In compliance with legal, bylaws and securities market requirements, General Shopping Brasil S/A submits to you its annual report and financial statements for the year ended December 31, 2016.

MANAGEMENT COMMENTS

The Management of the Company is pleased to report on the operational and financial performance for the year 2016 and the fourth quarter 2016 (4Q16) as detailed in the respective reports and statements.

Initially, we would highlight the reduction of 6.3% in GLA (Gross Leasable Area) in the end of the year, following the divestment of Parque Shopping Prudente and Poli Shopping Osasco.

In 2016, Gross Revenue increased 1.5% year-on-year to R$ 296.8 million.

Based on Same Areas performance, the Company reported year-on-year growth in Same Area Rentals and Same Area Sales of 4.3% and 2.3%, respectively in 2016, both results reflecting the downturn in the economy as a whole and more specifically, the weak performance in the retailing sector during the course of the year.

The same economic downturn and weak retail performance also affected 2016 occupancy rates, these declining from 95.9% in 2015 to 94.4%.

General Shopping's Rental and Services Costs rose by 1.9% compared with the preceding year to reach R$ 37.0 million, impacted by increased occupancy costs and in turn a reflection of decreasing occupancy rates. The Company's NOI was R$ 224.6 million, a decline of 2.0% in relation to the preceding year with a margin of 86.7% due to a reduction in GLA for the period.

Conversely, General and Administrative Expenses reported a year-on-year reduction of 1.2% in 2016, this account amounting R$ 58.9 million. Adjusted EBITDA was R$ 180.2 million, corresponding to an Adjusted EBITDA margin of 69.5%.

The Company's Net Financial Result in 2016 was affected principally by the Dollar x Real currency variation, reverting from a negative R$ 554.3 million in 2015 to a positive R$ 18.2 million.

We would like to take this opportunity to thank our employees, tenants, customers and visitors for their contributions to the Company's performance.

Marcio Snioka,

Investor Relations Officer

COMPANY OVERVIEW

General Shopping Brasil is one of the main Brazilian companies focused on owning and managing various kinds of shopping centers. We have 244,540 m² of gross leasable area in 15 shopping centers, with an average ownership interest of 70.1% beyond provide complementary services for the operations.

We believe our success is based on market understanding and on the success of the retail operations in our shopping centers.

Our goal is to maximize the profitability of the Company through their leasing revenues arising better tenants´ performance and the supply of complementary services on one side, and trading interests on the other. Based on marketing and location surveys, our strategy is:

- Real estate investment in ownership interests in shopping centers, either by developing greenfields projects, acquiring from third parties or increasing ownership interests in our current portfolio or divestments stakes;
- Negotiation of interests with the third parties of Company´s assets;
- Managing these shopping centers in an optimal way through our competences;
- Providing services that are complementary to shopping center operation;
- Developing new types of shopping centers in the Brazilian market, as well as mixed-use projects that create positive synergy with shopping center performance.

DESCRIPTION OF BUSINESS AND INVESTMENTS

Different from our competitors, we work in the shopping center market in a manner that is oriented toward the retail market.

Our activities are (i) planning and managing shopping centers; (ii) leasing commercial space (stores); (iii) leasing advertising and promotional space (merchandising); (iv) managing shopping center parking lots; (v) planning and leasing of electrical and water supply equipment at the developments. (See description of revenue in economic and financial performance).

SCENARIOS AND PERSPECTIVES

Following the market valuations and the Company's economic advisers, after a long expansionary cycle of consumption, it is noticed that a cycle of economic adjustments is ongoing and still uncertain in our sector and in the country as a whole with better prospects for 2017 compared to the previous year.

The deterioration of certain economic fundamentals impacted and can keep impacting the performance of consumer models (and thus our tenants` retail market), and the financial statements (and liquidity) of tenants. The unemployment rate and the real income of employed population maintain giving backspace signal, considering the latest data available in contrast to the consumer confidence index and inflation rates that show improvement trajectory when compared to the same period of previous year.

The Company has thus the strategy to be located in markets with less competition and to differentiate their businesses, seeking to reduce the negative effects on itself, but also consciously preparing for the challenges and market opportunities.

ECONOMIC AND FINANCIAL PERFORMANCE

Consolidated Financial Highlights						
R$ thousand	**4Q15**	**4Q16**	**Chg.**	**2015**	**2016**	**Chg.**
Gross Revenue	**83,487**	**76,345**	**-8.6%**	**292,336**	**296,822**	**1.5%**
Rent (Shopping Malls)	56,193	55,303	-1.6%	200,920	206,745	2.9%
Services	27,294	21,042	-22.9%	91,416	90,077	-1.5%
NOI - Consolidated	**64,101**	**58,899**	**-8.1%**	**229,309**	**224,629**	**-2.0%**
Adjusted EBITDA	**51,589**	**46,740**	**-9.4%**	**183,577**	**180,249**	**-1.8%**
Adjusted Net Result	**115,051**	**(35,859)**	**-**	**(428,634)**	**163,958**	**-**
Adjusted FFO	**116,547**	**(34,335)**	**-**	**(422,324)**	**170,067**	**-**
NOI Margin	86.5%	88.7%	2.2 p.p.	87.2%	86.7%	-0.5 p.p.
Adjusted EBITDA Margin	69.6%	70.4%	0.8 p.p.	69.8%	69.5%	-0.3 p.p.
Adjusted Net Result Margin	155.2%	-54.0%	-	-163.1%	63.2%	-
Adjusted FFO Margin	157.2%	-51.7%	-	-160.7%	65.6%	-
Gross Revenue per m²	317.80	312.20	-1.8%	1,131.33	1,188.11	5.0%
NOI per m²	244.01	240.86	-1.3%	887.42	899.14	1.3%
Adjusted EBITDA per m²	196.38	191.13	-2.7%	710.44	721.49	1.6%
Adjusted Net Result per m²	437.96	(146.64)	-	(1,658.80)	656.28	-
Adjusted FFO per m²	443.65	(140.41)	-	(1,634.38)	680.74	-
Own GLA - Average in the Period (m^2)	262,699	244,540	-6.9%	258,400	249,828	-3.3%
Own GLA - End of the Period (m^2)	260,904	244,540	-6.3%	260,904	244,540	-6.3%

CAPITAL MARKET – CORPORATE GOVERNANCE – DIVIDEND POLICY

Our entry into the capital market in July 2007 allowed us to access better capital sources. This in turn allowed us to conduct an efficient growth strategy.

In addition to access to the capital market, listing on the Novo Mercado benefited us with better management practices through the application of corporate governance and equal rights for shareholders.

Our approved dividend policy is to distribute the minimum dividend, required by law, as we consider attractive profitability and necessary reinvestment in the Company.

HUMAN RESOURCES

We have 185 employees in our offices and shopping centers. Additionally, our shopping centers use outsourced labor for operations such as maintenance, cleaning and security. We monitor the outsourced companies’ compliance with employment and social security law.

ENVIRONMENTAL SUSTAINABILITY

Although shopping center activities generally have low environmental impact, wherever possible we seek to use new concepts in our projects, such as:

- Using electricity from sources certified by the Alternative Source Electrical Power Incentive Program (*Programa de Incentivo às Fontes Alternativas de Energia Elétrica*), or PROINFA.
- Water recycling.
- Recycling waste and oil.
- Optimizing the use of paper and recycling.
- Landscaping with reforestation.
- Architectural design that takes advantage of natural light.

INDEPENDENT AUDITING

In compliance with Brazilian Securities Commission (CVM) Instruction 381/03, we report that Grant Thornton Auditores Independentes provided us no services other than auditing our financial statements in the year ended December 31, 2016.

ARBITRATION

We are obligated to use arbitration at the Market Arbitration Chamber under the arbitration agreement in article 54 of our bylaws.

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General Shopping Brasil S.A.

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.)

Individual Financial Statements and Consolidated with the Independent Auditors' Report

On December 31, 2016

Grant Thornton

Table of Contents

	Page
Independent Auditor’s Report	3
Individual and consolidated financial information	11
Notes to the individual and consolidated financial information for the years ended December 31, 2016 and 2015	17

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails. See Note 30 to the financial statements.)

Independent Auditor's Report

Grant Thornton Auditores Independentes
Av. Paulista, 37 – 1° andar
Edifício Parque Cultural Paulista | Bela Vista
São Paulo | SP | Brasil

T +55 11 3886.5100
www.grantthornton.com.br

To:
Shareholders, Board of Directors and Executive Officers of
General Shopping Brasil S.A.
São Paulo – SP

Opinion

We have examined the individual and consolidated financial statements of General Shopping Brasil SA (Company), identified as the parent company and consolidated, respectively, which comprise the balance sheet as of December 31, 2016 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended, as well as the related explanatory notes, including a summary of the main accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the individual and consolidated financial position of General Shopping Brasil SA as of December 31, 2016, the individual and consolidated performance of its operations and their respective individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section entitled "Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements." We are independent in relation to the Company and its subsidiaries, in accordance with the relevant ethical principles set forth in the Professional Code of Ethics of the Accountant and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

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Key audit matter

Key audit matter (KAMs) are those matters that, in our professional judgment, were the most significant in our audit of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole and in forming our opinion on these individual and consolidated financial statements and therefore, we do not express a separate opinion on these matters.

Fair value measurement of investment properties

Explanatory Note 9 - "Investment properties"

Reason why the subject was considered a KAM	How the matter was conducted in our audit
The Company records its investment properties at the fair value supported by an appraisal report prepared by an external and independent expert in relation to the Company. As of December 31, 2016, the fair value of these assets, recognized in non-current assets of the Company and its subsidiaries, was R$ 2,969,390 thousand (consolidated). The estimation of the fair value of investment properties was determined taking into account several assumptions, such as: projections of growth of revenues, interest rates for discounted cash flows, vacancy rates, defaults and perpetuity among other premises. This matter was considered an KAM due to the relevance of the values of the investment properties registered by the Company, due to the uncertainties inherent to this type of estimate and to the necessary judgment that must be exercised by Management in determining the assumptions for calculating the fair value of such assets.	Our audit procedures included, among others: • we use our specialists to assist us in the examination and evaluation of the premises and methodology used by the external expert hired by the Company; • we evaluated whether the methodology applied for the calculation of fair value was in accordance with the practices used in the market for the calculation of the fair value and if the methodology used was supported by applicable accounting standards; • we challenged the assumptions used by the Company's expert to calculate the discounted cash flow, considering whether these assumptions were adequate based on the current market and economics' country environment; • we compare the discounted rates used, growth rates, vacancy, GLA and etc., with data available in the market made by other appraisers for similar properties; • we tested the mathematical calculations of fair value for certain investment property; • we compared the Company's history in transactions related to disposals of investments, in the recent past, with the values recorded in the evaluations made by the said external expert in the opportunity and we verify if they were adequate;

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Loans and financing and real estate credit notes
Explanatory Notes 12 - "Loans and financing" and No. 13 - "Real estate credit notes"

Reason why the subject was considered an KAM	How the matter was conducted in our audit
A substantial part of the Company's liabilities is composed by loans and financing, in view of the capitalization and financing project initiated since it started trades its stock as a result of the IPO. This item was considered an PAA due to the relevance of the amounts of the loans and financings recorded in the financial statements, whose total balance as of December 31, 2016 totaled R$ 1,817,392 thousand, since, as part of the auditing procedures, there is a need we must proceed with examinations on the due update on these liabilities for the rates and financial charges contracted, their adequate classification, presentation and disclosure in the financial statements, which due to their magnitude, amounts involved and respective need for disclosures set forth in accounting practices and by regulatory body, take a considerable part of the time allocated in this audit work of the Company, in order to meet all the requirements set forth in the auditing standards and the regulators.	Our audit procedures included, among others: • we checked the movement of payments and entries of new loans during the year; • we recalculate interest and financial charges; • we analyze and tested the appropriate classification between current and non-current liabilities; • we confirm, by sending letters of confirmation to certain financial institutions, outstanding balances, contractual clauses, interest rates and other information; • we assessed the adequacy of the disclosures in the financial statements of the referred financial instruments and their guarantees, in order to verify compliance with accounting practices adopted in Brazil, International Financial Reporting Standards (IFRS) and Brazilian Securities Commission (CVM) regulations.

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Related Party Transaction
Explanatory Note 7 - "Related Parties"

Reason why the subject was considered an KAM	How the matter was conducted in our audit
The Company has a complex organizational structure composed of several subsidiaries, affiliates, civil condominiums, entities under common control and partners in properties for investments that carry out commercial and financial operations among themselves. This matter was considered as KAM due to the number of companies that comprised the list of related parties of the Company, which may result in not properly identifying / disclosing all related party transactions as well as non-elimination and / or consolidation of commercial transactions carried out among the Company, the civil condominiums and the partners of the participations in properties for investments.	Our audit procedures included, among others: • We obtained a formal representation from the Management, stating and listing which entities of the group of companies, condominiums and individuals would be considered related parties of the Company. Also, as part of the audit procedures, we conducted an independent research of the companies that comprised the Company's economic group and compared with the detailed formal representation issued by the Company's Management, where were detailed all existing related parties, • we extracted from the Company's general ledger accounting records, through automated audit tools, all journal entries that were made against any entities / person that was informed as related party relationship. From the result obtained, we compared such information (balances, transactions) with the information presented in the explanatory notes, • we compared the accounting balances of assets, liabilities, revenues and expenses against and / or in favor of the Company obtained from the accounting records of the civil condominium owners with the respective balances recorded in the Company's accounting records, taking into account the respective percentage of interest owned;

Related Party Transaction
Explanatory Note 7 - "Related Parties"

Reason why the subject was considered an KAM	How the matter was conducted in our audit
	• we have examined the deeds / contracts for the purchase and sale of investments held during the period and compare them with the percentages of interest that are used by the Company for the purpose of recognizing the income / expenses and the eliminations of the balances of assets and liabilities of the transactions among the Company and its partners in investment properties. • we checked whether there were transactions, balances and / or the existence of guarantees, loans, receivables with third parties that could be considered as related parties, due to special treatment or outside market standards.

Critical estimate - Allowance for doubtful accounts
Explanatory Note 4 - "Accounts receivable"

Reason why the subject was considered an KAM	How the matter was conducted in our audit
The Company records its allowance for doubtful accounts ("PCLD") based on the valuation carried out by the Company's Management involving, among others: (i) customers' payment capacity; (ii) the existence of real guarantees, as well as their fair values; (iii) the history of loss of the customer portfolio; and (iv) compliance with the renegotiations made. This issue was considered an KAM due to the uncertainties inherent in this type of estimate and the necessary judgment that should be exercised by Management in determining the calculation assumptions for purposes of registration of the PCLD in view of the current economic situation in Brazil.	Our audit procedures included, among others: • understanding and testing of relevant general controls on Information Technology related to the management of changes, accesses and operations, as well as performing the understanding and testing of the relevant transaction controls related to the allowance for doubtful accounts; • we performed integrity tests of the database used to measure and record the allowance for doubtful accounts through documentary examination for a selected sample;

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Critical estimate - Allowance for doubtful accounts
Explanatory Note 4 - "Accounts receivable"

Reason why the subject was considered an KAM	How the matter was conducted in our audit
	• we recalculated the model used and challenged the relevant assumptions used by the Company's Management to measure the PCLD, such as the age of overdue securities and the estimated realizable value of the guarantees, potential loss for customers that do not have overdue securities and the analysis of financial capacity customer payment.

Other matters

Statements of Value Added (SVA)

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2016, prepared under the responsibility of the Company's Management, and presented as supplementary information for IFRS purposes, were subject to jointly executed auditing procedures with the audit of the Company's financial statements. For the purposes of forming our opinion, we assess whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content comply with the criteria set forth in Technical Pronouncement CPC 09 - Statement of Added Value. 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 Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

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

The Company's management is responsible for such other information that includes 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 so doing, to consider whether this report is materially inconsistent with the financial statements or with our knowledge obtained in the audit or otherwise appear to be materially misstated. If, based on our work we have performed, we concluded that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and governance by the individual and consolidated financial statements

Management is responsible for the preparation and adequate presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and for such internal control which it has determined as necessary to enable the preparation of financial statements free of material misstatement, whether due to fraud or error.

In the preparation of the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as going concern , disclosing, as applicable, matters related to going concern and using going concern basis of accounting in the preparation of the financial statements, unless Management either intends to liquidate the Company and its subsidiaries or cease its operations, or has no realistic alternative but to do so.

Those responsible for the governance of the Company and its subsidiaries are those responsible for supervising the process of preparing the financial statements.

Responsibilities of the auditor for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance that the individual and consolidated financial statements as whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that included our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that the audit conducted in accordance with Brazilian and international auditing standards will always detect a material misstatement when it 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 the users take on the basis of these referred financial statements.

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

- Identify and assess the risks of material misstatement 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of the internal controls relevant to the audit to plan audit procedures appropriate to the circumstances, but not, in order to express an opinion on the effectiveness of the Company's and its subsidiaries' internal controls;
- 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 the Company’s and its subsidiaries' internal controls;
- 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 significant doubt on 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 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 financial statements, including disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;

We communicate with those responsible for governance regarding, among others aspects, the planned scope, timing of the audit and significant audit findings, including any significant deficiencies in the internal controls that we have identified during our work.

We also provide those responsible for governance with a statement that we have complied with the relevant ethical requirements, including the applicable requirements for independence, and communicate with them all possible relationships or other matters that may reasonably be thought to bear on our independence, including and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that we were of the most significance in the audit of the individual and consolidated 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 20, 2017.

Nelson Fernandes Barreto Filho
CT CRC 1SP-151.079/O-0

Grant Thornton Auditores Independentes
CRC 2SP-025.583/O-1

General Shopping Brasil S.A.

Balance Sheets as of December 31, 2016 and December 31, 2015

(Free translation from the original issued in Portuguese. In the event of discrepances, the Portuguese language version prevails.)

(Amounts stated in Thousands of Reais, except when indicated otherwise)

ASSETS

		Parent Company		Consolidated	
	Notes	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Current Assets					
Cash and cash equivalents	3	2,229	1,896	59,771	111,240
Financial Investments	3	13,053	-	13,053	
Accounts receivable	4	-	-	66,323	69,924
Taxes recoverable	5	1,842	1,943	11,275	20,664
Investment property intended for sale	-	-	-	-	59,300
Accounts receivable - Transfer of Property Rights	17	-	-	54,998	-
Other accounts receivable	6	7,867	10,929	19,214	20,673
Total Current Assets		24,991	14,768	224,634	281,801
Noncurrent Assets					
Accounts receivable	4	-	-	7,273	3,063
Related parties	7	42,885	59,354	53,953	63,027
Taxes recoverable	5	-	-	4,307	4,703
Deposits and guarantees	-	20	24	2,247	2,613
Financial investments	3	-	-	1,469	1,133
Other accounts receivable	6	1,000	127	1,689	3,542
		43,905	59,505	70,938	78,081
Investments	8	1,062,530	847,556	-	-
Investment properties	9	-	-	2,969,390	2,820,962
Fixed Assets	10	14,251	30,632	15,258	31,083
Intangible	11	6,926	9,749	19,950	23,656
		1,083,707	887,937	3,004,598	2,875,701
Total noncurrent assets		1,127,612	947.442	3,075,536	2,953,782
Total Assets		1,152,603	962.210	3,300,170	3,235,583

The notes are integral part of the financial statements

General Shopping Brasil S.A.

Balance Sheets as of December 31, 2016 and December 31, 2015

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.)

