Financial Statements

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

June 30, 2017 and 2016
with Independent Auditor’s Report

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Financial statements

June 30, 2017 and 2016

Contents

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A free translation from Portuguese into English of Independent Auditor's Report on financial statements prepared in Brazilian currency and in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil

Independent auditor's report on financial statements

The Management and Members
Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.
São Paulo – São Paulo State

Opinion

We have audited the accompanying financial statements of Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda. ("Dealer"), which comprise the balance sheet as at June 30, 2017 and the related statements of income, of changes in equity, and of cash flows for the six-month period then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda. as at June 30, 2017, its financial performance and its cash flows for the six-month period then ended, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

Basis for opinion

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

Other matters

The financial statements for the six-month period ended June 30, 2016, presented for comparison purposes and originally prepared before the adjustments resulting from the correction of errors described in note 3.k, were examined under the responsibility of other independent auditors, who issued unmodified audit reports on August 30, 2016. As part of our review of the financial statements for the six-month period ended June 30, 2017, we have reviewed the adjustments in the corresponding amounts in the statement of cash flows described in Note 3.k, which in our opinion are appropriate and have been correctly performed, in all material respects. We have not been engaged to audit, review or apply any other procedures on the information referring to the financial statements as at June 30, 2016 and, therefore, we do not express an opinion or any form of assurance on that overall financial information.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Dealer's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Dealer or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, either individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

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

- Identify and assess risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve override of internal controls, collusion, forgery, intentional omissions or misrepresentations.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dealer's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast substantial doubt as to the Dealer's 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 Dealer to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the corresponding transactions and events in a manner that achieves fair presentation.

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

São Paulo, August 28, 2017.

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

Flávio Serpejante Peppe
Partner

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Balance sheets
June 30, 2017 and 2016
(In thousands of reais)

	Note	2017	2016
Assets			
Current assets		**6,829**	4,282
Cash and cash equivalents	4	**21**	19
Marketable securities	5	**3,513**	1,465
Own portfolio		**3,513**	1,465
Other receivables		**2,765**	2,414
Unearned revenue	7.a	**2,069**	2,217
Sundry	7.c	**696**	197
Other assets	8	**530**	384
Prepaid expenses		**530**	384
Noncurrent assets		**84**	742
Other receivables		**84**	742
Sundry	7.c	**84**	742
Permanent		**416**	410
Property and equipment in use	9	**413**	405
Other property and equipment in use		**2,000**	1,895
(-) Accumulated depreciation		**(1,587)**	(1,490)
Deferred		**-**	2
Other deferred assets		**-**	5
(-) Accumulated amortization		**-**	(3)
Intangible assets		**3**	3
Other intangible assets		**281**	295
(-) Accumulated amortization		**(278)**	(292)
Total assets		**7,329**	5,434

	Note	2017	2016
Liabilities and equity			
Current liabilities		**2,364**	2,421
Other liabilities		**2,364**	2,421
Social and statutory liabilities	10.a	**180**	-
Tax and social security liabilities	10.b	**340**	300
Sundry	10.c	**1,844**	2,121
Noncurrent liabilities		**532**	352
Other liabilities		**532**	352
Sundry	10.c	**532**	352
Equity	11	**4,433**	2,661
Capital		**3,750**	3,750
Members domiciled in Brazil		**3,750**	3,750
Income reserve		**683**	-
Accumulated losses		**-**	(1,089)
Total liabilities and equity		**7,329**	5,434

See accompanying notes.

