equity pick-up	1,124	1,190	-5.5%
EBITDA	**558,524**	**540,558**	**3.3%**
EBITDA Margin	*77.4%*	*78.1%*	*-0.7 p.p.*
Depreciation and Amortization	-109,641	-106,332	3.1%
EBIT	**448,883**	**434,226**	**3.4%**
EBIT Margin	*62.2%*	*62.7%*	*-0.5 p.p.*
Financial Income (Costs)	-119,377	-169,380	-29.5%
IR and CSLL taxes	-69,180	-43,543	58.9%
Net Income	**260,326**	**221,303**	**17.6%**
Net Margin	*36.1%*	*32.0%*	*4.1 p.p.*
FFO	**369,967**	**327,635**	**12.9%**
FFO Margin	*51.3%*	*47.3%*	*3.9 p.p.*

GROSS REVENUE

Iguatemi’s Gross Revenue in 2018 amounted to R$$ 826.1 million a 2.6% increase compared with the same period of 2017.

Gross Revenue (R$ thousands)	2018	2017	Var. %
Rent	569,270	551,553	3.2%
Administration Fee	49,498	48,166	2.8%
Parking	152,499	147,903	3.1%
Other	54,876	57,846	-5.1%
Total	**826,143**	**805,468**	**2.6%**

Rent Revenue in 2018, comprising Minimum Rent, Percentage Rent (Overage) and Temporary Rent, grew 3.2% in relation to the previous year and represented 68.9% of total Gross Revenue.

Rent Revenue (R$ thousand)	2018	2017	Var. %
Minimum Rent	488,736	475,171	2.9%
Overage	31,179	31,481	-1.0%
Temporary Rent	49,355	44,901	9.9%
Total	**569,270**	**551,553**	**3.2%**

The growth in Rent Revenue compared with 2017 mainly reflects:

- Minimum Rent: Minimum Rent: 2.9% increase principally due to the improvement in the occupation of the projects and the automatic adjustment of rental contracts for inflation.
- Temporary Rent: 9.9% increase due to the effort of the new Media team that has been working hard to increase the profitability of this activity in our malls.

Parking Revenue reached R $ 152.5 million (+ 3.1% compared to 2017), largely explained by the parking fee adjustment in most of the projects in the last year.

'Other' presented a negative variation of 5.1% in 2018 due to a strong base in 2017 given the recognition of JK Iguatemi key money until June 2017. In addition, we had the end of the recognition of key money in the following ventures: Iguatemi Ribeirão Preto, which completed 5 years at the beginning of September 2018, and the expansions of Iguatemi Esplanada and Praia de Belas, which completed 5 years in November 2018.

DEDUCTIONS, TAXES AND CONTRIBUTIONS

Deductions, Taxes and Contributions totaled R$ 104.6 in the year, a decrease of 7.7% when compared to the previous year.

NET REVENUE

Net Revenue for the year totaled R$ 721.5, an increase of 4.2% over prior year.

COSTS AND EXPENSES

Costs and Expenses (R$ thousand)	2018	2017	Var. %
Rent and Service Costs	**-122,849**	**-121,542**	**1.1%**
Expenses	**-75,071**	**-53,535**	**40.2%**
Administrative Expenses	-70,191	-53,275	31.8%
Share-based compensation	-3,455	-66	5,134.8%
Preoperating expenses	-1,425	-194	734.5%
Subtotal	**-197,920**	**-175,077**	**13.0%**
Depreciation and Amortization	-109,641	-106,332	3.1%
Total	**-307,561**	**-281,409**	**9.3%**

The Rent and Service Costs line was R$ 197.9, up 13.0% from 2017.

Rent and Service Costs increased by 1.1% in the year compared to 2017, due to the hiring of external consultants.

Administrative Expenses were 31.8% higher than in 2017, mainly reflecting resumption of investments in personnel to support the new growth cycle expected in the coming years (increase in the number of employees with new hires mainly at the top of the organizational pyramid, which will increase the Company's average salary).

Share-based compensation was R$ 3.5 million in 2018, reflecting the long-term incentive plan (restricted shares) in force since March 28, 2018.

The Preoperating line amounted to R$ 1,203 thousand, referring to the works of the I Fashion Outlet Santa Catarina, which was opened on December 12, 2018.

OTHER OPERATING INCOME (EXPENSES)

In the year, the Company generated total Other Operating Income (Expenses) in the amount of R$ 33.8 million, a 51.6% increase, reflecting the sale of a fraction of Galleria shopping mall and resale of points made in 2018.

Other Operating Income (Expenses) (R$ thousand)	2018	2017	Var. %
GSV	14,750	-	-
Other	19,044	22,289	-14.6%
Other Operating Income (Expenses)	**33,794**	**22,289**	**51.6%**

FINANCE INCOME (COSTS)

Iguatemi's Net Finance Income (Costs) for the year was a negative balance of R$ 119.4 million, 29.5% below the amount reported in the same prior-year period. The Company's cash position was higher than the same prior-year period, as a result of CRI issuance in 2Q18 and the issue of debentures in 3Q18. The reduction in the Finance Income reflects the decrease of the SELIC benchmark rate in the period, causing lower yields of our investment fund in comparison with the same period of the previous year; the lower Finance Costs compared to 2017 is principally explained by the prepayment of some debts and the fall in the SELIC rate in the period.

Net Finance Income (Costs) (R$ thousand)	2018	2017	Var. %
Finance Income	49,522	63,599	-22.1%
Finance Costs	-168,899	-232,979	-27.5%
Net Finance Income (Costs)	**-119,377**	**-169,380**	**-29.5%**

INCOME AND SOCIAL CONTRIBUTION TAXES (CURRENT AND DEFERRED)

Income and Social Contribution Tax Expenses in the year totaled R$ 69.2 million, 58.9% above 2017, due to the reduction in financial expenses and consequent increase in taxable profit for the year, representing an income tax rate of 21.0%.

NET INCOME AND FFO

Net Income for the year amounted to R$260.3 million, 17.6% higher than the one recorded in 2017, with a Net Margin of 36.1%. FFO reached R$370.0 million, an increase of 12.9% compared with 2017, with FFO Margin of 51.3%.

EBITDA

EBITDA for the year reached R$ 558.2 million, 3.3% above 2017. EBITDA margin was 77.4% for the year, within our guidance for 2018.

Reconciliation of EBIT and EBITDA (R$ thousand)	2018	2017	Var. %
Net Income	**260,326**	**221,303**	**17.6%**
(+) IRPJ / CSLL taxes	69,180	43,543	**58.9%**
(+) Finance Costs	168,899	232,979	**-27.5%**
(-) Finance Income	-49,522	-63,599	**-22.1%**
EBIT	**448,883**	**434,226**	**3.4%**
(+) Depreciation and Amortization	109,641	106,332	**3.1%**
EBITDA	**558,524**	**540,558**	**3.3%**
Net Revenue	721,526	692,156	4.2%
EBITDA Margin	***77.4%***	***78.1%***	***-0.7 p.p.***

INDEBTEDNESS

Iguatemi ended the third quarter of 2017 with a **Total Debt of R$ 2,186.2 million**, with average duration of 5.0 years and with average cost of 110.1% of the CDI, to which 86% of our debt is pegged. The **Cash position totaled R$ 683.3 million**, with current average yield of 99,10% of the CDI. As a consequence, **Net Debt fell 10.3% compared to 2017 to R$ 1,502.9 million**, leading to a **Net Debt/EBITDA** multiple **of 2.69x** by the end of 2018, 0.3 below 2017.

Consolidated Data (R$ thousand)	12/31/2018	12/31/2017	Var.
Total Debt (1)	**2,186,154**	**2,092,436**	4.5%
Cash and cash equivalents	683,303	489,416	39.6%
Net Debt	**1,502,851**	**1,603,020**	**-6.2%**
(LTM) EBITDA	558,524	540,559	**3.3%**
Net Debt/EBITDA	**2.69x**	**2.96x**	-0.3
Cost of Debt (CDI %)	**110,1%**	**103,2%**	**-6.9 p.p.**
Debt Term (years)	**5.0**	**4.8**	0.2

(1) Total net debt of the derivative financial instrument (swap) recorded in Noncurrent Assets, amounting to R$ 55,165 thousand as at 12/31/2018.

Total Debt by Index and Term (R$ thousand)	12/31/2018	%	12/31/2017	%
TR	236,337	10.5%	235,251	11.2%
CDI	1,931,944	86.2%	1,786,644	85.4%
Other	73,038	3.3%	70,541	3.4%
Short Term	100,053	4.6%	198,900	9.5%
Long Term	2,141,266	97.9%	1,893,536	90.5%

CAPITAL MARKETS

Iguatemi shares are listed on Novo Mercado of B3 under ticker symbol IGTA3, and are part of the Ibovespa and IBx-100 indexes. The table below presents our largest shareholders and free float at 12/31/2018:

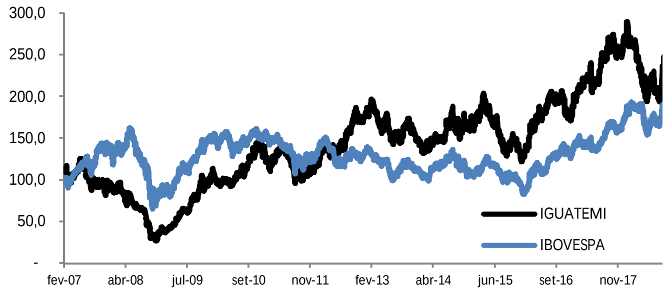
Ownership Structure	No. of shares	% of Total
Jereissati Participações	89,492,770	50.67%
Treasury	314,885	0.17%
Other	86,803,923	49.16%
Total	**176,611,578**	**100.00%**

Iguatemi's share price ended year 2018 at R$41.60. Currently, 11 market analysts have active coverage on Iguatemi shares.

IGTA (1)	
Final Price (12/31/2018)	R$ 41.60
Higher Price for 4Q18	R$ 41.60
Lower Price for 4Q18	R$ 30.87
Appreciation in 4Q18	5.61%
Appreciation in 2018	5.61%
Number of shares	176,611,578
Market Cap (12/31/2018)	R$ 7,347,041,645
Average Daily Liquidity in 4Q18	R$ 29,931,434

(1) Source: Bloomberg, as at 12/31/2018.

Iguatemi x Ibovespa (Feb./2007 – Current)



HUMAN RESOURCES

We have an experienced management team, and we consistently seek to align the interest of our management and employees with those of our shareholders through mechanisms of variable compensation:

Iguatemi Bonus Plan: This program is linked to meeting short-term budget and operational goals. All our employees are eligible. The amount distributed to each employee is contingent on the Company's Key Performance Indicators (KPIs), divided into three main groups: i. On-Going Business profitability, ii. Adherence to the original business plan, quality and time-to-market of the Projects in Development, and iii. quality and strategic importance of Future Projects/Growth Paths) and individual KPIs.

Long-term Incentive Plan - Restricted Shares: Outorga Granting of common shares issued by the Company to the eligible Employees selected by the Compensation Committee and approved by the Board of Directors, with a view to: (a) encouraging the improvement of the Company's and its Subsidiaries' management, granting the Participants the possibility of being shareholders of the Company, stimulating them in the optimization of all aspects that may generate value to the Company in the long term, giving them also an entrepreneurial and corporate vision; (b) encouraging the attraction and retention of managers, employees and service providers; (c) supporting the alignment of interests between executives and shareholders of the Company, maximizing the level of commitment of managing officers and employees with the generation of sustainable results for the Company; and (d) increasing the attractiveness of the Company and its Subsidiaries.

Our policies in relation to our employees are based on retention of qualified employees, creation of management tools to improve their efficiency, creation of additional opportunities for internal promotion, efficient training programs, performance evaluation and appropriate compensation for our personnel.

At December 31, 2018, Iguatemi had **309 employees** versus 287 employees as at December 31, 2017 (+7.7%).

ENVIRONMENTAL PROGRAMS

For more than 10 years, Iguatemi - always concerned with social and environmental issues - has been implementing sustainability actions that save water and reduce consumption of energy, such as:

Actions to reduce energy consumption

- Migration to the "Mercado Livre" (free market) (currently, all our shopping malls are on "Mercado Livre");
- Continuous replacement of lamps and equipment by new, more efficient technologies (chillers, LED, among others);
- Automation of systems to improve the efficiency of malls (illumination, air conditioning, among others).

Actions to save water and increase self-sufficiency

- Artesian wells;
- Water and sewage treatment stations (ETE/ETA);

- Installation of water saving equipment (aerators, toilet bowls, water saving valves, among others).

Other initiatives

We develop our logistics processes (such as recycling or selective waste collection) always considering the environment.

Currently, four shopping *malls* have a state-of-the-art composting system: Iguatemi São José do Rio Preto, Iguatemi Porto Alegre, Iguatemi Campinas and Iguatemi Esplanada. In each shopping mall a different model was adopted and analyses are being conducted to define the best model to be adopted in the other assets of the group.

In addition, we implemented social actions, supporting cooperatives that benefit communities in need with the works such as separation of waste and re-use of raw material.

EXTERNAL AUDIT SERVICES: COMPLIANCE WITH CVM RULING No. 381/2003

As from the first quarter of 2017 the Company and its subsidiaries began to use the audit services of Ernst & Young Auditores Independentes S.S. The Company's policy in contracting with our independent auditors any services not related to external auditing is based on the principles that preserve the external auditor's independence.These internationally accepted principles are: (a) the auditor shall not audit his own work; (b) the auditor shall not have a management role in his client; and (c) the auditor shall not advocate his client's interests.

Note: Nonfinancial data, such as GLA, average sales, average rentals, occupancy costs, average prices, average market prices, EBITDA and pro forma cash flow have not been reviewed by our independent auditors.

The Company is subject to arbitration at the Market Arbitration Chamber, pursuant to the arbitration clause contained in its Articles of Incorporation.

Iguatemi Empresa de Shopping Centers S.A

Financial statements

December 31, 2018

Contents

São Paulo Corporate Towers
Av. Presidente Juscelino Kubitschek, 1.909
Vila Nova Conceição
04543-011 - São Paulo – SP - Brasil

Tel: +55 11 2573-3000
ey.com.br

Building a better working world

(**A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements prepared in Brazilian currency)**

Independent auditor's report on individual and consolidated financial statements

The
Shareholders, Board of Directors and Officers
Iguatemi Empresa de Shopping Centers S.A.
São Paulo – SP

Opinion

We have audited the accompanying individual and consolidated financial statements of Iguatemi Empresa de Shopping Centers S.A. ("Company"), identified as Company and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2018 and the statement of profit or loss, of comprehensive income (loss), of changes in equity and cash flows for the year then ended, and a summary of significant accounting practices and other explanatory information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Iguatemi Empresa de Shopping Centers S.A. as at December 31, 2018, and its individual and consolidated financial performance and individual and consolidated cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International standards on auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements provided for in the Code of Ethics for Professional Accountants and in the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to support our opinion.

Emphasis of matter

Restatement of corresponding figures

As mentioned in Note 2.24, as a result of the adoption of new accounting policies and the correction of error, the corresponding individual and consolidated amounts related to the statements of financial position as of December 31, 2017 and the statements of profit or loss, of comprehensive income (loss), equity, cash flows and value added for the year ended December 31, 2017, presented for comparison purposes, have also been management and in evaluating the assumptions that supported the projections that determined the business plan, budget, technical studies and analyses of the recoverable value of the properties for investment and goodwill for future profitability of the Company; (b) assessing the reasonableness and consistency of the data and assumptions used in the preparation of those documents, including growth rates, discount rates, country risk and cash flow projections, among others, as provided by the Company's management and comparing them with external market information, as well as with the assumptions approved by management in the preparation of its business plan and other estimates made by the Company; c) checking the accuracy of the arithmetic calculations of the projections; (d) the comparison of the assertiveness of projections made in previous periods in relation to the performance achieved by the Company in the year; (e) analyzing information that could contradict the most significant assumptions and methodologies selected; (f) the sensitivity analysis on such assumptions, to evaluate the recoverable value behavior, considering other scenarios and assumptions, based on market data; (g) comparing the recoverable amount adopted by management, based on the discounted cash flow, with the carrying value of investment properties and goodwill for future profitability, as well as comparing the Company's market value, based on the value of its shares traded in the market with the value of its equity; and (h) evaluating the adequacy of the disclosures in the respective notes to the financial statements as at December 31, 2018.

Based on the results of the audit procedures performed on the impairment test of investment properties and goodwill for future profitability, which is consistent with management's assessment, we consider that the criteria and assumptions of the recoverable amount adopted by management, as well as the related disclosures in the respective notes are acceptable in the context of the financial statements taken as a whole.

Recognition of rental income and assignment of rights

As mentioned in Notes 2.5 and 21, the Company and its subsidiaries recognize their revenues from minimum rents and assignment of rights to shopkeepers negotiated after the date of the venture opening, at the moment they occur, and are presented in operating income and other operating income in the statement of profit or loss, respectively. The assignment of rights to shopkeepers prior to the delivery of the venture opening is recognized by the straight-line method, respecting the period of the lease and included in operating income. These operations are classified as operating leases, since the Group does not transfer substantially all the risks and rewards of ownership of the asset.

For rental income, lease contracts generally establish that the lessees must pay the highest value between a contractual minimum determined and a variable, calculated as a percentage of the sales of each business establishment. Minimum rents are adjusted by regular fixed increases over the term of the contracts, double rent in December and inflation. According to CPC 06 (R1)/IAS 17 - Leasing, the minimum rental income, considering effects of grace periods, discounts, etc., and excluding inflationary effects must be recognized on a straight-line basis over the term of the contract, and any excess variable rent is recognized when incurred. Similarly, all revenues from assignment of rights to shopkeepers must also be recognized on a straight-line basis over the term of the contracts, from the beginning of the lease term. The volume of contracts in force and the peculiarity of the contractual conditions of each one, as well as the potential risks involved in the recognition of revenues led us to identify these issues as significant risks that require special audit considerations.

How our audit conducted this matter:

Our audit procedures included, among others: (a) assessment of the controls involved in the revenue recognition process, (b) document testing on sampling basis, including examining contracts and (c) recalculation of revenue recognition amounts, observing appropriate accrual periods throughout the year and contractual periods; (d) analytical procedures on the monthly changes in revenues, accounts receivable and receipts, using data disaggregated by shopping mall, to identify changes inconsistent with our expectations obtained from our previous knowledge of the Company and the industry that could indicate potential accrual problems. In addition, we performed procedures for (e) physical inspection of certain stores to confirm the existence of lessees; and (f) sending letters of confirmation to the lessees to confirm data and information related to the assignment of rights agreements to storekeepers negotiated after the opening date of the venture. As a result of these procedures, we identified an audit adjustment indicating the need to supplement revenue from rent and assignment of rights straight-lining, which was not adjusted by the Company due to its immateriality to the overall financial statements.

Based on the results of audit procedures performed on the recognition of revenue from rental income and assignment of rights, which is consistent with management's assessment, we understand that the recognition criteria used by the Company's management as to recognition of referred to revenues, as well as the respective disclosures in the explanatory information are acceptable in regard to the financial statements taken as a whole.

Recoverable value of deferred tax assets

As described in Note 17, the Company has R$ 29,419 thousand (Company) and R$ 101,749 thousand (Consolidated), corresponding to deferred tax credits arising from IRPJ and CSLL tax losses and temporary differences whose recognition and realization are based on a study prepared by management on the generation of future taxable profits. The estimate of future taxable profits requires significant judgment in determining projected future profits.

Monitoring this matter was considered significant for our audit due to the significance of the amounts involved, as well as to the degree of judgment used by management in the projections of future taxable profits, and the potential impact that any changes in the assumptions and estimates used could have on the amount of these credits recorded in the Company's individual and consolidated financial statement.

How our audit conducted this matter:

Our audit procedures included, among others: (a) analysis of the bases that gave rise to the tax credits under the tax legislation currently prevailing; (b) assessment of the assumptions and methodology used by the Company in projections of future taxable profits, such as changes in sales and costs, projection of other expenses and income and adjustments for permanent and temporary differences that are part of the determination of taxable profits, tax rates and arithmetic calculations; (c) comparing certain projection data, when available, with other external sources and aligning these assumptions with the business plans approved by the Company's competent bodies; (d) comparing the assertiveness of projections made in previous periods in relation to the performance achieved by the Company in the year; (e) recalculating projections considering historical scenarios and assessing the risks of non-realization in the expected time, or the extension of the maximum term for using the respective credits; and (f) reviewing the disclosures made in Note 17 to the financial statements.

As a result of these procedures, we identified an audit adjustment indicating the need to supplement the provision for the realization of these deferred tax credits, which was not performed by the Company due to its immateriality for the individual and consolidated financial statements taken as a whole.

Based on the results of the audit procedures performed on the recoverable value of deferred tax credits, which is consistent with management's assessment, we consider that the criteria and assumptions for determining the realization of deferred taxes adopted by management, as well as the respective disclosures in the corresponding notes are acceptable in regard to the financial statements taken as a whole.

Other matters

Prior-year financial statements examined by other independent auditors

The audit of the individual and consolidated financial statements for the year ended December 31, 2016, originally prepared prior to the adjustments and reclassifications described in Note 2.24 and presented as data equivalent to January 1, 2017 was conducted under the responsibility of other independent auditors, who issued an unmodified auditor's report dated February 27, 2018. As part of our audits of the individual and consolidated financial statements for the year ended December 31, 2018, we also examined the adjustments described in Note 2.24, which were made to change the data equivalent to January 1, 2017. In our opinion, these adjustments and reclassifications are appropriate and have been correctly made. We were not engaged to audit, review or apply any other procedures on the Company's individual and consolidated financial statements for the year ended December 31, 2016 and, therefore, we do not express an opinion or any form of assurance regarding the financial statements for year 2016 taken as a whole.