(Amounts stated in Thousands of Reais, except when indicated otherwise)

LIABILITIES AND EQUITY

		Parent Company		Consolidated	
	Notes	12/31/2016	12/31/2015 reclassified	12/31/2016	12/31/2015 reclassified
Current Liabilities					
Suppliers	-	565	1,039	16,569	21,945
Loans and financing	12	-	-	73,473	118,786
Salaries and social charges	-	1,664	1,772	2,368	2,581
Taxes, charges and contributions	16	8,019	5,977	121,106	59,071
Taxes paid in installment	15	379	336	15,434	13,734
Real Estate Credit Bills (CCI)	13	-	-	59,822	57,785
Related Parties	7	168,142	170,881	24,748	30,387
Revenues from transfers to appropriated	17	-	-	25,695	10,388
Other accounts payable	14	9	1,033	2,700	9,825
Total current liabilities		178,778	181,038	341,915	324,502
Noncurrent liabilities					
Loans and financing	12	-	-	1,142,621	1,400,890
Revenues from transfers to appropriated	17	-	-	170,736	24,146
Taxes paid in installment	15	600	872	42,046	55,134
Deferred Income Tax and Social Contributions	24	-	-	86,647	83,410
Provision for civil and labor risks	18	-	-	1,504	1,373
Real Estate Credit Bills (CCI)	13	-	-	541,476	565,828
Total Noncurrent Liabilities		600	872	1,985,030	2,130,781
Equity	19				
Share Capital	-	376,781	373,611	376,781	373,611
Capital Reserve	-	6,376	-	6,376	-
Profit Reserve	-	590,068	406,689	590,068	406,689
		973,225	780,300	973,225	780,300
Total Liabilities and Equity		1,152,603	962,210	3,300,170	3,235,583

The notes are integral part of the financial statements

General Shopping Brasil S.A.

Income Statement
for the year ended on December 31, 2016 and 2015

(Free translation from the original issued in Portuguese. In the event of discrepances, the Portuguese language version prevails.)

(Amounts stated in Thousands of Reais, except when indicated otherwise)

		Parent Company		Consolidated	
	Notes	**12/31/2016**	**12/31/2015**	**12/31/2016**	**12/31/2015**
Net revenue	20	-	16	259,227	262,831
Cost of rent and services provided	21	-	-	(37,012)	(36,313)
Gross Profit		-	16	222,215	226,518
Operaational (Expenses)/income					
General and administrative	22	(24,569)	(32,853)	(58,868)	(59,586)
Other net operational revenue (expenses)	25	4,109	19,640	34,340	(122,808)
Result of Equity Adjustment	8	205,429	(568,322)	-	-
Operational profit / (loss) and before financial income		184,969	(581,519)	197,687	44,124
Financial income	23	(1,890)	34,133	18,188	(554,304)
Net Profit (loss) prior to income tax		183,079	(547,386)	215,875	(510,180)
Current income tax and social security	24	300	(4,569)	(27,132)	(38,657)
Deferred income tax and social security	24	-	-	(5,364)	(3,118)
Net Profit / (loss) in the period		183,379	(551,955)	183,379	(551,955)
Net Profit / (loss) atributable to					
Owners of Parent Company	-	183,379	(551,955)	183,379	(551,955)
Basic net profit / (loss) per share (R$)	19	2.79	(10.20)	2.79	(10.20)

The notes are integral part of the financial statements

General Shopping Brasil S.A.

Statement of changes in Equity (consolidated)
for the year ended on December 31, 2016 and 2015

(Free translation from the original issued in Portuguese. In the event of discrepances, the Portuguese language version prevails.)

(Amounts stated in Thousands of Reais, except when indicated otherwise)

		Share Capital				Profit Revenue		
	Notes	**Capital Subscribed to**	**Shares in Treasury**	**Expenses with the issue of shares**	**Capital Reserve**	**Reserve of Profits to be realized**	**Accumulated Profits (losses)**	**Total**
				-				
Balances on December 31, 2014		317,813	-	-	-	958,644	-	1,276,457
Capital increase	19	57,932	-	-	-	-	-	57,932
Expenses with issue of shares	19	-	-	(2,134)	-	-	-	(2,134)
Net income for the period		-	-	-	-	-	(551,955)	(551,955)
Realization of capital reserves		-	-	-	-	(61,988)	61,988	-
Balances on December 31, 2015		375,745	-	(2,134)	-	896,656	(489,967)	780,300
Capital increase	19	3,170	-	-	-	-	-	3,170
Goodwill (ágio) reserves in the subscription of shares.					6,376			6,376
Capital Transactions	-	10,710	(10,710)	-	-	-	-	-
Net income for the period	-	-	-	-	-	-	183,379	183,379
Realization of capital reserves	-	-	-	-	-	(131,733)	131,733	-
Balances on December 31, de 2016		389,625	(10,710)	(2,134)	6,376	764,923	(174,855)	973,225

The Explanatory Notes are integral part to the financial statements.

General Shopping Brasil S.A.

Cash Flow Statements
for the year ended on December 31, 2016 and 2015

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.)

(Amounts stated in Thousands of Reais, except when indicated otherwise)

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Cash Flow from operational activities				
(Loss) / Profit in the period	183,379	(551,955)	183,379	(551,955)
Adjustments to reconcile the (losses) / profit of the period with net cash / (used in) from operational activities				
Depreciation and amortization	3,646	3,519	6,109	6,310
Reserve for Doubtful Accounts	-	-	6,713	2,846
Establishing (reversing) reserve for civil and labor risks	-	(129)	131	(414)
Gain on the settlement of the Perpetual Bonus	-	-	(98,464)	(157,988)
Income Tax and Social Contributions Deffered	-	-	5,364	3,118
Income Tax and Social Contributions	-	-	27,132	38,657
Financial charges on loans, financing, CCI and perpetual bonds	-	163	255,979	269,690
(Earnings) or loss not realized, with operations with derivative financial instruments	-	125	(4,008)	-
(Earnings) or loss in disposal of property for investments	1,339	-	12,300	(771)
Financial charges on payment of taxes in installment plans	-	-	(1,116)	6,313
Currency Exchange Rate Variation	-	-	(220,793)	514,786
Fair value adjustment	-	-	(59,223)	127,871
Result of Equity Adjustment	(205,429)	568,322	-	-
(Increase) / reduction of operational assets				
Accounts receivable	-	-	(7,322)	(10,505)
Taxes Recoverable	101	394	9,785	(3,809)
Accounts Receivable on sale of property	-	-	(54,998)	-
Other accounts receivable	2,189	4,757	3,312	911
Deposits and bonds	4	(8)	366	(314)
Increase / (reduction) in operational liabilities				
Suppliers	(474)	277	(5,376)	(8,874)
Taxes, charges and contributions	2,042	5,119	32,776	41,313
Salaries and labor charges	(108)	(71)	(213)	(467)
Assignment of revenues to be recognized	-	-	161,897	(6,467)
Other accounts payable	(1,024)	(107)	(3,117)	(9,291)
Net cash / (used in) from operational activities	(14,335)	30,406	250,613	260,960
Payment of interest	-	(115)	(134,630)	(213,247)
Income tax and social contribution paid	-	-	-	(42,559)
Net cash / (used in) from operational activities	(14,335)	30,291	115,983	5,154
Cash flow from investment activities				
Writte-off property investments, permanent assets and intangible assets	-	-	14,965	-
Acquisition of permanent investments	(9,545)	-	-	-
Financial Aplication and linked aplication	(13,053)	62,108	(13,389)	82,674
Acquisition of items of Fixed Assets and intanigble assets	(510)	(1,357)	(104,248)	(237,627)
Receipt from sale of property for investment / assets for sale	14,729	-	60,500	229,343
Net cash / (used in) from investment activities	(8,379)	60,751	(42,172)	74,390
Cash flow from investment activities				
Raising of loans, financing and CCI	-	-	1,910	130,435
Cost of raising loans, financing, CCI and perpetual bonds	-	-	(600)	(5,765)
Increase the Share Capital	9,546	57,932	9,546	57,932
Expenses with issue of shares	-	(2,134)	-	(2,134)
Amortization of the principal of loans, financing and CCI	-	(4,167)	(131,714)	(307,621)
New installment-based tax payment plan	-	-	2,989	-
Payment of the principal in tax installment plan	(229)	(177)	(10,846)	(10,248)
Related Parties	13,730	(142,297)	3,435	(8,951)
Net cash / (used in) from financing activities	23,047	(90,843)	(125,280)	(146,352)
Effect of exchange rate changes on cash and cash equivalents	-	-	-	-
Net Increase / (reduction) of the balance of cash and cash equivalent	333	199	(51,469)	(66,808)
Cash and cash equivalent				
In the beginning of the period	2,229	1,896	59,771	111,240
In the end of the period	1,896	1,697	111,240	178,048
Net Increase / (reduction) of the balance of cash and cash equivalent	333	199	(51,469)	(66,808)

The Explanatory Notes are integral part to the financial statements.

General Shopping Brasil S.A.

Value-Added Statement

for the year ended on December 31, 2016 and 2015

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.)

(Amounts stated in Thousands of Reais, except when indicated otherwise)

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Income				
Income from rent, services and others	-	-	285,174	286,039
Reserve for doubtful accounts	-	-	(6,713)	(2,846)
	-	-	278,461	283,193
Third-Party materials and services				
Third-Party materials, services and others	(8,485)	(13,817)	(59,044)	(56,832)
Gross value (consumed) added	(8,485)	(13,817)	219,417	226,361
Depreciation and amortization	(3,646)	(3,519)	(6,109)	(6,310)
Net value (consumed) / added produced by the Company	(12,131)	(17,336)	213,308	220,051
Added value received in transfer				
Result of Equity Adjustment	205,429	(568,322)	-	-
Financial revenues	769	76,574	506,024	533,983
Others	4,109	19,641	34,340	(122,808)
Value added / (consumed) to distribute	198,176	(489,443)	753,672	631,226
Distribution of value added/ (consumed)				
Personnel				
Direct compensation	8,175	11,016	12,389	16,706
Benefits	1,716	1,340	2,830	1,340
FGTS	454	566	600	566
INSS	2,009	2,596	2,917	2,596
Taxes, Charges and contributions				
Federal	(300)	4,553	58,893	69,560
Municipal	84	-	4,828	4,126
Remuneration of Third-Party Capital				
Financial Expenses	2,659	42,441	487,836	1,088,287
Remuneration of Own Capital				
Profit / (Loss) in the period	183,379	(551,955)	183,379	(551,955)
	198,176	(489,443)	753,672	631,226

The Notes are integral part of the Financial Statements

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.)

Notes to the individual and consolidated financial statements for the years ended December 31, 2016 and 2015. (Amounts expressed in thousands of Brazilian Reais, except where otherwise indicated)

1. Operations

General Shopping Brasil S.A. (Company) was set up on March 06, 2007 and, as from March 31, 2007, after successive ownership operations through which the interest held in the capital of the companies with shopping mall activities, as well as interest held in the capital stock of companies that provide services to the shopping malls, was grouped, respectively, into two distinct companies: **(a)** Levian Participações e Empreendimentos Ltda. and **(b)** Atlas Participações Ltda. Currently the Company's interest in the capital of the companies with activities in shopping centers are grouped in Levian Participações e Empreendimentos Ltda. and Securis Administradora e Incorporadora Ltda.

The Company trades its stock at BM&FBOVESPA, under the following abbreviation GSHP3.

The Company filed with the Securities and Exchange Commission (CVM) the request for registration of a restricted program sponsored by Global Depositary Shares based on Regulation S and Rule 144A (GDSs), as approved at a meeting of the Company's Board of Directors held on July 22, 2016. On July 18, 2016, the CVM approved the request. In this context, The Bank of New York Mellon operates as the depositary institution of the GDS Program and responsible for issuing the respective certificates. The Company's common shares are traded on the BM&FBOVESPA and represent the GDS at the ratio of 1 (one) GDS for every 73 (seventy-three) shares. The Itaú Unibanco S.A. operates as the custodian institution of the Company's shares in Brazil. The establishment of the GDS program involved the issuance of 11,000,000 (eleven million) new common shares as a result of the merger of the indirect subsidiary Druz Administradora e Incorporadora Ltda., as disclosed in Note 19. The new shares issued are held by direct subsidiary GS Investments Limited. The remaining balance of the shares that do not serve as a backing for the GDS program will be repurchased and canceled within one (1) year as of July 22, 2016.

The Company's immediate and final Parent Company is Golf Participações Ltda., established in Brazil.

The Company's head offices are located in São Paulo – SP, at Avenida Angélica, 2,466, suite 221.

The individual and consolidated financial statement of General Shopping Brasil S.A. (Company) referring to the year ended on December 31, 2016, have been concluded and approved by the Company's Executive Officers on February 20, 2017.

The individual and consolidated financial statement of the Company referring to the year ended on December 31, 2016 comprises the Company and its subsidiaries (collectively referred to as Group and individually referred to as entities of the Group).

General Shopping Brasil S.A. and its subsidiaries (hereinafter referred to as the Company), have as their main corporate activities the: **(a)** management of its own and third-party assets; **(b)** participation in securities business; and **(c)** real estate development and similar or related activities.

The Company's direct and indirect subsidiaries that were included in the consolidated financial statements are the following:

- **ABK do Brasil – Empreendimentos e Participações Ltda. (ABK):** the business activity of which is to manage its own assets and hold interest in other companies. Currently, ABK holds an ideal fraction of 50% in Internacional Guarulhos Auto Shopping Center Ltda., and holds 49.9% interest in the stock of Nova União Administradora e Incorporadora S.A.;
- **ALTE Telecom Comércio e Serviços Ltda. (ALTE):** is engaged in providing web server services, multimedia communication services, and voice over internet protocol (VOIP). On April 10, 2013, the corporate name was changed from ALTE Administradora e Incorporadora Ltda. to ALTE Telecom Comércio e Serviços Ltda., and, its business activity, which previously included managing its own assets, promoting ventures of any nature, and holding ownership interest in ventures or companies of any nature;
- **Andal Administradora e Incorporadora Ltda. (Andal):** the business activity of which is to manage its own assets and hold interest in other companies. Currently, Andal holds an ideal fraction of 99.9% in Suzano Shopping Center;
- **Ast Administradora e Incorporadora Ltda. (Ast):** the business activity of which is to manage its own assets and third-party assets, real estate development, hold interest in other companies and real estate ventures and lease security equipment and video cameras;
- **Atlas Participações Ltda. (Atlas):** the business activity of which is to manage its own assets and hold interest in other companies. Currently, Atlas holds full ownership interest in I Park Estacionamentos Ltda., Energy Comércio e Serviços de Energia Ltda., Wass Comércio e Serviços de Água Ltda., General Shopping Brasil Administradora e Serviços Ltda., Internacional Guarulhos Auto Shopping Center Ltda., Vide Serviços e Participações Ltda., Ast Administradora e Incorporadora Ltda., GS Park Estacionamentos Ltda.; ALTE Telecom Comércio e Serviços Ltda. and 90% in BR Brasil Retail Administradora e Incorporadora S.A.;
- **Bac Administradora e Incorporadora Ltda. (Bac):** the business activity of which is real estate development;
- **Bail Administradora e Incorporadora Ltda. (Bail):** the business activity of which is to manage its own assets and third-party assets and real estate development;
- **BOT Administradora e Incorporadora Ltda. (BOT):** the business activity of which is real estate development. BOT holds 100% of Manzanza Consultoria e Administração de Shopping Centers Ltda's shares;

- **Brassul Shopping Administradora e Incorporadora Ltda. (Brassul):** the business activity of which is to manage its own assets and third-party assets and real estate development. Brassul holds 99.99% interest in the quotas of Sale Empreendimentos e Participações Ltda.;
- **BR Brasil Retail Administradora e Incorporadora S.A. (BR Brasil):** the business activity of which is the development and management of projects involving planning, interest and development of retail and wholesale trade activities, as well as acquisition, creation and management of companies operating in retail trade, master franchises, franchiser companies and/or with potential to become franchiser companies, all operating in Brazil.
  BR Brasil Retail also held entirely the subsidiaries BRR1 Administradora e Incorporadora Ltda. (BRR1), BRR2 Administradora e Incorporadora Ltda. (BRR2), BRR3 Administradora e Incorporadora Ltda. (BRR3), BRR4 Administradora e Incorporadora Ltda. (BRR4), BRR5 Administradora e Incorporadora Ltda. (BRR5), BRR6 Administradora e Incorporadora Ltda. (BRR6), and BRR7 Administradora e Incorporadora Ltda. (BRR7), until November 2016, when they were sold.
- **Cly Administradora e Incorporadora Ltda. (Cly):** the business activity of which is to manage its own assets and third-party assets, real estate development and hold ownership interest in other companies and real estate ventures. Cly holds 60% interest in Internacional Shopping Guarulhos;
- **Cristal Administradora e Incorporadora S.A. (Cristal):** Has as its corporate object the real estate development, the sale of properties built or acquired for resale, the management of own and third parties' assets, participation as a quotaholder or shareholder in other companies and participation in real estate projects. Cristal owns non-operating properties to Shopping Center activities;
- **Delta Shopping Empreendimentos Imobiliários Ltda. (Delta):** the business activity of which is to manage its own assets and third-party assets, real estate development and hold ownership interest in other companies and real estate ventures. Delta holds 0.01% interest in Suzano Shopping Center;
- **Eler Administradora e Incorporadora Ltda. (Eler)**: the business activity of which is to manage its own assets and third-party assets, real estate development and hold ownership interest in other companies and real estate ventures. Eler holds 24% interest in Internacional Shopping Guarulhos;
- **Energy Comércio e Serviços de Energia Ltda. (Energy):** is engaged in purchasing, selling and leasing equipment for the generation, transfer and distribution of energy and in providing installation, maintenance and consulting services. Currently, Energy provides services referring to the lease of equipment for the generation, transfer and distribution of energy to Internacional Shopping Guarulhos, Internacional Guarulhos Auto Shopping Center, Suzano Shopping, Outlet Premium São Paulo, Parque Shopping Barueri, Outlet Premium Brasília, Outlet Premium Salvador, Shopping do Vale, Parque Shopping Maia, Outlet Premium Rio de Janeiro, Parque Shopping Sulacap and Unimart Shopping;
- **ERS Administradora e Incorporadora Ltda. (ERS):** its corporate purpose is the management of its own and third-party assets and real estate development. The company ERS is owner of 50% of the Shopping Outlet Premium Rio de Janeiro;
- **FIPARK Estacionamentos Ltda (FIPARK):** has as its object the administration of parking lots of motor vehicles in general, own and third parties. Currently FIPARK is responsible for the administration of the parking lots of the International Guarulhos Auto Shopping Center, Internacional Guarulhos Shopping Center;
- **FLK Administradora e Incorporadora Ltda. (FLK):** the business activity of which is to manage its own assets and third-party assets and real estate development. FLK owns 52% of the Outlet Premium in Bahia;