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Statements of Income
Six-month periods ended June 30, 2017 and 2016
(In thousands of reais, except earnings per quota)

	Note	2017	2016
Revenue from financial intermediation		**176**	178
Income from marketable securities transactions	5	**176**	178
Gross profit from financial intermediation		**176**	178
Other operating income (expenses)		**963**	(806)
Service revenue	15	**8,153**	6,169
Personnel expenses	19	**(3,457)**	(3,643)
Other administrative expenses	16	**(3,001)**	(2,555)
Tax expenses	20	**(701)**	(523)
Other operating income	17	**292**	291
Other operating expenses	18	**(323)**	(546)
Operating income (expenses)		**1,139**	(629)
Non-operating income		**12**	-
Non-operating results		**12**	-
Income (loss) before income tax and profit sharing		**1,151**	(629)
Income and social contribution taxes	14	**(215)**	-
Provision for employees' profit sharing		**(300)**	(480)
Net income/(loss) for the six-month period		**636**	(1,109)
Net earnings/(loss) per quota – R$		**0.17**	(0.30)

See accompanying notes.

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Statement of changes in equity
Six-month periods ended June 30, 2017 and 2016
(In thousands of reais)

	Capital	Income reserve			
	Paid-in capital	**Legal**	**Statutory**	**Retained earnings/accumulated losses**	**Total**
Balances at December 31, 2015	3,750	1	19	-	3,770
Loss for the six-month period	-	-	-	(1,109)	(1,109)
Setting up of reserve	-	(1)	(19)	20	-
Balances at June 30, 2016	3,750	-	-	(1,089)	2,661
Balances at December 31, 2016	**3,750**	**2**	**45**	**-**	**3,797**
Net income for the six-month period	**-**	**-**	**-**	**636**	**636**
Setting up of reserve	**-**	**32**	**604**	**(636)**	**-**
Balances at June 30, 2017	**3,750**	**34**	**649**	**-**	**4,433**

See accompanying notes.

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

Statement of cash flows - indirect method
Six-month periods ended June 30, 2017 and 2016
(In thousands of reais)

	2017	2016 (restated)
Operating activities		
Income/(loss) for the six-month period	**636**	(1,109)
Depreciation and amortization	**47**	58
(Reversal)/provision for contingencies	**(67)**	305
Adjusted income for the six-month period	**616**	(746)
Changes in assets and liabilities	**120**	(4,478)
Decrease/(increase) in unearned revenue	**(67)**	(215)
Decrease/(increase) in other receivables	**645**	167
Decrease/(increase) in other assets	**(212)**	(159)
Increase/(decrease) in other liabilities	**(246)**	(4,271)
Net cash from (used in) operating activities	**736**	(5,224)
Acquisition of property and equipment	**(94)**	(7)
Acquisition of intangible assets	**(3)**	-
Net cash (used in) investing activities	**(97)**	(7)
Net (decrease) increase in cash and cash equivalents	**639**	(5,231)
Cash and cash equivalents at beginning of the six-month period	**2,895**	6,715
Cash and cash equivalents at end of the six-month period	**3,534**	1,484
Net (decrease) increase in cash and cash equivalents	**639**	(5,231)

See accompanying notes.

1. Operations

Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda. (“Rio Bravo DTVM” or “Dealer”) is engaged in subscribing, either separately or in consortium with other authorized companies, intermediating, purchasing and selling marketable securities on its own account and through third parties; as well as managing custody portfolios; acting as a trustee; and distributing, organizing and administering investment funds and clubs; its primary activity being the administration and distribution of real estate investment funds.

2. Preparation and presentation of financial statements

The financial statements have been prepared in accordance with accounting practices adopted in Brazil, which consider the accounting guidelines of Law No. 6404/76 and, pursuant to regulations issued by the Central Bank of Brazil (BACEN), also in accordance with the amendments introduced by Law No. 11638/07 and Law No. 11941/09, in addition to the rules and guidance of the Central Bank of Brazil, based on the Chart of Accounts for Institutions of the Brazilian Financial System (COSIF) and the standards issued by the Brazilian Financial Accounting Standards Board (CPC) and approved by the Central Bank of Brazil up to this date.

The preparation of the financial statements in accordance with accounting practices adopted in Brazil requires that management use assumptions and make judgments to determine and record accounting estimates. The settlement of transactions involving these estimates may result in amounts different from those estimated due to inaccuracies inherent in their determination process.