Statements of value added

The individual and consolidated statements of value added for the year ended December 31, 2018, prepared under the responsibility of Company's management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purpose of forming our opinion, we evaluate whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set forth in Accounting Pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added have been properly prepared, in all material respects, in accordance with the criteria set forth in this Accounting Pronouncement and are consistent with the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

The Company management is responsible for such other information, including the Management Report. Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion on this report.

In connection with the audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the report is significantly inconsistent with the financial statements or with our knowledge obtained in the audit, or otherwise seems to contain material misstatements. If, based on our work, we conclude that there are material misstatements in the Management Report, we are required to communicate this matter. We have nothing to report in this respect.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of these individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the

Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the overall individual and consolidated financial statements are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect material misstatements when they exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit conducted in accordance with Brazilian and International standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve override of internal controls, collusion, forgery, intentional omissions or misrepresentations.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast substantial doubt as to the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the corresponding transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, of the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including those regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we are required to determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 26, 2019.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Marcos Kenji de Sá Pimentel Ohata
Accountant CRC-1SP209240/O-7

(**A free translation from Portuguese into English of Independent Auditor’s Report on individual and consolidated financial statements prepared in Brazilian currency)**

Iguatemi Empresa de Shopping Centers S.A.

Statements of financial position
December 31, 2018, 2017 and January 1, 2017
(In thousands of reais - R$)

		Parenty Company			Consolidated		
	Note	**12/31/2018**	**12/31/2017**	**01/01/2017**	**12/31/2018**	**12/31/2017**	**01/01/2017**
			(Restated)	**(Restated)**		**(Restated)**	**(Restated)**
Assets							
Current							
Cash and cash equivalents	4 (a)	**7,331**	39,778	121,475	**24,199**	50,819	184,755
Short-term investments	4 (b)	**446,662**	248,754	240,703	**628,172**	402,008	339,102
Inventories		**-**	-	-	**5,778**	4,188	5,365
Trade Accounts receivable	5	**47,298**	52,285	48,163	**134,895**	144,139	146,645
Taxes recoverable and tax credits		**8,338**	23,866	8,977	**32,690**	43,317	28,743
Loans Receivable		**185**	234	826	**821**	711	2,877
Related-party receivables	6	**1,008**	862	1,081	**1,008**	862	1,081
Prepaid expenses		**253**	244	676	**7,263**	7,061	7,753
Other Receivables		**3,031**	3,091	2,455	**4,389**	4,378	3,578
Total Current Asset		**514,106**	369,114	424,356	**839,215**	657,483	719,899
Noncurrent							
Long-term payables:							
Short-term investments	4 (b)	**30,932**	29,755	27,517	**30,932**	36,589	33,059
Trade Accounts receivable	5	**8,220**	6,976	7,228	**27,498**	22,029	26,568
Loans Receivable		**-**	170	218	**301**	703	1,605
Deferred Taxes recoverable and tax credits	17	**-**	-	6,842	**-**	-	25,040
Related-party receivables	6	**81,636**	218,613	155,869	**58,134**	75,099	101,604
Judicial deposits		**285**	595	628	**2,010**	2,409	2,712
Swap Operation	11	**55,165**	46,849	37,295	**55,165**	46,849	37,295
Other receivables		**-**	-	12,501	**134**	12	12,513
Investments							
Investments proprieties	8	**1,099,569**	1,099,403	1,082,690	**4,121,627**	4,068,145	4,024,448
Equity interests	7	**2,573,553**	2,272,956	2,175,729	**13,565**	5,585	3,842
Goodwill on investments	7	**169,714**	170,962	172,209	**-**	-	-
Other	7	**15,647**	14,799	14,279	**15,961**	15,012	14,492
Property and equipment	9	**3,123**	3,252	3,459	**20,107**	21,391	23,026
Intangible Assets	10	**15,943**	9,285	10,508	**105,554**	99,079	100,430
Total Noncurrent Assets		**4,053,787**	3,873,615	3,706,972	**4,450,988**	4,392,902	4,406,634
Total Assets		**4,567,893**	4,242,729	4,131,328	**5,290,203**	5,050,385	5,126,533

	Note	Parenty Company 12/31/2018	12/31/2017 (Restated)	01/01/2017 (Restated)	Consolidated 12/31/2018	12/31/2017 (Restated)	01/01/2017 (Restated)
Liabilities and equity							
Current							
Loans and financing	11	**22,912**	9,682	37,710	**34,785**	29,072	134,499
Debentures	12	**65,268**	169,828	191,095	**65,268**	169,828	191,095
Trade accounts payable - domestic		**6,123**	8,512	4,507	**15,368**	21,966	11,374
Tax liabilities	13	**6,658**	6,971	2,861	**24,983**	22,320	19,704
Personnel, charges, social charges and premiums		**23,794**	17,199	18,049	**27,386**	22,302	23,172
Related-party Payables	6	**-**	3,215	29,273	**-**	-	-
Dividend payable	6	**60,887**	51,236	38,376	**60,887**	51,236	38,376
Other liabilities		**5,093**	1,829	3,107	**19,908**	4,803	10,393
Total current liabilities		**190,735**	268,472	324,978	**248,585**	321,527	428,613
Noncurrent							
Loans and financing	11	**952,104**	707,392	443,473	**1,625,313**	1,473,670	1,337,593
Debentures	12	**515,953**	466,715	614,154	**515,953**	466,715	614,154
Tax liabilities	13	**-**	110	2,765	**976**	1,175	19,427
Provision for tax, civil and labor contingencies	14	**17,719**	12,557	12,478	**18,896**	13,829	14,031
Deferred revenue	15	**2,234**	4,251	3,745	**3,753**	13,981	26,673
Deferred income and social contribution taxes	17	**53,484**	39,196	-	**30,115**	6,257	-
Related-party payables	6	**-**	-	45,986	**-**	-	-
Provision for investment losses	7	**-**	-	5,336	**-**	-	-
Other liabilities		**-**	-	-	**278**	690	1,028
Total noncurrent liabilities		**1,541,494**	1,230,221	1,127,937	**2,195,284**	1,976,317	2,012,906
Equity	18						
Capital		**1,231,313**	1,231,313	1,231,313	**1,231,313**	1,231,313	1,231,313
Treasury shares		**(10,707)**	(3,666)	(1,494)	**(10,707)**	(3,666)	(1,494)
Capital reserves		**456,021**	456,379	473,880	**456,020**	456,379	473,880
Incom reserves		**1,159,037**	1,060,010	974,714	**1,159,038**	1,060,010	974,714
Noncontrolling interests		**-**	-	-	**10,670**	8,505	6,601
Total Equity		**2,835,664**	2,744,036	2,678,413	**2,846,334**	2,752,541	2,685,014
Total liabilities and equity		**4,567,893**	4,242,729	4,131,328	**5,290,203**	5,050,385	5,126,533

See accompanying notes.

Iguatemi Empresa de Shopping Centers S.A.

Statements of Income

Years ended December 31, 2018 and 2017
(In thousands of reais – R$, except for earnings per share)

	Note	Parenty Company		Consolidated	
		12/31/2018	12/31/2017 (Restated)	12/31/2018	12/31/2017 (Restated)
Net operating revenue from leases and services	21	**270,046**	258,662	**721,526**	692,156
Cost of leases and services rendered	22	**(88,705)**	(85,760)	**(217,171)**	(212,105)
Gross profit		**181,341**	172,902	**504,355**	480,051
Operating income (expenses)					
Generaal and administrative expenses	22	**(71,993)**	(56,441)	**(90,390)**	(69,304)
Equity pickup	7	**230,426**	201,211	**1,124**	1,190
Other operating income		**17,091**	14,730	**46,547**	30,884
Other operating expenses		**(3,080)**	(3,936)	**(12,753)**	(8,595)
		172,444	155,564	**(55,472)**	(45,825)
Operating income before finance income (costs) and taxes		**353,785**	328,466	**448,883**	434,226
Finance income (costs)	23	**(80,444)**	(88,072)	**(119,377)**	(169,380)
Income before income and social contribution taxes		**273,341**	240,394	**329,506**	264,846
Income and social contribution taxes	17				
Current		**(1,439)**	-	**(43,745)**	(47,909)
Deferred		**(15,538)**	(22,238)	**(25,435)**	4,366
		(16,977)	(22,238)	**(69,180)**	(43,543)
Net income for the year		**256,364**	218,156	**260,326**	221,303
Controlling interest		**256,364**	218,156	**256,364**	218,156
Noncontrolling interests		**-**	-	**3,962**	3,147
Basic earnings per share - R$	19	**1.45357**	1.20871	**1.45357**	1.20871
Diluted earnings per share - R$	19	**1.45298**	1.20756	**1.45298**	1.20756

See accompanying notes.

Iguatemi Empresa de Shopping Centers S.A.

Statements of comprehensive income
Years ended December 31, 2018 and 2017
(In thousands of reais - R$)

	Parenty Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
		(Restated)		(Restated)
Net income for the year	**256,364**	218,156	**260,326**	221,303
Other comprehensive income	**-**	-	**-**	-
Comprehensive income for the year	**256,364**	218,156	**260,326**	221,303
Controlling interest	**256,364**	218,156	**256,364**	218,156
Noncontrolling interests			**3,962**	3,147

See accompanying notes.

Iguatemi Empresa de Shopping Centers S.A.

Statements of changes in equity

Years ended December 31, 2018 and 2017

(In thousands of reais – R$, except for share value)

			Capital Reserves			Income Reserves						
	Note	Capital	Goodwill on share issue	Other	Treasury shares	Legal	Retained profits	Dividends additional proposed	Retained earnings	Equity - individual	Noncontrolling interests	Equity - consolidated
Balance at December 31, 2016		1,231,313	452,082	21,798	(1,494)	91,150	940,088	-	-	2,734,937	6,601	2,741,538
Adjustment to IFRS 15 Adoption	2.24 (a)	-	-	-	-	-	(56,524)	-	-	(56,524)	-	(56,524)
Balance at January 1, 2017 - Restyled		1,231,313	452,082	21,798	(1,494)	91,150	883,564	-	-	2,678,413	6,601	2,685,014
Set-up of reserve for share-based payment	25.c	-	-	66	-	-	-	-	-	66	-	66
Treasury shares acquired		-	-	-	(51,802)	-	-	-	-	(51,802)	-	(51,802)
Treasury shares assigned		-	-	(17,567)	49,630	-	-	-	-	32,063	-	32,063
Additional dividend	18.d	-	-	-	-	-	(81,624)	-	-	(81,624)	(1,243)	(82,867)
Net income for the year		-	-	-	-	-	-	-	218,156	218,156	3,147	221,303
Allocation of profit or loss for the year:												
Legal Reserve	18.c					10,786			(10,786)	-	-	-
Mandatory minimum dividends	18.d	-	-	-	-	-	-	-	(51,236)	(51,236)	-	(51,236)
Proposed additional dividends	18.d							68,764	(68,764)	-	-	-
Retained profits		-	-	-	-	-	87,370	-	(87,370)	-	-	-
Balance at December 31, 2017 - Restyled		1,231,313	452,082	4,297	(3,666)	101,936	889,310	68,764	-	2,744,036	8,505	2,752,541
Adjustment to IFRS 9 Adoption	2.24 (b)	-	-	-	-	-	(27,686)	-	-	(27,686)	-	(27,686)
Balance at January, 2018		1,231,313	452,082	4,297	(3,666)	101,936	861,624	68,764	-	2,716,350	8,505	2,724,855
Set-up of reserve for share-based payment	25.c	-	-	3,455	-	-	-	-	-	3,455	-	3,455
Treasury shares acquired		-	-	-	(16,604)	-	-	-	-	(16,604)	-	(16,604)
Treasury shares assigned		-	-	(3,813)	9,563	-	-	-	-	5,750	-	5,750
Additional dividend	18.d	-	-	-	-	-	-	(68,764)	-	(68,764)	(1,797)	(70,561)
Net income for the year		-	-	-	-	-	-	-	256,364	256,364	3,962	260,326
Allocation of profit or loss for the year:												
Legal Reserve	18.c	-	-	-	-	12,818	-	-	(12,818)	-	-	-
Mandatory minimum dividends	18.d	-	-	-	-	-	-	-	(60,887)	(60,887)	-	(60,887)
Proposed additional dividends	18.d	-	-	-	-	-	-	89,113	(89,113)	-	-	-
Retained profits		-	-	-	-	-	93,546	-	(93,546)	-	-	-
Balance at December 31, 2018		1,231,313	452,082	3,939	(10,707)	114,754	955,170	89,113	-	2,835,664	10,670	2,846,334

See accompanying notes.

Iguatemi Empresa de Shopping Centers S.A.

Statements of cash flows - indirect method

Years ended December 31, 2018 and 2017

(In thousands of reais - R$)

	Parenty Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
		(Restated)		(Restated)
Cash flow from operating activities				
Net income for the year	**256,364**	218,156	**260,326**	221,303
Adjustments to reconcile net income for the year to cash from operating activities:				
Depreciation and amortization	**38,644**	38,861	**109,641**	106,332
Gain or loss on disposal of permanent assets	**-**	-	**2,162**	335
Provision for contingencies	**-**	79	**-**	-
Deferred income and social contribution taxes	**15,538**	22,238	**25,435**	(4,366)
Provision for share-based payment	**3,455**	66	**3,455**	66
Provision for bonus program	**6,620**	10,597	**17,935**	16,803
Inventory valuation allowance	**-**	-	**(124)**	1,158
Allowance for doubtful accounts	**3,961**	3,445	**12,092**	7,363
Provision for interest, monetary variation and foreign exchange differences on loans, contingencies and judicial deposits	**94,869**	103,228	**141,218**	198,196
Equity pickup	**(230,426)**	(201,211)	**(1,124)**	(1,190)
Amortization of borrowing costs	**4,744**	3,644	**7,208**	6,107
Amortization of deferred revenue	**(2,016)**	(2,129)	**(10,633)**	(20,605)
Changes in operating assets:				
Trade accounts receivable	**(6,822)**	(5,944)	**(15,815)**	(16,621)
Inventories	**-**	-	**(1,466)**	19
Loans receivable	**219**	640	**292**	3,068
Related-party receivables	**345,341**	173,438	**(1,144)**	743
Taxes recoverable and tax credits	**15,528**	(14,889)	**10,627**	(14,574)
Prepaid expenses	**(9)**	432	**(202)**	692
Other	**3,271**	(1,974)	**(3,218)**	13,091
Changes in operating liabilities:				
Pessoal, encargos e benefícios sociais	**(25)**	(11,447)	**(12,851)**	(17,673)
Trade accounts payable – domestic	**(2,389)**	4,005	**(6,598)**	10,592
Taxes payable	**(152)**	25,255	**46,614**	62,849
Related-party payables	**(3,215)**	(72,044)	**-**	-
Other liabilities	**9,013**	30,785	**20,443**	26,135
Deferred revenues	**-**	2,635	**(770)**	10,882
Other				
Payment of income and social contribution taxes	**(262)**	-	**(43,293)**	(45,791)
Payment of interest on loans, financing and debentures	**(99,959)**	(126,820)	**(152,501)**	(219,775)
Net cash generated by operating activities	**452,292**	201,046	**407,709**	345,139
Cash flow from investing activities				
Acquisition of property and equipment, investment property, and intangible assets	**(44,939)**	(40,916)	**(170,743)**	(98,058)
Prepayment of dividends – subsidiaries	**230,822**	195,310	**(396)**	972
Capital increase	**(326,235)**	(130,293)	**(1,810)**	(1,525)
Capital reduction in subsidiaries	**-**	9,500	**-**	-
Future capital contribution	**(205,236)**	(227,385)	**-**	-
Short-term investments	**(199,085)**	(10,289)	**(220,507)**	(66,436)
Other	**-**	24,131	**-**	(1,243)
Net cash used in investing activities	**(544,673)**	(179,942)	**(393,456)**	(166,290)
Cash flow from financing activities				
Loans and financing raised	**649,176**	279,635	**649,176**	279,635
Loans, financing and debentures paid	**(452,638)**	(210,634)	**(553,445)**	(420,618)
Dividend paid	**(120,000)**	(120,000)	**(120,000)**	(120,000)
Treasury shares	**(16,604)**	(51,802)	**(16,604)**	(51,802)
Net cash generated by (used in) financing activities	**59,934**	(102,801)	**(40,873)**	(312,785)
(Decrease) increase in cash and cash equivalents	**(32,447)**	(81,697)	**(26,620)**	(133,936)
Cash and cash equivalents				
Closing balance	**39,778**	121,475	**50,819**	184,755
Opening balance	**7,331**	39,778	**24,199**	50,819
(Decrease) increase in cash and cash equivalents	**(32,447)**	(81,697)	**(26,620)**	(133,936)

Iguatemi Empresa de Shopping Centers S.A.

Statements of value added

Years ended December 31, 2018 and 2017

(In thousands of reais - R$)

	Parenty Company		Consolidated	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
		(Restated)		(Restated)
Lease and other operating revenues	**301,463**	292,049	**826,143**	805,468
Other revenues	**9,170**	5,156	**2,189**	(22,252)
Allowance for doubtful accounts	**(3,961)**	(3,445)	**(12,092)**	(7,363)
	306,672	293,760	**816,240**	775,853
Services and materials acquired from third-parties				
Cost of leases and services rendered	**(35,130)**	(35,765)	**(78,762)**	(80,291)
Bought-in materials, energy and services and others	**(22,863)**	(20,748)	**(39,240)**	(33,910)
	(57,993)	(56,513)	**(118,002)**	(114,201)
Gross value added	**248,679**	237,247	**698,238**	661,652
Depreciation and amortization	**(38,630)**	(38,861)	**(109,641)**	(106,332)
Value added, net	**210,049**	198,386	**588,597**	555,320
Value added received in transfer				
Equity pickup	**230,426**	201,211	**1,124**	1,190
Finance income	**36,918**	41,479	**49,522**	63,599
	267,344	242,690	**50,646**	64,789
Value added to be distributed	**477,393**	441,076	**639,243**	620,109
Payment of value added				
Personnel:				
Direct compensation	**35,402**	32,750	**49,659**	46,803
Benefits	**16,800**	5,938	**19,990**	7,986
Unemployment Compensation Fund (FGTS)	**4,541**	3,893	**5,681**	5,142
	56,743	42,581	**75,330**	59,931
Government:				
Federal	**40,765**	47,317	**117,240**	93,223
State	**-**	-	**5,001**	4,272
Local	**3,304**	3,090	**12,267**	11,820
	44,069	50,407	**134,508**	109,315
Debt remuneration:				
Interest	**93,437**	118,410	**137,587**	204,829
Leases	**6,020**	6,023	**4,459**	4,683
Other	**20,760**	5,499	**27,033**	20,048
	120,217	129,932	**169,079**	229,560
Shareholders:				
Interest on equity and dividends	**60,887**	51,236	**60,887**	51,236
Retained profit	**195,477**	166,920	**195,477**	166,920
Non-controlling interests	**-**	-	**3,962**	3,147
	256,364	218,156	**260,326**	221,303
Total	**477,393**	441,076	**639,243**	620,109

Notes to Financial Statements

1 Operations

a. Business Purpose

Iguatemi Empresa de Shopping Centers S.A. and its subsidiaries (“Iguatemi”, “Company”, or “Group”) with head office at St. Angelina Maffei Vita, 200, in the city and state of São Paulo, ismainly engaged in the commercial exploration and planning of shopping malls, the rendering of shopping mall and mixed-use real estate complex management services, purchase and sale of properties, exploration of short-stay parking lots, intermediation in the lease of promotional spaces, preparation of studies, projects and planning in promotion and merchandising, pursuit of other activities that are similar or related to its business purpose, and holding interests in other entities as an owner, shareholder or a member in any other form permitted by law. The Company trades its shares on B3 S.A - Brasil, Bolsa, Balcão, under ticker “IGTA3”.

The ventures (“shopping malls”) are managed jointly with partners and are constituted as building condominiums and consortia. Their operations are recorded by the Company in its accounting books, according to the proportion of interest held therein.

The company's results are subject to seasonal changes that affect the shopping mall industry. Sales of shopping malls generally increase in seasonal periods, such as the weeks before Easter, Mother's Day, Valentine's Day, Father's Day, and Christmas Day (December). In addition, the vast majority of tenants in the Company's malls also have the chance to comply with their lease agreements.

b. Information on real estate developments

Iguatemi and its subsidiaries hold interest in certain real estate ventures, mostly shopping malls, located in Southern, Southeastern and Midwestern Brazil. Shopping malls and commercial towers in operation are the following:

Notes to Financial Statements

	% Equity Interest			
	12.31.2018			12.31.2017
	Direct	Indirect	Total	Total
Shopping Center Iguatemi São Paulo (“SCISP”)	46.21	12.37	58.55	58.45
Shopping Center JK Iguatemi (“JK Iguatemi”)	-	64.00	64.00	64.00
Shopping Center Iguatemi Campinas (“SCIC”)	70.00	-	70.00	70.00
Shopping Center Iguatemi Porto Alegre (“SCIPA”)	-	36.00	36.00	36.00
Shopping Center Iguatemi Brasília (“SCIBRA”)	64.00	-	64.00	64.00
Shopping Center Iguatemi Alphaville (“SCIAlpha”)	-	78.00	78.00	78.00
Market Place Shopping Center (“MPSC”)	-	100.00	100.00	100.00
Praia de Belas Shopping Center (“PBSC”)	37.55	-	37.55	37.55
Shopping Center Iguatemi Florianópolis (“SCIFLA”)	-	30.00	30.00	30.00
Shopping Center Galleria (“SCGA”)	-	100.00	100.00	100.00
Esplanada Shopping Center (“SCESP”)	-	38.21	38.21	38.21
Shopping Center Iguatemi Ribeirão Preto (“SCIRP”)	-	88.00	88.00	88.00
Shopping Center Iguatemi São José Rio Preto (“SCIRIOP”)	-	88.00	88.00	88.00
Shopping Center Iguatemi Esplanada (“SCIESP”)	-	65.71	65.71	65.71
Shopping Center Iguatemi São Carlos (“SCISC”)	50.00	-	50.00	50.00
Platinum Outlet Premium Novo Hamburgo (“IFONH”)	-	41.00	41.00	41.00
Ifashion Outlet Santa Catarina ("IFOSC) (i)	-	54.00	-	-
Shopping Center Iguatemi Caxias (“SCICX”)	8.40	-	8.40	8.40
Boulevard Campinas	77.00	-	77.00	77.00
Praia de Belas Prime Offices	43.78	-	43.78	43.78
Market Place Tower (“MPT”)	-	100.00	100.00	100.00
Shopping Patio Higienópolis	-	11.54	11.54	11.20

(i) Fashion Outlet Santa Catarina, located in the city of Tijucas in the State of Santa Catarina, was inaugurated on December 12, 2018.