- **Fonte Administradora e Incorporadora Ltda. (Fonte):** the business activity of which is to manage its own assets and third-party assets, and real estate development. Fonte owns 51% of the Shopping Sulacap in Rio de Janeiro;
- **Fundo de Investimento Imobiliário (FII Top Center):** the business activity of which includes the acquisition of real estate project, as long as approved by the General Shareholders' Meeting, aiming at earning revenues by means of the valuation of the properties, the lease and sales of properties that integrate its real estate assets, as allowed by Fundo's regulation, by law and by the provisions issued by the Brazilian Securities and Exchange Commission (CVM);
- **GAX Administradora e Incorporadora Ltda. (GAX):** the business activity of which is to manage its own assets and third-party assets, real estate development, and hold interest in other companies and real estate ventures. GAX holds 50% interest in Outlet Premium São Paulo;
- **General Shopping Brasil Administradora e Serviços Ltda. (GSB Administradora):** the business activity of which is to manage its own assets and third-party assets, provide management services to commercial centers and buildings, provide other complementary, supplementary services or services associated with its activities, in addition to hold interest in other companies, whatever type they may be. Currently, GSB Administradora is the manager of Internacional Guarulhos Shopping Center, Suzano Shopping Center, Poli Shopping, Cascavel JL Shopping, Shopping do Vale, Outlet Premium São Paulo, Outlet Premium Brasília, Unimart Shopping, Parque Shopping Barueri, Shopping Bonsucesso, Outlet Premium Salvador, Parque Shopping Sulacap, Parque Shopping Maia and Outlet Premium Rio de Janeiro;
- **General Shopping Finance Limited (General Shopping Finance):** is a company headquartered in the Cayman Islands that is engaged in performing activities and transactions relating to the Company or its subsidiaries. General Shopping Finance holds 27.5% of the quotas of Levian Participações e Empreendimentos Ltda.;
- **GS Finance II Limited (GS Finance II):** is a company organized in the Cayman Islands that is engaged in performing activities and transactions relating to the Company or its subsidiaries;
- **GS Investments Limited (GS Investments):** is a company headquartered in the Cayman Islands that is engaged in performing activities and transactions relating to the Company or its subsidiaries. GS Investments holds 54.2% of the quotas of Securis Administradora e Incorporadora Ltda.;
- **GS Park Estacionamentos Ltda**. **(GS Park):** is engaged in managing parking lots for motor vehicles of all kinds, of their own or owned by third parties. Currently, GS Park is in charge of managing the parking lots of Outlet Premium Salvador, Parque Shopping Sulacap, Parque Shopping Maia and Outlet Premium Rio de Janeiro;
- **I Park Estacionamentos Ltda. (I Park):** is engaged in exploiting the specific motor vehicle parking business, for both its own vehicles and vehicles owned by third parties, by managing such parking lots. Currently, I Park is in charge of managing the parking lots of Suzano Shopping Center, Cascavel JL Shopping, Outlet Premium São Paulo, Outlet Premium Brasília, Unimart, Shopping do Vale, Parque Shopping Barueri and Shopping Bonsucesso;
- **Indui Administradora e Incorporadora Ltda. (Indui):** the business purpose of which is to manage its own assets and third-party assets, and real estate development. Indui holds 50% interest in Outlet Premium Brasília;
- **Internacional Guarulhos Auto Shopping Center Ltda. (ASG Administradora):** the business activity of which is to manage its own assets and third-party assets, provide management services to commercial centers and buildings, provide other complementary, supplementary services or services associated with its activities, in addition to hold interest in other companies, whatever type they may be. Currently, ASG Administradora is the administrator of Internacional Guarulhos Auto Shopping Center;

- **Levian Participações e Empreendimentos Ltda. (Levian):** the business activity of which is to manage its own assets, hold interest in other companies and other complementary and associated activities. Currently, Levian holds an ideal fraction of 50% of Internacional Guarulhos Auto Shopping Center and 0.5% of Shopping Unimart and of the undertaking in ongoing construction in the City of Atibaia.
  Levian also holds interest in ABK do Brasil – Empreendimentos e Participações Ltda. (99.7%), Poli Shopping Center Empreendimentos Ltda. (100%), Send Empreendimentos e Participações Ltda. (90.9%), Nova União Administradora e Incorporadora S.A. (49.9%), Delta Shopping Empreendimentos Imobiliários Ltda. (100%), Fonte Administradora e Incorporadora Ltda. (100%), POL Administradora e Incorporadora Ltda. (100%), BOT Administradora e Incorporadora Ltda. (100%), Vul Administradora e Incorporadora Ltda. (100%), Zuz Administradora e Incorporadora Ltda. (100%), Cly Administradora e Incorporadora Ltda. (100%), Bud Administradora e Incorporadora Ltda. (100%), Bac Administradora e Incorporadora Ltda. (100%), Brassul Shopping Administradora e Incorporadora Ltda. (100%), Mai Administradora e Incorporadora Ltda. (100%), FLK Administradora e Incorporadora Ltda. (100%), Premium Outlet Administradora e Incorporadora Ltda. (100%), BR Outlet Administradora e Incorporadora Ltda. (100%), Jauá Administradora e Incorporadora Ltda. (100%), Securis Administradora e Incorporadora Ltda. (15.3%), Atlas Participações Ltda. (100%) and FIPARK Estacionamentos Ltda (100%);
- **MAI Administradora e Incorporadora Ltda. (MAI):** the business activity of which is to manage its own assets and third-party assets and real estate development;
- **Manzanza Consultoria e Administração de Shopping Centers Ltda. (Manzanza):** is engaged in providing consulting and management services for shopping malls and managing its own assets. Manzanza is the owner of the land in Atibaia;
- **Nova União Administradora e Incorporadora S.A. (Nova União):** the business activity of which is to manage its own assets and third-party assets, hold interest in chattel business and in real estate business, real estate development and associated or similar activities. Nova União holds 6% interest in Internacional Shopping Guarulhos;
- **POL Administradora e Incorporadora Ltda. (POL):** is engaged in developing real estate development ventures.
- **Poli Shopping Center Empreendimentos Ltda. (Poli Empreendimentos):** is engaged in exploiting the shopping mall industry by leasing its own properties or subleasing third party leased properties. Currently, Poli Empreendimentos holds 50% interest in Poli Shopping Center;
- **Sale Empreendimentos e Participações Ltda. (Sale):** is engaged in purchasing, selling, leasing, urbanizing, mortgaging, developing, building and managing its own real estate or third-party real estate or jointly owned real estate. Sale holds 84.4% interest in Shopping do Vale;
- **SB Bonsucesso Administradora e Incorporadora S.A. (SB Bonsucesso):** the business activity of which is to manage its own assets and third-party assets and real estate development. SB Bonsucesso holds 63.4% interest in Shopping Bonsucesso;
- **Securis Administradora e Incorporadora Ltda. (Securis):** the business activity of which is to manage its own assets and third-party assets and real estate development. Securis holds 100% of quotas of the following companies: Andal Administradora e Incorporadora Ltda., Ardan Administradora e Incorporadora Ltda., Bail Administradora e Incorporadora Ltda., Cristal Administradora e Incorporadora Ltda., ERS Administradora e Incorporadora Ltda., GAX Administradora e Incorporadora Ltda., SB Bonsucesso Administradora e Incorporadora S.A., XAR Administradora e Incorporadora Ltda., Bavi Administradora e Incorporadora Ltda., Eler Administradora e Incorporadora Ltda., Indui Administradora e Incorporadora Ltda, Fundo de Investimento Imobiliário FII Top Center, Tequs Administradora e Incorporadora Ltda., Vanti Administradora e Incorporadora Ltda., Rumb Administradora e Incorporadora Ltda., Pentar Administradora e Incorporadora Ltda. Securis also holds interest in Send Empreendimentos e Participações Ltda. (9.1%), and holds 0.1% interest in Shopping Bonsucesso;

- **Send Empreendimentos e Participações Ltda. (Send):** the business activity of which is to manage its own assets and participate in other societies. Send owns 100% of the shares of Uniplaza Empreendimento Participação e Administração de Centro de Compras Ltda. and 85.5% of Cascavel JL Shopping;
- **Uniplaza Empreendimentos Participações e Administração de Centros de Compras Ltda. (Uniplaza):** the business activity of which is to manage its own assets and third-party assets and its own and third-party commercial centers, real estate development and hold ownership interest in other companies and real estate ventures. Uniplaza holds 99.5% interest in Unimart Shopping;
- **Vide Serviços e Participações Ltda. (Vide):** is engaged in providing services referring to institutional disclosures, managing its own properties and third-party properties, real estate development and holding interest in other companies and real estate development ventures;
- **Vul Administradora e Incorporadora Ltda. (Vul):** the business activity of which is to manage its own assets and third-party assets, real estate development and hold ownership interest in other companies and real estate ventures. Vul is the owner of 63.5% of Parque Shopping Maia;
- **Wass Comércio e Serviços de Águas Ltda. (Wass):** is engaged in leasing water exploration, treatment and distribution equipment, as well as providing installation, maintenance and consultancy services, inherent. Currently, Wass is in charge of leasing water exploration, treatment and distribution equipment to Internacional Guarulhos Shopping Center, Internacional Guarulhos Auto Shopping Center, Cascavel JL Shopping, Suzano Shopping, Outlet Premium São Paulo, Outlet Premium Brasília, Shopping do Vale, Parque Shopping Barueri, Poli Shopping, Shopping Bonsucesso, Outlet Premium Salvador, Parque Shopping Maia and Outlet Premium Rio de Janeiro;
- **XAR Administradora e Incorporadora Ltda. (XAR):** the business activity of which is to manage its own assets and third-party assets, real estate development, hold interest in other companies and in real estate ventures. Currently, XAR holds 48% interest in Parque Shopping Barueri;
- **Zuz Administradora e Incorporadora Ltda. (Zuz):** the business activity of which is to manage its own assets and third-party assets, real estate development and hold interest in other companies and real estate ventures;

The following subsidiaries: Bud Administradora e Incorporadora Ltda. (Bud), BR Outlet Administradora e Incorporadora Ltda. (BR Outlet), Premium Outlet Administradora e Incorporadora Ltda. (Premium Outlet), Jauá Administradora e Incorporadora Ltda. (Jauá), Bavi Administradora e Incorporadora Ltda. (Bavi), Tequs Administradora e Incoporadora Ltda. (Tequs), Ardan Administradora e Incorporadora Ltda. (Ardan), Pentar Administradora e Incoporadora Ltda. (Pentar), Rumb Administradora e Incorporadora Ltda. (Rumb), Vanti Administradora e Incorporadora Ltda (Vanti), have as their purpose the administration of parking lots of motoar vehicles in general, own and third parties. The companies have no records of operations as of December 31, 2016.

The Company holds direct participation, as of December 31, 2016 and 2015, in the following undertakings:

	12/31/2016			12/31/2015		
	Interest	Total GLA (m²)	Own GLA (m²)	Interest	Total GLA (m²)	Own GLA (m²)
Shopping Center						
Poli Shopping Guarulhos	50.0%	4,527	2,264	50.0%	4,527	2,264
Internacional Shopping	90.0%	77,080	69,372	90.0%	76,845	69.161
Auto Shopping	100.0%	11,477	11,477	100.0%	11,477	11,477
Suzano Shopping	100.0%	19,583	19,583	100.0%	19,583	19,583
Cascavel JL Shopping	85.5%	8,877	7,590	85.5%	8,877	7,590
Parque Shopping Prudente	-	-	-	100.0%	15,148	15,148
Poli Shopping Osasco	-	-	-	100.0%	3,218	3,218
Shopping do Vale	84.4%	16,487	13,913	84.4%	16,487	13,913
Unimart Shopping Campinas	100.0%	14,961	14,961	100.0%	14,961	14,961
Outlet Premium São Paulo	50.0%	21,570	10,785	50.0%	17,716	8,858
Parque Shopping Barueri	48.0%	37,420	17,962	48.0%	37,420	17,962
Outlet Premium Brasília	50.0%	16,116	8,058	50.0%	16,094	8,047
Shopping Bonsucesso	63.5%	24,437	15,517	63.5%	24,437	15,517
Outlet Premium Salvador	52.0%	14,964	7,781	52.0%	14,964	7,781
Parque Shopping Sulacap	51.0%	28,770	14,673	51.0%	29,059	14,820
Parque Shopping Maia	63.5%	31,711	20,136	63.5%	31,711	20,136
Outlet Premium Rio de Janeiro	50.0%	20,936	10,468	50,0%	20.936	10.468
		348,916	**244,540**		**363.460**	**260.904**

2. The submission of the financial statements and main accounting practices.

2.1. The preparation basis and submission of financial statements

2.1.1. Compliance statement

The Company's individual and consolidated financial statement have been prepared in accordance with accounting practices adopted in Brazil, identified as Parent Company and Consolidated, and in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB).

The accounting practices adopted in Brazil encompass those included in Brazilian corporate laws, and technical pronouncements, guidance and interpretation issued by Accounting Pronouncing Committee (CPC) and approved by Brazilian Securities Commission – CVM. The company has adopted all standards, standards revisions and interpretations issued by the Accounting Pronouncements Committee (CPC), IASB and regulators entities in force as of December 31, 2016.

Provided there are no differences between the consolidated equity and the consolidated results attributable to the Parent Company's shareholders, stated in the consolidated financial statements and equity and the income, the Company has chosen to present these individual and consolidated financial statements as a whole, and side by side.

Company's management represents and confirms all relevant information contained in individual and consolidated financial statements are shown and correspond to the information used by the Company's Management in its management.

2.1.2. Functional currency and presentation of the financial statements

The financial statements of each subsidiary included in the consolidation are prepared by using their functional currency (the currency of the main financial economic environment in which each subsidiary operates). Upon defining the functional currency of each subsidiary, Management considered which currency has a significant influence in the selling price of the services provided and the currency in which most of the cost of their services provided is paid or incurred. The consolidated financial statements are presented in Reais (R$), which is the Company's functional and presentation currency.

The subsidiaries located abroad (General Shopping Finance, GS Finance II and GS Investments) neither have their own management team nor administrative, financial, and operational independence. Therefore, the Real (R$) was chosen as the functional currency, which is the functional currency of the Parent Company.

2.1.3. Foreign currency

Upon preparing the Company's individual and consolidated financial statements, the transactions in foreign currency are recorded in accordance with the foreign exchange rates in effect on the date of each transaction. At the end of each fiscal year, the monetary items in foreign currency are converted at the rates in effect. Translation adjustments on monetary items are recognized in the income for the year in which they occur.

2.2. Consolidation basis

The consolidated financial statements include the information of the Company and its subsidiaries, closed on the same date, and are consistent with the accounting practices described in Note 2.1.

Control is obtained when the Company has the power to control the financial and operating policies of an entity to earn benefits from its activities. In the applicable cases, the existence and the effect of potential voting rights, which are currently exercisable or convertible, are taken into consideration when assessing whether the Company controls, or not, another entity. The subsidiaries are fully consolidated as from the date on which the control is transferred to the Company and they cease to be consolidated, where applicable, as from the date on which the control ceases.

The subsidiaries were fully consolidated including the assets accounts, liabilities accounts, revenues accounts and expenses accounts according to the nature of each account, complemented with the elimination of **(a)** investment and equity balances; **(b)** checking account balances and other balances that integrate the assets and/or liabilities held between the consolidated companies; and **(c)** revenues and expenses, as well as unrealized profits, where applicable, arising from business transactions between the consolidated companies. On December 31, 2016 and 2015, the Company does not have any non-controlling interest to be presented.

The profit or loss of the subsidiaries (including real estate investment funds) acquired or disposed of during the year are included in the income statement as from the date of the effective acquisition or up to the date of the disposal, as applicable. The consolidated financial statement are presented in Brazilian Reais, the Company's functional currency. The Company reviewed the accounting practices adopted by the subsidiaries abroad and did not identify any differences as compared to the practices adopted in Brazil, to be adjusted in the shareholders' equity and in the income for the year of such investments before determining the profit or loss and the adjusted equity result.

The consolidated financial statements include the transactions of the Company and of the following subsidiaries, the percentage interest of which, held as of the balance sheet date, is summarized as follows:

	% – 12/31/2016 – Interest in Capital	% – 12/31/2015 – Interest in Capital
Direct Subsidiaries		
Levian	100%	100%
Securis	100%	-
General Shopping Finance	100%	100%
GS Finance II	100%	100%
GS Investments	100%	100%
Indirect Subsidiaries		
ABK	99.7%	99.3%
Alte	100%	100%
Andal	100%	100%
Ardan (no operation)	100%	100%
ASG Administradora	100%	100%
Ast	100%	100%
Atlas	100%	100%
Bac	100%	100%
Bail	100%	100%
Bavi (no operation)	100%	100%
Bot	100%	100%
Br Outlet (no operation)	100%	100%
BR Retail	90%	90%
BRR1 (no operation)	-	90%
BRR2	-	90%
BRR3	-	90%
BRR4	-	90%
BRR5 (no operation)	-	90%
BRR6 (no operation)	-	90%
BRR7 (no operation)	-	90%
Brassul	100%	100%
Bud (no operation)	100%	100%
Cly	100%	100%
Cristal	100%	100%
Delta	100%	100%
Druz **(a)**	-	100%
Eler	100%	100%
Energy	100%	100%
ERS	100%	100%
FII Top Center	100%	100%
FIPARK	100%	-
FLK	100%	100%
Fonte	100%	100%
GAX	100%	100%
GSB Administradora	100%	100%
GS Park	100%	100%
Indui	100%	100%
Intesp	-	100%
Ipark	100%	100%
Jauá (no operation)	100%	100%
MAI	100%	100%
Manzanza	100%	100%
Nova União	99.8%	99.8%
Pentar (no operation)	100%	100%
POL	100%	100%
Poli Shopping	100%	100%
Premium Outlet (no operation)	100%	100%
Rumb (no operation)	100%	100%
Sale	100%	100%
SB Bonsucesso	100%	100%
Securis	-	100%
Send	100%	100%
Tequs (no operation)	100%	100%
Uniplaza	100%	100%
Vanti (no operation)	100%	100%
Vide	100%	100%
Vul	100%	100%
Wass	100%	100%
XAR	100%	100%
Zuz	100%	100%

(a) Incorporated by General Shopping Brasil S.A.

2.3. Investments in subsidiaries

The Company's investments in its subsidiaries are evaluated based on the equity method, according to CPC 18 (IAS 28), for the purposes of the Parent company's financial statements.

Based on the equity method, the investment in subsidiaries is accounted for in the balance sheet of the parent company at cost, plus the changes after the acquisition of interest in the subsidiary.

The ownership interest in the subsidiaries is presented in the Company's income statement as equity accounting, representing the net income or loss assignable to the Parent Company's shareholders.

The financial statements of the subsidiaries are prepared in the same reporting period as that of the Company. Where necessary, adjustments are made so that the accounting policies are in accordance with those adopted by the Company.

After applying the equity method of accounting, the Company determines whether it is necessary to recognize impairment on the Company's investment in its subsidiaries. The Company determines at each financial statement closing date whether there is objective evidence that the investment in a subsidiary suffered impairment. If so, the Company calculates the amount of the impairment as the difference between the recoverable amount of the subsidiary and its book value, and then it recognizes the amount in the income statement.

2.4. Presentation of information per segment

The information per operating segment is presented in a manner that is consistent with the internal report provided to the chief operating decision maker. The chief operating decision maker, in charge of allocating resources and assessing the performance of the operating segments, is represented by the CEO.

2.5. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, other immediately liquid short-term investments at a known amount of cash and subject to an insignificant risk of having its value changed, which are recorded at cost plus yield earned up to the balance sheet dates, which do not exceed their market or realization value.

2.6. Financial instruments

Recognition and Measurement

Financial assets and liabilities are initially measured at fair value. The costs of the transactions that are directly attributable to the acquisition or issuance of financial assets and liabilities (except for financial assets and liabilities recognized at fair value in the Company's income statement) are increased by, or deducted from, the fair value of financial assets or liabilities, where applicable, after initial recognition. The transactions costs that are directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in the income statement.