2 Summary od significant accounting pratices

2.1 Basic of preparation

Statement of compliance

All material information of the financial statements, and only it, is disclosed, and corresponds to the information used by Company management. The (individual and consolidated) financial statements are the responsibility of Company management, and comprise:

The individual and consolidated financial statements, identified as “Parent Company” and “Consolidated”, were prepared and are presented in accordance with accounting practices adopted in Brazil, which comprise Brazilian Securities and Exchange Commission (CVM) rules and Brazilian Financial Accounting Standards Board (CPC) pronouncements, which are in line with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

As there is no difference between consolidated equity and consolidated profit or loss attributable to the Company’s shareholders, included in the consolidated financial statements, and Company's equity and profit or loss, included in the parent company financial statements, the Company decided to present these parent company and consolidated financial statements in a single set.

The consolidated financial statements contain comparative information in relation the prior period. In addition, the Group presents the statement of financial position at the

Notes to Financial Statements

beginning of the earliest period disclosed (January 1, 2017), due to the restatement of the financial statements arising from certain adjustments, as per Note 2.24.

In addition, the Company considered the guidance contained in OCPC 07, issued by CPC in November 2014, when preparing its financial statements. Accordingly, significant information of the financial statements has been disclosed, and corresponds to the information used by management.

Approval of Financial Statements
The Company's Board of Directors approved the financial statements, and authorized its filing on February 26, 2019.

2.2 Consolidated

Iguatemi Group's equity interest at December 31, 2018 and 2017 were as follows:

	% Equity Interest			
	12.31.2018			12.31.2017
	Direct	Indirect	Total	Total
Administradora Gaúcha de Shopping Centers S.A. ("AGSC") (a)	36.00	-	36.00	36.00
AEMP - Administradora de Empreendimentos Ltda. ("AEMP")	100.00	-	100.00	100.00
AEST - Administradora de Estacionamento Ltda ("AEST")	100.00	-	100.00	100.00
Amuco Shopping Ltda. ("Amuco")	100.00	-	100.00	100.00
ATOW Administradora de Torres Ltda ("ATOW")	100.00	-	100.00	100.00
CSC41 Participações Ltda. ("CS41")	85.25	14.75	100.00	100.00
CSC61 Participações Ltda. ("CS61")	100.00	-	100.00	100.00
CSC132 Comércio Varejista Ltda ("POLO")	-	100.00	100.00	100.00
CSC142 Participações Ltda ("OLSC")	-	100.00	100.00	100.00
DV Brasil Comércio Varejista Ltda ("DV Brasil")	-	100.00	100.00	100.00
Galleria Empreendimentos Imobiliários Ltda. ("01GL")	100.00	-	100.00	100.00
Fleury Alliegro Imóveis Ltda. ("FLEURY")	-	80.00	80.00	80.00
I-Art Produções Teatrais Ltda. ("IART")	100.00	-	100.00	100.00
IESTA Porto Alegre Estacionamentos Ltda. ("IESTAPA")	99.99	-	99.99	99.99
Iguatemi Estacionamentos Ltda. ("IESTA")	100.00	-	100.00	100.00
Iguatemi Leasing Ltda. ("Iguatemi Leasing")	100.00	-	100.00	100.00
Iguatemi Outlets do Brasil Ltda ("OLNH")	100.00	-	100.00	100.00
I-Retail Serv. Consult. de Moda e Particip. Ltda. ("I-Retail")	100.00	-	100.00	100.00
JK Iguatemi Administração de Shopping Centers Ltda. ("JK ADM")	100.00	-	100.00	100.00
JK Iguatemi Empreendimentos Imobiliários S.A. (JKIG)	100.00	-	100.00	100.00
JK Iguatemi Estacionamentos Ltda ("JKES")	64.00	-	64.00	64.00
Lasul Empresa de Shopping Centers Ltda. ("Lasul")	100.00	-	100.00	100.00
Market Place Participações e Empreendimentos Imobiliários Ltda. ("MPPart")	100.00	-	100.00	100.00
Market Place Torres Ltda ("MPT")	100.00	-	100.00	100.00
Nova Galleria Empreendimentos Imobiliários Ltda. ("01NG")	100.00	-	100.00	100.00
Odivelas SP Participações S.A. ("OSPP") (a)	-	52.00	52.00	33.33
Ork Empreendimentos Imobiliarios SPE Ltda ("ORKE")	-	100.00	100.00	100.00
Praia de Belas Deck Parking Ltda ("PBES")	-	80.00	80.00	80.00
Riviera Comércio Varejista Ltda. ("VILE")	100.00	-	100.00	100.00
SCIALPHA Participações Ltda. ("SCIALPHA")	100.00	-	100.00	100.00
SCIRP Participações Ltda. ("SCRP")	100.00	-	100.00	100.00
Shopping Center Reunidos do Brasil Ltda. ("SCRB")	100.00	-	100.00	100.00
SISP Participações Ltda. ("SISP")	100.00	-	100.00	100.00
SJRP Iguatemi Empreendimentos Ltda ("SJRP")	100.00	-	100.00	100.00
SPH 1 Iguatemi Empreendimentos Imobiliarios S.A. ("SPHI")	100.00	-	100.00	100.00

a) As Jointly-controlled entities AGSC and OSPP were recognized under the equity method, considering the shared control established through Shareholders' Agreements entered into between the companies, according to which neither party may determine financial and operational policies alone.

<u>Consolideted</u>

The consolidated financial statements comprised the financial statements of the Company and its subsidiaries at December 31, 2017. Control is obtained when the Group is exposed or entitled to variable returns based on its involvement with the investee, and has the ability to affect such returns by exercising power in relation to the investee. Specifically, the Group controls an investee if, and only if, it has:

- Power in relation to the investee (i.e., existing rights that guarantee the current ability to govern the relevant activities of the investee);
- Exposure or right to variable returns based on its involvement with the investee;
- The ability to use its power over the investee to affect its profit or loss.

Generally, it is assumed that the majority of voting rights results in control. To support this assumption, and when the Group has less than the majority of or similar voting rights of an investee, the Group considers all relevant facts and circumstances when assessing whether it has power over an investee, including:

- The contractual agreement with other voting holders in the investee;
- Rights arising from contractual agreements;
- The voting rights and potential voting rights of the Group.

The Group evaluates whether it exercises control over an investee if facts and circumstances indicate changes in one or more of the three control elements. Consolidation of a subsidiary begins when the Group obtains control over that subsidiary, and ends when such control ceases to exist. Assets, liabilities and profit or loss of a subsidiary acquired or disposed of over the year are included in the consolidated financial statements from the date the Group obtains control to the date such control over the subsidiary ceases to exist.

Profit or loss and each component of other comprehensive income is attributed to the Group’s controlling and non-controlling shareholders, even if this results in loss to non-controlling shareholders. Whenever necessary, adjustments are made to the financial statements of the subsidiaries to align their accounting practices with the Group’s accounting practices. All assets and liabilities, profit or loss, revenues, expenses and cash flows of the same group, related to operations between Group members, are fully eliminated in the consolidation.

Changes in equity interest held in subsidiary, without losing control, are accounted for as equity transactions. If the Group loses the control exercised over a subsidiary, the corresponding assets (including goodwill), liabilities, non-controlling interests and other equity components are written off, whereas any resulting gains or losses are accounted for in profit or loss. Any retained investment is remeasured at fair value.

2.3 Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition-date fair value, and the value of any non-controlling interests in the acquiree. For each business combination, the acquirer should measure the non-controlling interest in the acquiree at fair value or based on its participation in the identified net assets of acquiree. Costs directly attributable to the acquisition must be expensed as incurred.

Upon acquiring a business, the Group assesses financial assets and liabilities assumed so as to classify them and allocate them in accordance with contractual terms, economic circumstances and relevant conditions at the acquisition date, which includes the acquiree's segregating embedded derivatives existing in host contracts in the acquired company.

Any contingent consideration to be transferred by the acquiror will be recognized at fair value as of acquisition date. Subsequent changes in fair value of contingent consideration considered as an asset or a liability shall be recognized in the statement of profit or loss.

Initially, goodwill is measured as the exceeding consideration amount transferred in relation to net assets acquired (net identifiable assets acquired and liabilities assumed). If consideration is lower than fair value of net assets acquired, the difference is to be recognized as gains in profit or loss.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For impairment testing purposes, goodwill acquired in a business combination is, from acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and a part of that unit is disposed of, the goodwill associated with the portion disposed of is included in the carrying amount of the operation when determining the respective gain or loss thereon. Goodwill disposed of in these circumstances is calculated based on the relative values of the portion disposed of in relation to the cash-generating unit.

2.4 Goodwill

Goodwill stemming from a business combination is stated at cost on the business combination date. Initially, goodwill is measured as the exceeding consideration amount transferred in relation to net assets acquired (net identifiable assets acquired and liabilities assumed). If consideration is lower than fair value of net assets acquired, the difference is to be recognized as gains in profit or loss. For impairment testing purposes, goodwill is allocated to the investment that benefits from the combination synergy. Goodwill, characterized as future profitability, as a result of a business combination, was not allocated to the investment due to its characteristics, according to note 10 (i).

Goodwill is tested for impairment annually, or whenever there is any indication that a unit may be impaired. If the recoverable amount is lower than they carrying amount, impairment loss is firstly allocated to reduce the carrying amount of goodwill allocated to that unit, and subsequently, to other assets of that unit, proportionally to the carrying amount of each of its assets. Any impairment loss in goodwill is directly recognized in the profit or loss. Impairment losses in subsequent periods are not reversed.

2.5 Revenue recognition and Determination of profit or loss

Revenue is recognized to the extent that economic benefits are likely to flow to the Group and when it can be reliably measured, irrespectively of when payment is received. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and taxes or charges on revenue. The Group assesses revenue transactions in accordance with specific criteria to determine if it is the agent or principal, having concluded that it has been acting as the principal in all its revenue agreements. Revenues, costs and expenses are recognized on an accrual basis.

Notes to Financial Statements

Lease revenue is recognized based on the fruition of agreements, and service revenue is recognized when the services have been effectively rendered, irrespectively of billing. Expenses and costs are recognized as incurred. Revenues from assignment of rights to storeowners are deferred and allocated to profit or loss according to the fruition of their first lease agreement. Income from disposal of properties is recognized on an accrual basis, and classified as other operating income and expenses, as this is not recurring income.

a) Operating leases

Lease for which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating lease agreements. Initial direct costs incurred in negotiating operating lease agreements are added to the carrying amount of the leased asset, and recognized over the lease term, similarly to lease revenue. Contingent leases are recognized as revenue over the time they are earned.

2.6 Financial Instruments

CPC 48/IFRS 9 establishes requirements to recognize and measure financial assets, financial liabilities and certain contracts for purchase or sale of nonfinancial items, replacing CPC 38/ IAS 39 Financial Instruments: Recognition and Measurement. The adoption of CPC 48/ IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities, derivative financial instruments and the classification and measurement of financial assets.

Financial instruments are measured at amortized cost or at fair value and classified in one of following three categories:

- Financial instruments at amortized cost;
- Financial instruments at fair value through comprehensive income; and
- Financial instruments at fair value through profit or loss.

Subsequent measurement

The main change introduced by CPC 48/IFRS 9 was the classification criterion of financial assets and financial liabilities that no longer used the concept of management's intention individually, classifying financial instruments based on the business model and management of its portfolio, as well as the analysis of the characteristics of contractual cash flows ("SPPJ - Payment of Principal and Interest Only").

All financial assets and financial liabilities are initially recognized on the trade date, that is, the date on which the Company becomes an integral part of the instrument's contractual relationship. Their subsequent measurement occurs at each statement of financial position date in accordance with the rules established for each type of classification of financial assets and financial liabilities.

a) Financial Assets

They are classified among the categories below according to the purpose for which they were acquired or issued:

Notes to Financial Statements

i) Financial assets at amortized cost: they are measured in a business model whose objective is to receive contractual cash flows where their contractual terms give rise to cash flows that are exclusively payments and interest of the principal amount.

ii) Financial assets at fair value through other comprehensive income: they are measured in a business model whose objective is achieved by both the receipt of contractual cash flows and the sale of financial assets.

iii) Financial assets at fair value through profit or loss: any financial assets that are not classified in one of the two categories above shall be measured and recognized at fair value through profit or loss. Financial assets held for trading and managed based on fair value are also included in this category.

b) Financial liabilities

The entity must classify all financial liabilities as measured at amortized cost, except for: (a) financial liabilities at fair value through profit or loss, (b) financial liabilities that arise when the transfer of the financial asset does not qualify for derecognition or when the continuing involvement approach is applicable, (c) a financial collateral agreement, (d) commitments to grant loans with a below-market interest rate, (e) the contingent consideration recognized by the acquirer in a business combination to which the CPC 15 should apply. The transaction costs of financial liabilities are considered in the calculation of the effective debt rate and amortized in accordance with the term of the instrument.

The Company assessed the classification of its financial instruments, and its presentation is shown in Note 16.2.

Offsetting (net presentation) of financial instruments

Financial assets and financial liabilities are presented net in the statement of financial position if, and only if, there is a current enforceable legal right of offsetting the amounts recognized and if there is the intention to offset or realize the asset and settle the liability simultaneously.

2.7 Fair value measurement

The Group measures financial instruments, such as derivatives, and, for reporting purposes, investment properties at fair value at each statement of financial position

closing date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumption that the transaction to sell the asset or to transfer the liability will take place either:

• In the principal market for the asset or liability, or
• In the absence of a principal market, in the most advantageous market for the asset or liability. The Group must have access to the principal (or most advantageous) market.

Notes to Financial Statements

The fair value of an asset or liability is measured based on the assumption that market participants would use to define the price of an asset or liability, assuming that market participants act in their best economic interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
All assets and liabilities for which a fair value is measured or disclosed in financial statements are categorized within the fair value hierarchy described below, based on the lowest level input that is significant to the entire fair value measurement:

• Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
• Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is either directly or indirectly observable;
• Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is not observable.

For assets and liabilities recognized in the financial statements at fair value on a recurring basis, the Group determines whether there have been transfers between hierarchy levels, revaluing their categorization (based on the lowest level input that is significant to the entire fair value measurement) at the end of each reporting period.
The Group determined the policies and procedures to measure the fair value of investment properties, which was prepared internally based on the knowledge, market performance information, and expertise in the shopping mall segment. For fair value disclosure purposes, the Group determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and their fair value hierarchy level, as described above. Corresponding disclosures at fair value of financial instruments and non-financial assets measured at fair value or, upon disclosure of fair values, are summarized in the respective notes.

2.8 Current vs. Noncurrent classification

The Group records assets and liabilities in its statement of financial position based on current/noncurrent classification. An asset is classified as current when:

• it is held primarily for trading;
• it is expected to be realized within 12 months from the reporting date; or
• it is cash and cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as noncurrent. A liability is classified as current when:

• it is held primarily for trading;
• it is expected to be realized within 12 months from the reporting date; or
• there is no unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The Group classifies all other liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Notes to Financial Statements

2.9 Cash and cash equivalents

Cash equivalents are held by the Company for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Group considers as cash equivalents short-term investments immediately redeemable at a known cash amount and that are exposed to an insignificant risk of change in value. Accordingly, an investment normally qualifies as cash equivalent when it is redeemable in the short term, for example, within three months from the investment date.

2.10 Inventories

Inventories are carried at the lower of cost and net realizable value. Inventory costs are determined under the average cost of acquisition method. Net realizable value corresponds to the estimated inventory selling price, less those costs required to complete the sale.

2.11 Investments

Investments are measured under the equity method in the parent company financial statements. Investments in entities in which management has significant influence, or holds 20% or more of voting capital, or that are part of the same group under common control, are also measured under the equity method (see Note 7).

Joint ventures

A joint venture is a contractual agreement through which the Company and other parties engage in an economic activity subject to joint control, a situation in which decisions on strategic financial and operational policies related to joint venture activities require the approval of all the parties that share control.

Joint investments are recorded under the equity method, from the date the shared control was acquired, and are not consolidated.

2.12 Investment Properties

Investment properties are initially measured at cost, less accumulated depreciation on a straight-line basis, including transaction costs. The carrying amount includes borrowing costs, the cost for replacing part of an investment property existing at the time the cost is incurred if the recognition criteria are met; excluding costs of daily service of investment property. After initial recognition, investment properties are held at cost, but presented at fair value, which reflects market conditions at the statement of financial position date. Investment properties are written off when sold or when they are no longer permanently used and no future economic benefit from the disposal thereof is expected. The difference between net value obtained from the sale and asset carrying amount is recognized in the statement of profit or loss for the period in which write-off takes place. The Company annually reviews the useful lives and residual values of its investment properties.

2.13 Property and Equipment

Stated at cost, less accumulated depreciation on a straight-line basis, at the rates disclosed in Note 9.

Notes to Financial Statements

2.14 Intangible Assets

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment on an annual basis. Intangible assets with finite useful lives are subject to amortization over the estimated economic useful life of the asset and, whenever impairment indicators are identified, they are also tested for impairment (see Note 10). Impairment testing is conducted annually, or whenever events or circumstances indicate impairment losses. For impairment testing purposes, goodwill is allocated to the cash generating units in the manner it is monitored by management.
The recoverable amount is determined based on economic valuation models, which include discounted future cash flow and the analysis of comparable market input.

2.15 Taxes

The provision for income tax was set up at the rate of 15%, plus surtax of 10% on annual taxable profit exceeding R$240. Social contribution tax was calculated at the rate of 9% on adjusted net income. Deferred income and social contribution taxes were calculated based on temporary differences in revenue recognition and expenses for accounting and tax purposes. As permitted by tax legislation, certain consolidated companies elected the taxation system under which taxable profit is computed as a percentage of gross revenue, for which income and social contribution taxes are calculated at the rate of 32% on gross revenues from services rendered, 8% on goods sold (12% for social contribution tax), and 100% on finance income and other income, on which the regular rate of 15%, plus surtax of 10%, is applied to income tax and 9% to social contribution tax. Therefore, these consolidated companies did not record deferred income and social contribution taxes on income and social contribution tax losses and temporary differences, nor are they included in the context of non-cumulative accounting for
Contribution tax on gross revenue for social integration program (PIS) and for social security financing (COFINS).

2.16 Equity

a) Dividend Payment

Dividends payment to shareholders is recognized as a liability in the year-end financial statements, according to the Company’s articles of incorporation. Any amount above mandatory minimum dividend is accrued on the date of its approval by the shareholders in General Meeting.

b) Earnings per Share

Basic earnings per share are calculated through profit or loss for the period attributable to the Company’s shareholders and the monthly average of outstanding shares in the respective period. Diluted earnings per share are calculated through the referred to average number of outstanding shares, adjusted by instruments potentially convertible into shares, with dilutive effect, for the years presented, under the terms of CPC 41/IAS 33.

c) Common Shares

Common shares are classified as equity. Incremental costs that are directly attributable to issuing shares and stock options are recognized as equity reduction, net of any tax effects.

d) Treasury Shares

These are own equity instruments there were reacquired (treasury shares), recognized at cost, less equity. No gains or losses are recognized in profit or loss upon purchase, sale, issue or cancellation of the Group's own shares. Any differences between the carrying amount and consideration are recognized in other capital reserves.

2.17 Provisions

a) General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that economic benefits will be required to settle the obligation, and such obligation can be reliably estimated. When the Group is expected to fully or partially reimburse a provision – in virtue of an insurance contract, for example –, such reimbursement is recognized as a separate asset item, but only when the amount is more likely than not to be reimbursed. The expense relating to any provision is stated in profit or loss, net of any reimbursement.

If the effect of time value of money is significant, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the liability-specific risks. When the discount is adopted, an increase in provision due to time elapsed is recognized as a financing cost.

b) Provision for tax, labor and civil risks

The Group is party to several legal and administrative proceedings. Provisions are set up for all legal proceeding-related contingencies, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably measured. For labor contingencies, provisions consider the opinion and amounts informed by the legal advisors, according to the percentage defined by management through the history of same-nature proceedings settled for the past 12 months. Assessment of the likelihood of loss also includes an analysis of available evidence, the hierarchy of laws, available case law, the latest decisions of courts of law and their relevance in the legal system, as well as the opinion of outside legal advisors. Provisions are reviewed and adjusted to take into consideration changes in circumstances, such as applicable statute of limitations, conclusions of tax audits or additional exposures identified based on new matters or court decisions. Risks classified as possible losses are not recognized for accounting purposes, and are only disclosed, and those classified as remote do not require provision or disclosure.

2.18 Transactions involving share-based payment

The Company offers its employees share-based payment plans, according to which the Company receives the services as consideration for stock options. The value of options granted is recognized as an expense over the vesting period. During this period, the specific conditions for acquiring the rights must be met. At the statement of financial position date, the Company reviews its estimated number of options whose rights are to be acquired based on the vesting conditions. It recognizes the impact of reviewing initial estimates, if any, in profit of loss, against equity.

Notes to Financial Statements

2.19 Present value adjustment of assets and liabilities

Noncurrent monetary assets and liabilities are monetarily restated, and therefore adjusted to their present value. Present value adjustment of current monetary assets and liabilities is calculated, and only recorded, if it is considered significant in relation to the overall financial statements. For the purposes of recording and determining whether it is material, the adjustment to present value is calculated considering contractual cash flows and the explicit interest rate, or implicit rate in some cases, for these assets and liabilities. Based on management analysis and best estimates, the Group concluded that the present value adjustment of current monetary assets and liabilities is immaterial in relation to the overall financial statements; accordingly, no such adjustment was recorded.

2.20 Impairment of nonfinancial assets

Management annually reviews the net book value of assets in order to evaluate events or changes in economic, operating or technological conditions that may indicate deterioration or impairment. When such evidence is found, and net book value exceeds recoverable amount, a provision for impairment is recorded so as to adjust the net book value to the recoverable amount. The recoverable amount of an asset or a cash generating unit is defined as the higher of value in use and fair value less costs to sell. In assessing an asset’s value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the weighted average cost of capital for the industry where the cash-generating unit operates. The net fair value of selling expenses is determined, whenever possible, based on recent market transactions between knowledgeable and willing parties with similar assets. In the absence of observable transactions in this regard, an appropriate valuation methodology is used. The calculations provided in this model are corroborated by available fair value indicators, such as quoted prices for listed entities, among other available indicators. The Group’s impairment assessment is premised on the forecasts and these detailed financial budgets, which are prepared separately by management for each cash-generating unit to which the assets are allocated. Projections based on these forecasts and budgets generally cover a five year period. An average long-term growth rate is calculated and applied to future cash flows after the fifth year. The impairment loss on the asset is recognized in the statement of profit or loss consistently with the use of the asset subject to loss. For assets other than goodwill, an assessment is made at each reporting date to determine if there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the recoverable value of the asset or the cash-generating unit. A previously recognized impairment loss on an asset is reversed only if there has been a change in the estimates used to determine the recoverable value of the asset since the last impairment loss that was recognized. The reversal is limited so that the carrying amount of the asset is not the book value that would have been determined (net of depreciation, amortization or depletion) if no impairment loss had been recognized for the asset in prior years. This reversal is recognized in profit or loss. The impairment test for goodwill is made annually on December 31 or when circumstances indicate that the carrying amount has deteriorated. The impairment loss is recognized for a cash-generating unit to which the goodwill relates. When the recoverable value of the unit is less than the book value of the unit, the loss is recognized and allocated to reduce the book value of the unit assets in the following order: (a) reducing the carrying amount of the goodwill allocated to the cash-generating unit; and (b) then, to the other assets of the unit in proportion to the book value of each asset. Intangible assets with indefinite useful lives are tested for impairment annually on December 31, individually

Notes to Financial Statements

or at the level of the cash-generating unit, as the case may be or when the circumstances indicate a loss due to devaluation of the book value.

2.21 Conversion of foreing currency

Functionak and reporting currency

The financial statements of each investee included in the consolidation are prepared using the functional currency (currency of the primary economic environment in which they operate) of each investee. In defining the functional currency of each of its subsidiaries, management considered which currency significantly influences the selling price of the services rendered and the currency in which the majority of the cost of providing its services is paid or incurred. The consolidated financial statements are presented in Brazilian reais, which is the functional and reporting currency of the Company and all its subsidiaries.

Foreign currency

In the preparation of the Company's (individual and consolidated) financial statements, foreign currency transactions are recorded at the exchange rates prevailing at the date of each transaction. At the end of each accounting period, monetary items in foreign currency are translated at the prevailing rates. Foreign exchange variations on monetary items are recognized in P&L for the year in which they occur.

2.22 New technical pronouncements, revisions and interpretations issued and not current

The following standards and interpretations were approved and issued by the IASB, which is not yet in force and was not adopted in advance by the Company.

Management evaluates the impacts of its adoption as mentioned below:

(i) IFRS 16 – CPC 06 (R2) – Leases

The new standard replaces IAS 17 - "Leases" and related interpretations and determines that lessees are required to recognize the liability for future payments and the right to use the leased asset for practically all lease agreements, including operating leases; certain short-term contracts or negligible amounts of the assets involved in the operation may fall outside the scope of this new standard. The criteria for recognizing and measuring leases in the lessors' financial statements are substantially maintained. This standard will take effect as from January 1, 2019.

Management evaluated the impacts of the new standard and concluded that it will not have a significant impact on the individual and consolidated financial statements, given the business characteristic, where the Company is Lessor rather than Lessee in the operations.

(ii) IFRIC 23 – Uncertainty on the Treatment of Taxes on Profit (ICPC 22 - Uncertainty on the Treatment of Taxes on Profit)

The new interpretation establishes requirements for recognition and measurement in cases where upon calculating income taxes (income and social contribution taxes), the

Notes to Financial Statements

Company has defined the use of uncertain tax treatments that may be questioned by the tax authority.

In situations where certain treatments are uncertain, the Company should define the likelihood of acceptance of the tax authorities in relation thereto and present them separately, computing the contingency if it is concluded that the tax authority will not accept such treatment.

Management assessed the impacts of the new standard and concluded that there were no impacts on its financial statements after its effective date on January 1, 2019.

(iii) Derivative instruments

Derivatives are recognized at fair value on the date they are contracted and are subsequently measured at fair value with gains or losses recorded in Finance income (costs).

2.23 New accounting pronouncements adopted as of January 1, 2018

The Company adopted CPC 47/IFRS 15 (Revenue from Customer Contracts) and CPC 48/ IFRS 9 (Financial Instruments) as of January 1, 2018. Except for the effects described in Note 2.24, the adoption of CPC 47/IFRS 15 has no other effects on the financial statements. In relation to CPC 48/IFRS 9, due to the fact that the balances of 2018 are presented prospectively (effects presented in equity), balances for 2017 were not restated.

Revenue recognition

The main change resulting from adoption of IFRS 15 (CPC 47) stems from the principles that an entity will apply to determine the measurement of revenue and how and when it is recognized, based on a five-step model: (1) identifying contracts with customers; (2) identifying performance obligations under contracts; (3) determining the price of the transaction; (4) allocation of the transaction price to the performance obligation provided for in the contracts; and (5) recognition of revenue when the performance obligation is met. The new standard replaces IAS 11 - Construction Contracts and IAS 18 - Revenues and corresponding interpretations. The changes established the criteria for measuring and recording sales, in the form that they were effectively performed with due presentation, as well as recording the amounts to which the Company is entitled in the operation, considering any estimates of loss of value.

Financial barters

The Company adopts the strategy of negotiating together with associated developers the land units around certain malls, for the development of residential and commercial projects to leverage mall revenues in the future, as well as the profitability of these assets. Negotiations provide for the execution of contracts with characteristics of financial barters, in which certain performance obligations have to be met.

Service rendering

This refers to revenues from the collection of condo fees from shopping malls.

Notes to Financial Statements

Parking

Refers to revenue from the operation of shopping mall parking lots. These revenues are allocated to P&L on an accrual basis, according to the use of the parking space by the customer, according to the price schedule per hour, charged over the period used.

Revenue earned is presented on a net basis and recognized in P&L when it is probable that the economic benefits flowed to the Company and their amounts could be reliably measured.

IFRS 9 – Financial instruments (CPC 48 – Financial Instruments)

On January 1, 2018, Iguatemi implemented the new accounting pronouncement CPC 48 (IFRS 9), referring to financial instruments. This pronouncement was adopted prospectively, with the effects arising from its impact presented in equity. The main accounting policy changes resulting from the new pronouncement are as under:

• Financial assets: The major change introduced by IFRS 9/CPC 48 was in the classification criterion of financial assets, which no longer uses the concept of management's intention individually on each financial asset, classifying the financial instruments based on the business model, as well as in the analysis of the characteristics of the contractual cash flows ("SPPJ - Principal and Interest Payment Only"). These items determine whether financial assets are measured under the following classifications: (i) amortized cost, (ii) fair value through profit or loss (FVTPL) or (iii) fair value through other comprehensive income (FVTOCI). In Iguatemi's operations, in view of the characteristics of the business and the portfolio of assets, no significant impacts were identified in the Group's financial statements.

• Financial liabilities: The classification of financial liabilities remains substantially unaltered with the introduction of the new pronouncement, continuing to be measured at amortized cost or at fair value through profit or loss. For liabilities measured at fair value at initial recognition, the Company must recognize the variation in credit risk attributed to its own risk in other comprehensive income. There were no impacts on Iguatemi's operations due to the fact that there are no financial liabilities currently measured at fair value, and these are classified at amortized cost.

• Impairment of financial assets: The requirements introduced by IFRS 9/CPC 48 related to impairment are applicable to financial assets measured at amortized cost, fair value through other comprehensive income, lease receivables and some off-balance sheet items, such as financial collateral agreements and lending commitments, for example. The main change in IFRS 9/CPC 48 is the provision for impairment in these cases, which is now measured by the concept of expected credit loss (ECL) instead of the model of losses incurred (IAS 39/CPC 38). The impacts arising from these changes are mentioned in Note 2.24.

• Hedge Accounting: IFRS 9/CPC 48 provides for a hedge accounting approach based on management's Risk Management, based more on principles than on the current approach under IAS 39/CPC 38. One of the main amendments to the standard is in measuring effectiveness. IAS 39/CPC 38 defines the percentage for calculation (80% to 125%), whilst the new standard provides that management must evaluate the conditions and effectiveness percentages, bringing a qualitative view to the process.

Notes to Financial Statements

This topic did not impact Iguatemi's operations since there are no designated hedge accounting structures.

The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The main amendments to IFRS 9 were the new criteria for classifying financial assets into three categories (measured at fair value through comprehensive income, measured at amortized cost and measured at fair value through profit or loss), depending on the characteristics of each instrument and purpose for which they were acquired, permitting their classification in finance income (costs) or comprehensive income. Additionally, the standard introduces a new model of impairment for financial assets, consisting of a prospective model of “expected credit losses” based on the history of losses incurred, replacing the current model of losses incurred, and more flexible requirements for adopting hedge accounting.

The financial liability classifications remain the same as those provided in IAS 39 (CPC 39) - Financial Instruments: Presentation; only the rules related to financial liabilities measured at fair value have been included, not applicable to operations maintained by the Company.

Management adopted the new accounting pronouncement and, considering its transactions at the date of adoption, did not identify changes that would have a material impact on the Company’s financial statements, since the financial instruments it maintains are not complex and do not present a significant risk of impact on its remeasurement. Likewise, their remeasurement does not entail significant risk of impairment or significant reduction in value due to the expectation of future losses, and only the classification of financial assets in the provided categories is applied.

The financial assets held by the Company as at December 31, 2018 are classified as follows:

Amortized cost
Financial assets held by the Company are maintained to generate contractual cash flows arising from principal and interest, when applicable, less any impairment losses. These items include the balances of cash and cash equivalents, trade accounts receivable, other assets, with the variations recognized in Finance income (costs).

Measured at fair value through profit or loss

Financial assets held by the Company measured at fair value through profit or loss correspond to the balances of marketable securities, with variations recognized in Finance income (loss) at the Company’s option.

2.24 Restatement of corresponding Values

a) CPC 47 / IFRS 15 Revenue from Contracts with Customers

With the mandatory adoption of the new standard CPC 47 (IFRS 15) Revenue from customer contracts, the Company adopted the pronouncement retrospectively with recognition of the effects of the initial application on profit reserve. In addition, the Company also reviewed certain accounting practices making adjustments for intangible corrections, with which the corresponding amounts referring to prior years are being restated, in accordance with the requirements set forth in CPC 23 - Accounting

Notes to Financial Statements

Policies, Changes in Estimates and Errors (IAS 8) and CPC 26 (R1) - Presentation of the financial statements (IAS 1).

Balance Sheet		Parenty Company						Consolidated					
		Balance at 12.31.2017	Adjustment	Balance at 12.31.2017 after Adjustment	Balance at 01.01.2017	Adjustment	Balance at 01.01.2017 after Adjustment	Balance at 12.31.2017	Adjustment	Balance at 12.31.2017 after Adjustment	Balance at 01.01.2017	Adjustment	Balance at 01.01.2017 after Adjustment
Assets													
Current													
Rentals and other trade receivables	(i)	60,137	(7,852)	52,285	56,015	(7,852)	48,163	151,991	(7,852)	144,139	154,497	(7,852)	146,645
Taxes to recover	(i)	23,866	-	23,866	8,977	-	8,977	37,707	5,610	43,317	23,133	5,610	28,743
Other current assets		292,963	-	292,963	367,216	-	367,216	470,027	-	470,027	544,511	-	544,511
Total Current Assets		376,966	(7,852)	369,114	432,208	(7,852)	424,356	659,725	(2,242)	657,483	722,141	(2,242)	719,899
Noncurrent													
Rentals and other trade receivables	(i)	6,976	-	6,976	7,228	-	7,228	77,699	(55,670)	22,029	84,668	(58,100)	26,568
Swap Operations	(iii)	-	46,849	46,849	-	37,295	37,295	-	46,849	46,849	-	37,295	37,295
Shareholdings		2,315,096	(42,140)	2,272,956	2,220,299	(44,570)	2,175,729	5,585	-	5,585	3,842	-	3,842
Investment Property	(ii)	1,103,505	(4,102)	1,099,403	1,086,792	(4,102)	1,082,690	4,069,499	(1,354)	4,068,145	4,025,802	(1,354)	4,024,448
Other non-current Assets		447,431	-	447,431	404,030	-	404,030	250,294	-	250,294	314,481	-	314,481
Total Noncurrent Assets		3,873,008	607	3,873,615	3,718,349	(11,377)	3,706,972	4,403,077	(10,175)	4,392,902	4,428,793	(22,159)	4,406,634
Total Assets		4,249,974	(7,245)	4,242,729	4,150,557	(19,229)	4,131,328	5,062,802	(12,417)	5,050,385	5,150,934	(24,401)	5,126,533
Liabilities and Shareholders' equity													
Tax Liabilities		6,093	878	6,971	2,861	-	2,861	22,320	-	22,320	19,704	-	19,704
Other current Liabilities		261,501	-	261,501	322,117	-	322,117	299,207	-	299,207	408,909	-	408,909
Total current Liabilities		267,594	878	268,472	324,978	-	324,978	321,527	-	321,527	428,613	-	428,613
Noncurrent													
Loans and Financing	(iii)	660,543	46,849	707,392	406,178	37,295	443,473	1,426,821	46,849	1,473,670	1,300,298	37,295	1,337,593
Tax Liabilities	(i)	988	(878)	110	2,765	-	2,765	6,347	(5,172)	1,175	24,599	(5,172)	19,427
Other non-current Liabilities		522,719	-	522,719	681,699	-	681,699	501,472	-	501,472	655,886	-	655,886
Total non-current Liabilities		1,184,250	45,971	1,230,221	1,090,642	37,295	1,127,937	1,934,640	41,677	1,976,317	1,980,783	32,123	2,012,906
Equity													
Profit Reserve		1,114,104	(54,094)	1,060,010	1,031,238	(56,524)	974,714	1,114,104	(54,094)	1,060,010	1,031,238	(56,524)	974,714
Total Equity		2,798,130	(54,094)	2,744,036	2,734,937	(56,524)	2,678,413	2,806,635	(54,094)	2,752,541	2,741,538	(56,524)	2,685,014
Total Liabilities and Equity		4,249,974	(7,245)	4,242,729	4,150,557	(19,229)	4,131,328	5,062,802	(12,417)	5,050,385	5,150,934	(24,401)	5,126,533

Income Statements		Parenty Company			Consolidated		
		Balance at 12.31.2017	Adjustment	Balance at 12.31.2017 after Adjustment	Balance at 12.31.2017	Adjustment	Balance at 12.31.2017 after Adjustment
Equity Pickup	(i)	198,781	2,430	201,211	1,190	-	1,190
Operating Income before finance income (costs) and taxes		**326,036**	**2,430**	**328,466**	**434,226**	**-**	**434,226**
Finance Income	(iii)	31,925	9,554	41,479	54,045	9,554	63,599
Finance Costs	(iii)	(119,997)	(9,554)	(129,551)	(225,855)	(7,124)	(232,979)
Finance Income		**(88,072)**	**-**	**(88,072)**	**(171,810)**	**2,430**	**(169,380)**
Income and Social Contribution Taxes		(22,238)	-	(22,238)	(43,543)	-	(43,543)
Net Income for the Year		**215,726**	**2,430**	**218,156**	**218,873**	**2,430**	**221,303**
Basic Earnings per Share - R$		1.22216		1.23625	1.22216		1.23625
Diluted Earnings per Share - R$		1.22100		1.23508	1.22100		1.23508

Statements of comprehensive income	Parenty Company			Consolidated		
	Balance at 12.31.2017	Adjustment	Balance at 12.31.2017 after Adjustment	Balance at 12.31.2017	Adjustment	Balance at 12.31.2017 after Adjustment
Net income for the year	215,726	2,430	218,156	218,873	2,430	221,303
Other Comprehensive Income	-	-	-	-	-	-
Net income for the year	**215,726**	**2,430**	**218,156**	**218,873**	**2,430**	**221,303**

Notes to Financial Statements

Statements of changes in shareholders' equity	Paid-up capital	Capital Reserves, Granted Options and Treasury Shares	Profit reserves	Equity company	Non-Controlling Participation	Equity consolidated
Balances as of December 31, 2016 - Originally presented	1,231,313	472,386	1,031,238	2,734,937	6,601	2,741,538
Adjustment to IFRS 15 Adoption	-	-	(56,524)	(56,524)	-	(56,524)
Balances as of January 1, 2017 - Restated	**1,231,313**	**472,386**	**974,714**	**2,678,413**	**6,601**	**2,685,014**
Balances as of December 31, 2017 - Originally presented	1,231,313	452,713	1,114,104	2,798,130	8,505	2,806,635
Adjustment to IFRS 15 Adoption			(54,094)	(54,094)		(54,094)
Balances as of December 31, 2017 - Restated	**1,231,313**	**452,713**	**1,060,010**	**2,744,036**	**8,505**	**2,752,541**

		Parenty Company			**Consolidated**		
Statements od value added		**Balance at 12.31.2017**	**Adjustment**	**Balance at 12.31.2017 after Adjustment**	**Balance at 12.31.2017**	**Adjustment**	**Balance at 12.31.2017 after Adjustment**
1. Gross added value		237,247	-	237,247	661,652	-	661,652
2. Net added value generated		198,386	-	198,386	555,320	-	555,320
3. Added value received in transfer		230,706	11,984	242,690	55,235	9,554	64,789
Equity in earnings	(i)	198,781	2,430	201,211	1,190	-	1,190
Financial income	(iii)	31,925	9,554	41,479	54,045	9,554	63,599
4. Distribution of added value		429,092	11,984	441,076	610,555	9,554	620,109
5. Remuneration of third-party capital		120,378	9,554	129,932	222,436	7,124	229,560
Interest	(iii)	108,856	9,554	118,410	197,705	7,124	204,829
6. Remuneration of shareholders' equity		215,726	2,430	218,156	218,873	2,430	221,303
Retained earnings		164,490	2,430	166,920	164,490	2,430	166,920

		Parenty Company			**Consolidated**		
Statements of cash flows - indirect method		**Balance at 12.31.2017**	**Adjustment**	**Balance at 12.31.2017 after Adjustment**	**Balance at 12.31.2017**	**Adjustment**	**Balance at 12.31.2017 after Adjustment**
Cash flow from operating activities							
Net income for the year		215,726	2,430	218,156	218,873	2,430	221,303
Adjustments to reconcile net income for the year to net cash provided by operating activities:							
Interest, monetary and exchange variations provisioned on loans, contingencies and judicial deposits	(iii)	103,228	-	103,228	200,626	(2,430)	198,196
Equity Pickup	(i)	(198,781)	(2,430)	(201,211)	(1,190)	-	(1,190)
Net cash provided by operating activities		**201,046**	**-**	**201,046**	**341,992**	**-**	**341,992**

(i) The Company adopts the strategy of negotiating, together with associated developers, the land around certain shopping malls, for the development of residential and commercial developments, in order to leverage mall revenues in the future, as well as the profitability of these assets. Negotiations foresee the conclusion of contracts with characteristics of financial swaps, however, with performance bonds, which according to CPC 47 (IFRS 15), for some contracts were not reached.

Additionally, on December 31, 2016, the Company recorded the accounts receivable related to an active contingency process, which has the status of transit and judgment in favor of the Company, however, a judicial expert was appointed for verification of the exact amount to be received. The Company reviewed the adopted accounting practice and decided to derecognise this asset, considering the possibility of a possible change in the value of the asset.

Notes to Financial Statements

(ii) In prior years, based on market values, the Company updated the value of Additional Building Potential Certificates (CEPAC) that were not initially associated with the expansion of any Shopping, however, with the revision of its accounting practices , such values are also being derecognised.