The Company's financial instruments are represented by cash and cash equivalents, accounts receivable, financial investments, accounts payable, perpetual bonds, loans and financing and derivative financial instruments.

Classification

The financial instruments of the Company and its subsidiaries were classified under the following categories:

a) Measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets held for negotiation, when acquired for that purpose, mainly in the short term. Derivative financial instruments are also classified in this category. The assets of that category are classified in current assets. The balances referring to gains or losses arising from unsettled transactions are classified in current assets or liabilities and the changes in the fair value are respectively recorded in "Financial income" or "Financial expenses".

b) Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments or receipts, which are not listed in stock markets, are classified as current assets, except for those the maturity dates of which exceed 12 months after the date of the preparation of the financial statements, which are classified as noncurrent assets. The Company's loans and receivables correspond to loans made to related parties, accounts receivable from clients, cash and cash equivalents, financial investments, and other accounts receivable.

c) Financial liabilities

Represented by bank loans and financing, and amounts balances of checking accounts with related parties, except for the checking account, the others are stated at original value, plus interest, inflation adjustments and translation adjustments incurred up to the dates of the financial statements. Financial liabilities are initially measured at fair value, net of transaction costs. Later, they are measured at amortized cost using the effective interest rate method, and the financial expenses are recognized based on the effective yield.

2.7. Derivative financial instruments

The Company has derivative financial instruments to manage its exposure to foreign exchange rate and interest rate risks. Explanatory Note 26 contains further and more detailed information on derivative financial instruments.

Derivatives are initially recognized at fair value on the date they are entered into and are later re-measured at fair value at the end of the fiscal year. Eventual gains or losses are immediately recognized in P&L.

When a derivative financial instrument is listed in a stock exchange, its fair value must be measured by means of valuations techniques based on stock market quotations, where the price used to calculate the fair value is the one at the closure of each month. For those cases of derivatives not listed, that is, over the counter, the fair value must be calculated by means of valuation methods at present value by discounted future cash flow, also based on market information as of the last day of the month.

2.8. Impairment

Financial assets, except for those at fair value through profit or loss, are evaluated according to impairment indicators at the end of each year. Losses due to impairment are recognized when there is objective evidence of the impairment of the financial assets as a result of one or more events that have occurred after their initial recognition, with an impact on the estimated future cash flows of such assets.

The criteria that the Company and its subsidiaries use to determine whether there is objective evidence of impairment of financial assets include:

- significant financial difficulties of the issuer or debtor;
- agreement breach, such as default or the late payment of interest or the principal amount;
- likelihood of the debtor declaring bankruptcy or financial reorganization;
- the extinguishment of an active market for that financial asset by virtue of financial problems.

The book value of the financial assets is directly reduced due to impairment, except for accounts receivable where the book value is reduced due to the use of a provision. The subsequent recovery of amount previously written off is credited to the provision. Changes in the book value of the provision are recognized in P&L.

2.9. Accounts receivable and related parties

Accounts receivable and related parties are initially recorded at the amounts invoiced on the basis of the lease agreements and of the services provided, adjusted by the effects arising from the recognition of revenue from rents on a straight-line basis calculated in accordance with the terms provided for in the agreements, including, where applicable, yield and inflation adjustment gains.

The allowance for doubtful accounts is created at an amount considered sufficient by Management to cover probable losses in the realization of accounts receivable, considering the following criterion: the individual analysis of debtors, regardless of the maturity dates, as described in Note 4. The expenses with the creation of an allowance for doubtful accounts were recorded in “General and administrative expenses ” in the income statement.

2.10. Investment properties

Investment properties are represented by land and buildings in shopping malls held for earn yield from rent and/or capital valuation, as disclosed in Explanatory Note 9.

Investment properties are initially recorded at acquisition or construction cost. After the initial recognition, the investment properties are presented at fair value, except for properties under construction (“greenfields”) and land for future expansion. Gains or losses from fair value variations of investment properties are included in the year’s statement of income in the fiscal year in which they are generated.

Properties held for investment construction (“greenfields”) are recognized by the construction cost up to the moment in which operations start or when the Company is able to measure the fair value of assets reliably.

The costs incurred relating to investment properties under use, such as maintenance, repairs, insurance and property taxes are recognized as costs in the income statement of the fiscal year to which they refer.

Investment properties are written off after disposal or when they are permanently withdrawn from use and there are not future economic benefits resulting from disposal. Any gains or losses resulting from the write off of the property (calculated as the difference between net revenues from disposal and the book value of the asset) is recognized in the income for the years in which the property is written off. For transactions in which the investment is realized under a co-venture regime, in which the amounts paid by the partner to the Company are held in liabilities as advance payments until the effective transfer of the risks and rewards of ownership of the asset (completion of construction), when the difference between the net amounts from disposal and book value amounts are recognized in P&L (Profit and Loss).

Financial charges with regard to loans and financing incurred during the construction period, where applicable, are capitalized.

2.11. Fixed Assets

These are stated at acquisition cost. Depreciation is calculated on a straight-line basis at the rates described in Explanatory Note 10, which consider the estimated economic life-cycles of the assets.

Residual values and the life-cycles of the assets are annually reviewed and adjusted, if applicable.

An item of the fixed item is written off after disposal or when there are not any future economic benefits resulting from the continuous use of the asset. Any gains or losses on the sale or write off of an item of the fixed assets are determined by the difference between the amounts received on the sale and the book value of the asset and are recognized in P&L.

2.12. Intangible

Intangible assets with definite useful lives, acquired separately, are recorded at cost, minus amortization and accumulated impairment losses. Amortization is recognized according to the straight-line method based on the estimated useful lives of the assets. The estimated useful life and the amortization method are reviewed at the end of each fiscal year and the effect of any changes in the estimates is accounted for, prospectively.

2.13. Impairment of tangible and intangible assets

Items of the fixed assets, investment properties, intangible assets and other noncurrent assets are annually evaluated to identify evidence of impairment or whenever significant events or changes in the circumstances indicate that the book value might be impaired. When there is loss deriving from the situations in which the book value of the asset exceeds its recoverable amount, in this case defined by the value in use of the asset, using the discounted cash flow method, such loss is recognized in the income for the fiscal year. As of December 31, 2016 and 2015, there have been no evidence suggesting the assets would not be recoverable.

Investments properties are evaluated at fair value, the variations in accordance with the appraisal reports are recorded in the fiscal year’s income statement.

2.14. Other assets (current and noncurrent)

An asset is recognized in the balance sheet when it is a resource controlled by the Company deriving from past events and from which it is expected that future economic benefits will inure to the Company. Other current and noncurrent assets are stated at cost or realization value, including, where applicable, the yield and inflation and translation adjustments earned up to the dates the fiscal year are closed.

2.15. Other liabilities (current and noncurrent)

A liability is recognized in the balance sheet when the Company has a legal or constructive obligation resulting from an event in the past and it is probable that an economic resource will be required to settle it. Other current and noncurrent liabilities are stated at known or calculable amounts, plus the corresponding charges and inflation and /or translation adjustments incurred up to the balance sheet date, where applicable.

2.16. Provisions / Reserves

Provisions are recognized to present liabilities (either legal or presumed) resulting from past events in which it is possible to reliably estimate the amounts and the settlement of which is probable. The amount recognized as a provision is the best estimate of the considerations required to settle a liability at the end of each year, considering the risks and uncertainties pertaining to the liability.

2.17. Provision for civil, tax, labor and social security risks

A provision for civil, tax, labor and social security risks is created for lawsuits, the future disbursement probabilities of which are considered probable by the legal advisors and Management of the Company and its subsidiaries, considering the nature of the lawsuits and the experience of Management with similar lawsuits, as described in Explanatory Note 18.

2.18. Cost of loans – capitalization of interest

The financial charges of loans obtained that are directly linked to the acquisition, construction or production of investment properties in progress are capitalized and thus are part of the cost of the asset. The capitalization of such charges starts after the beginning of the preparation of an asset's construction or development activities and is interrupted soon after the beginning of its use or the end of its production or construction.

The costs of loans that are directly attributable to the acquisition, construction or production of qualifying assets, which necessarily take a substantial period of time to be ready for use or sale, are added to the cost of such assets up to the date in which they are ready for the intended use or sale.

Gains on investments deriving from the temporary investment of resources obtained with specific loans not yet spent with the qualifying asset are deducted from the costs with loans that are entitled to be capitalized. All of the other costs with loans are recognized in the income for the year in which they are incurred.

2.19. Current and deferred income tax and social contribution

The provision for income tax and social contribution is accounted for the actual and assumed profit regime and was established at the rate of 15%, plus the additional 10% rate on annual taxable income exceeding R$ 240. Social contribution was calculated at the rate of 9% on the adjusted book profit.

As allowed by the tax legislation, certain subsidiaries included in the consolidated financial statements chose to be taxed according to the presumed profit tax regime. The basis of calculation of income tax and social contribution is calculated at the rate of 32% on the gross revenues from services provided, 8% on the fair value adjustment and on sale of investment properties, 100% of financial revenues, on which the regular rate of 15% applies, plus the additional 10% for income tax and 9% for social contribution. For that reason, such consolidated companies did not record deferred income tax and social contribution assets on tax losses, negative bases and temporary differences and are not inserted in the context of non-cumulativeness in determining the Tax on Gross Revenues for the Social Integration Program (PIS) and the Tax on Gross Revenues for Social Security Financing (COFINS).

Deferred income tax and social contribution are recognized on the temporary differences arising from the differences between the tax bases of assets and liabilities and their book values in the financial statements. Deferred income tax and social contribution are determined by using enacted, or substantially enacted, tax rates (and tax laws) at the balance sheet date, and must be applied when the respective deferred tax asset is realized or when the deferred tax liability is settled. The rates of these taxes, currently defined for the determination of such deferred credits, are 25% for income tax and 9% for social contribution.

2.20. Revenue recognition

Revenue from rents is recognized according to the straight-line method based on the duration of the agreements, taking into consideration the contractual readjustment and the collection of the 13^{th} rent, and the revenue from services provided is recognized when the services are effectively provided.

Our revenues mainly come from the following activities:

a) Rent

“Rent” refers to the lease of space to tenants and other commercial spaces such as sales stands and includes the lease of commercial spaces for publicity and promotion purposes. The lease of stores to tenants in shopping malls corresponds to the largest percentage of the Company’s revenues.

b) Parking lots

“Parking lots” refers to the revenue from exploiting parking lots.

c) Services

“Services” refers to revenue from managing energy and water supplies in the shopping malls.

d) Revenues from the transfer of rights to be appropriated

Revenues from the transfer of rights of use to tenants and usufruct of ideal fractions of the parking of Internacional Shopping, Shopping Bonsucesso, Parque Shopping Maia and Shopping Suzano are appropriated to P&L according with the respective term of the first lease agreement, or rights of use agreement, or the usufruct agreement.

2.21. Investment property intended for sale

When the Company is committed to a sale plan for disposal of a set of assets and liabilities available for immediate sale, these assets and liabilities are classified as assets and liabilities held for sale.

Noncurrent assets and liabilities held for sale are recorded in current, separate from other current assets and liabilities, and are evaluated by the lower amount between the book value and the fair value, minus the sale costs.

2.22. Basic and diluted Profit/Loss by stock

In compliance with Technical Standard CPC 41 (IAS 33), basic profit or loss per share is calculated by taking into account the income for the year and the weighted average of outstanding shares in the respective year. In the Company's case, the diluted profit or loss per share is equal to the basic profit or loss per share, once the Company does not have any potential dilutive common or preferred stock.

2.23. Statement of Added Value

The purpose of the statement of value added is to evidence the wealth created by the Company and how it is distributed during certain period of time and is presented by the Company, as required by the Brazilian corporate legislation as part of its individual financial statements and as supplementary information to the consolidated financial statements, for it is not a statement provided for nor compulsory according to the IFRS.

The Statement of Value Added was prepared based on information obtained from the accounting records that serve as the preparation basis of the financial statements.

2.24. Statement of Comprehensive Income (DRA)

The Company is not presenting the statement of comprehensive income (DRA) due to the fact that there are no other comprehensive income in the years 2016 and 2015.

2.25. Use of estimates and critical judgment

The preparation of the financial statements according to the accounting practices adopted in Brazil and in conformity with the IFRS require Management to use estimates to record certain transactions that affect the assets, liabilities, revenues and expenses of the Company and of its subsidiaries, as well as the disclosure of information about the data in their financial statement.

The estimates must be determined based on the best existing knowledge, as of the date of approval of the financial statements, concerning ongoing events and transactions and according to the experience of past and / or current events.

The final results of such transactions and information, when they are effectively performed in subsequent periods, may differ from such estimates.

The main assumptions relative to sources of uncertainty in future estimates and other significant sources of uncertainties in estimates as of balance sheet date, involving a significant risk of causing a significant adjustment to the book value of assets and liabilities in the next financial period are discussed below:

a) Fair value of investment properties

The Company hired an external and independent appraisal firm that has renowned appropriate professional qualification in the region and in the type of property that is being appraised, to evaluate the Company's investment properties every year.

The fair values are based on the market values of investment properties and the estimated value at which a property could be exchanged on the date of the appraisal between the knowledgeable and interested parties in a transaction at arm's length. This calculation is based on a detailed inspection, including historic analysis, current situations, future perspectives, and location of investment properties appraised outside markets in general.

b) Deferred income tax and social contribution

The Company and its subsidiaries, when applicable, recognize deferred assets and liabilities based on the differences between the book value presented in the financial statements and the tax base of the assets and liabilities using the rate in effect.

Deferred tax assets are recognized for all of the tax losses not used in the extent to which the Company has taxable temporary differences (deferred IRPJ and CSLL tax liabilities). Such losses refer to the Company that presents a history of losses that do not prescribe. Accumulated tax loss carry-forwards are restricted to the limit of 30% of the taxable income generated in a certain fiscal year.

Deferred income tax and social contribution on equity evaluations of investment properties are calculated according to the assumed profit system.

c) Fair value of financial instruments

When the fair value of financial assets and liabilities presented in the balance sheet cannot be obtained on active markets, it is determined by using valuation techniques, including the discounted cash flow method. The data for such methods are based on those practiced on the market, where possible; however, when that is not viable, a certain level of judgment is required to establish the fair value. Such judgment includes considerations about the data used, such as liquidity risk, credit risk and volatility. Changes in the assumptions about such factors could affect the fair value presented in the financial statements.

2.26. New standards, amendments and interpretations

The International Accounting Standards Board (IASB) has published or amended the following accounting pronouncements, guidelines or interpretations, which must be adopted in subsequent periods:

2.26.1 The standards listed below came into force during the period of 2016:

- IFRS 14 – Regulatory Deferral Accounts - applicable for annual periods beginning on or after January 1, 2016;
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Shareholders - Applicable for annual periods beginning on or after January 1, 2016, and early adoption in Brazil is not allowed;
- Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization - The changes are in force prospectively for annual periods beginning on or after January 1, 2016;
- Amendments to IAS 27 - Equity Method in Separate Financial Statements - The changes are effective for annual periods beginning on or after January 1, 2016, and early adoption is permitted, which is under analysis in Brazil;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and an Associate or Jointly Controlled Undertaking - The changes are effective for annual periods beginning on or after January 1, 2016, being allowed early adoption;
- Annual Improvements - 2012-2014 Cycle - Applicable for the annual periods beginning on January 1, 2016, including: IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits, IAS 34 Preparation and Disclosure of Financial Statements, Amendments to IAS 1 Disclosure Initiative and Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Exceptions to the Consolidation Rule.

2.26.2. Effective for periods beginning on or after January 1, 2017:

- Amendment to IAS 7 - Statements of Cash Flows - The changes are part of the IASB disclosure improvement initiative;
- Changes in IAS 12 – Income Taxes - the changes clarify the accounting of deferred tax assets on unrealized losses with debt instruments measured at fair value.

2.26.3. Effective for periods beginning on or after January 1, 2018:

- IFRS 2 - Share-based payments - the amendments address areas involving measurement, classification and modification of terms and / or conditions of such transactions.
- IFRS 4 - Insurance contracts - the amendments address concerns about the adoption of IFRS 9.
- IFRS 9 - Financial Instruments (new pronouncement) - introduces new classification and measurement requirements for financial assets.
- IFRS 15 - Revenue from Contracts with Customers (new pronouncement) - establishes a single comprehensive model to be used by entities in accounting for revenues from contracts with customer.

Effective for periods beginning on or after January 1, 2019:

- IFRS 16 - Leases - establishes new lease accounting standards.

The Company has not adopted such pronouncements in advance and is still evaluating the possible impacts arising from the application of these new standards.

3. Cash and cash equivalents and financial investments

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Cash and Banks				
In Brazilian Reais				
Cash	14	9	47	45
Banks	21	62	3,402	3,610
In US dólar				
Banks **(a)**	-	-	127	1,240
	35	**71**	**3,576**	**4,895**
Financial investments				
In Brazillian Reais				
CDB **(b)**	2,027	1,738	7,494	55,985
Committed	-	-	40,008	-
Interest-bearing account	167	87	1,887	4,880
Exclusive investment fund (c)				
Cash	-	-	10	10
Investment funds	-	-	196	24,107
LFT	-	-	35	13,203
Financial Bonds	-	-	5,735	4,858
Committed	-	-	830	3,302
Total investments	**2,194**	**1,825**	**56,195**	**106,345**
Total Cash and cash equivalents	**2,229**	**1,896**	**59,771**	**111,240**
Current investments **(d)**	13,053	-	13,053	-
Non-current investments	-	-	1,469	1,133
Total financial investments	**13,053**	**-**	**14,522**	**1,133**

(a) On December 31, 2016, the total balance of cash and banks is of R$ 3,576 (consolidated), whereas the amount of R$ 127 is deposited in a checking account abroad is indexed to the US Dollar. As of December 31, 2015, from the total balance of R$ 4,895 (consolidated), the amount of R$ 1,240 was deposited in a checking account abroad is indexed to the US Dollar.;

(b) Resources invested in Bank Deposit Certificates (CDB) and Committed in banks Santander, Banif, and Itaú with average yield of 98.2% of CDI;

(c) On December 31, 2016, the Exclusive Investment Fund portfolio is substantially composed of securities issued by Brazilian financial institutions and highly liquid federal government bonds, recorded at their realization values, which yield, on average 98.54% do CDI. Such fund does not have any significant obligations with third parties and such obligations are limited to asset management fees and other services inherent in fund transactions;

(d) Funds invested in Real Estate Investment Fund.

Financial investments classified as cash and cash equivalents are investments that may be redeemed within 90 days, composed of highly liquid securities, convertible into cash and that have an insignificant risk of changes in value.

4. Accounts Receivable

	Consolidated	
	12/31/2016	12/31/2015
Rentals receivable and others	98,252	90,930
Allowance for doubtful accounts	(24,656)	(17,943)
Total	**73,596**	**72,987**
Current	66,323	69,924
Non-current	**7,273**	**3,063**

The accounts receivable from clients are stated at the nominal values of the securities that represent the credits, including, where applicable, yields, inflation adjustments earned and effects arising from linearizing the revenue, calculated on a pro rata day basis up to the balance sheet date. Such nominal amounts correspond, approximately, to their respective present values because they are realizable within the short term.

The Company's maximum exposure to credit risk is the book value of the abovementioned accounts receivable. To mitigate such risk, the Company follows the practice of analyzing the types of collection (rents, services and other items), considering the average history of losses, Management periodically monitoring its clients' equity and financial position, establishing credit limits, analyzing credits that have been past due for more than 180 days and permanently monitoring their debit balance, among other practices. The client portfolio that has not been accrued refers to clients whose individual analysis of their financial position did not show that they would not be realizable.