(iii) On July 18, 2013, the Company entered into a cash flow swap agreement with the purpose of reducing the risk of fluctuation of the CRI debt index (see Notes 11 and 23). The Company was presenting the value of CRI's debt, net of the cash flow swap agreement. Therefore, the Company revisited its accounting practices and decided to present such instruments (debt and swap) separately in the headings and accounting groups. In addition, the Company adjusted the presentation of the positive variation of the swap in the income for the year, which was being presented net in the financial expense account.

b) CPC 48/IFRS 9 Financial Instruments

CPC 48/IFRS 9 establishes, among others, new requirements for classification of financial assets, measurement and recognition of impairment of financial assets, changes in the terms of financial assets and financial liabilities, hedge accounting and disclosure. In accordance with the transitional provisions of IFRS 9, the Company did not present its financial statements for prior periods in relation to the new requirements related to the classification and measurement of financial assets, impairment of financial assets and changes in financial assets and financial liabilities. In these cases, the differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of CPC 48 as of January 1, 2018 were recognized in the Profit and loss account in equity. Information on the consolidated impacts as of January 1, 2018 on the statement of financial position items and statements of changes in equity is presented as under:

Balance sheet item		Parenty Company			Consolidated		
		Balance at 01.01.2018	Adjustment	Balance at 01.01.2018 after adjustment	Balance at 01.01.2018	Adjustment	Balance at 01.01.2018 after adjustment
Assets							
Current							
Accounts receivable - Note 4		52,285	(3,703)	48,582	144,139	(10,982)	133,157
Noncurrent							
Receivables from Related Parties	(i)	53,448	-	53,448	75,099	(17,963)	57,136
Equity Interests		2,272,956	(25,242)	2,247,714	5,585	-	5,585
Liabilities and shareholders' equity							
Noncurrent							
Income and Social Contribution Taxes		39,196	1,259	37,937	6,257	1,259	4,998
Equity							
Income Reserves		1,060,010	(27,686)	1,032,324	1,060,010	(27,686)	1,032,324

Statements of changes in shareholders' equity	Paid-up capital	Capital Reserves, Granted Options and Treasury Shares	Profit reserves	Equity company	Non-Controlling Participation	Equity consolidated
Balances as of January 1, 2018 - Originally presented	1,231,313	452,713	1,114,104	2,798,130	8,505	2,806,635
Adjustment to IFRS 15 Adoption			(54,094)	(54,094)	-	(54,094)
Adjustment to IFRS 9 Adoption	-	-	(27,686)	(27,686)	-	(27,686)
Balances as of January 1, 2018 - Restated	**1,231,313**	**452,713**	**1,032,324**	**2,716,350**	**8,505**	**2,724,855**

(i) In 2014, the entrepreneurs of the Iguatemi Ribeirão Preto and Iguatemi São José do Rio Preto malls made contributions in order to finance working capital related to the start of these operations. Subsequently, on August 31, 2016, the mall developer Galleria also contributed values, however, with the purpose of financing expenses arising from repairs caused by a windstorm that affected the structure of this mall. The aforementioned contributions represent transactions with related parties and were recorded in the caption "Related-party loans". Due to the adoption of CPC 48 / IFRS 9, the Company revalued these balances and concluded that there were no reasonable expectations for the recovery of the cash flows involved in the contributions. As a consequence of this revaluation, the Company adjusted the expectation of loss for these assets within the scope of the adjustments of adoption of the aforementioned rule on January 1, 2018, according to note 6 (v).

Notes to Financial Statements

3 Significant accounting judgments, estimates and assumptions

Estimates and assumptions

In preparing the financial statements, estimates need to be used to account for certain assets, liabilities and other transactions. The financial statements of the Company and its subsidiaries therefore include estimates referring to the selection of useful lives of its property and equipment and investment properties, provisions necessary for tax, labor and civil contingencies, provisions for income and social contribution taxes, allowance for doubtful accounts, fair value of investment properties for reporting purposes, and other similar provisions. Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to uncertainties inherent in their estimate process. The Company reviews its estimates at least once a year.

Judgments

Preparation of parent company and consolidated financial statements of the Group requires that management make judgments, estimates and adopt assumptions that affect the stated amounts of revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities. In applying the Group's accounting policies, management made the following judgments that have a more significant effect on the amounts recognized in the consolidated financial statements:

Investment properties measured at fair value for reporting purposes

Fair values are based on market values and the estimated value by which a property could be exchanged at the valuation date between knowledgeable and willing parties in an arm's length transaction, as defined in IFRS 13 for level 3 assessments. For To measure fair value of investment properties for reporting purposes, the Group considered the methodology of cash flow discounted to present value. This methodology is projected to current lease revenue, based on current performance and projection, over a 10-year period, considering appropriate growth rates and contract events (restatements, revisions and renewals), occurring in the shortest periodicity defined by legislation on lease contracts. For those cases where current lease is higher or lower than the market, market reviews are considered, at the review dates of each agreement. In addition, in the case of a percentage lease collection, projections consider the higher of the revenues earned. To reflect the perpetuity of operations, at the end of the 10th year, revenue is capitalized, and the revenue stream and perpetuity value are then brought to present value at discount rates appropriate to the market risk perception, taking into account the likely risk/performance of each scenario. For analysis purposes, the continuity of existing agreements is considered, with automatic renewal of those agreements. Losses of revenue due to default were considered. Investment property in construction is valued by estimating the fair value of the entire investment, less the estimated cost to complete the construction, cost of financing and a reasonable profit margin. The main assumptions used to determine the fair value of investment properties are detailed in Note 8.

Taxes

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which losses and temporary differences can be used. Significant management judgment is required to determine

Notes to Financial Statements

the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. These losses refer to the Company and are not time-barred. Offsetting of accumulated tax losses is limited to 30% of taxable profit generated for a given fiscal year. For more details on deferred taxes, see Note 17.

Fair value of financial instruments

When the fair value of financial assets and liabilities in the statement of financial position cannot be obtained in active markets, it shall be determined through valuation techniques, including the discounted cash flow method. Inputs for these methods are based on the market, whenever possible. However, when not feasible, a certain level of judgment is required to establish the fair value. Judgment includes consideration of the inputs used, such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4 Cash, cash equivalents and short-term investments

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
(a) Cash and cash Equivalents				
Cash and banks	7,331	39,778	24,199	50,819
Total	7,331	39,778	24,199	50,819
(b) Financial investments				
Financial investments (i)	446,662	248,754	628,172	402,008
Financial letters (ii)	-	-	-	6,093
Repurchase agreements (iii)	30,932	29,755	30,932	30,496
Total	477,594	278,509	659,104	438,597
Current	446,662	288,532	628,172	452,827
Noncurrent	30,932	29,755	30,932	36,589

(i) This is represented by highly-liquid non-boutique fixed-income investment fund, with accumulated yields of 6.37% through December 31, 2018 (10.19% - 2017). Management manages Company’s cash through non-boutique investment funds, with expected use of funds for development of foreseen projects.

(ii) The financial bills of the financial institution Banco Santander (Brasil) S/A were classified as held-to-maturity due to their characteristics and were fully redeemed on November 22, 2018.

(iii) Repurchase agreements from financial institution Itaú Unibanco S/A are classified as held to maturity given their characteristics, and are guarantees of a mortgage-backed security loan maturing on June 19, 2023 and September 17, 2025, as mentioned in Note 11. At December 31, 2018, management has the intention and the ability to keep the security to maturity.

5 Trade accounts receivable

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
		Restated		Restated
Rents and resale of points of sale receivable	72,313	65,672	182,907	166,763
Coparticipation receivable (i)	1,872	2,251	7,859	9,706
Others (ii)	3,109	6,010	33,255	29,771
	77,294	73,933	224,021	206,240
Allowance for doubtful accounts	(21,776)	(14,672)	(61,628)	(40,072)
	55,518	59,261	162,393	166,168
Current	47,298	52,285	134,895	144,139
Noncurrent	8,220	6,976	27,498	22,029

(i) Substantially represents balances receivable for the right to use real estate space. Coparticipation is billed in accordance with agreements and recognized in profit or loss, based on the term of the lease agreement, according to Note 15.

RRepresented substantially by sales of real estate for the development of real estate projects by the development buyers. Receipts will occur through transfers of funds related to units sold ("financial barter transaction"), as provided in the agreement. On an annual basis, the Company subsequently remeasures this financial asset at fair value, which is supported by the feasibility studies of the projects launched or to be launched in their respective regions. In addition, we highlight that these financial assets are monthly restated based on the INCC/FGV and/or IGP-M/FGV indexes.

The aging list of receivables is as follows:

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
		Restated		Restated
To fall due from 721 to 1440 days	3,191	2,262	11,281	10,748
To fall due from 361 to 720 days	5,029	4,714	16,217	15,161
To fall due up to 360 days	46,887	48,130	131,600	126,959
Past due up to 30 days	1,680	1,404	5,117	4,430
Past due from 31 to 60 days	491	783	2,706	2,245
Past due from 61 to 90 days	228	337	1,008	1,132
Past due from 91 to 120 days	694	663	1,943	1,772
Past due from 121 to 360 days	4,330	3,287	11,890	10,024
Past due over 360 days	14,764	12,353	42,259	33,769
	77,294	73,933	224,021	206,240

The Company and its subsidiaries set up allowances for doubtful accounts for overdue or falling due receivables, whose customers are in default for over 360 days. The overdue balances shown in the table above, for which no allowance for doubtful accounts was set up, are securities that have been renegotiated, whose customers are not in default. The aging list reflects the original date of each security, with no change in the original dates of the overdue securities, which were renegotiated.

Balance of "Trade accounts receivable" was classified as "amortize cost", in financial assets.

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Changes in the provision for expected credit losses are presented below:

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Opening Balance - Originally Presented	(14,672)	(12,270)	(40,072)	(33,922)
Initial Adoption of IFRS 9	(3,703)	-	(10,982)	-
Opening Balance - After Adjustment	(18,375)	(12,270)	(51,054)	(33,922)
Set-up/Reversal of allowance for doubtful accounts	(3,961)	(3,445)	(12,092)	(7,363)
Write-off of uncollectibles	560	1,043	1,518	1,213
Closing Balance	(21,776)	(14,672)	(61,628)	(40,072)

To determine the recovery of accounts receivable, the Company and its subsidiaries consider any change in the credit quality of the customer from the date the credit was initially granted to year end.

Below is the detail of the percentage of the provision for expected losses:

	%	
	12.31.2018	12.31.2017
To fall due	3.73%	3.79%
Past due up to 30 days	29.14%	30.27%
Past due from 31 to 60 days	33.32%	34.22%
Past due from 61 to 90 days	37.80%	39.61%
Past due from 91 to 120 days	43.23%	43.67%
Past due from 121 to 360 days	93.18%	92.66%
Past due over 360 days	100.00%	100.00%

The aging list of amounts included in allowance for doubtful accounts is as follows:

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
To fall due	(1,124)	(611)	(3,963)	(1,558)
Past due up to 30 days	(310)	(90)	(686)	(261)
Past due from 31 to 60 days	(209)	(97)	(594)	(281)
Past due from 61 to 90 days	(85)	(81)	(227)	(184)
Past due from 91 to 120 days	(403)	(123)	(834)	(327)
Past due from 121 to 360 days	(4,881)	(1,317)	(13,065)	(3,692)
Past due over 360 days	(14,764)	(12,353)	(42,259)	(33,769)
	(21,776)	(14,672)	(61,628)	(40,072)

<u>Leases</u>

The Company leases spaces in its shopping malls, with a term of validity between 4 (four) and 5 (five) years, with the option of renewal after this period. Exceptionally they may have contracts with different terms of validity and conditions. The amounts are adjusted annually, according to market indexes.

The future minimum rent to be billed on non-cancelable leases, considering the stores in operation on December 31, 2018 and 2017, are presented as follows:

Notes to Financial Statements

	Consolidated	
	12.31.2018	12.31.2017
Up to one year	405,430	393,672
Between two and five years	949,898	922,351
More than five years	28,334	27,512
	1,383,662	1,343,535

6 Information on related-party balances and transactions

In the normal course of business, the Company carries out transactions with related parties represented by the companies of the Jereissati Group, which are carried out at prices, terms, financial charges and other conditions defined by management.

Related-party transactions and balances

Related-party balances and transactions at December 31, 2018 and December 31, 2017 are as follows:

a. *Balances*

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Current assets:				
Other related parties:				
Stock option (viii)	1,008	862	1,008	862
Total current assets	1,008	862	1,008	862

Notes to Financial Statements

Noncurrent assets:				
Receivables from related parties:				
From subsidiaries and joint ventures:				
Praia Belas Deck Parking Ltda. (CDI + 1% a.a.)	5,678	18,731	-	-
Receivables from related parties:				
With controlling shareholder				
From other related parties:				
Praia de Belas Shopping Center (ii) (CDI + 1% a.a.)	-	2,184	-	2,184
Shopping Center Iguatemi Ribeirão Preto (v)	-	-	-	11,055
Shopping Center Iguatemi São José do Rio Preto (v)	-	-	-	4,908
Shopping Center Galleria (vii)	-	-	4,428	3,525
Shopping Center Iguatemi São Paulo (v)	3,091	1,286	3,091	1,286
Praia de Belas Shopping Center (v)	584	665	584	665
Federação das Entidades Assistenciais Campinas (iii) (CDI + 1% a.a.)	38,400	45,081	38,400	45,081
Other related parties (iv)	8,448	4,232	11,631	6,395
Total receivables from related parties	56,201	72,179	58,134	75,099
Advances for future capital increase (i)				
Lasul Empresa de Shopping Centers Ltda.	599	304	-	-
SPH 1 Iguatemi Empreendimentos Imobiliários S.A.	302	14,967	-	-
SCIRP Participações Ltda.	86	35,350	-	-
SJRP Iguatemi Empreendimentos Ltda.	-	250	-	-
SISP Participações Ltda.	992	54	-	-
Shopping Center Reunidos do Brasil Ltda.	-	82	-	-
SP74 Participações Ltda.	1,225	580	-	-
JK Iguatemi Empreendimentos Imobiliários Ltda.	207	995	-	-
CS41 Participações Ltda	111	91,111	-	-
SCIALPHA Participações Ltda.	442	459	-	-
I-Retail Serv. Consult. de Moda e Particip. Ltda.	1,270	1,520	-	-
Iguatemi Outlets do Brasil Ltda.	20,131	112	-	-
Amuco Shopping Ltda.	69	-	-	-
Nova Galleria Empreendimentos Imobiliários Ltda.	1	650	-	-
Total advances for future capital increase	25,435	146,434	-	-
Total noncurrent assets	81,636	218,613	58,134	75,099
Total receiables from related parties	82,644	219,475	59,142	75,961
Current liabilities				
Payables to related parties:				
Iguatemi Outlets do Brasil Ltda. (vi) (CDI)	-	3,215	-	-
Total payables to related parties	-	3,215	-	-
Dividends payable:				
Controlling shareholders:				
La Fonte Telecom S.A.	555	467	555	467
Jereissati Participações S.A.	32,262	27,149	32,262	27,149
Noncontrolling interests	28,070	23,620	28,070	23,620
Total dividends payable	60,887	51,236	60,887	51,236
Total current liabilities	60,887	54,451	60,887	51,236

(i). “Future capital contribuition” balances are not to financial charges. The balance is recorded in “Related Party Receivables” in noncurrent assets, and will be included in the amendments to the Article of Incorporation of Special Purpose Entities (SPE) in 2019.

(ii). Refers to financing for expansion of Praia de Belas Shopping Center settled in 2018.

Notes to Financial Statements

(iii). Refers to a loan with FEAC - Federation of Assistance Entities of Campinas, which holds a 30% interest in Shopping Center Iguatemi Campinas, for the purpose of financing the expansion of the mall, and settlement scheduled for April 30, 2023.

(iv). Refers substantially to the receivables from various mall condominiums, arising from the processes of refund of several payments, made by the Company.

(v). Related-party balances between the civil condominium and the commercial condominium refer to reimbursements of expenses not paid by the tenants, contributed by the entrepreneurs, as determined by Laws No. 4591/64 and No. 8245/91.

(vi). Refers to a loan with Iguatemi Outlets do Brasil Ltda, for the purpose of financing working capital. This transaction had a 100% CDI rate and was settled on February 23, 2018.

(vii). They refer to an Entrepreneur loan with the Galleria Shopping Center promotion fund, for the purpose of working capital financing, and this transaction had a 100% CDI rate, due on March 10, 2022.

(viii). This refers to amounts receivable arising from the exercise of the stock option right by the officers and certain managers of the Company, with forecast of receipt for the month of February of 2019.

Transactions

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Costs of services rendered:				
Services rendered by subsidiaries to shopping malls:				
AEST - Administradora de estacionamentos Ltda.(ii)	(4,657)	(3,901)	-	-
AEMP - Administradora de Empreendimentos Ltda. (ii)	(3,539)	(1,778)	-	-
SP74 - Iguatemi Leasing Ltda. (i)	(2,521)	(2,317)	-	-
SCRB - Shopping Centers Reunidos do Brasil Ltda. (iii)	(15,494)	(13,258)	-	-
	(26,211)	(21,254)	-	-
Services rendered by controlling shareholder				
Jereissati Participações S.A. (iv)	(1,820)	(1,560)	(390)	(1,560)
Finance income:				
Intercompany loans - subsidiaries:				
Praia Belas Deck Parking Ltda.	872	2,101	-	-
	872	2,101	-	-
Intercompany loans - related parties:				
Federação das Entidades Assistenciais de Campinas	2,596	6,839	697	9,923
Praia de Belas Shopping Center	47	215	21	464
	2,643	7,054	718	10,387
Finance costs:				
Controller stockholder`s expenditure on bail				
Jerreissati Participações S.A.	(241)	(60)	-	(270)
Intercompany loans - subsidiaries:				
Anwold Malls Corporation	-	(517)	-	-
	-	(517)	-	

(i). These refer to brokerage services rendered by lease of stores in their own ventures.

(ii). These refer to venture and parking management services.

(iii). These refer to condominium management services.

(iv). These refer to administrative services rendered by the parent company Jereissati Participações S.A., such as financial and tax advisory services.

Notes to Financial Statements

A summary of agreements entered into between the Company and related entities is as follows:

Agreements with SP74 – Iguatemi Leasing

Iguatemi Leasing has several service agreements entered into with malls in which the Company holds interest and/or managed by the Company, aiming at the sale and intermediation of promotional spaces and stores, under specific conditions agreed between the parties.

Notes to Financial Statements

Agreements with AEST, AEMP and SCRB

These companies have entered into management service agreements in various projects of the Group, under specific conditions agreed by and between the parties.

Intercompany loan agreements

The Company enters into loans and financing agreements as a lender, for the purpose of financing the working capital of related companies, and as borrower, for the purpose of financing its ventures. The terms and conditions of agreements are broken down in the previous table.

Remuneração dos Administradores

Key management personnel's annual compensation related to short-term benefits, amounting to R$ 22,864, was approved in Annual Shareholders' Meeting held on April, 19, 2018.

The amounts related to the remuneration of key management personnel under the parent company's responsibility are presented below for the twelve-month periods ended December 31, 2018 and 2017:

	12.31.2018	12.31.2017
Short-term benefits (i)	20,272	18,108
Share-based Payment (ii)	673	30
	20,945	18,138

(i). These basically refer to Executive Board's fees and profit sharing, including performance bonus.

(ii). This refers to cost of options for managing officers.

Guarantees given to subsidiaries

(a) On September 4, 2015, the Board of Directors approved the Company's provision of a guarantee in favor of Nova Galleria Empreendimentos Imobiliários Ltda., in order to guarantee the securitization of the real estate credits arising from the commitment to sell and purchase the properties that make up Shopping Center Galleria, signed by its

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subsidiaries Galleria Empreendimentos Imobiliários Ltda. and Nova Galleria Empreendimentos Imobiliários Ltda., and Securtitizadora RB Capital Companhia de Securitização in the amount of R$ 210,000, with a CDI + 0.15% p.a. rate, and term of 120 months, according to Note 11 (f).

(b) On December 28, 2015, the Board of Directors approved the Company’s provision of a guarantee in favor of CSC 142 Participações, in order to guarantee the securitization of the real estate credits arising from the commitment to sell and purchase the property located in the city of Tijucas, on which a commercial complex will be built to be developed over the whole of the property, with Securtitizadora RB Capital Companhia de Securitização in the amount of R$ 105,000, with a CDI rate + 1.30% p.a. and term of 228 months, according to Note 11 (g).

(c) On March 31, 2016, the Board of Directors approved the Company’s provision of a guarantee in favor of CSC41 Participações Ltda., in order to guarantee the securitization of the real estate credits with Securtitizadora RB Capital Companhia de Securitização in the amount of R$ 105,000, with a CDI rate + 1.30% p.a. and term of 228 months, according to Note 11 (h).

(d) On July 12, 2016, the Board of Directors approved the Company’s provision of a guarantee in favor of ORK Empreendimentos Imobiliários SPE Ltda., in order to guarantee the securitization of the real estate credits with Securtitizadora RB Capital Companhia de Securitização in the amount of R$ 275,000, with a final CDI rate – 0.10% p.a. and term of 84 months, according to Note 11 (i).

7 Investments

a. Breakdown of Investments

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
		Restated		
Goodwill for added value of assets (a*)	81,545	82,793	3,495	-
Future profitability (a**)	88,169	88,169	-	-
Shareholdingd (b)	2,573,553	2,272,956	10,070	5,585
Other investments	15,647	14,799	15,961	15,012
	2,758,914	2,458,717	29,526	20,597

b. Breakdown of goodwil

	Parenty Company				Consolidated			
	12.31.2018			12.31.2017	12.31.2018			12.31.2017
	Cost	Total amortization	Net	Net	Cost	Total amortization	Net	Net
Goodwill on the acquisition of SISP Participações S.A.	28,811	(2,670)	26,141	26,337	-	-	-	-
Goodwill on the acquisition of Solway Participações S.A.	30,058	(5,763)	24,295	24,711	-	-	-	-
Goodwill on the issue of shares - JK Iguatemi	8,566	(339)	8,227	8,279	-	-	-	-
Goodwill on the acquisition of RAS Shopping Centers Ltda.	10,289	(1,829)	8,460	8,688	-	-	-	-
Goodwill on the acquisition of SPH 1 Iguatemi Emp. Imobiliários S.A.	15,637	(1,215)	14,422	14,778	-	-	-	-
Goodwill on the acquisition of Odivelas Participações S.A. (***)	-	-	-	-	3,495	-	3,495	-
	93,361	(11,816)	81,545	82,793	93,361	(11,816)	81,545	82,793

(*) Goodwill generated on acquisition of equity interests, but grounded on surplus of assets – shopping malls were reclassified to investment properties in the consolidated financial statements, in accordance with Note 8.

Notes to Financial Statements

(**) Goodwill generated on acquisition of 100% of equity interest in subsidiaries Lasul and SISP, grounded on future profitability of ventures SCIPA and SCISP, respectively. Goodwill was tested for impairment, but no indication thereof was found. Classified as intangible assets in consolidated, in accordance with Note 10.

(***) Goodwill generated on the acquisition of additional fraction of Odivelas Participações S.A with indefinite useful life.

Changes in Goodwill

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Opening Balance	82,793	84,040	-	-
Participation purchase	-	-	3,495	-
Amortization	(1,248)	(1,247)	-	-
Closing Balance	81,545	82,793	3,495	-

c. Equity Interests

	Investment`s book value		Equity`s result	
	12.31.2018	12.31.2017 Restated	12.31.2018	12.31.2017
Interest in subsidiaries	2,563,483	2,267,371	230,426	200,021
Interest in joint ventures	10,070	5,585	1,124	1,190
	2,573,553	2,272,956	231,550	201,211

Changes in equity interests

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017 Restated	12.31.2018	12.31.2017
Opening balance (*)	2,272,956	2,214,963	5,585	3,842
Initial Adoption of IFRS 9	(25,242)	(44,570)	-	-
Opening balance - Adjustment	2,247,714	2,170,393	5,585	3,842
Capital increase	326,235	130,293	1,810	1,525
Capital reduction in subsidiaries	-	(9,500)	-	-
Aquisição de participações	-	-	2,952	-
Acquisition of parties (**)	-	(24,131)	-	-
Low investment	230,426	201,211	1,124	1,190
Dividends	(230,822)	(195,310)	(1,401)	(972)
Closing Balance	2,573,553	2,272,956	10,070	5,585

(i). Adjustment according to note 2.24
(ii). Acquisition of an additional fraction of the jointly-owned subsidiary Odivelas Participações S.A

Notes to Financial Statements

Financial information on subsidiaries with non-controlling interests and joint ventures

At December 31, 2018 and 2017, management analyzed the financial information on subsidiaries with non-controlling interests and joint ventures, and concluded that such information is immaterial for reporting purposes. However, as additional information, significant balances of assets, liabilities and profit or loss for the years are as follows:

	Assets		Share Capital		Equity		Net Income (Loss) for the Period	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017
AGSC	463	2,434	74	74	110	858	3,140	3,319
JKES	3,744	3,478	1	1	2,460	2,303	9,678	8,429
Other	6,595	6,539	11,807	11,807	6,583	6,517	66	48

8 Investment properties

At Cost

Description	Remaining average usefull life in years	Real Estate	Buildings, facilities and other	Accumulated depreciation	Total
Company					
09.30.2018	32 to 60 (*)	140,134	1,295,921	(336,486)	1,099,569
12.31.2017 (Restyled)	32 to 60 (*)	144,236	1,259,998	(304,831)	1,099,403
Consolidated before goodwill					
09.30.2018	32 to 60 (*)	463,588	4,343,229	(766,735)	4,040,082
12.31.2017 (Restyled)	32 to 60 (*)	463,356	4,187,398	(665,402)	3,985,352
Goodwill reclassified (**)					
09.30.2018	40 to 60	34,785	58,576	(11,816)	81,545
12.31.2017 (Restyled)	40 to 60	34,785	58,576	(10,568)	82,793
Total consolidated 2018		498,373	4,405,300	(778,551)	4,121,627
Total consolidated 2017 (Restyled)		498,141	4,245,974	(675,970)	4,068,145

(*) The useful lives of items classified as investment properties were defined based on studies prepared by real estate advisors, and are timely reviewed by management, particularly in cases of significant changes in malls that may change said useful lives. For the year ended December 31, 2018, management detected no significant change.

(**) As mentioned in Note 7 (a*), this refers to asset surplus, and is presented as investment in the Company. Given its origin, it is stated in Consolidated as an investment property. Amounts are stated net of amortization.

Income and substantial costs generated by investment properties are mentioned, respectively, in Notes 21 and 22. The financial charges arising from the construction of IFashion Outlet Santa Catarina in the city of Tijucas in Santa Catarina were incorporated into the cost of the asset until the beginning of the operation of the projects, as mentioned in note 11. On December 12, 2018, was inaugurated the IFashion Outlet Santa Catarina in the city of Tijucas in Santa Catarina. Until December 31, 2018, the Company capitalized the amount of R $ 7,129 in the consolidated (R$ 11,358 in the consolidated on December 31, 2017).

Notes to Financial Statements

Changes in investment properties are as follows:

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017 Restated	12.31.2018	12.31.2017 Restated
Opening balance	1,099,403	1,082,690	4,068,145	4,021,700
Addition	31,838	48,087	158,181	145,054
Write-off	-	-	(2,162)	-
Depreciations	(31,672)	(31,374)	(102,537)	(98,609)
Closing balance	1,099,569	1,099,403	4,121,627	4,068,145

(i) The consolidated amounts refer substantially to the cost of construction of the outlet in the city of Tijucas in Santa Catarina and expenses with reinvestment of the properties.

(ii) Falling referring to the sale of three real estate units, carried out by the subsidiary CSC41 Participações Ltda.

The Company annually estimates the fair value of investment properties, as follows:

	12.31.2018			12.31.2017		
	Shopping malls in Operation	Announced Shopping malls (*)	Total	Shopping malls in Operation	Announced Shopping malls (*)	Total
Fair Value	11,872,809	-	11,872,809	10,534,459	85,290	10,619,749
Gross leasable area (thousand m2)	487	-	487	455	32	487

(*) This refers to the position of expansions and new malls.

The Company adopted the fair value calculation methodology, using the discounted cash flow - Nominal model (fair value - level III), which was prepared by internal specialists, considering physical qualifications, assumptions and estimates weighted with real estate market information, as well as macroeconomic trends. Potential expansions, land barter transactions and unannounced projects (even those included in the guidance) were not included in the calculations.

Assumptions used in the evaluation:

	12.31.2018	12.31.2017
Average real discount rate	6.9% p.a.	7.9% p.a.
Occupancy rate	94.6%	94.2%
Real growth rate in perpetuity	2% p.a.	2% p.a.
Annual inflation in perpetuity	4.0% p.a.	4.4% p.a.

Based on the fair value of investment properties, management concluded that there is no indication of impairment.

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9 Property and Equipment

		Parerty Company			
		12.31.2018			12.31.2017
	Annual Depreciation Rate %	Cost	Accumulated Depreciation	Net	Net
Furniture and utensils	10	6,843	(5,012)	1,831	2,199
Computer Equipment	33.33	9,326	(8,265)	1,061	680
Other	20	2,917	(2,686)	231	373
		19,086	(15,963)	3,123	3,252

		Consolidated			
		12.31.2018			12.31.2017
	Annual Depreciation Rate %	Cost	Accumulated Depreciation	Net	Net
Installations, machinery and Equipament	10	9,897	(3,116)	6,781	6,990
Furniture and utensils	10	12,400	(6,591)	5,809	6,452
Computer Equipment	33.33	9,974	(8,652)	1,322	979
Other	20	16,590	(10,395)	6,195	6,970
		48,861	(28,754)	20,107	21,391

Changes in property and equipment are as follows:

	Parenty Company			
	12.31.2017			12.31.2018
	Cost Liquid	Additions	Depreciation	Cost Liquid
Furniture and utensils	2,199	112	(480)	1,831
Computer Equipment	680	826	(445)	1,061
Other	373	-	(142)	231
	3,252	938	(1,067)	3,123

	Consolidated			
	12.31.2017			12.31.2018
	Cost Liquid	Additions	Depreciation	Cost Liquid
Installations, machinery and Equipament	6,990	-	(209)	6,781
Furniture and utensils	6,452	134	(777)	5,809
Computer Equipment	979	846	(503)	1,322
Other	6,970	-	(775)	6,195
	21,391	980	(2,264)	20,107

Based on management's assessment, there is no indication of devaluation of the asset that requires the impairment.

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10 Intangible assets

	Parenty Company			
	12.31.2018			12.31.2017
	Cost	Accumulated Depreciation	Net	Net
Sofware in development (ii)	11,415	-	11,415	3,886
Other (iii)	19,088	(14,560)	4,528	5,399
	30,503	(14,560)	15,943	9,285

	Consolidated			
	12.31.2018			12.31.2017
	Cost	Accumulated Depreciation	Net	Net
Goodwill (i)	88,169	-	88,169	88,169
Sofware in development (ii)	11,415	-	11,415	3,886
Other (iii)	20,953	(14,983)	5,970	7,024
	120,537	(14,983)	105,554	99,079

(ii) Goodwill net of amortization amounting to R$ 76,365 (SISP Participações S.A) and R$ 11,804 (Lasul Empresa de Shopping Centers Ltda.) was calculated by the Company in 2007, through the acquisition of equity interests in the respective companies. This goodwill is economically based on the future profitability of shopping malls - Shopping Center Iguatemi Porto Alegre (Lasul) and Shopping Center Iguatemi São Paulo (SISP).

(iii) The modules under development are aggregated to cost, and begin to amortize as from completion.

(iv) Refers to the implementation and improvements of the various technology systems, with amortization in three years.

Changes in intagible assets

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Opening balance	9,285	10,508	99,079	100,430
Additions	11,315	3,886	11,315	3,895
Amortizations	(4,657)	(5,109)	(4,840)	(5,246)
Closing balance	15,943	9,285	105,554	99,079

<u>Goodwill impairment analysis of future profitability</u>

The Cash Generating Unit (CGU) to which goodwill is allocated must be tested for impairment. The test is conducted by comparing the carrying amount of the CGU (including goodwill) with its recoverable amount, and must be performed at least annually, or whenever there is an indication that the CGU may be impaired.

Goodwill, which corresponds to approximately 1.75% of the Company's total consolidated assets at December 31, 2018 and 2017, is tested for impairment, considering the CGU of Iguatemi São Paulo and Iguatemi Porto Alegre malls.

The Company analyzed the recoverable amount through the discounted cash flow - nominal model, which was prepared by internal specialists, considering the physical

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qualifications, assumptions and estimates weighted with real estate market information, as well as macroeconomic trends.

The main assumptions that led to the estimated amount are described below:

	12.31.2018	12.31.2017
Avarage real discount rate	6.4% p.a.	6.8% p.a.
Occupancy rate	95.7%	97.0%
Real growth rate in perpetuity	2% p.a.	2% p.a.
Annual inflation in perpetuity	4.0% p.a.	4.4% p.a.

Based on the impairment testing of malls (measured through cash flows) against the net cost value, goodwill for future profitability and for surplus allocated to the respective malls (where applicable), management concluded that there is no indication impairment.

11 Loans and Financing

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
		Restated		Restated
Swap Operation (*)	55,165	46,849	55,165	46,849
	55,165	46,849	55,165	46,849
Noncurrent	55,165	46,849	55,165	46,849

				Parenty Company		Consolidated	
				12.31.2018	12.31.2017	12.31.2018	12.31.2017
					Restated		Restated
Banco Itaú	92.50% do CDI (*)	July 19, 2021	a	205,979	197,485	205,979	197,485
Banco Itaú	TR + 9.50% p.a.	July 10,2031	b	76,083	74,998	76,083	74,998
Banco Itaú	TR + 9.50% p.a.	December 15,2030	c	160,254	160,254	160,254	160,254
Banco Santander	CDI + 1.00% p.a.	Janeiro 25 ,2025	d	-	-	-	98,828
Banco Alfa	3.00% p.a..	April 16 , 2018	e	-	29	-	29
RB Capital	CDI + 0.15% p.a.	September 17, 2025	f	-	-	205,022	204,238
RB Capital	CDI + 1.30% p.a.	December 15,2034	g	-	-	101,870	102,965
RB Capital	CDI + 1.30% p.a.	March 19, 2035	h	-	-	102,628	103,515
RB Capital	CDI - 0.10% p.a.	June 19, 2023	i	-	-	275,562	276,122
RB Capital	96% do CDI	September 18, 2024	j	283,016	283,741	283,016	283,741
Apice	97.5% do CDI	June 27, 2023	k	249,298	-	249,298	-
Non-financial institutions	IGP-DI			386	568	386	568
				975,016	717,074	1,660,098	1,502,742
Current				22,912	9,682	34,785	29,072
Noncurrent				952,104	707,392	1,625,313	1,473,670

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Breakdown of debt by index

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
		Restated		Restated
TR	236,337	235,251	236,337	235,251
CDI	738,292	481,226	1,423,374	1,266,894
Fixed rate	-	29	-	29
IGP - DI	387	568	387	568
	975,016	717,074	1,660,098	1,502,742

Debt payment schedule

The payment schedule of long-term debts with third parties is as follows:

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
		Restated		Restated
2019	-	13,871	-	27,563
2020 to 2021	238,961	232,829	351,963	371,909
2022 to 2035	713,143	460,692	1,273,350	1,074,198
	952,104	707,392	1,625,313	1,473,670

Chenges in loans and financing

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
		Restated		Restated
Opening balance	717,074	490,737	1,502,742	1,481,646
Borrowings	254,000	279,635	254,000	279,635
Repayments - principal and interest	(63,602)	(102,503)	(216,951)	(405,442)
Accrued interest	63,641	46,533	113,940	141,768
Borrowing costs	3,903	2,672	6,367	5,135
Closing balance	975,016	717,074	1,660,098	1,502,742

Description of the main characteristics of loans and financing:

(a) On July 10, 2013, the Company issued a bank credit note (CCB) in favor of Banco Itaú BBA with principal amount of R$ 150,000, IPCA rate + 4% p.a. (“Swap” to 92.5% of CDI), semi-annual interest and repayment in the 8th year and total borrowing cost in the amount of R$ 9,897, specifically for the purpose of building Shopping Center Iguatemi Rio Preto. As a guarantee, the Company presented the ideal fraction corresponding to 88% of Shopping in São José do Rio Preto. At December 31, 2018, the balance amounted to R$ 150,814 (R$150,636 in 2017) in Company and Consolidated.

(b) In order to expand Shopping Center Iguatemi Porto Alegre, the Company entered into a financing agreement with Itaú Unibanco S.A. on July 11, 2014, in the amount of R$ 78,000, with TR + 9.50, fully released with total borrowing cost of R$ 1,571. As a guarantee, the Company presented the 40% (forty percent) fraction of Shopping Campinas and its future expansion. The repayment will occur within 144 months, through the Constant Amortization System - SAC. At December 31, 2018, the balance amounted to R$ 76,083 (R$ 74,997 in 2017) in Company and Consolidated.

(c) In order to expand Shopping Center Iguatemi Campinas, the Company entered into a financing agreement with Itaú Unibanco S.A. on July 11, 2014, in the amount of R$ 152,000, with TR + 9.50, fully released. As a guarantee, the

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Company presented the 40% (forty percent) fraction of Shopping Campinas and its future expansion. The repayment will occur within 144 months, through the Constant Amortization System - SAC. At December 31, 2018, the balance amounted to R$ 160,254 (R$ 160,254 in 2017) in company and consolidated.

(d) On January 31, 2013, CSC 41 Participações Ltda. entered into a R$ 115,000 financing agreement with Banco Santander for the construction of Shopping Iguatemi Esplanada, in Votorantim, state of São Paulo. As a guarantee, the Company presented future buildings with an ideal fraction of 65.716% of the future autonomous units designated as Mall and Parking. Financing is subject to interest rate of CDI+1% p.a. Through September 30, 2014, R$ 109,250 had been released, and there will be no further released under this agreement. Repayment will take place over a period of 114 months, through the Amortization System – Price Table, started on July 26, 2015. On October 26, 2018 the contract was fully paid.

(e) On April 11, 2013, Shopping Center Iguatemi Campinas condominium took out financing from Banco Alfa, Finame’s transfer of R$ 496 to purchase equipment (09 automatic entry stations, 09 automatic gates, 09 Automatic exit stations, 19 Automatic gates), to SCIC. Financing is subject to rate of 3% p.a. The grace period is 12 months after signature, with repayment in 48 months. On April 16, 2018, the contract was fully settled.

(f) On September 24, 2015, the Company carried out a Securitization operation with the market through Securitizadora RB Capital in the amount of R$ 210,000 in the name of subsidiary Galleria Empreendimentos Imobiliarios Ltda., in order to capitalize the Company. The Mortgage-backed Securities had the closing of bookbuilding at the rate of CDI + 0.15% p.a., with grace period of 48 months and repayment in 72 months, as from October 2019. As a guarantee, the Company presented the fraction of 100% (one hundred percent) of Shopping Galleria. At December 31, 2018, the balance amounted to R$205,022 (R$ 204,238 in 2017) in Consolidated.

(g) On December 28, 2015, the Company carried out a Securitization operation with the market through Securitizadora RB Capital in the amount of R$ 105,000, with release, at December 31, 2015, of R$ 35,000 and, on January 4, 2016, of R$ 70,000 in the name of subsidiary CSC 142 Participações Ltda., for the construction of the future outlet in the city of Tijucas, in Santa Catarina. CRI was distributed at the rate of CDI + 1.30% p.a. and amortization in 228 months. As a guarantee, the Company presented the fraction of 50% of Shopping Iguatemi JK. At December 31, 2018, the balance amounted to R$ 101,870 (R$ 102,965 in 2017) in Consolidated.

(h) On June 30, 2016, the Company carried out a Securitization operation with the market through Securitizadora RB Capital in the amount of R$ 105,000 in the name of subsidiary CSC 41 Participações Ltda., in order to capitalize the Company. CRI was distributed at the rate of CDI + 1.30% p.a. and amortization in 228 months. As a guarantee, the Company presented the fraction of 50% of Shopping Iguatemi JK. At December 31, 2018, the balance amounted to R$ 102,628 (R$ 103,515 in 2017) in Consolidated.

(i) On July 12, 2016, the Company carried out a Securitization operation with the market through Securitizadora RB Capital in the amount of R$ 275,000 in the name of subsidiary Ork Empreendimento Imobiliários SPE Ltda., in order to capitalize the Company. CRI was distributed at the rate of CDI - 0.10% p.a. and amortization in 84 months. As a guarantee, the Company presented the fraction of 78% of Shopping Iguatemi Alphaville. At December 31, 2018, the balance amounted to R$ 275,562 (R$ 276,122 in 2017) no consolidado.

(j) On July 24, 2017, the Company was authorized by the Board of Directors to issue the fifth issue of simple debentures non-convertible into shares, in a single series, to be linked to the issuance of CRI. The operation was completed on September 18, 2017, in the total amount of R$ 279,635 and total borrowing cost of R$ 7,600, with remuneration limited to 96% of the accumulated variation of the DI rate, and amortization in 84 months. As a guarantee, the Company presented the fraction of 50% of Shopping Galleria. At December 31, 2017, the balance amounted to R$ 283,016 (R$ 283,741 in 2017) in Company and Consolidated.

(k) On April 30, 2018, the Company was authorized by the Board of Directors to perform the sixth issue of simple non-convertible debentures, in a single series, to be linked to the issuance of Certificates of Real Estate Receivables ("CRI"). . The operation was concluded on June 27, 2018, in the total amount of R $ 254,000, with a remuneration of 97.5% of the CDI and maturity on June 27, 2023. This operation has a non-financial covenant clause, consisting of downgrade by Fitch Ratings or its equivalent by Standard & Poor's or by Moody's, except where such a downgrade is caused solely by changes or impacts on the risk) referring to the credit of the Federative Republic of Brazil (sovereign risk). As of December 31, 2018, the balance is R $ 249,298 in the parent company and consolidated.

At December 31, 2018 and 2017, financing as well as CRI do not have early maturity clauses related to financial indices.

12 Debentures

Funds obtained by the Company through offers are used to fund: (a) the expansion of

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operations in shopping malls in which the Company holds interest; (b) acquisition of more interest; (c) the acquisition of interest in existing third-party shopping malls and smaller networks; (d) the design, incorporation and management of new shopping malls; and (e) refinancing of financialliabilities falling due.

	Parenty Company and Consolidated	
	12.31.2018	12.31.2017
Debentures 3rd issue	-	155,374
Debentures 4th issue	182,257	481,169
Debentures 7th issue	398,964	-
	581,221	636,543
Current	65,268	169,828
Noncurrent	515,953	466,715

The debentures are not convertible and have been publicly distributed, under the firm guarantee regime, under the terms of the Distribution Agreement, with brokerage of financial institutions that are part of the marketable securities distribution system, there being no advance reservations or minimum or maximum lots, and the Offer became effective in accordance with the result of the bookbuilding procedure.

The debentures were registered for trading in the secondary market through the National Debentures System and BOVESPA FIX.

Third Issue

In February 2012, the Company conducted its third issue through a public offering in a single series of 30,000 registered, book-entry, unprivileged, and non-convertible debentures, with final maturity on February 1, 2018, with nominal unit value of R$ 10, totaling R$ 300,000, and total issue cost of R$ 1,997.

The debentures were issued based on the deliberations of the Board of Directors' Meetings held in February 2012.

The term of the debentures is six years, from the date of issue, with grace period of five years for the amortization of principal, which will occur in two equal successive annual installments on February 1, 2017 and February 1, 2018.