In order to evaluate the quality of the credit of potential clients, the Company considers the following assumptions: the amount of the guarantee offered must cover at least 12 months of occupancy costs (rent, plus common charges and promotion funds, multiplied by 12); the guarantees accepted (properties, letter of guarantee, insurance, etc.); the good standing of the individuals and legal entities involved in the rental (partners, guarantors, debtors) and the use of SERASA as reference for consultations.

The provision movements transaction for doubtful account for the years ended on December, 31 2016 and 2015 is the following:

	Consolidated	
	12/31/2016	12/31/2015
Balance at the beginning of the year	**(17,943)**	**(15,097)**
Credits provisioned in the period	(6,713)	(2,846)
Balance at the end of the year	**(24,656)**	**(17,943)**

The composition of the accounts receivable billed, per maturity period, is the following:

	Consolidated	
	12/31/2016	12/31/2015
Falling due	**56,073**	**49,889**
Overdue		
Up to 30 days	2,684	2,933
From 31 up to 60 days	1,474	3,507
From 61 up to 90 days	1,275	2,374
From 91 up to 180 days	4,133	3,602
Over 180 days	32,613	28,625
	42,179	**41,041**
Total	**98,252**	**90,930**

As of December 31, 2016, the amount of R$ 7,957 in accounts receivable from clients (R$ 10,682 as of December 31, 2015) is overdue for more than 180 days, but no provision has been made for it. The Company understands that the other past due amounts have been duly negotiated with the clients and there have not been any significant changes in the quality of their credit, and the amounts are considered recoverable.

5. Taxes recoveraxble

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
IRRF Recoverable	34	203	460	1,409
Withholding Income Tax (IRRF) on investment	27	155	10,792	19,595
Services Tax (ISS)	-	1	950	527
PIS and COFINS recoverable	10	53	364	1,014
Income Tax – anticipation	1,303	1,127	2,027	1,303
Social contribution - anticipation	468	404	775	506
Other taxes recoverable	-	-	214	1,013
Total	**1,842**	**1,943**	**15,582**	**25,367**
Current	1,842	1,943	11,275	20,664
Non-current	**-**	**-**	**4,307**	**4,703**

6. Other accounts receivable

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Insurance expenses to record	19	165	73	188
Suppliers advances	11	100	4,220	5,849
Advance of labor benefits	54	62	59	77
Expenses to record	7	6	7	6
Other costs and expenses to record	22	-	22	-
Construction work security deposit – tenants	-	-	-	1,530
Accounts receivable from other enterprises	-	-	11,494	9,193
Commissions to be apportioned	-	-	3,880	5,097
Dividends Receivable	6,433	-	-	-
Other Accounts Receivable	2,321	10,723	1,148	2,275
Total	**8,867**	**11,056**	**20,903**	**24,215**
Current Assets	7,867	10,929	19,214	20,673
Non-current assets	**1,000**	**127**	**1,689**	**3,542**

7. Related Parties transactions

a) Balances and transactions with related parties

During the course of the Company's business, the shareholders, the subsidiaries and the civil condominiums (jointly-owned properties) enter into financial and commercial transactions among themselves, which include: **(i)** the provision of consulting services and operating assistance relating to the supply of water and energy and to the electrical installations; **(ii)** management of shopping malls; **(iii)** management of shopping mall parking lots; **(iv)** commercial lease agreements; and **(v)** agreements and decisions made with respect to condominium rules.

Generally speaking, all of the terms and conditions of the agreements entered into by and between the Company and related parties are in accordance with the terms and conditions that are usually adopted in loan agreements on commutative and market bases, as if the loan occurred with a non-related party, except for the balance of current account agreements on which financial charges are not levied.

Management individually negotiates agreements with related parties, analyzing their terms and conditions in the light of the terms and conditions usually adopted in the market, the particularities of each transaction, including timeframes, amounts, compliance with quality standards, thus having the agreement with the related party reflect the option that best meets the interests of the Company with respect to timeframes, amounts and quality conditions, when compared with other similar providers.

As of December 31, 2016, we have R$ 1,573 related to the twelve-month period, of invoices issued by the company Lopes Dias Arquitetura, referring to architectural services rendered.

The balances as of December 31, 2016 and 2015, in the Parent Company, are presented in following:

	Parent Company	
	12/31/2016	**12/31/2015**
Assets		
General Shopping Finance **(a)**	1,933	1,933
General Shopping Investments **(a)**	11,481	3,311
Securis **(b)**	26,721	53,752
Others	2,750	358
Total	**42,885**	**59,354**

	Parent Company	
	12/31/2016	**12/31/2015**
Liabilities		
Levian (b)	168,142	170,881
Total	**168,142**	**170,881**

(a) They refer to costs to issue perpetual bonds paid by the Company;
(b) They refer to the other loans on which no financial charges are levied and which have no maturity dates;

The balances as of December 31, 2016 and 2015, in the consolidated, are the following:

	Consolidated	
	12/31/2016	12/31/2015
Assets		
Associação Lojistas Poli	-	1
Condomínio Civil Suzano Shopping Center **(c)**	200	471
Condomínio Unimart Campinas **(c)**	487	1,117
Condomínio Outlet Premium SP **(c)**	22	30
BR Partners Bahia Empreendimentos Imob.	149	146
Condomínio Outlet Premium RJ **(c)**	2,385	5,500
Condomínio Outlet Premium Salvador **(c)**	-	211
Condomínio Unimart Atibaia **(c)**	-	232
Condomínio Outlet Premium Brasilia **(c)**	2,546	2,546
Condomínio do Vale **(c)**	1,206	1,146
Condomínio Prudente **(c)**	-	66
Condomínio ASG **(c)**	568	1,727
Condomínio Barueri **(c)**	316	316
Condomínio Shopping Light **(c)**	-	462
Condomínio Bonsucesso **(c)**	2,945	3,396
Condomínio Parque Shop Sulacap **(c)**	3,243	2,817
Condomínio Volunt. Civil Parque Shop Maia **(c)**	5,667	6,546
Condomínio ISG **(c)**	-	2,650
Fundo de Investimento Imobiliário Sulacap – FII	653	653
Golf Participações Ltda. **(a)**	24,900	22,120
Tenants	6,468	8,346
Nova Poli Shopping Center	102	102
Individuals **(c)**	1,780	1,780
PNA Empreendimentos Imobiliários Ltda.	146	146
Others **(c)**	170	500
Total non-current	**53,953**	**63,027**

	Consolidated	
	12/31/2016	12/31/2015
Liabilities		
SAS Venture LLC **(b)**	23,285	29,712
Others (c)	1,463	675
Total current	**24,748**	**30,387**
Nampont Holdings S.A (d)	24,017	20,495
Total -related parties	**48,765**	**50,882**

(a) The loan to the controlling shareholder is subject to financial charges of 1% per month. There is no timeframe to receive it;

(b) Upon ownership reorganization, the capital stock of the subsidiary "Park Shopping Administradora" was reduced and has been being returned to the then shareholder SAS Ventures LLC, in equal, semi-annual installments, since September 14, 2007;

(c) On the other loans no financial charges are levied and there are no maturity dates set forth;

(d) Nampont subscribed and paid on October 28, 2015 all 20 debentures of Cristal Administradora e Incorporadora S.A., according to the Explanatory Note number 12 (p).

b) Management compensation

On the year ended on December 31, 2016 and 2015, were paid to the Company's managers short-term benefits (salaries, wages, contributions to social security, profit sharing and medical insurance) in the amount of R$ 5,954 and R$ 6,305, respectively, as evidenced below:

	Consolidated	
	12/31/2016	12/31/2015
Director's fees	4,335	4,509
Variable compensation and charges	867	1,261
Benefits	752	535
Total	**5,954**	**6,305**

No amount was paid by way of: **(i)** post-employment benefits (pensions, other retirement benefits, post-employment life insurance and post-employment medical assistance); **(ii)** long-term benefits (leaves due to years of service or other leaves, jubilees or other benefits for years of service and benefits for long-term disability); and **(iii)** share-based compensation.

In the Ordinary and Extraordinary General Shareholders' Meeting held on April 29, 2016, was approved the global remuneration of R$ 11,615 for fiscal year 2016 (R$ 10,491 for fiscal year 2015).

8. Investments

	% – Interests	Stocks /share quantity held	Share Capital	Profit (loss) of the year	Net worth (unsecured liabilities)	Results from equity adjustment	Balances of Investments 12/31/2016	12/31/2015
Direct Subsidiaries - Investments								
Levian	72.49	486,650,597	671,323	62,658	1,529,647	45,421	882,975	832,759
Securis	30.51	13,424,400	144,230	42,787	691,230	(13,053)	130,827	-
GS Investiments	100	50,000	-	110,371	241,898	110,371	82,029	107,186
GS Finance II	100	50,000	81	(19)	44	(19)	44	63
			815,634	**215,797**	**2,462,819**	**142,720**	**1,095,875**	**940,008**
Provision for losses on Investments Holdins								
General Shopping Finance	100	50,000	81	62,709	(26,393)	62,709	(33,345)	(92,452)
			81	**62,709**	**(26,393)**	**62,709**	**(33,345)**	**(92,452)**
Net Balance			**815,715**	**278,506**	**2,436,426**	**205,429**	**1,062,530**	**847,556**

	% - Interests	Stocks /share quantity held	Share Capital	Profit (loss) of the year	Net worth (unsecured liabilities)
Indirect Subsidiaries - Levian					
ABK	99.70%	130,343,463	130,343	(22,198)	135,302
Atlas	100%	3,816,399	3,816	24,090	54,028
Bac	100%	10,000	10	(1)	(14,631)
Bot	100%	51,331,650	51,332	125	65,251
BR Outlet	100%	10,000	10	(11)	15
Brassul	100%	25,630,617	25,631	1,692	65,757
Bud	100%	10,000	10	1	1
Cly	100%	10,000	10	59,474	654,707
Delta	100%	72,870,112	72,870	(393)	70,014
FIPARK	100%	-	-	(105)	(105)
FLK	100%	12,686,271	12,686	3,725	45,695
Fonte	100%	56,833,764	56,834	(21,719)	(62,890)
Intesp	100%	11,130,316	11,130	210	-
Jauá	100%	10,000	10	(1)	28
MAI	100%	1,409,558	1,410	(10)	1,596
Manzanza	100%	21,078,331	21,078	(217)	19,268
Nova União	100%	4,332,000	4,332	(52,950)	(3,445)
POL	100%	58,921,553	58,922	-	51,066
Poli	100%	596,608	425	312	13,071
Premium Outlet	100%	10,000	10	(10)	(4)
Sale	100%	14,702,069	14,702	1,837	66,147
Securis	15,3%	18,172,960	144,230	(21,784)	717,773
Send	100%	288,999,513	289,000	21,074	452,485
Uniplaza	100%	42,948,318	42,948	13,284	141,128
Vul	100%	57,271,567	57,272	(27,537)	(132,363)
Zuz	100%	58,139,780	58,140	(99)	92,213

	% - Interests	Stocks /share quantity held	Share Capital	Profit (loss) of the year	Net worth (unsecured liabilities)
Indirect Subsidiaries – Atlas					
Alte	100%	50,000	50	43	(1,777)
ASG Administradora	100%	20,000	20	(56)	56
Ast	100%	1,497,196	1,497	1,300	3,015
BR Brasil Retail	90%	100	-	(1,908)	(3,222)
BRR2 Administradora	90%	10,000	-	(49)	-
BRR3 Administradora	90%	10,000	-	(435)	-
BRR4 Administradora	90%	10,000	-	80	-
Energy	100%	10,000	10	5,763	30,924
GS Park	100%	10,000	10	1,235	491
GSB Administradora	100%	1,906,070	1,906	10,323	27,636
Ipark	100%	3,466,160	3,466	3,462	30,647
Vide	100%	10,000	10	(2)	(207)
Wass	100%	10,000	10	4,111	17,648

	% - Interests	Stocks /share quantity held	Share Capital	Profit (loss) of the year	Net worth (unsecured liabilities)
Indirect subsidiaries - GS Investments					
Andal	100%	5,068,000	5,068	21,600	180,706
Ardan	100%	10,000	10	(1)	8
Bail	100%	10,000	10	(3,326)	670
Bavi	100%	10,000	10	(1)	(21)
Cristal	100%	10,000	10	(3,377)	(3,729)
Eler	100%	10,000	10	4,538	238,868
ERS	100%	29,597,841	29,598	(33,144)	(24,327)
FII Top Center	100%	11,673,778	11,714	(106)	2
GAX	100%	10,000	10	(9,863)	61,607
Indui	100%	10,000	10	4,529	56,788
Pentar	100%	10,000	10	(1)	8
Rumb	100%	10,000	10	(1)	(7)
SB Bonsucesso	100%	93,292,158	93,292	(239)	252,196
Securis	15.3%	18,172,960	144,230	(21,784)	717,773
Tequs	100%	10,000	10	(1)	8
Vanti	100%	10,000	10	(1)	7
XAR	100%	786,849	787	(3,679)	(19,562)

The changes for the year ended on December 31, 2016 are the following:

Balances on December 31, 2014	**1,415,878**
Equity accounting results	(568,322)
Balances on December 31, 2015	**847,556**
Increase in investment in subsidiary	9,545
Equity accounting results	205,429
Balances on December 31, 2016	**1,062,530**

9. Investment property

	Consolidated		
	In operation	"Greenfield" projects under construction (i)	Total
Balances on December 31, 2014	**2,327,319**	**712,693**	**3,040,012**
Acquisition / Additions	41,703	163,999	205,702
Capitalized financial charges	-	20,776	20,776
Alienation (ii)	(141,025)	(117,332)	(258,357)
Transfer to operation	573,446	(573,446)	-
Adjustments to fair value (iv)	(127,871)	-	(127,871)
Transfer to non-current assets available for sale	(59,300)	-	(59,300)
Balances on December 31, 2015	**2,614,272**	**206,690**	**2,820,962**
Acquisition / Additions	94,955	4,819	99,774
Capitalized financial charges	-	2,931	2,931
Alienation (iii)	(13,500)	-	(13,500)
Transfer to operation	8,080	(8,080)	-
Adjustments to fair value (iv)	59,223	-	59,223
Balances on December 31, 2016	**2,763,030**	**206,360**	**2,969,390**

(i) Land for future construction and construction in progress.
(ii) Alienation of 36.5% of Parque Shopping Maia, Shopping Light and 10% of Shopping Internacional de Guarulhos;
(iii) Alienation of 100% of Poli Shopping Osasco;
(iv) Amounts recognized in income for the year.

Investment properties given to guarantee loans are described in Explanatory Notes 12 and 13

Evaluation at fair value

The fair value of each investment property in operation was determined by the appraisal performed by a specialist independent firm (CB Richard Ellis).

The methodology adopted to appraise such investment properties at fair value is the one prescribed by The Royal Institution of Chartered Surveyors (R.I.C.S.), in Great Britain, and by the Appraisal Institute in the United States, which are internationally used and well known for appraisal cases and other analyses.

All of the calculations are based on the physical qualification analysis of the property studied and on the several pieces of information obtained in the market, which are properly treated to be used in determining the value of the undertaking.

For the appraisals, ten-year cash flows were prepared, not considering the inflation that might exist in that period. The average discount rate applied to the cash flow was 11.22% and the average capitalization rate (perpetuity) adopted in the 10th year was 8.47%.

10. Fixed Assets

		Parent Company					
		12/31/2016			12/31/2015		
	% - depreciation rate	Cost	Accumulated Depreciation	Net amount	Cost	Accumulated Depreciation	Net amount
Buildings	2 a 4	587	(178)	**409**	3,787	(897)	**2,890**
Furniture and fixtures	8 a 15	522	(216)	**306**	509	(180)	**329**
Machinery and equipment	8 a 15	1,410	(585)	**825**	1,333	(449)	**884**
Computers and Peripherals	15 a 25	1,352	(1,086)	**266**	1,281	(900)	**381**
Improvements on third parties properties	8 a 15	687	(210)	**477**	589	(149)	**440**
Suppliers advances	-	11,968	-	**11,968**	25,708	-	**25,708**
Total		**16,526**	**(2,275)**	**14,251**	**33,207**	**(2,575)**	**30,632**

		Consolidated					
		12/31/2016			12/31/2015		
	% - depreciation rate	Cost	Accumulated Depreciation	Net amount	Cost	Accumulated Depreciation	Net amoun t
Buildings	2 a 4	3,890	(1,151)	**2,739**	3,890	(1,000)	**2,890**
Furniture and fixtures	8 a 15	8,051	(4,072)	**3,979**	7,923	(3,352)	**4,571**
Machinery and equipment	8 a 15	2,897	(885)	**2,012**	2,526	(553)	**1,973**
Vehicles	15 a 25	143	(102)	**41**	143	(90)	**53**
Computers and Peripherals	8 a 15	3,056	(2,598)	**458**	2,880	(2,327)	**553**
Improvements on third parties properties	8 a 15	7,342	(5,560)	**1,782**	7,292	(5,036)	**2,256**
Suppliers advances	-	4,247	-	**4,247**	18,787	-	**18,787**
Total		**29,626**	**(14,368)**	**15,258**	**43,441**	**(12,358)**	**31,083**

Changes to Fixed assets, as show subsequently, for the year ended on December 31, 2016:

	Parent Company				
	12/31/2015	Additions	Write-off	Depreciation	12/31/2016
Buildings	**2,890**	-	(2,328)	(153)	**409**
Furniture and fixtures	**329**	13	-	(36)	**306**
Machinery and equipment	**884**	77	-	(136)	**825**
Computers and Peripherals	**381**	71	-	(186)	**266**
Improvements on third parties properties	**440**	98	-	(61)	**477**
Suppliers advances	**25,708**	-	(13,740)	-	**11,968**
Total	**30,632**	**259**	**(16,068)**	**(572)**	**14,251**

	Consolidated				
	12/31/2015	Additions	Write-off	Depreciation	12/31/2016
Buildings	**2,890**	-	-	(151)	**2,739**
Furniture and fixtures	**4,571**	128	-	(720)	**3,979**
Machines, devices and equipment	**1,973**	387	(16)	(332)	**2,012**
Vehicles	**53**	-	-	(12)	**41**
Computers and Peripherals	**553**	176	-	(271)	**458**
Improvements on third parties properties	**2,256**	419	(369)	(524)	**1,782**
Suppliers advances	**18,787**	40	(14,580)	-	**4,247**
Total	**31,083**	**1,150**	**(14,965)**	**(2,010)**	**15,258**

11. Intangible

	% - Amortization rate	Parent Company 12/31/2016 Cost	Accumulated amortization	Net amount	12/31/2015 Cost	Accumulated amortization	Net amount
Undefined Useful Life							
Trademarks and patents		389	-	**389**	372	-	**372**
Defined Useful Life							
Software	20	18,787	(12,250)	**6,537**	18,553	(9,176)	**9,377**
Total		**19,176**	**(12,250)**	**6,926**	**18,925**	**(9,176)**	**9,749**

	% - Amortization rate	Consolidated 12/31/2016 Cost	Accumulated amortization	Net amount
Undefined Useful Life				
Trademarks and patents	-	4,013	-	**4,013**
Defined Useful Life				
Software	20	21,397	(13,956)	**7,441**
Use right of Shopping Suzano **(a)**	1,67	4,505	(555)	**3,950**
Agreements Renewal Right **(b)**	10	7,970	(3,424)	**4,546**
Total		**37,885**	**(17,935)**	**19,950**

	% - Amortization rate	Consolidated 12/31/2015 Cost	Accumulated amortization	Net amount
Undefined Useful Life				
Trademarks and patents	-	3,941	-	**3,941**
Defined Useful Life				
Software	20	21,076	(10,710)	**10,366**
Use Right of Shopping Suzano **(a)**	1,67	4,505	(536)	**3,969**
Agreements renewal right **(b)**	10	7,970	(2,590)	**5,380**
Total		**37,492**	**(13,836)**	**23,656**

(a) On July 30, 2012, the Company pledged to pay to the Municipal Government of Suzano the amount of R$ 4,505 for property right use with charges of an area totaling 11,925.71 m² in the City of Suzano/SP to set up shopping malls. Such right has a 60-year term and is amortized over that period on a straight-line basis;

(b) By means of an appraisal report, we identified as an intangible asset with definite useful life, arising from the acquisition of 100% of the shares of SB Bonsucesso Administradora de Shopping S.A., the right to renew contracts (contract management), which refers to the automatic renewal of lease contracts of the tenants of Shopping Bonsucesso. The method used was the discounted cash flow method with a 10-year useful life span.