On the balance of the nominal value of the debentures, only remuneration interest corresponding to 100% of the CDI, plus an exponential surcharge equivalent to 1.0% p.a. is levied, paid semi-annually from the issuance date. At December 31, 2017, the balance interest provisioned in current portion amounts to R$ 5,429.

The costs of issuance of the debentures are amortized to profit or loss by the effective

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cost method, and presented under “Debentures”, as a reduction of the debt. The costs to be amortized at December 31, 2017 amount to R$ 55. On January 31, 2018, the remaining balance was settled.

Fourth Issue

In February 2013, the Company conducted its fourth issue through a public offering via CVM Rule No. 400. Forty-thousand debentures were allocated in the first series and five thousand debentures in the second series of registered, book-entry, unprivileged, non-convertible debentures, with nominal unit value of R$ 10, and final maturity on February 15, 2020 for the first series, February 15, 2021 for the second series, totaling R$ 450,000, with full cost of issue amounting to R$ 4,465.

The debentures were issued based on the deliberations of the Board of Directors’ Meetings held in December 2012.

Maturity of the First Series debentures will be in 7 (seven) years, from the issue date, with grace period of six years for the amortization of the principal, which will occur in two equal successive annual installments on February 15, 2019 and February 15, 2020. The maturity of the Second Series debentures will be in 8 (eight) years, from the issue date, for full amortization on the maturity date.

On October 2, 2018, the Company acquired and canceled 29,247 debentures of the First Series of the 4th Issue, remaining in circulation 10,753 First Series debentures and 5,000 Second Series debentures.

The 1st series debentures will not be subject to restatement or monetary restatement by any index. On the balance of the nominal value, only remuneration interest corresponding to 100% of the CDI, plus an exponential surcharge equivalent to 0.82% p.a. is levied, paid semi-annually from the issuance date.

The Second Series debentures will have their nominal unit value or the balance of the nominal unit value, as applicable, restated as of the date of issue, by the variation of Brazil's Extended Consumer Price Index (IPCA) calculated by IBGE. The balance of the nominal value of the Second Series debentures will be entitled to remuneration corresponding to 4.31% p.a. (“Remuneration Interest on Second Series Debentures”) on the Unit Nominal Value or the unit nominal value balance, as applicable, from the date of issue or the date immediately preceding payment of the remuneration of Second Series debentures, as applicable, calculated under a compound capitalization regime, on a pro rata temporis basis, considering business days, and paid annually, as defined in the Deed of Issue (“Remuneration of Debentures of the Second Series” and, together with the Remuneration of the Debentures of the First Series, “Remuneration”), according to the formula described in the Deed of Issue. At December 31, 2018, the balance of interest provisioned amounts to R$ 20,583 (noncurrent - R$ 20,034) and R$ 37,980 (noncurrent R$17,459) at December 31, 2016.

The costs of issuance of the debentures are amortized to profit or loss by the effective cost method, and presented under “Debentures”, as a reduction of the debt. Unamortized costs at December 31, 2018 total R$ 744 (noncurrent - R$ 106).

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Seventh Issue

In September 2018, the Company issued its seventh issue through a public offering through CVM Instruction 476. Three hundred and ninety-five thousand, one hundred and seventy-six (395,176) Debentures were allocated, of which 100,000 (one hundred thousand) Debentures Series, 65,741 (sixty-five thousand, seven hundred and forty one) Debentures of the second Series and 229,435 (two hundred twenty-nine thousand, four hundred and thirty-five) Debentures of the third Series nominative, book-entry, unsecured and non-convertible into shares and nominal unit value of R $ 1,000 (one thousand reais), with final maturity on September 20, 2024 for all issues.

The debentures were issued based on the deliberations of the Meetings of the Board of Directors held in August 2018.

The maturity of the Debentures will be six (6) years, counted from the date of issue, the Debentures Face Value will be fully amortized in a single installment, on the maturity date of the Debentures for all issues.

The (1) Debentures of the 1st series, will bear remuneratory interest corresponding to 107.50% of the cumulative variation of the DI Over Rates, based on 252 business days, (ii) 2nd Series Debentures, remuneration interest corresponding to 100% of the accumulated variation of the DI Over rates, exponentially increased by a surcharge or spread of 0.82% per annum, based on 252 Business Days and (iii) 3rd Series Debentures, will bear remuneration interest corresponding to 109% of the accumulated variation of DI Over Rates, based on 252 Days Useful, all calculated exponentially and cumulatively pro rata temporis for Business Days elapsed, from the first Payment Date or the Payment Date of the Remuneration of the respective series immediately preceding, as the case may be, until the effective payment date. The balance of accrued interest on December 31, 2018, is R $ 7,297. The Debentures of the 2nd Series and the Debentures of the 3rd Series were distributed only to holders of debentures subject to the 4th issuance of simple, non-convertible debentures of the Issuer's unsecured type, dated December 27, 2012 (Debentures of the 4th Issue).

The costs of issuing the debentures are amortized to the results by the effective cost method and are presented under "Debentures", as a reduction of the debt. The costs to be amortized on December 31, 2018 amount to R $ 3,509 (noncurrent 2,916).

Covenants

All debentures have covenants determining the debt levels and leverage, as follows:

Debentures	Indebtedness and leverage level			
3rd issue	Net Debt / EBITDA	< 3.50	and	EBITDA/Net Finance Cost > 2.00
4th issue	Net Debt / EBITDA	< 3.50	and	EBITDA/Net Finance Cost > 2.00
7th issue	Net Debt / EBITDA	< 3.50	and	EBITDA/Net Finance Cost > 2.00

These covenants were complied with at December 31, 2018, and there are no renegotiation option clauses.

Changes in debentures, recorded in current and noncurrent liabilities, are as follows:

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	Parenty Company and Consolidated	
	12.31.2018	12.31.2017
Opening balance	636,543	805,249
Fundraising	395,176	-
Repayments - principal and interest	(488,995)	(234,951)
Issue Costs	841	972
Accrued interest	37,656	65,273
Closing balance	581,221	636,543

Repayment schedule of principal amount, classified as noncurrent liabilities, is as follows:

	Parenty Company and Consolidated	
	12.31.2018	12.31.2017
2019 4th issue	-	200,000
2020 4th issue	53,765	200,000
2021 4th issue	50,000	50,000
2021 4th issue Monetary restatement	20,034	17,459
2021 7th issue	395,176	-
	518,975	467,459
Issue costs to allocate	(3,022)	(744)
	515,953	466,715

Calculation of the internal return rate:

	Date	Nominal Value	Expenses with issuance	Net value	Projected interest rate	TIR
4th issue	02/15/2013	403,497	(3,471)	400,026	Used the metric of the BMF, being the curve as of 12/30/2018	10.87%
4th issue	02/15/2013	50,663	(434)	50,229	Used the metric of the BMF, being the curve as of 12/30/2018	9.96%
7th issue	09/20/2018	231,591	(2,156)	229,435	Used the metric of the BMF, being the curve as of 12/30/2018	9.03%
7th issue	09/20/2018	66,359	(618)	65,741	Used the metric of the BMF, being the curve as of 12/30/2018	9.14%
7th issue	09/20/2018	100,940	(940)	100,000	Used the metric of the BMF, being the curve as of 12/30/2018	8.90%

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13 Tax liabilities

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
		Restated		Restated
Income tax payable	1,052	-	10,022	8,433
Social contribution tax payable	387	-	3,802	3,063
PIS, Cofins and Social Security Funding Tax - Finsocial	2,705	2,332	5,772	5,647
Taxes in installments	1,021	3,953	1,012	3,953
Other taxes and contributions	1,493	796	5,351	2,399
	6,658	7,081	25,959	23,495
Current	6,658	6,971	24,983	22,320
Noncurrent	-	110	976	1,175

14 Provision for tax, labor and civil contingencies

The Company and its subsidiaries figure as defendants in legal and administrative proceedings of tax, labor and civil nature. Accordingly, a provision for contingencies was set up at amounts deemed sufficient to cover probable future disbursements

a. Breakdown of book balance

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Noncurrent:				
Corella (i)	24,537	24,479	24,537	24,479
Labor	137	241	240	318
Other (ii)	15	-	1,089	1,195
	24,689	24,720	25,866	25,992
Asset recorded due to the possibility of repurchase of interest in Corella (i)	(6,970)	(12,163)	(6,970)	(12,163)
	17,719	12,557	18,896	13,829

Summary of main proceedings

Civil and Tax

(i) A The Company is a defendant in a suit that aims to apply a clause of repurchase of the plaintiff's interest in Shopping Center Boulevard Iguatemi, equivalent to 3.58% of this venture. The Company has classified the likelihood of loss as probable. At December 31, 2018, the Company's provision totaled R$ 24,537 (R$ 24,479 in 2017). The proceeding is pending higher court judgment.

(ii) They refer substantially to the provision for Municipal Real Property Tax (IPTU)-related suits by the Votorantim and Sorocaba City Governments, which amount to R$ 1,089 as of December 31, 2018 (R$ 1,195 in 2017).

Labor

The Company and its subsidiaries are defendants in various labor claims filed by former employees. Based on the estimated loss assessed by management, the Company recorded a provision, at December 31, 2018, amounting to R$ 137 (R$ 241 in 2017) and R$ 240 in Consolidated (R$ 318 in 2017).

Tax, civil and indemnification claims rated as possible losses

The Company and its subsidiaries are parties to other tax, civil and indemnification claims arising in the normal course of their business, involving “possible” risk of loss. At December 31, 2018, estimated loss amounts in tax proceedings total R$20,873 (R$20,864 in 2017), R$20,995 in consolidated (R$20,985 in 2017), in civil proceedings, R$ 27,934 in Company (R$28,570 in 2017), R$ 34.455 in Consolidated (R$ 33,376 in 2017) and in indemnification claims R$ 742 in Company (R$608 em 2017) and R$ 2,027 in Consolidated (R$ 1,560 em 2017). Most of the civil claims are insured, as shown in Note 20, item (b).

Changes in provision for tax, labor and civil contingencies

Changes in provision for tax, labor and civil contingencies are as follows:

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Opening balance	12,557	12,478	13,829	14,031
Provisions net of reversals	5,162	79	5,067	(202)
Closing balance	17,719	12,557	18,896	13,829

15 Deferred Revenue

Funds received as assignment of rights (assignment of the mall technical structure) are accounted for as unallocated revenue, net of taxes and contributions levied, considering the form of taxation to which the company that holds the credits is subject, and will be recognized on a straight-line basis in profit or loss, based on the lease period of the respective stores, as of the date of inauguration of the respective ventures.

16 Financial instruments

16.1 General considerations and policies

The Company and its subsidiaries enter into transactions involving financial instruments, where applicable, which are recorded in statement of financial position accounts in order to meet their operating and financial needs. Short-term investments, loans, financing and intercompany loans, debentures, among others, are contracted.

Notes to Financial Statements

These financial instruments are managed by means of policies, definition of strategies and establishment of control systems, which are monitored by Company management.

Treasury procedures set by the policy in effect include monthly projection routines and assessment of the consolidated currency exposure of the Company and its subsidiaries, based on which management makes its decisions.

16.2 Financial instruments by category

The Company's financial instruments were classified into the following categories:

	12.31.2018			12.31.2017		
	Fair value through profit or loss	Amortizable cost	Total	Fair value through profit or loss	Amortizable cost	Total
Assets						
Cash and cash equivalents	24,199	-	55,131	50,819	-	50,819
Financial investments	628,172	30,932	628,172	402,008	36,589	438,597
Trade receivables	-	129,138	129,138	-	136,397	136,397
Other receivables	-	33,255	33,255	-	29,771	29,771
Loans receivable	-	1,122	1,122	-	1,414	1,414
Receivables from other related parties	-	58,134	58,134	-	75,099	75,099
Total	652,371	252,581	904,952	452,827	279,270	732,097
Liabilities						
Labor obligations	-	27,386	27,386	-	22,302	22,302
Trade payables	-	15,368	15,368	-	21,966	21,966
Borrowings	-	1,604,933	1,604,933	-	1,455,893	1,455,893
Debentures and charges	-	581,221	581,221	-	636,543	636,543
Minimum mandatory dividend payable	-	60,887	60,887	-	51,236	51,236
Other accounts payable	-	20,186	20,186	-	5,493	5,493
Total	-	2,309,981	2,309,981	-	2,193,433	2,193,433

The Company and its investees apply the hierarchy rules for the evaluation of the fair values of their financial instruments, for financial instruments measured in the balance sheet, which requires the disclosure of fair value measurements by the level of the following hierarchy:

(i) Quoted prices (unadjusted) in markets for identical assets and liabilities (Level 1).

(ii) Information, in addition to the quoted prices, included in Level 1 that are adopted by the market for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices) (Level 2).Premissas, para o ativo ou passivo, que não são baseadas em dados observáveis de mercado (inputs não observáveis) (Nível 3).

At December 31, 2018 and December 31, 2017, the only instruments recorded at fair value refer substantially to the investment fund whose assets were measured using available trading securities in active markets and, therefore, was classified as follows:

Notes to Financial Statements

Description	Fair value hierarchy	12.31.2018	12.31.2017
Cash and banks	2nd Level	24,199	50,819
Financial investments	2nd Level	628,172	402,008
Loand and financing	2nd Level	636,835	485,312
Certificado de Recebíveis Imobiliários - CRI	2nd Level	968,098	970,581
Debentures	2nd Level	581,221	636,543

16.3 Risk factores

The main source of revenue for the Company and its subsidiaries are the leases from the shopping mall lessees.

According to their nature, financial instruments may involve known or unknown risks, and the potential risk assessment is important, in the best judgment of the Company and its subsidiaries. Thus, there may be risks with or without guarantees depending on circumstantial or legal spects. The main market risk factors that may affect the business of the Company and its subsidiaries are as follows:

a. Credit Risk

The Company and its investees have internal controls capable of monitoring the level of default of its clients to control the credit risk of the portfolio, which is composed of pulverized customers. The assumptions considered by the Company to evaluate the acceptance of potential clients are: the collateral accepted (property, letter of guarantee, insurance, etc.), the suitability of individuals and legal entities involved in the lease (partners, guarantors and guarantors) and use of SERASA as a reference for consultation. The provision for impairment is analyzed at each balance sheet date, by analyzing the historical data of default and projection of expected loss.

The maximum exposure to credit risk at the balance sheet date is the recorded amount of each class of financial assets.

The Company lowers its financial assets when there is no reasonable expectation of recovery (write-off). Receivables written off by the Company continue in the collection process to recover the amount of receivables. When there are recoveries, these are recognized as credit recovery proceeds in the period result.

b. Liquidity Risk

The cash flow forecast is performed in the Company’s operating entities by financial professionals who continuously monitor liquidity to ensure that the Company has sufficient cash to meet its operating needs. Such forecast takes into consideration the debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable,

Notes to Financial Statements

external regulatory or legal requirements.

c. Capital management

The Company's objectives in managing its capital are to safeguard its ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders as well as to maintain an optimal target capital structure to reduce the cost of capital. The net financial position is equivalent to total cash and cash equivalents, less short and long-term loans, financing and debentures.

	Consolidated	
	12.31.2018	12.31.2017
Cash, cash equivalents and financial investments	683,303	489,416
Loans, financing and debentures	(2,241,319)	(2,092,436)
Financial position settled	(1,558,016)	(1,603,020)
Equity	2,846,334	2,752,541

d. Price fluctuation risk

Lease agreements, in general, are restated by reference to the annual variation of the IGP-M (General Market Price Index) and IPCA (Extended Consumer Price Index), as established in lease agreements. Lease levels may vary due to adverse economic conditions and, consequently, the level of revenues may be affected. Management monitors these risks to minimize the impacts on its business.

e. Interest rate risk

The Company's interest rate risk is mainly from short and long-term loans, financing and debentures, described in the prior notes. These financial instruments are subordinated to interest rates pegged to indexes such as TJLP and CDI, as well as the balance of taxes payable, with interest at the Selic rate. The risk inherent in these liabilities arises from the possibility of fluctuation in these rates. The Company and its investees do not have derivative contracts, except for swap disclosed below to cover this risk, as they understand that this risk is mitigated by the existence of assets pegged to the CDI.

Sensitivity analysis - Loans, financing and cash and cash equivalents

Considering the financial instruments mentioned above, the Company conducted a sensitivity analysis, as determined by CVM Ruling No. 475/08, which requires the presentation of two more scenarios with 25% and 50% deterioration of the risk variable considered. These scenarios may generate impacts on profit or loss and cash flows for the Company's next 12 months. Assumptions used to calculate this analysis were the DI x PRE and DI x IPCA interest rate curves, disclosed by BMF&Fbovespa on December 28, 2017, as follows:

Mortgage-backed securities (CRI)

Notes to Financial Statements

			Scenario				
Risk Factor	Financial Instruments	Risk	Probable	Possible > 25%	Remote > 50%	Possible < 25%	Remote < 50%
Itaú	Interest rate Swap	Increase in CDI rate	58,021	57,648	57,421	58,538	59,198

Sensitivity analysis of fluctuations in monetary restatement indexes

Management considers that the most significant risk of fluctuation in interest rates derives from the liability pegged to IPCA, TR, and mainly the CDI. The risk is related to fluctuations in those rates.

At December 31, 2018, management estimated scenarios of fluctuations in the DI, TR and IPCA rates. For the probable scenario, rates prevailing at year end were used. These rates were stressed in 25% and 50%, serving as a parameter for the possible and remote scenarios, respectively.

At December 31, 2018, management estimated the future flow of interest payments on its debts pegged to the CDI, IPCA and TR, based on the interest rates presented above, assuming that all interest payments would be made on the contractually established maturity dates. The impact of the hypothetical fluctuations in interest rates can be measured by the difference of the possible future flows of the possible and remote scenarios in relation to the probable scenario, where no increase is estimated. It should be noted that such a sensitivity analysis considers payment flows on future dates. Thus, total in each scenario is not equivalent to the fair value or the present value of these liabilities.

The fair value of these liabilities, while maintaining the Company's credit risk unchanged, would not be impacted in case of fluctuations in interest rates, since the rates used to carry the flows to future value would be the same as those that would bring the flows to present value.

In addition, cash equivalents and short-term floating-income investments that would increase the remuneration in the possible and remote scenarios, neutralizing part of the impact of interest rate increases in the flow of debt payments.

However, due to the lack of predictability of maturities equivalent to financial liabilities, the impact of the scenarios on these assets was not considered. The balances of cash equivalents and short-term investments are shown in Note 4.

The effects of exposure to interest rates, in the sensitivity scenarios estimated by the Company, are shown in the following tables:

Total interest amounts to be paid in the estimated sensitivity scenarios:

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		Parenty Company					Consolidated				
		2018					2018				
Operation	Individual Risk	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Probable scenario											
Debts in CDI	CDI maintenance	49,369	79,041	57,943	6,379	192,732	84,993	140,576	109,045	96,778	431,392
Debts in IPCA	IPCA maintenance	3,034	82,408	-	-	85,442	3,034	82,408	-	-	85,442
Total Pagged to interest rates		52,403	161,449	57,943	6,379	278,174	88,027	222,984	109,045	96,778	516,834
Possible scenario > 25%											
Debts in CDI	Increase in CDI	59,676	98,413	72,159	7,949	238,197	116,902	183,837	144,184	125,612	570,535
Debts in IPCA	Increase in IPCA	3,037	84,030	-	-	87,067	3,070	86,575	-	-	89,645
Total Pagged to interest rates		62,713	182,443	72,159	7,949	325,264	119,972	270,412	144,184	125,612	660,180
Remote scenario > 50%											
Debts in CDI	High increase in CDI	69,893	117,637	86,268	9,509	283,307	119,084	205,687	159,280	136,280	620,331
Debts in IPCA	High increase in IPCA	3,039	85,684	-	-	88,723	3,039	85,684	-	-	88,723
Total Pagged to interest rates		72,932	203,321	86,268	9,509	372,030	122,123	291,371	159,280	136,280	709,054
Possible scenario < 25%											
Debts in CDI	Reduction in CDI	38,972	59,524	43,623	4,800	146,919	67,680	107,589	83,619	76,653	335,541
Debts in IPCA	Reduction in IPCA	3,032	80,815	-	-	83,847	3,032	80,815	-	-	83,847
Total Pagged to interest rates		42,004	140,339	43,623	4,800	230,766	70,712	188,404	83,619	76,653	419,388
Remote scenario < 50%											
Debts in CDI	Reduction in CDI	28,483	39,856	29,194	3,210	100,743	50,183	74,309	57,982	56,269	238,743
Debts in IPCA	Reduction in IPCA	3,030	79,253	-	-	82,283	3,030	79,253	-	-	82,283
Total Pagged to interest rates		31,513	119,109	29,194	3,210	183,026	53,213	153,562	57,982	56,269	321,026

Estimated impacts on the Company's debts

	Parenty Company					Consolidated				
	2018					2018				
Operation	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Possible Scenario - Probable Scenario										
Debts in CDI	10,307	19,372	14,216	1,570	45,465	31,909	43,261	35,139	28,834	139,143
Debts in IPCA	3	1,622	-	-	1,625	36	4,167	-	-	4,203
Total impact	10,310	20,994	14,216	1,570	47,090	31,945	47,428	35,139	28,834	143,346
Remote Scenario - Probable Scenario										
Debts in CDI	20,524	38,596	28,325	3,130	90,575	34,091	65,111	50,235	39,502	188,939
Debts in IPCA	5	3,276	-	-	3,281	5	3,276	-	-	3,281
Total impact	20,529	41,872	28,325	3,130	93,856	34,096	68,387	50,235	39,502	192,220

Operation	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Possible Scenario - Probable Scenario										
Debts in CDI	(10,397)	(19,517)	(14,320)	(1,579)	(45,813)	(17,313)	(32,987)	(25,426)	(20,125)	(95,851)
Debts in IPCA	(2)	(1,593)	-	-	(1,595)	(2)	(1,593)	-	-	(1,595)
Total impact	(10,399)	(21,110)	(14,320)	(1,579)	(47,408)	(17,315)	(34,580)	(25,426)	(20,125)	(97,446)
Remote Scenario - Probable Scenario										
Debts in CDI	(20,886)	(39,185)	(28,749)	(3,169)	(91,989)	(34,810)	(66,267)	(51,063)	(40,509)	(192,649)
Debts in IPCA	(4)	(3,155)	-	-	(3,159)	(4)	(3,155)	-	-	(3,159)
Total impact	(20,890)	(42,340)	(28,749)	(3,169)	(95,148)	(34,814)	(69,422)	(51,063)	(40,509)	(195,808)

17 Income and social contribution taxes

Income and social contribution taxes are calculated at ruling rates, and shown below:

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Breakdown of income and social contribution tax expenses for the years

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Income and social contribution taxes - current	(1,439)	-	(43,745)	(47,909)
Income and social contribution taxes - deferred	(15,538)	(22,238)	(25,435)	4,366
	(16,977)	(22,238)	(69,180)	(43,543)

The net balance of deferred income and social contribution taxes as of December 31, 2018 and December 31, 2017, is as follows:

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
		Restated		Restated
Tax losses and negative basis of social contribution	29,419	30,263	101,749	94,045
Swap transaction	18,756	15,929	18,756	15,929
Temporary additions	5,578	4,187	5,578	4,429
Initial Adoption of IFRS 9	1,259	-	1,259	-
Deferred taxes - assets	55,012	50,379	127,342	114,403
Temporary differences (tax depreciation)	(89,740)	(73,646)	(138,701)	(104,731)
Swap transaction	(18,756)	(15,929)	(18,756)	(15,929)
Deferred taxes - liabilities	(108,496)	(89,575)	(157,457)	(120,660)
Net deferred taxes	(53,484)	(39,196)	(30,115)	(6,257)

Deferred income and social contribution taxes are recorded to reflect the future tax effects attributable to temporary differences between the tax base of assets and liabilities and their respective book value.

The projected realization of deferred taxes was prepared by Management considering the current macroeconomic information available in the market. Currently, tax credits are being consumed by increasing taxable income resulting from a significant reduction in financial expenses and an improvement in the performance of certain assets, which were also considered as part of the assumptions for the preparation of this projection. However, because they involve several assumptions that are not under the control of the Company, such as inflation indices and other economic uncertainties in Brazil, future results may differ materially from those considered in the preparation of this projection.

Pursuant to Article 7 of CVM Instruction 371/02, the Company presents the projected realization of the tax credits as follows:

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	%	
Year	Parenty Company	Consolidated
2019	3%	1%
2020	3%	3%
2021	8%	8%
2022	16%	17%
2023	34%	31%
2024	64%	50%
2025	100%	75%
2026		100%

On February 26, 2019, the Company's Fiscal Council met and reviewed the projections for realization of the tax credits. On the same date, the Board of Directors approved these projections.

Reconciliation of income and social contribution tax expenses for the years

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Profit before income and social contribuition taxes	273,341	240,394	329,506	264,846
Nominal rate	34%	34%	34%	34%
Income and social contibution tax expense at nominal rate	(92,936)	(81,734)	(112,032)	(90,048)
Tax effects on:				
Equity pickup	78,345	68,412	382	405
Difference in tax base for companies under the taxable profit computed as a percentage of gross sales regime	-	-	44,325	40,641
Imposto de renda e contribuição social de períodos anteriores	-	-	437	13
Permanent exclusions (additions) and others	(2,386)	(8,916)	(2,292)	5,446
Income and social contibution tax expense at effective rate	(16,977)	(22,238)	(69,180)	(43,543)
Effective rate - %	-6.2%	-9.3%	-21.0%	-16.4%

18 Equity - Company

a. Capital

At December 31, 2017, the Company’s paid-in capital amounted to R$1,261,728 (R$1,261,728 at December 31, 2017) omprising 176,611,578 common shares, without par value (176,611,578 common shares at December 31, 2017). The Company’s realized capital is R$ 1,231,313 (R$ 1,231,313 at December 31, 2017), due to expenses with share issues recorded in the amount of R$ 30,415 in an equity reducing account.

Authorized Capital
The Company is authorized to increase capital up to 200,000,000 common shares,
irrespectively of any corporate restructuring, upon deliberation by the Board of Directors, who will establish the share issue conditions, price and payment

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conditions.

The Board of Directors may:

(iii) Reduce or exclude the term for the exercise of the preemptive rights of shareholders for the issue of shares, debentures convertible into shares, and subscription warrants, whose placement is made: (a) by sale on the stock exchange or public subscription; and (b) exchange for shares, in a public offering of acquisition of control, under the terms of the law.

(iv) Grant, in accordance with the stock option plan approved by the General Meeting, the option to purchase or subscribe shares to its managers, employees and service providers, as well as to the managers and employees of other entities that are direct or indirect subsidiaries of the Company, without the shareholders' preemptive right.

b. Capital reserves

Goodwill on share issue

The Company allocated R$ 393,111 and R$ 58,971, arising from proceeds from the IPO, to the capital reserve, according to the minutes of Board of Directors' meetings held on February 9 and March 1, 2007, respectively, totaling R$ 452,082.

Other capital reserves

The Company set up a reserve to cover the share-based payment plan in the amount of R$3,938 (R$4.297 in December 31, 2017).

Treasury shares

At a meeting of the Board of Directors held on August 3, 2017, the acquisition of up to the limit of 1,303,214 shares of its own issuance was approved, through the parent company to subsidize the share-based payment plan. The maximum term for the acquisition of said shares is 365 days as of this date. For purposes of consolidation of the financial statements, they are presented under "Treasury shares" in equity.

At December 31, 2018, the Company's treasury shares amounted to R$10,707 (R$3,666 in 2017) comprising 314,885 common shares (96,085 common shares in 2017).

The market price of these treasury shares at December 31, 2018 is R$13,099 (R$3,785 at December 31, 2017), of witch R$41.60 per share (R$39.39 at December, 31 2017).

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c. Income Reserves

Legal Reserves

A legal reserve is set up by allocating 5% of net income for the period, capped at 20% of capital, in accordance with the articles of incorporation.

Retained profits reserve

The retained profits reserve, which corresponds to the remaining profit, after the allocation to the legal reserve and the proposal for dividend payment, is mainly intended to meet the investment plans provided for in the capital budget for expansion, modernization and maintenance of malls.

The Management presents the capital budget for 2019 and proposes that the remaining balance of R $ 93,546 be allocated to the retained earnings reserve. This reserve aims to meet the needs of resources for investments in the construction of new shopping malls and expansion of existing ones, as follows:

Applications	
Investments in expansion of enterprises and reinvestments	
- Reinvestments in shopping malls	86,400
- Other investments	100,500
Total Applications	**186,900**
Sources	
Retention of profits	93,546
Other sources of financing	93,354
Total Sources	**186,900**

d. Dividend and interest on equity

Dividend Policy

The mandatory dividend is equivalent to a certain percentage of the Company's net income, adjusted according to the Brazilian Corporation Law. Under the terms of the Articles of Incorporation currently in force, at least 25% of net income determined in the prior financial year should be distributed as a mandatory dividend. For the purposes of the Brazilian Corporation Law, net income is defined as the profit or loss of the year that remains after deducting

Notes to Financial Statements

the amounts related to income and social contribution taxes, net of any accumulated losses of prior years, and any amounts intended for the payment of statutory participations of employees and managers in the Company's profit.

	12.31.2018	12.31.2017
Net income for the year (**)	256,364	220,586
Constitution of the legal reserve	12,818	10,786
Basis of the constitution of dividends	243,546	209,800
Mandatory minimum dividends	60,887	51,236
Additional dividends proposed (*)	89,113	68,764
	150,000	120,000
Proposed dividends per share	0.850	0.679

(*) Proposed additional dividends were recorded as a surplus in shareholders 'equity, as it was not approved at the Annual Shareholders' Meeting. This approval will take place in April 2019.
(**) Net income as of December 31, 2017, is presented without the effect of the adjustment of adoption of IFRS 15, according to note 2.24.

Additional dividend

As approved at the Special General Meeting held on April 19, 2018, payment of mandatory minimum dividends for the year ended December 31, 2017, amounting to R$ 51,236, was approved, and additional supplementary dividends through the use of Retained Profits Reserves amounting to R$ 68,764, totaling R$ 120,000, off which 50% paid on May 28, 2018 and remainder settled on Sepetember 18, 2018.

19 Earnings per Share

	Parenty Company and Consolidated	
	12.31.2018	12.31.2017
		Restated
Basic earnings per share from operations (in R$)	1.45357	1.20871
Diluted earnings per share from operations (in R$)	1.45298	1.20756

a. Basic earnings per share

Earnings and the weighed number of common shares used in the calculation of basic earnings per shares are as follows:

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	Parenty Company and Consolidated	
	12.31.2018	12.31.2017 Restated
Profit for the year attributable to owners of the Parenty Parenty Parenty Company and used in the calculation of basic earnings per share	256,364	218,156
Weighted averege number of common shares for the calculation of basic earnings per share	176,368,293	176,466,045

b. Diluted earnings per share

Earnings used to calculate diluted earnings per share is as follows:

	Parenty Company and Consolidated	
	12.31.2018	12.31.2017 Restated
Profit used in the calculation of basic and diluted earnings per share	256,364	218,156

The weighted average number of common shares used in the calculation of diluted earnings per share is reconciled to the weighted average number of common shares used in the calculation of basic earnings per share, as follows:

	Parenty Company and Consolidated	
	12.31.2018	12.31.2017 Restated
Weighted averege number of common shares used in the calculation of basic earnings per share	176,368,293	176,466,045
Weighted averege number of employee's options	72,152	167,488
Weighted average number of common shares used in the calculation of diluted earnings per share	176,440,445	176,633,533

20 Insurance

At December 31, 2017, the Company and its ventures had the following main insurance policies taken out from third parties:

a. Named peril insurance

The Company contracted a named peril insurance, which covers the usual risks that may impact its activities, with Allianz Seguros S.A. (51%) and XL Seguros S.A. (49%). This policy establishes a maximum indemnity limit of R$ 741,066

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for property damages and loss of profits. Shopping Pátio Higienópolis contracted insurance with Chubb Seguros S.A. (100%), whose policy establishes a maximum indemnity limit of R$ 430,084 for property damage and loss of profits.

The insured period is up to September 28, 2019.

Insured ventures	Property damages	Loss of profits	Total
Shopping Center Praia de Belas	234,479	89,980	324,459
Shopping Center Iguatemi São Paulo e Torres	451,147	284,919	736,066
Shopping Center Iguatemi São Carlos	98,875	20,047	118,922
Shopping Center Iguatemi Porto Alegre	423,550	175,621	599,171
Conjunto Comercial Porto Alegre - Torre	33,298	5,747	39,045
Shopping Center Iguatemi Campinas	416,717	179,921	596,638
Power Center	50,630	4,955	55,585
Iguatemi Empresa de Shopping Centers S.A	6,627	-	6,627
Shopping Center Iguatemi Florianópolis	210,543	43,051	253,594
Market Place Shopping Center	225,171	65,635	290,806
Market Place - Tower I	56,541	12,570	69,111
Market Place - Tower II	58,040	12,570	70,610
Shopping Center Galleria	127,423	39,726	167,149
Shopping Center Iguatemi Brasília	261,534	71,863	333,397
Shopping Center Iguatemi Alphaville	297,864	55,796	353,660
Shopping Center Esplanada	145,104	57,136	202,240
Shopping Center Iguatemi JK	389,828	131,144	520,972
Área Comum Iguatemi JK	162,956	5,223	168,179
Outlet Novo Hamburgo	64,601	16,470	81,071
Shopping Center Iguatemi Ribeirão Preto	307,957	26,241	334,198
Shopping Center Iguatemi Esplanada	348,410	51,742	400,152
Shopping Center Iguatemi São José do Rio Preto	259,362	40,409	299,771
Shopping Pátio Higienópolis	356,190	73,894	430,084

(v) General civil liability insurance

The Company and Pátio Higienópolis have general liability insurance covering the usual risks applicable to their activities. In insurance contracted with Sompo Seguros SA Such policies refer to the amounts for which the Company may be civilly liable, in a final judicial decision or in an express agreement by the insurer, as regards reparations for involuntary damages , physical and / or material, caused to third parties. The period of coverage of general liability insurance extends until September 28, 2019.

The insured amount contracted by the Company will have the maximum indemnity amount between R $ 13.5 million and may be divided into: (a) shopping centers and condominium; (b) commercial and / or industrial establishments: for the premises of the holding companies; (c) personal objects of employees; (d) lodging establishments, restaurants, bars, nightclubs and similar; (e) civil liability of the employer; (f) contingent risks of vehicles; (g) damage to store contents; (h) professional failure of the medical area; (i) civil works and / or services of assembly and conditional installation of: error of design, crusade, material damage to the owner of the work; (j) Liability of garage owner: fire / theft of vehicle to places that do not have Valet system and fire / theft / collision for places that have Valet system; (k) flooding / flooding for garagista civil liability and (l) moral damages for all coverages.

21 Net revenue from leases and services

Net revenue from leases and services is represented by:

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Rents	235,376	230,053	569,272	551,553
Parking lots	51,323	48,525	152,499	147,903
Services rendered	12,749	11,342	63,080	59,466
Others (*)	2,016	2,129	41,292	46,546
Gross revenue from rent and services	301,464	292,049	826,143	805,468
Taxes and deductions	(31,418)	(33,387)	(104,617)	(113,312)
Net revenue from rent and services	270,046	258,662	721,526	692,156

(*) The value of the “other” line refers substantially to the revenue from the amortization of resources received through the assignment of rights, as explained in Note 15.

22 Cost of services and expenses by nature

The Company opted for presenting the consolidated income statement by nature. As required by the IFRS, detailed costs of services rendered and administrative expenses by nature are as follows:

a. Parenty Company

	12.31.2018			12.31.2017		
	Cost of services	Administrative costs	Total	Cost of services	Administrative costs	Total
Depreciation and amortization	(31,053)	(7,577)	(38,630)	(30,368)	(8,493)	(38,861)
Folks	(17,426)	(33,747)	(51,173)	(15,215)	(24,108)	(39,323)
Share remuneration	-	(3,455)	(3,455)	-	(66)	(66)
Third Party Services	(7,260)	(11,906)	(19,166)	(6,858)	(9,161)	(16,019)
Promotion fund	(325)	-	(325)	(349)	-	(349)
Parking	(12,748)	-	(12,748)	(12,625)	-	(12,625)
Others	(19,893)	(15,308)	(35,201)	(20,345)	(14,613)	(34,958)
	(88,705)	(71,993)	(160,698)	(85,760)	(56,441)	(142,201)

b. Consolidated

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	12.31.2018			12.31.2017		
	Cost of services	Administrative costs	Total	Cost of services	Administrative costs	Total
Depreciation and amortization	(94,322)	(15,319)	(109,641)	(90,563)	(15,769)	(106,332)
Folks	(26,753)	(45,291)	(72,044)	(30,676)	(32,116)	(62,792)
Share remuneration	-	(3,455)	(3,455)	-	(66)	(66)
Third Party Services	(9,360)	(13,005)	(22,365)	(10,029)	(9,404)	(19,433)
Promotion fund	(1,972)		(1,972)	(2,767)	-	(2,767)
Parking	(26,779)		(26,779)	(29,073)	-	(29,073)
Others	(57,985)	(13,320)	(71,305)	(48,997)	(11,949)	(60,946)
	(217,171)	(90,390)	(307,561)	(212,105)	(69,304)	(281,409)

23 Finance Income (costs)

Finance income (costs) are as follows:

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Financial income:		Restated		Restated
Interest income	5,857	7,090	10,121	13,826
Monetary and exchange rate variations	51	570	246	2,545
Income from financial investments	22,694	24,265	30,555	37,557
Gain on swap transaction	8,316	9,554	8,316	9,554
Other financial income	-	-	284	117
	36,918	41,479	49,522	63,599

	Parenty Company		Consolidated	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Financial expenses:		Restated		Restated
Interest on loans and financing	(63,641)	(56,087)	(106,811)	(151,322)
Monetary and exchange rate variations	(161)	(18)	(169)	(35)
Debenture charges	(37,656)	(65,274)	(37,656)	(65,274)
Taxes and fees	(2,560)	(2,313)	(3,273)	(3,343)
Other financial expenses	(13,344)	(5,859)	(20,990)	(13,005)
	(117,362)	(129,551)	(168,899)	(232,979)
Financial result	(80,444)	(88,072)	(119,377)	(169,380)

24 Segment Reporting

The information presented to the chief decision-maker to allocate resources and evaluate the Company’s performance does not present any reportable segment of the Group in accordance with CPC 22/IFRS 8. The statement of profit or loss is the lowest level for purpose of analysis of the Company’s performance.

25 Employee benefits

a. Supplementary private pension plan

The Company maintains a supplementary private pension plan (defined contribution) at Itaú Vida e Previdência S.A. This plan is optional to employees and the Company contributes with 100% of the monthly amount contributed by employees.

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The Company has no obligation nor right in relation to any surplus or deficit from the plan.

At December 31, 2018, the Company's contribution reached R$ 1,288 (R$ 1.091 at December 31, 2017).

b. Iguatemi Bonus Plan

The Company has a bonus plan linked to the attainment of budget and operational goals for all employees.

At December 31, 2018, the amount paid to eligible employees was approximately R$ 13,909 (R$ 8,352 at December 2017). Payments are made annually.

c. Share-based payment plan

On March 28, 2018, the Extraordinary Shareholders 'Meeting of the Company terminated the Stock Option Plan approved by the previous Shareholders' Meeting held on November 8, 2006, maintaining the effectiveness of the options still in effect granted based on it and the respective Programs . Also on March 28, 2018, the Company's Extraordinary General Meeting approved a new Long-Term Incentive Plan - Restricted Shares ("Plan"). The purpose of the Plan is to allow the granting of Shares Restricted to Eligible Employees, with a view to: (i) encouraging the improvement of the management of the Company and its Subsidiaries, giving the Participants the possibility of being shareholders of the Company, in the optimization of all aspects that can value the Company in the long term, giving them, also, an entrepreneurial and corporate vision; (ii) encourage the attraction and retention of managers, employees and service providers; (iii) support the alignment of interests between executives and shareholders of the Company, maximizing the level of commitment of managers and employees with the generation of sustainable results for the Company; and (iv) to increase the attractiveness of the Company and its Subsidiaries.

Restricted Share Program

Granting of restricted shares, to be settled in equity instruments, subject to the vesting condition of one year, with vesting of (a) 1/3 of the total restricted shares granted after the first (1) year, on May 1, 2019; (b) 1/3 of the total restricted shares granted after the second (second) year on May 1, 2020; and (c) 1/3 of the total restricted shares granted after the third (third) year, on May 1, 2021. This plan will be accounted for in accordance with CPC 10 - Share-based Payment and its corresponding IFRS 2, which requires the Company to calculate the value of the equity instruments granted based on their fair value at the grant date. There is no exercise price to be considered. The corresponding expense will be recognized over the vesting period to acquire the right to exercise the instruments. The fair value of the shares granted was estimated at the grant date and is equivalent to R $ 35.75 (thirty-five reais and seventy-five cents) per share, corresponding to the average of the share price of the trading sessions between April 2018 and April 30, 2018, which was adopted in order to allow the pricing and cutoff for calculating the overall volume of Program 2018, excluding the dividends per share, as declared at the Annual Shareholders' Meeting held on April 19, 2018. Considering the use of the matching concept, for each Restricted Share acquired by the participant, through the use of the Authorized Funds, a multiple of up to 6 (six) Restricted Shares may be additionally granted, respecting the blocking periods and criteria of this Program. The criteria adopted

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for the choice of participants and matching are: performance of the year prior to the 2018 Program; quality of the challenges established for the year prior to the 2018 Program

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(KPIs); future potential of the participant; and company performance and expectations for the future.

The quantities granted per lot are described in the following table:

	Amount Granted	Grace date	Expense accrued at the end of the period
Vesting 1st Year	87,876	05/01/2019	1,859
Vesting 2nd Year	87,876	05/01/2020	928
Vesting 3rd Year	87,902	05/01/2021	668
Total	263,654		3,455

In relation to the previous plan, there are still 10,000 shares to be exercised, as shown in the table below:

	Options in circulation			
Date	Options in circulation at the end of the year	Remaining contract life (months)	Exercise price range	Options exercisable at the end of the period
December 31, 2017	432,585	15	21.39 - 21.51	296,800
December 31, 2018	145,785	3	22.32 - 22.45	10,000

26 Commitments assumed

On December 20, 2013, Iguatemi executed a land barter contract of 200,000 sqm for the construction of the I Fashion Outlet Nova Lima, located in the metropolitan area of Belo Horizonte – MG state. The Outlet will have 30,300 sqm of GLA, where Iguatemi will hold 54.0% of the venture, São José construction company will hold 36.0% and the other partners will have the remaining 10.0%. The total investment in the Outlet will be R$ 140,700, and its opening is scheduled for 2020.

27 Subsequent events

At a meeting of the Board of Directors held on February 26, 2019, the proposal submitted by the Executive Board for the allocation of the P&L for 2018 was approved, including the distribution of dividends in the amount of R$ 150,000. That proposal will be submitted to the approval of the Annual General Meeting (AGM) to be held in April 2019. On March 29, 2019, the Company will make a partial payment of mandatory minimum dividends in the amount of R$ 37,500.