The changes in Intangible Assets for the year ended on December 31, 2016 is the following:

	Parent Company						
	Useful life term	Amortization method	12/31/2015	Additions	Amortization	Retirement	12/31/2016
Undefined Useful Life							
Trademarks and patents	-	-	**372**	17	-		**389**
Defined Useful Life							
Software	5 years	straight line	**9,377**	234	(3,074)	**-**	**6,537**
Total			**9,749**	**251**	**(3,074)**	**-**	**6,926**

	Consolidated					
	Useful life term	Amortization Method	12/31/2015	Additions	Amortization	12/31/2016
Undefined Useful Life						
Trademarks and patents	-	-	**3,941**	72		**4,013**
Defined Useful Life						
Software	5 years	straight line	**10,366**	321	(3,246)	**7,441**
Right to use Shopping Suzano	60 years	straight line	**3,969**	-	(19)	**3,950**
Agreements renewal right	10 years	straight line	**5,380**	-	(834)	**4,546**
Total			**23,656**	**393**	**(4,099)**	**19,950**

12. Loans and Financing

	Currency	%– Contractual Rates p.a.	Maturity	Consolidated 12/31/2016	12/31/2015
Loans and Financing					
Perpetual credit bonds **(a)**	U$	10%	-	542,597	650,097
Perpetual credit bonds **(b)**	U$	12%	-	457,441	641,228
Debt Bonus **(b)**	U$	10%/12%	2026	30,212	-
Banco Nacional de Desenvolvimento Econômico e Social (BNDES) PINE FINAME **(c)**	R$	9%	2019	480	654
Banco Nacional de Desenvolvimento Econômico e Social (BNDES) BRADESCOFINEM **(f)**	R$	6.5% + TJLP	2017	5,304	8,527
Banco Nacional de Desenvolvimento Econômico e Social (BNDES) BRADESCOFINEM **(g)**	R$	5.5% + Selic	2017	3,610	8,069
Banco Nacional de Desenvolvimento Econômico e Social (BNDES) BRADESCOFINEM **(n)**	R$	6.8% + TJLP	2021	34,952	41,836
Banco Nacional de Desenvolvimento Econômico e Social (BNDES) BRADESCOFINEM **(o)**	R$	6.8% + Selic	2021	18,943	20,453
Banco BRADESCO**(d)**	R$	3.2% + CDI	2017	1,413	5,360
BBM – CCB **(m)**	R$	8.085% + CDI	2017	584	7,597
Debentures – SB Bonsucesso **(e)**	R$	2.7% + CDI	2022	22,891	26,820
Debentures – SB Bonsucesso **(e)**	R$	7.5% + IPCA	2022	29,281	31,859
Debentures – Cristal **(p)**	R$	2.5% + CDI	2017	24,017	20,495
Banco Nordeste do Brasil **(h)**	R$	3.53%	2025	19,224	20,065
Banco Itaú - FINEM **(i)**	R$	5.3% + TJLP	2020	18,842	23,311
Banco Itaú – FINEM **(j)**	R$	4.6% + SELIC	2020	5,660	6,228
Banco Itaú – FINEM **(k)**	R$	3.5%	2020	643	809
Banco Votorantim **(l)**	R$	3.9%+CDI	2016	-	6,268
Total				**1,216,094**	**1,519,676**
Current Liabilities				73,473	118,786
Non-current liability				**1,142,621**	**1,400,890**

(a) On November 9, 2010, the subsidiary General Shopping Finance obtained, by issuing perpetual bonds, the amount of US$ 200,000 corresponding to R$ 339,400, as of the date it was obtained. The perpetual bonds are denominated in US dollars, with quarterly payments of interest at the rate of 10% per year. General Shopping Finance has the option to repurchase the perpetual bonds as from November 9, 2015. According to the perpetual bond issue prospect, the funds obtained are intended for the advance settlement of the CCI and for investing in “Greenfields” and expansions. All of the subsidiaries, except for GSB Administradora, ASG Administradora and FII Top Center, have given sureties to guarantee the transaction. The cost of issue of the perpetual bonds was R$ 11,483 and the effective cost of the transaction totaled 10.28%.

On April 19, 2011, the subsidiary General Shopping Finance obtained, by issuing perpetual bonds, the amount of US$ 50,000 corresponding to R$ 78,960, as of the date it was obtained. The perpetual bonds are denominated in US dollars, with quarterly payments of interest at the rate of 10% per year. General Shopping Finance has the option to repurchase the perpetual bonds as from November 9, 2015. All of the subsidiaries, except for GSB Administradora, ASG Administradora and FII Top Center, have given sureties to guarantee the transaction. The cost of issue of the perpetual bonds was R$ 758 and the effective cost of the transaction totaled 10.28%.

On October 27, 2015, part of the “Perpetual Bonds” were repurchased for US$ 85,839 corresponding to R$ 335,750 on the date of repurchase.

(b) On March 20, 2012, the subsidiary GS Investments Limited obtained, by issuing perpetual bonds, the amount of US$ 150,000 corresponding to R$ 271,530, as of the date it was obtained. The perpetual bonds are denominated in US dollars, with interest of 12% per year paid every six months up to the 5th year counting from the date of issue, after the 5th year through the 10th year counting from the date of issue, 5 Year US Treasury Constant Maturity plus 11.052% per year, paid every six months, and from the 10th year onwards, USD LIBOR rate for three months plus 10.808% and 1% paid every quarter. The Company will be able to opt to defer interest, indefinitely on the deferred amounts will bear interest at the applicable rate indicated above, plus 1% per annum. In any deferral of interest, the Company should distribute only the equivalent of 25% net profit for the mandatory minimum dividend provided for in Brazilian legislation. GS Investments Limited may totally or partially redeem the bonds at its own discretion in the 5th year counting from the date of issue, in the 10th year counting from the date of issue, and at each interest payment date after then. The bonds will be guaranteed by the sureties from General Shopping and from the following subsidiaries: General Shopping do Brasil S.A., Ast Administradora e Incorporadora Ltda., BOT Administradora e Incorporadora Ltda., BR Outlet Administradora e Incorporadora Ltda., Brassul Shopping Administradora e Incorporadora Ltda., Bud Administradora e Incorporadora Ltda., Cly Administradora e Incorporadora Ltda., Delta Shopping Empreendimentos Imobiliários Ltda., ERS Administradora e Incorporadora Ltda., FLK Administradora e Incorporadora Ltda., Intesp Shopping Administradora e Incorporadora Ltda., I Park Estacionamentos Ltda., Levian Participações e Empreendimentos Ltda., MAI Administradora e Incorporadora Ltda., Manzanza Consultoria e Administração de Shopping Centers Ltda., Poli Shopping Center Empreendimentos Ltda., PP Administradora e Incorporadora Ltda., Premium Outlet Administradora e Incorporadora Ltda., Sale Empreendimentos e Participações Ltda., Securis Administradora e Incorporadora Ltda., Send Empreendimentos e Participações Ltda., Sulishopping Empreendimentos Ltda., Uniplaza Empreendimentos, Participações e Administração de Centros de Compra Ltda., Vide Serviços e Participações Ltda., Vul Administradora e Incorporadora Ltda., and Zuz Administradora e Incorporadora Ltda. The cost of issue of the perpetual bonds was R$ 12,581.

There are no financial covenants in the perpetual bond issue transactions. The covenants refer to: **(i)** the limitation of encumbrances on the assets (except for the encumbrances allowed, including the BNDES financing, the refinancing of existing transactions and certain securitizations, among others), where the proportion of the non-encumbered assets/unsecuritized debts should be maintained *pari passu* with the conditions given to encumbered assets/securitized debts; **(ii)** limitation of sale and lease-back transactions concerning current assets with maturity exceeding three years, under the same conditions of **(i)** above and **(iii)** limitation of transactions with affiliates, building in, merging, or transferring of assets.

On August 10, 2016, the amount of U$ 34,413 was settled in the exchange offer. For this operation, new senior debt bonds were issued in the amount of US $ 8,923 with guarantee and maturity in 2026 (10% / 12% Senior Secured PIK Toggle Notes due 2016) and 34,413 Global Depositary Share (GDS) as the Issued by the Company in the proportion of 73 common shares for each 1 GDS, totaling 2,512,149 common shares. The Perpetual Bonds that were exchanged under the Exchange Offer were canceled;

(c) Financing obtained during the last quarter of 2011 for the acquisition of equipment to build Parque Shopping Barueri through the FINAME line of credit of the BNDES in the amount of R$ 937 and the rate of 8.7% per year. In January 2012, R$ 105 was added to the existing agreement. The duration of the agreement is 96 months, with a grace period of 24 months and 72 months of amortization;

(d) On June 13, 2012, the amount of R$ 11,400 plus charges of 100% of the changes in the CDI rate, plus 3.202% interest per year was obtained through a Bank Credit Bill from Banco Bradesco. The agreement duration is 60 months, with a grace period of 12 months for the payment of the principal and the payment of quarterly interest.

As disclosed in Note 26, the Company entered into swap instrument against interest rate risks. Thus, the active index edge is denominated at the CDI rate plus 3.202% per year. However, the passive index edge is denominated at the IPCA rate plus 7.590% per year. The net effect of the debt considering the derivative financial instrument entered into produces the same effect as that of the changes in the IPCA rate plus 4.453% interest per year;

(e) On October 26, 2012, the Debenture Trust Deed of the 1st issue of unsecured bonds SB Bonsucesso Administradora de Shoppings S.A, not convertible into shares, with additional security interest and personal guarantee, into two types (DI and IPCA) for public distribution with restricted placement efforts, was signed. The total amount of the debentures is R$ 78,000, debts in the DI series of R$ 39,000 with the rate of 2.75% per year + CDI rate, with monthly amortization of the principal and interest and a total duration of 120 months. The IPCA series in the amount of R$ 39,000 has a 7.5% rate per year + IPCA, with monthly payments and annual amortization and a total 10 years term (120 months);

(f) On October 30, 2012, R$ 13,685 was released by means of a FINEM/BNDES financing transaction. Such transaction was performed by Banco Bradesco, at the rate of 6.5% per year + TJLP with total duration of 60 months, where 12 months refer to the grace period and 48 months refer to amortization.

As disclosed in Note 26, the Company entered into swap instrument against interest rate risks. Thus, the active index edge is denominated at 6.5% per year + TJLP. However, the passive index edge is denominated at IPCA plus 6.9% per year. The net effect of the debt considering the derivative financial instrument entered into produces the same effect as that of the changes in the IPCA rate plus 4.319% interest per year;

(g) On October 30, 2012, the amount of R$ 10,264 with charges of 100% of the changes in the CDI rate plus 5.5% interest per year was obtained through Bank Credit Bill from Banco Bradesco. The duration of the agreement is 60 months, with a 12-month grace period to pay the principal and to pay the quarterly interest.

As disclosed in Note 26, the Company entered into swap instrument against interest rate risks. Thus, the active index edge of the derivative instrument is denominated at 100% of the changes in the CDI rate plus 5.5% per year. However, the passive index edge is denominated at IPCA plus 7.97% per year. The net effect of the debt considering the derivative financial instrument entered into produces the same effect as that of the changes in the IPCA rate plus 6.456% of interest per year;

(h) On November 13, 2013, the amount of R$ 15,344 was obtained through Brazilian Northeast Fund of Financing (FNE) from Banco do Nordeste do Brasil S.A, another R$ 7,942 was released in December 30, 2013 and R$ 1,910 in August 19, 2016, totaling R$ 25,196 at the rate of 3.53% interest per year. The duration of the agreement is 139 months;

(i) On February 24, 2014, R$ 28,009 was released. On April 23, 2014, R$ 199 was released, totalizing the amount of R$ 28,208. These amounts were obtained by means of a FINEM/BNDES financing transaction. Such transaction was performed by Banco Itaú BBA S.A., at the rate of 5.3% per year + TJLP with total duration of 84 months, where 12 months refer to the grace period and 72 months refer to amortization;

(j) On February 24, 2014, R$ 7,002 was released. On April 24, 2014 R$ 50 was released, totalizing the amount of R$ 7,052. These amounts were obtained by means of a FINEM/BNDES financing transaction. Such transaction was performed by Banco Itaú BBA S.A., at the rate of 4.6% per year + SELIC with total duration of 84 months, where 12 months refer to the grace period and 72 months refer to amortization;

(k) On April 22, 2014, R$ 985 was raised through the financing operation under FINEM/BNDES program. This operation was carried out by Banco Itaú BBA S/A at 3.5% rate per annum and has 83 months term as follows 11 months grace period and 72 months amortization.

(l) On February 28, 2014, the amount of R$ 25,000 was obtained through the issuance of a Bank Credit Bill from Votorantim S.A, at the rate of 3.90% interest and changes in the CDI rate per year. The duration of the agreement is 24 months, where 12 months refer to the grace period and four quarterly amortization installments, paid on February 25, 2016;

(m) On August 29, 2014, the amount of R$ 12,000 was obtained by issuing a Bank Credit Bill from Banco BBM S.A. at the rate of 7.122% interest per year and changes in the CDI rate. The duration of the agreement is 12 months, where 3 months refer to the grace period. Transaction settled in August 2015. On July 13, 2015, R$ 9,300 was raised at 8.085 rate per year + CDI. The agreement term is 18 months, which has 2 months grace period;

(n) On November 25, 2014, R$ 25,900 was released, R$ 9,100 was released on March 11, 2015, R$ 7,700 was released on May 18, 2015, R$ 1,494 was released on July 28, 2015, totaling the amount of R$ 44,194. Such amounts were raised through the financing operation under FINEM/BNDES program. This operation was carried out by Banco Bradesco, at 6.8% rate per annum. + TJLP and it has a total 84 months term, which has 12 months grace period and 72 months amortization.

(o) On November 25, 2014 were transferred R$ 11,100, on March 11, 2015, R$ 3,900, was released, R$ 3,300 was released on May 18, 2015, R$ 640 was released on July 28, 2015, totaling the amount of R$ 18,940. These amounts were raised through a financing operation transacted in modality FINEM/ BNDES. This operation was transacted by Banco Bradesco, at the rate of 6.8% p.a. + SELIC for the total period of 84 months, 12 of grace period and 72 months of amortization.;

(p) On October 28, 2015, Private Deed of the 1st simple debentures issue, not convertible into stocks, unsecured with surety, for public distribution in kind (DI) of Cristal Administradora e Incorporadora S.A. The total debentures amount is R$ 20,000, at 2.50% rate per annum. + CDI and biannual interest payment and principal amortization on 10/28/2017.

The agreements do not provide for the maintenance of financial indicators (borrowing rate, coverage of expenses with interest etc.).

The composition of the installments as of December 31, 2016, by year of maturity, is composed in the following manner:

Year	Consolidated
2017	73,473
2018	29,043
2019	29,000
2020	28,337
2021 onwards	1,056,241
	1,216,094

Because the obtainments through the issuance of perpetual bonds do not have a maturity date, such obtainments were classified as debt payable from 2021 onwards.

Changes in loans and financing for the half ended on December 31, 2016 are the following:

	Parent Company	Consolidated
Balances on December 31, 2014	**4,119**	**1,343,630**
Fundraising	-	55,435
Funding cost	-	(432)
Amortization of Funding Cost	67	7,991
Payment - principal	(4,167)	(274,052)
Payment – Interest	(114)	(145,927)
Gain on the settlement of the Perpetual Bonus	-	(157,988)
Exchange Variation	-	514,786
Financial charges	95	176,233
Balances on December 31, 2015	**-**	**1,519,676**
Fundraising	-	1,910
Funding cost	-	(600)
Amortization of Funding Cost	-	3,732
Payment - principal	-	(82,084)
Payment – Interest	-	(75,772)
Gain on the settlement of the Perpetual Bonus	-	(98,464)
Exchange Variation	-	(220,793)
Financial charges	-	168,489
Balances on December 31, 2016	**-**	**1,216,094**

Financial charges and transaction costs

Financial charges and transaction costs of loans and financing are capitalized and allocated to P&L because the duration of the instrument entered into has been elapsing according to the amortized cost, using the effective interest rate method.

13. Real estate credit bills

	Currency	% - Rate	Maturity date	Consolidated 12/31/2016	Consolidated 12/31/2015
Subsidiary					
ABK **(a)**	R$	11% + TR	2018	29,319	42,556
Levian **(a)**	R$	11% + TR	2018	29,319	42,556
Andal **(b)**	R$	11% + TR	2022	43,761	48,263
Send **(c)**	R$	7% + IPCA	2024	66,282	66,749
Bot **(d)**	R$	6.95% + IPCA	2024	51,842	52,282
Pol **(e)**	R$	6.9%+IPCA	2025	36,784	36,750
Eler **(f)**	R$	9.9%+TR	2026	274,016	263,642
Ers **(g)**	R$	9.9%+TR	2026	69,975	70,815
				601,298	**623,613**
Current Liabilities				59,822	57,785
Non-current liability				**541,476**	**565,828**

(a) In June 2008, subsidiaries ABK and Levian obtained resources by issuing CCIs, to securitize the rents receivable referring to the property where Internacional Guarulhos Shopping Center is located. The total amount of the CCIs issued is R$ 180,000. The amount obtained will be paid in 119 monthly installments (until June 2018), plus 11% interest per year and annual inflation adjustments according to the changes in the Referential Rate (TR). The following were granted to guarantee the CCIs: **(i)** secured fiduciary sale of the property, with book value of R$ 201,829; **(ii)** collateral transfers of credits arising from the agreement; and **(iii)** statutory lien of the quotas of the subsidiary Cly. The costs of obtainment in the amount of R$ 376 of the CCIs were deducted from the principal and are being amortized in 120 installments on a straight-line basis;

(b) In June 2012, the subsidiary Andal obtained resources by issuing CCIs. The total amount of the CCIs issued is R$ 63,911. The amount obtained will be paid in 120 monthly installments, plus 11% interest per year and annual inflation adjustments according to the changes in the TR rate. The following were granted to guarantee the CCIs: **(i)** secured fiduciary sale of the property called Shopping Suzano; and **(ii)** statutory lien of Shopping Suzano's receivables. The cost of the obtainment was R$ 959. The effective cost of the transaction was TR + 11.17%;

(c) On November 13, 2012, the subsidiary SEND obtained resources by issuing CCIs on behalf of HABITASEC Securitizadora S.A. in the amount of R$ 67,600, with a 7% interest rate per year + IPCA. The duration of the transaction is 144 months. The following were granted to guarantee the CCIs: **(i)** statutory lien of the ideal fraction of the property called Parque Shopping Barueri and **(ii)** statutory lien of Parque Shopping Barueri's receivables;

(d) On January 8, 2013, the subsidiary Bot Administradora e Incorporadora Ltda. obtained resources by issuing CCIs on behalf of Habitasec Securitizadora S.A. in the amount of R$ 50,814 with a 6.95% interest rate per year + IPCA. The duration of the transaction is 144 months. The following were granted to guarantee the CCIs: **(i)** statutory lien of the ideal fraction of the property called Outlet Premium and **(ii)** statutory lien of Outlet Premium's receivables;

(e) On June 20, 2013, the subsidiary Pol Administradora e Incorporadora Ltda. obtained resources by issuing CCIs on behalf of HABITASEC Securitizadora S.A. in the amount of R$ 36,965 with a 6.95% interest rate per year + IPCA. The duration of the transaction is 144 months. The following were granted to guarantee the CCIs: **(i)** statutory lien of the ideal fraction of the property called Outlet Premium Brasília and **(ii)** statutory lien of Outlet Premium Brasília's receivables;

(f) On March 26, 2014, the subsidiary Eler obtained resources by issuing CCIs, to securitize the rents receivable referring to the property where Internacional Guarulhos Shopping Center is located. The total amount of the CCIs issued is R$ 275,000. The amount obtained will be paid in 144 monthly installments (until April 2026), plus 9.90% interest per year and annual inflation adjustments according to the changes in the Referential Rate (TR). The following were granted to guarantee the CCIs: **(i)** secured fiduciary sale of the property, with book value of R$ 201,829; **(ii)** collateral transfers of credits arising from the agreement; and **(iii)** statutory lien of the shares and quotas of the subsidiaries Nova União and Eler. The costs of obtainment in the amount of R$ 10,706 of the CCIs were deducted from the principal and are being amortized in 144 installments on a straight-line basis. On August 1, 2014 Itaú Unibanco assigned the CCIs to Ápice Securitizadora;

(g) On January 13, 2015, subsidiary Ers Administradora e Incorporadora Ltda., through issue of Real Estate Credit Bills (CCI) in favor of Ápice Securitizadora, has raised R$ 75,000, at the rate of 10% per annum + TR. This operation has a 145 month term. As collateral for the CCIs, where given: (i) statutory lien of the ideal fraction of the property called Outlet Premium Rio de Janeiro and (ii) partial statutory lien of receivables of Gsb Administradora e Serviços.

The agreements do not provide for the maintenance of financial indicators (indebtedness, coverage of expenses with interest etc.).

The breakdown of installments as of December 31, 2016, by year of maturity, is the following:

	Consolidated at 12/31/2016
2017	59,822
2018	45,391
2019	64,655
2020	68,004
2021 onwards	363,426
Total	**601,298**

The changes in the CCIs for the year ended on December 31, 2016 is the following:

	Consolidado
Balances on December 31, 2014	**566,583**
Raising	75,000
Raising Cost	(5,333)
Amortização do custo de captação	2,290
Payment - principal	(33,569)
Payment – Interest	(64,534)
Financial burdens	83,176
Balances on December 31, 2015	**623,613**
Raising Cost amortization	3,247
Payment - principal	(49,630)
Payment – Interest	(56,443)
Financial burdens	80,511
Balances on December 31, 2016	**601,298**

14. Other accounts payable

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Transfer of key money and rentals - members (a)	-	-	1,676	4,366
Losses unrealized from transactions with derivative instruments (Explanatory Note no. 26)	-	-	-	4,008
Transfers to condominium	-	-	32	314
Advances from customers	-	-	907	288
Others	9	1,033	85	849
Total	**9**	**1,033**	**2,700**	**9,825**

(a) It refers to key money and rents to be transferred to the partners of the following ventures: Parque Shopping Barueri, Poli Shopping, Cascavel JL Shopping, Shopping Bonsucesso, Parque Shopping Sulacap, Parque Shopping Maia, Internacional Shopping Guarulhos, Outlet Premium São Paulo, Outlet Premium Brasília, Outlet Premium Salvador and Outlet Rio de Janeiro.

15. Tax installment plans

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
PIS and COFINS	177	182	32,459	40,666
INSS	802	1,026	802	1,026
ISS	-	-	4,387	4,826
Income Tax And Social Contribution	-	-	19,832	22,350
Total	**979**	**1,208**	**57,480**	**68,868**
Current Liabilities	379	336	15,434	13,734
Non-current liability	**600**	**872**	**42,046**	**55,134**

In 2009 and 2014, the Company adhered to the tax installment plan under Law No. 11.941/2009 (REFIS), Law No. 12.996/2014 (REFIS) and to the simplified tax installment plan.

The Company's Management estimate is that the balance, as of December 31, 2016, of the aforementioned installments of REFIS and simplified taxation system are settled within 180 and 60 months, respectively, using the flat number of installments, adjusted through the Liquidation Special System for Settlement and Custody Rate (SELIC).

The Company is required to regularly pay current taxes and tax installment plans for it is an essential condition to continue to be entitled to the above-mentioned tax installment plans. As of December 31, 2016, the Company is up to date with all payments.

The change of debts for the year ended on December 31, 2016, projected by the Company, in connection to tax-installments pay plan, contemplating the amount of the principal added of interests and fines in the period, is the following:

	Consolidated
Balances on December 31, 2014	**57,110**
New Installments	18,479
Payment - principal	(10,248)
Payment - Interest	(2,786)
Financial charges	6,313
Balances on December 31, 2015	**68,868**
New Installments	2,989
Payment - principal	(10,846)
Payment - Interest	(2,415)
Financial charges	(1,116)
Balances on December 31, 2016	**57,480**

16. Taxes, Charges and Contributions

The Company is evaluating to join the new installment program established, pursuant to Normative Instruction 1687/2017, which allows federal taxes over due up to November 30, 2016 to be paid in installments. The Company has the amount of R$ 121,106 outstanding as of December 31, 2016, in case it will adhere to such program, R$ 95,941 can be paid in 24 installments with the down payment of 24% of the total. The remaining balance can be offset against the tax losses of the parent company and its subsidiaries, then the residual balance in 60 months. Additionally, R$ 25,165 is subject to the regular installment payment.

17. Revenues from transfers of property rights to be appropriated

The Company controls, in liabilities, revenues from transfer of property rights to be appropriated.

Revenues from assignments of rights of use to tenants and usufruct of ideal fractions of the parking of Internacional Shopping, Shopping Bonsucesso, Parque Shopping Maia and Shopping Suzano are appropriated to the result in accordance with the respective term of the first rental agreement or the agreement of Rights of use, or of the usufruct agreement, with outstanding balance receivable in the amount of R$ 54,998.

The change in the agreements and recognition of revenue in the year ended on December 31, 2016 is the following:

	Consolidated
Balances on December 31, 2014	**41,001**
New contracts	5,817
Revenue Recognition	(12,284)
Balances on December 31, 2015	**34,534**
New contracts of assignment of use rights to tenants	11,333
New usufruct contracts	176,902
Revenues recognition	(21,355)
Cost of sessions	(5,327)
Cost of sessions recognition	344
Balances on December 31, 2016	**196,431**
Current Liabilities	25,695
Non-current liabilities	**170,736**

18. Provision for civil and labor risks

For all matters in litigation, a provision is made in an amount considered sufficient to cover probable losses, based on the assessment of external legal advisors. The amounts reserved include those referring to tax, labor and civil matters.

There are no deposits in court escrow accounts linked to these reserves. The breakdown of the reserves/provisions are the following:

	Consolidated	
	12/31/2016	12/31/2015
Civil **(a)**	1,347	1,373
Labor	157	-
Total	**1,504**	**1,373**

(a) It refers to the lawsuits due to pecuniary injury and pain and suffering damages, lawsuits referring to the renewal of lease agreements, lawsuits regarding collection of amounts owed, and lawsuits concerning contractual termination.

On December 31, 2016, Company as other proceedings in progress approximately R$ 15,306 (R$ 13,741 in December 31, 2015), with loss probabilities classified as possible by external legal advisors. No provision was recorded thereto on the financial statements.

From time to time, proceedings are evaluated and reserves are supplemented when necessary.

The changes in reserves for these risks, as of the year ended on December 31, 2016, are the following:

	Consolidated			
	12/31/2015	Inclusion	Reversal	12/31/2016
Labor	**-**	157	-	**157**
Civil	**1,373**	128	(154)	**1,347**
Total	**1,373**	**285**	**(154)**	**1,504**

19. Equity

Share Capital

Company's capital on December 31, 2016 is R$ 389,625, represented by 76,000,000 common stocks, and on December 31, 2015 was R$ 375,746, represented by 65,000,000 common shares without par value, as follows:

	12/31/2016		12/31/2015
GOLF PARTICIPAÇÕES	48.267.707		48,267,707
GENERAL SHOPPING INVESTMENTS LIMITED	8.487.851		-
TETON CAPITAL PARTNERS L.P	6.115.100	0	6,115,100
EXPLORADOR CAPITAL MANAGEMENT	2.539.900		2,539,900
BOARD OF DIRECTORS	8.689	0	8,689
OFFICERS	253	9	12,253
STOCKHOLDERS BALLAST IN GDS	2.512.149	1	-
OTHER STOCKHOLDERS	8.068.351	1	8,056,351
TOTAL SHARES	**76.000.000**	3	**65,000,000**
TREASURY SHARES	(8.487.851)		
TOTAL OUTSTANDING STOCKS	**67.512.149**	3	**65,000,000**

The Company may, through a decision made by the Board of Directors and in accordance with the plan approved by the Shareholders at a Shareholders' Meeting, grant stock option or share subscription, without shareholders being entitled to preemptive right, on behalf of Management, employees or individuals that provide services to the Company, or the Company's direct or indirect subsidiaries.

The Ordinary and Extraordinary General Meeting on April 29, 2016 amended Article 6 of the Company's Bylaws, in order to increase the limit of the Company's authorized share capital by 30,000,000 (thirty million) of new common shares, nominative, book-entry and with no par value, which may be issued by the deliberation of the Company's Board of Directors, regardless of corporate statutory reform, so that the share capital of the Company may be represented by up to 95,000,000 (ninety-five million) common shares

On July 22, 2016, the Extraordinary General Meeting was approved: The Incorporation by the Company of its indirect subsidiary, Druz Administradora e Incorporadora Ltda., with the consequent extinction of the Druz ("Merger"). As a result of the incorporation, the Company's capital stock was increased in the amount of R$ 13,880, through the issuance of 11,000,000 (eleven million) new common shares, all nominative, book-entry shares with no par value, so that the The Company increased to R$ 389,626, divided into 76,000,000 (seventy-six million) common shares, all registered, book-entry shares with no par value. Such new shares were delivered to General Shopping Investments Limited, sole partner of Druz, replacing the shares held by it in Druz, and the remaining amount of Druz.

On August 10, 2016, the Company announced that, in connection with the settlement of the Exchange Offer, US$ 34,413 Perpetual Bonds were exchanged for: (i) US$ 8,923 new senior and guaranteed debt bonds maturing in 2026 (10% / 12 % Senior Secured PIK Toggle Notes due 2026), issued abroad on that date by GS Investments ("New Bonds") (see note 12); And (ii) 34,413 (thirty four thousand, four hundred and thirteen) Global Depositary Share ("GDS") with each GDS as the common shares issued by the Company in the proportion of 73 (seventy three) common shares for each 1) GDS, totaling 2,512,149 (two million, five hundred and twelve thousand, one hundred and forty nine) common shares issued by the Company. In the total amount of R$ 9,546, where R$ 3,170 was recorded as capital increase and R$ 6,376 as capital reserve.

The balance of the Company's shares held by the subsidiary GS Investment and which did not serve as the basis for issuing the GDSs will be treated as treasury shares until they are repurchased and canceled.

Capital reserve
Corresponds to the variation of the nominal value of the 2,512,149 shares issued at the time of the perpetual Bonds exchange, in relation to their effective value at the date of the transaction.

Legal reserve
Legal reserve shall be created in conformity to the Corporate Law and Bylaws, at the basis of 5% of the net profit of each year up to 20% of capital stock. Legal reserve is intended to assure the integrity of the capital stock and can only be used to compensate losses and increase capital. On December 31, 2016, the Company did not establish a legal reserve, as it offset the profit of the period against the accumulated losses.

Profit reserve to realize
On December 31, 2014, due to a change in accounting policies regarding measurement of investment properties, the Company withheld the adjustment at fair value payment of investment properties, recorded in the opening balance sheet (January 01, 2013). Consequently, the Company’s Management proposed that the amount to be paid of R$ 958,644 of accumulated profit was withhold by the Company to set up the account profit reserve to realize.

As the investment properties are written off, the unrealized profit reserves are transferred to accumulated losses.

Diluted earnings / (loss) per share
The Company does not have any debts convertible into shares, neither stock option granted; therefore, it did not calculate the diluted loss per share.

The net income calculated on December 31, 2016, after the constitution of the reserves will be offset against accumulated losses, with no distribution of dividends, according to the Bylaws.

The table below shows the basic profit (loss) per share:

	12/31/2016	12/31/2015
Basic numerator		
Results of the year	183,379	(551,955)
Denominator		
Weighted average of the stocks - basic	65,837	54,111
Basic profit / (loss) per stock in (R$)	**2,79**	**(10,20)**

20. Net revenues of rent, service and others

	Consolidated	
	12/31/2016	**12/31/2015**
Gross Operational Income		
Rental	206,745	200,920
Services	90,076	91,416
	296,821	**292,336**
Deductions		
Taxes on Rentals and Services	(25,947)	(23,208)
Deductions and discount	(11,647)	(6,297)
Net operational income from rentals, services and others	**259,227**	**262,831**

21. Cost of rents and services provided per nature

	Consolidated	
	12/31/2016	**12/31/2015**
Personnel Cost	(2,981)	(3,501)
Depreciation cost	(2,414)	(2,791)
Occupation cost	(15,804)	(14,423)
Third-party services cost	(12,357)	(14,743)
Other costs	(3,456)	(855)
Total	**(37,012)**	**(36,313)**

22. General and administrative expenses by nature

	Parent Company		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2016**
IPTU	(84)	(130)	(462)	(660)
Marketing	-	-	(5.060)	(4.146)
Allowance for doubtful accounts	-	-	(6.713)	(2.869)
Publicity And Advertising	(544)	(431)	(2.324)	(2.120)
Facilities conservation	-	-	(75)	(62)
Materials	(160)	(165)	(368)	(428)
Electric power	(96)	(125)	(199)	(212)
Personnel expenses	(12.363)	(15.517)	(15.753)	(18.693)
Expenses from third parties services	(5.385)	(9.916)	(13.595)	(18.937)
Depreciation and Amortization expenses	(3.647)	(3.519)	(3.695)	(3.519)
Rental	(459)	(1.257)	(953)	(1.403)
Fees and contributions	(206)	(132)	(1.253)	(579)
Telephony	(508)	(484)	(657)	(579)
Travels and lodging	(317)	(372)	(612)	(726)
Insurances	(172)	(130)	(359)	(350)
Courier service	(214)	(177)	(229)	(177)
Legal expenses	(149)	(72)	(1.246)	(680)
Others	(265)	(426)	(5.315)	(3.446)
Total	**(24.569)**	**(32.853)**	**(58.868)**	**(59.586)**

23. Financial income

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Financial income				
Interests on investments	254	232	8,189	27,628
Gains on operations - derivatives	-	72,462	7,151	145,901
Assets Exchange Rate variation	17	68	404,411	191,189
Assets Monetary variations	-	122	-	7,587
Others (i)	498	3,690	86,273	161,678
	769	**76,574**	**506,024**	**533,983**
Financial expenses				
Interest on Loans, Financing and CCIs	-	(161)	(225,633)	(229,180)
Losses on derivative transactions	-	(18,945)	(26,643)	(60,700)
Liabilities Monetary variations	-	(182)	(24)	(10,016)
Liability Exchange Rate Change	(14)	(23)	(184,618)	(735,203)
Penalty on taxes in arrears	(833)	(1,156)	(16,969)	(6,512)
Others	(1,812)	(21,974)	(33,949)	(46,676)
	(2,659)	**(42,441)**	**(487,836)**	**(1,088,287)**
Total	**(1,890)**	**34,133**	**18,188**	**(554,304)**

(i) The net gain obtained with the perpetual Bonds offer was recorded under this caption.

24. Income tax and social contribution

Income tax and social contribution debited against the income for the period are composed as follows:

	12/31/2016		12/31/2015	
	Parent Company	Consolidated	Parent Company	Concolidated
(Loss) before Legal Entity Income Tax (IRPJ) and the Social Contribution on Net Profits (CSLL)	183,079	215,875	(541,543)	(504,337)
Combined rate in force	34%	34%	34%	34%
Estimated credits of income tax and social contribution	(62,247)	(73,398)	184,125	171,475
IRPJ and CSLL effects on				
Equity accounting method	69,846	-	(191,614)	-
Other net permanent differences	49	(872)	(96)	862
IRPJ and CSLL from prior periods	-		-	
Deferred IRPJ and CSLL on tax losses and non-established temporary differences	(7,348)	(52,576)	3,016	(54,849)
IRPJ and CSLL effects of companies assessed by notional profit **(*)**	-	114,562	-	(177,995)
IRPJ and CSLL effects on the adjustment to fair value	-	(20,212)	-	18,732
IRPJ and CSLL effects of companies assessed by notional profit	**300**	**(32,496)**	**(4,569)**	**(41,775)**
Current	300	(27,132)	(4,569)	(38,657)
Deferred	-	(5,364)	-	(3,118)

Deferred Income Tax and Social Contribution are composed as below:

	Consolidated	
	12/31/2016	12/31//2015
Calculation Base		
Assessing the fair value of investment properties and properties intended for sale	2,763,030	2,673,572
Presumption for Income Tax 8%-25% rate for income tax	2%	2%
Presumptive Social Contribution 12%- 9% of rate for Social Contribution	1,08%	1.08%
Deferred income tax and social contribution, liabilities on investment properties for sale	**(85,101)**	**(82,346)**
Deferred Income tax and social contribution, liabilities on agreements renewal rights	(1,546)	(1,064)
Liabilities Deferred income tax and social contributions	**(86,647)**	**(83,410)**

Basis for realizing Deferred Income Tax and Social Contribution

a) Realization of deferred tax liabilities on adjustment at fair value of investment properties based on the taxation according to assumed profit as of its respective disposal.

25. Other net operating revenues

	Parent Company		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Investment property sales revenue	-	-	60,500	238,145
Investment property sales cost	-	-	(60,500)	(238,145)
Adjustments of sale of property for investment at fair value	(1,339)	-	(30,324)	)-
Adjustment of properties for investment at fair value	-	-	59,223	(127,871)
Other Income (expenses)	4	106	4,841	(547)
Recovering expenses	5,444	19,534	600	5,610
Total	**4,109**	**19,640**	**34,340**	**(122,808)**

26. Financial instruments by category

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

	Consolidated							
	12/31/2016				12/31/2015			
	Fair value by the result	*Loans and receivables*	Other liabilities	Total	Fair value by the result	*Loans and receivables*	Other liabilitie s	Total
Assets								
Cash and Cash Equivalents	-	59,771	-	**59,771**	-	111,240	-	**111,240**
Financial investments and related investments	14,522	-	-	**14,522**	6,028	-	-	**6,028**
Derivative financial instruments	49	-	-	**49**	920	-	-	**920**
Accounts receivable and other receivable	-	149,497	-	**149,497**	-	97,216	-	**97,216**
Total	**14,571**	**209,268**	-	**223,839**	**6,948**	**208,456**	-	**215,404**
Liability								
Loans and Financing	-	1,216,094	-	**1,216,094**	-	1,519,676	,-	**1,519,676**
CCIs	-	601,298	-	**601,298**	-	623,613	-	**623,613**
Derivative financial instruments	2,187	-	-	**2,187**	4,008	-	-	**4,008**
Suppliers	-	-	16,569	**16,569**	-	-	21,945	**21,945**
Other Accounts Payable	-	-	2,700	**2,700**	-	-	9,825	**9,825**
Total	**2,187**	**1,817,392**	**19,269**	**1,838,848**	**4,008**	**2,143,289**	**31,770**	**2,179,067**

26.1. Risk factors

The Company's main source of revenues, as well as of its subsidiaries is rents from tenants in shopping malls.

The Company and its subsidiaries have a risk management policy to manage market risks through financial instruments. The main market risks to which the Company is exposed are translation adjustments and the flotation of inflation indexes inherent to its operations. The policy is monitored by the Board of Directors ensuring that the financial instruments do not exceed the limits of the policy, in consonance with the best corporate governance practices. The primary objective of risk management is to protect the Company's cash flows, where the operations must respect the limits of exposure, coverage, maturity and instrument, thus minimizing operating costs. According to their nature, financial instruments may involve known risks, or unknown risks, so it is important to the Company to assess potential risks according to the Company's and its subsidiaries' judgment. Therefore, there may be risks with guarantees or without guarantees, depending on circumstantial or legal aspects. The policy allows the Company to use derivative financial instruments only for hedging purposes. The Company is forbidden to enter into any derivatives that result in the net sale of options and structured financial transactions with embedded derivatives.

The main market risk factors that can affect the business of the Company and its subsidiaries are presented below:

a) Credit risk

The client portfolio is broadly diversified. By means of internal controls, the Company and its subsidiaries permanently monitor the level of their accounts receivable, which limits the risk of bad debt.

The Company's risk management policy allows transactions where cash funds are invested only with first line counterparties, that is, with low credit risk, according to the international rating agencies. The policy allows derivative financial instrument transactions to be directly entered into at BM&FBOVESPA. Both the financial institutions and the brokers must be previously approved by the Risks Management Committee.

b) Liquidity risk

The forecast of the cash flow is performed at the operating entities of the Company by financial professionals that continually monitor liquidity in order to ensure that the Company has sufficient cash to meet its operating needs. Such forecast takes into consideration the plans for financing the debt, the achievement of the internal goals of the balance sheet quotient and, if applicable, external or legal regulatory requisites.

The cash and cash equivalents held by the operating entities, in addition to the balance required for managing working capital, is transferred to the treasury, which substantially invests cash and cash equivalents in CDBs, LTNs (Federal Treasury Bonds) and investment funds with their yield linked to the changes in the CDI rate and by choosing instruments with appropriate maturity dates or sufficient liquidity to provide the necessary margin, as established by the above-mentioned provisions.

c) Capital risk

The Company and its subsidiaries manage their capital to make sure that the companies will be able to continue their going concern at the same time that they maximize the return to all of the interested parties or all those involved in their operations by optimizing the balance of the debts and equity.

The capital structure of the Company and of its subsidiaries is formed by net indebtedness (loans and financing and CCIs described in Explanatory Notes 12 and 13 deducted from cash and cash equivalents and actives financial instruments) and by the consolidated shareholders' equity (which includes capital issued and reserves, as presented in Explanatory Note 19).

The Company's Management periodically reviews the capital structure of the Company. As a part of such review, it considers the cost of capital and the risks associated to each class of capital. The Company's borrowing rate, as of December 31, 2016, was of 181%, as detailed below:

- **Borrowing levels**

The borrowing rate, as of December 31, 2016 and 2015 is the following:

	Consolidated	
	12/31/2016	**12/31/2015**
Debt **(i)**	1,817,392	2,143,288
Cash and Cash Equivalents	(59,771)	(111,240)
Net debt	**1,757,621**	**2,032,048**
Net worth **(ii)**	973,225	780,300
Net Indebtedness Index	**181%**	**260%**

(i) Debt is defined as loans and financing and short and long-term CCIs;
(ii) Shareholders' equity includes all of the Company's capital and reserves, managed as capital.

d) Liquidity risk management

The Company and its subsidiaries manage liquidity risk by maintaining appropriate reserves, bank credit lines e credit lines to obtain loans they deem appropriate, by continually monitoring the forecast and actual cash flows, and by combining the maturity profiles of financial assets and liabilities.

Interest and liquidity risk table

The table below shows the details of the remaining contractual maturity term of the bank liabilities of the Company and its subsidiaries and the contractual amortization periods. The tables have been prepared in accordance with the cash flows not discounted of financial liabilities, based on the closer date on which the Company and its subsidiaries must settle their respective liabilities. The tables include the cash flows of the interest and principal amount. While the interest flows were post-fixed, the amount not discounted was obtained on the basis of the interest curves at the end of the year 2016. The contractual maturity is based on the most recent date in which the Company and its subsidiaries must settle their respective liabilities:

Consolidated	%-Weighted Average Effective Interest Rate	Less than one month	From one to three months	From three months to one year	From one to five years	Over five years	Total
Loans and Financing (*)	14.52%	4,665	22,744	105,730	280,451	1,295,827	**1,709,417**
CCI	12.50%	11,526	17,664	79,465	303,334	509,533	**921,522**
Total		**16,191**	**40,408**	**185,195**	**583,785**	**1,805,360**	**2,630,939**

(*) So as to obtain perpetual bonds, the interest to be incurred up to the date of the purchase option and the principal amount were considered and, because they have no maturity dates, they were classified as debt maturing after more than 05 years.

e) Interest rate risk

- **Loans for working capital and CCIs:** the Company's subsidiaries also have a series of loan and financing obtained for working capital, as described in Explanatory Notes 12 and 13, on which average interest rates are levied of up to 13.85% per year.
  The Company entered into a set of interest rate swap transactions with Banco HSBC, intended to protect it from the risk of changes in the TJLP and CDI rates associated to the loans described in Explanatory Note 12, items "d", "f" and "g", respectively. Such agreements have maturity dates and amortization percentages that are identical to the corresponding loan agreements.

The derivative financial instruments are presented as follows:

Swap Start Date	Notional (R$ thousands)	Swap Maturity Date	Long Position	Short Position	Fair Value Lon Position	Fair Value Short Position	Swap position on 12/31/2016
06/13/2012	1,396	06/05/2017	CDI + 3,202%	IPCA + 7,590%	1,422	(1,924)	(502)
10/31/2012	2,138	10/16/2017	CDI + 5,500%	IPCA + 7,970%	2,201	(2,911)	(710)
10/31/2012	2,851	10/16/2017	TJLP + 6,500%	IPCA + 6,900%	2,888	(3,864)	(976)
	6,385				**6,511**	**(8,699)**	**(2,188)**

The Company's derivatives obey the hierarchy of inputs, as described in CPC 40, and are classified as Level 2 in such hierarchy. In other words, they are obtained by means of prices quoted in active markets for similar instruments, prices quoted for identical or similar instruments in non-active markets and evaluation models for which inputs can be observed.

f) Foreign currency exchange rate risk

The Company, through its subsidiary, has financing and amounts payable to non-related parties entered into in foreign currency in the amount of R$ 1,053,408 in December 31, 2016 (R$ 1,291,325 in December 31, 2015).

The Company measures its exposures according to the Company's own forecasting and budgeting model. Through its subsidiary, the Company enters into derivatives, such as NDFs, with the purpose of protecting its exposure to exchange variation. The main risk that the Company intends to reduce is the exposure to translation adjustments linked to its liabilities in foreign currency.

On December 31, 2016, the Company is using derivatives for protecting exchange rate variation risks in connection to the issue of perpetual bonds.

The Company does not have derivative or non-derivative instrument transactions to hedge the balance of the principal amount of the perpetual bonds.

For protecting from exchange rate variation in payment of interests on perpetual bonds, the Company uses exchange NDFs classified as level 2, as described at CPC 40.

Instrument	Notional	Maturity date	Fair value on 12/31/2016
NDFs	20,000	02/01/2017	49
TOTAL	**20,000**		**49**

The Company manages and monitors its derivative position on a daily basis, suiting itself to the best hedge strategy with less cost in relation to others. The financial investments in foreign currency have characteristics that are the opposite of those of liabilities in foreign currency. Therefore, the Company uses natural hedge as a hedging instrument.

Sensitivity analysis - derivative

Interest Swap

				Impact on DI/TJLP curve				Impact on IPCA curve			
				-25%	-50%	-25%	-50%	25%	50%	25%	50%
Notional	Long position	Short position	Fair value	Adjustment	Adjustment	Fair value	Fair value	Adjustment	Adjustment	Fair value	Fair value
1.396	CDI + 3.202%	IPCA + 7.590%	(502)	(8)	(17)	(510)	(519)	(6)	(11)	(507)	(513)
2.138	CDI + 5.500%	IPCA + 7.970%	(710)	(24)	(48)	(734)	(758)	(16)	(32)	(726)	(742)
2.851	TJLP + 6.500%	IPCA + 6.900%	(976)	(22)	(43)	(998)	(1.019)	(21)	(43)	(997)	(1.019)
6.385			**(2.188)**	**(54)**	**(108)**	**(2.242)**	**(2.296)**	**(43)**	**(86)**	**(2.230)**	**(2.274)**

Dollar NDF - over the counter

				Effect on DI/TLPJ curve			
				-25%	-50%	-25%	-50%
Notional (US$ thousands)	Contracted price	Price on 12/31/2016	Fair value	Adjustment	Adjustment	Fair value	Fair value
20,000	R$3,2751/US$	R$3,2776/US$	49	(16,208)	(32,415)	(16,159)	(32,367)
20,000			**49**	**(16,208)**	**(32,415)**	**(16,159)**	**(32,367)**

Financial assets, except for those designated at fair value through profit or loss, are evaluated by impairment indicator at the end of each fiscal year. Impairment losses are recognized when there is objective evidence of a reduction in the recoverable amount of a financial asset, as a result of one or more events that have occurred after their initial recognition, with an impact on the estimated future cash flows of such asset.

The criteria that the Company and its subsidiaries use to determine whether there is objective evidence of impairment of a financial asset include:

- significant financial difficulties of issuer or debtor;
- contract breach, such as nonperformance or late payments of interest or principal amount;
- the probability of the debtor declaring bankruptcy or financial reorganization;

- extinguishment of the active market for that financial asset by virtue of financial problems.

The book value of financial assets is directly reduced by impairment losses for all of the financial assets, except for the accounts receivable, where the book value is reduced by using a provision. Subsequent recoveries of amounts previously written off are credited to the provision. Changes in the book value of the provision are recognized in P&L.

g) Sensitivity analysis– loans, financing and CCI

Considering the aforementioned financial instruments, the Company developed a sensitivity analysis, as provided for by Instruction No. 475/2008 issued by the CVM, which requires the presentation of two other scenarios with 25% and 50% impairment of the risks variable considered. Those scenarios may generate impacts on the Company's profit or loss and/ or on the future cash flows as described below:

- **base scenario:** maintenance of the levels of interest at the same levels observed as of December 31, 2016;
- **adverse scenario:** impairment of 25% in the principal risk factor of the financial instrument in relation to the levels verified on December 31, 2016;
- **remote scenario:** impairment of 50% in the principal risk factor of the financial instrument in relation to the levels verified on December 31, 2016.

h) Loans, financing and CCI

Premises

As described above, the Company understands that it is primarily exposed to risks referring to the changes in the TR and IPCA rates, US-dollar translation adjustments, which are the basis for updating a substantial part of the loans, financing and CCIs and perpetual bonds it has entered into. Thus, the table below demonstrates the rates used to calculate the sensitivity analysis:

Premises	Base scenario	Adverse scenario	Remote scenario
Increase of IPCA rate	0.51%	0.64%	0.76%
TJLP increase	0.60%	0.76%	0.91%
DI increase	1.07%	1.34%	1.61%
Real devaluation against US Dollar	10.00%	12.50%	15.00%

The net exposure in US Dollars, without considering the effects of derivative instruments is demonstrated below:

	Consolidated
	No effect of derivative operations – 12/31/2016
Loans and Financing	1,030,249
Related Parties	23,285
Cash and Cash Equivalents	(127)
Net exposition	**1,053,407**

Operation	Risk	Scenarios Base	Adverse	Remote
Interest on Loans subject to IPCA variation	IPCA increase	132,472	143,493	154,514
Interest on Loans subject to TR variation	TR increase	356,977	369,577	382,178
US$ forward agreements **(*)**	Dollar increase	225,647	253,853	259,494

(*) Calculated on the net exposure of the Company, without considering the effects of derivative instruments.

The table above shows the effects of interest and changes in the indices up to the maturity of the contracts.

The interest on the perpetual bonds are flat. Thus, the sensitivity analysis was not carried out.

i) Cash and cash equivalents

Premises

As described above, the Company understands that it is mainly exposed to the changes in the CDI rate and in foreign exchange rates. Thus, the table below demonstrates the indexes and the rates used to calculate the sensitivity analysis:

Premises	Base scenario	Adverse scenario	Remote scenario
Deterioration of CDI rate	13.63%	10.22%	6.82%

Operation		Consolidated		
Risk factors	Risk	Base scenario	Adverse scenario	Remote scenario
Subject to CDI variation	Reduction of CDI rate	8,147	6,110	4,073

The exchange variation sensitivity analysis of cash and cash equivalents indexed to USD was presented net of other liabilities indexed to the USD, as mentioned in item **(i)**.

j) Fair value of bonds

Type	Coin	% – Contract Charge a.a.	Due Date	Fair Value on 12/31/16	Fair Value on 12/31/15
Perpetual credit bonds **(a)**	**U$**	**10%**	**-**	**379,470**	**361,704**
Perpetual credit bonds **(b)**	**U$**	**12%**	**-**	**191,860**	**201,938**
Debt Bonus **(b)**	**U$**	**10%/12%**	**2026**	**23,451**	**-**
Total				**594,781**	**563,642**

The prices used to calculate the market value of the Company's Bonds were acquired from Bloomberg. Prices are indicative of the market as of December 31, 2016.

27. Insurance coverage

The Companies and its subsidiaries take out insurance to cover possible risks on their assets and/ or civil liabilities.

As of December 31, 2016, the insurance coverage is the following:

Modality	Insured amount
Civil responsibility	69,600
Comprehensive Usual fire	3,876,801
Loss of Profit	580,718
Windstorm/Smoke	144,234
Shopping Mall Operations	49,551
Pain and suffering	22,062
Material Damage	764,103
Employer	9,200

The risk assumptions adopted and the amounts of coverage involved, were considered by the Company's management to be sufficient to cover eventual claims that may occur and that may impede the normal continuity of the business.

28. Information per segment

The information per segment are used by the Company’s Management for decision making concerning the allocation of resources and performance assessment.

The accounting practices for the reportable segments are the same as those of the Company, described in Explanatory Note 2. The P&L per segment consider the items that are directly attributable to the segment, as well as those that may be allocated on a reasonable basis. The assets and liabilities per segment are not being presented, once they are not the subject matter of analyses for Management’s strategic decision-making.

Therefore, the reportable segments of the Company are the following:

a) Rent

Rent refers to the lease of space to tenants and other commercial spaces such as sales stands, lease of commercial spaces for publicity and promotion, exploitation of parking lots, and fees concerning the transfer of rights to use property spaces.

b) Services

Services provided refer to the revenue from managing the energy and power supply of shopping malls.

The Company’s total revenues are realized in Brazil.

Statement of Income per segment

	Consolidated					
	12/31/2016			Elimination		12/31/2016
	Rental	Service	Corporate	Debt	Credit	Consolidated
Net Income	198,200	87,597	-	-	26,570)	259,227
Cost of rentals and services	(14,472)	(41,717)	-	19,177	-	(37,012)
Gross profit	**183,728**	**45,880**	**-**	**19,177**	**26,570)**	**222,215**
Operational (Expenses) / Income	(18,620)	21,066	143,060	-	70,034)	(24,528)
Operational Profit Before The Financial Results	**165,108**	**66,946**	**143,060**	**19,177**	**96,604)**	**197,687**
Financial Income	.62,360)	(4,554)	185,102	-	-	18,188
Operational profit / (loss) before income tax and social contribution	**2,748**	**62,392**	**328,162**	**19,177**	**96,604)**	**215,875**
Income Tax And Social Contribution	(24,895)	(7,901)	300	-	-	(32,496)
Net profit / (loss)of the period	**(22,147)**	**54,491**	**328,462**	**19,177**	**96,604)**	**183,379**

	Consolidated					
	12/31/2015			Elimination		12/31/2015
	Rental	Service	Corporate	Debt	Credit	Consolidated
Profit from Services	435,345	93,201	-	-	(265,715)	262,831
Cost of rentals and services	(11,832)	(51,686)	-	27,205		(36,313)
Gross profit	**423,513**	**41,515**	**-**	**27,205**	**(265,715)**	**226,518**
Operational (Expenses) / Income	(238,464)	6,553	(483,547)	533,064		(182,394)
Operational Profit Before The Financial Results	**185,049**	**48,068**	**(483,547)**	**560,269**	**(265,715)**	**44,124**
Financial Income	(110,923)	(791)	(442,590)	-	-	(554,304)
Operational profit / (loss) before income tax and social contribution	**74,126**	**47,277**	**(926,137)**	**560,269**	**(265,715)**	**(510,180)**
Income Tax And Social Contribution	(31,610)	(5,598)	(4,567)			(41,775)
Net profit /(loss) of the year	**42,516**	**41,679**	**(930,704)**	**560,269**	**(265,715)**	**(551,955)**

29. Statement of Cash Flow

The Company has transacted the following operations, which have not involved cash and cash equivalents:

	Consolidated	
	12/31/2016	12/31/2015
Capitalized interest on investment property	2,931	20,776
Fair value adjustment of investment properties	54,893	127,871

30. Explanation added to the translation for the English version

The accompanying financial statements were translated into English from the original Portuguese version prepared for local purposes. Certain accounting practices applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where these financial statements may be used.

* * *

Alexandre Lopes Dias
Chief Executive Officer.

Marcio Snioka
Chief Investors Relation Officer

Vicente de Paula da Cunha
Chief Financial Officer

Francisco José Ritondaro
Chief Planning and Expansion Officer

Francisco Antonio Antunes
Accountant
CRC 1SP-149.353/O-2

OPINION OF THE AUDIT COMMITTEE

"The Audit Committee in the use of its legal attributions, at a meeting held today, examined the Management's Annual Report and the financial statements of General Shopping Brasil S.A. relating to the fiscal year ended as of December 31, 2016. Based on the exams performed, also considering the independent auditor's report issued by Grant Thornton Auditores Independentes, the Directors expressed a favorable opinion as regards the above-mentioned documents and informs that such documents are in condition to be voted and approved by the Shareholders at the next Annual Shareholders' Meeting."

São Paulo, March 02, 2017.

Paulo Alves das Flores
Board Director

Camila de Cassia Satin Briola
Board Director

Aloisio Kok
Board Director