In view of the process of convergence with international accounting standards, the Brazilian Financial Accounting Standards Board (CPC) issued several pronouncements related to the international accounting convergence process, although not all of them have been approved by BACEN. Accordingly, in preparing these financial statements, the Dealer adopted the following pronouncements already approved by BACEN:

(a) CPC 00 (R1) – Conceptual framework for financial reporting – approved by the Brazilian Monetary Council (CMN) Resolution No. 4144/12;

(b) CPC 01 (R1) – Impairment of assets – approved by CMN Resolution No. 3566/08;

(c) CPC 03 (R2) – Statement of cash flows – approved by CMN Resolution No. 3604/08;

2. Preparation and presentation of financial statements (Continued)

(d) CPC 05 (R1) – Related party disclosures – approved by CMN Resolution No. 3750/09;

(e) CPC 10 (R1) – Share-based payment – approved by CMN Resolution No. 3939/11;

(f) CPC 23 – Accounting policies, changes in accounting estimates and errors – approved by CMN Resolution No. 4007/11;

(g) CPC 24 – Events after the reporting period – approved by CMN Resolution No. 3973/11;

(h) CPC 25 – Provisions, contingent liabilities and contingent assets – approved by CMN Resolution No. 3823/09;

(i) CPC 33 (R1) – Employee benefits – approved by CMN Resolution No. 4424/15, effective from January 1, 2016. Applicable where it does not conflict with the standards issued by the Brazilian Monetary Council or by the Central Bank of Brazil.

Currently, it is not possible to estimate when BACEN will approve the other pronouncements issued by CPC, nor if their adoption will be on a prospective or retrospective basis.

We confirm that all significant information included in the financial statements, and only such information, is evidenced and corresponds to the information used in managing the Dealer.

These financial statements were approved by the Executive Board and their issue was authorized on August 28, 2017.

3. Summary of significant accounting practices

The accounting practices described below were consistently applied for the six-month periods presented in these financial statements.

a) Determination of profit or loss (P&L)

Income and expenses are allocated under the accrual basis of accounting, following the pro rata-die criterion in case of finance income and costs.

3. Summary of significant accounting practices (Continued)

b) Cash and cash equivalents

According to CMN Resolution No. 3604/08, cash and cash equivalents include cash, bank deposits, highly liquid short-term investments with insignificant risk of change in value and limits, maturing within 90 days from the investment date.

c) Marketable securities and derivative financial instruments

Pursuant to the Circular Letter No. 3068, dated November 8, 2001, of the Central Bank of Brazil, the marketable securities included in the portfolio are classified into three distinct categories, based on the management's intention, as follows:

- Held-for-trading securities;
- Available-for-sale securities; and
- Held-to-maturity securities.

Held-for-trading securities are presented in current assets, irrespective of their maturities. They include securities acquired for the purpose of active and frequent trading and are valued at market value, their valuation or devaluation being charged to P&L.

Available-for-sale securities are those securities that were not acquired for frequent trading. They are used for purposes such as providing liquidity reserve, guarantees and hedge. Earnings received at the acquisition rates as well as any permanent losses are posted to P&L. These securities are valued at market value, and their valuation or devaluation is matched against an equity account (net of tax effects), which will be transferred to P&L upon their realization.

Held-to-maturity securities refer those securities acquired and which the Dealer has the intention and financial capacity to hold in its portfolio until their maturity. They are valued at acquisition cost plus earnings. In case of permanent losses, they are immediately recorded in the statement of profit or loss.

At June 30, 2017 and 2016, the Dealer had no derivative financial instruments.

3. Summary of significant accounting practices (Continued)

d) Impairment of non-financial assets

An impairment loss is recognized whenever the book value of an asset exceeds its recoverable amount. Impairment losses are recognized in P&L for the period.

Management annually tests the net book value of assets so as to assess events or changes in economic, operating or technological circumstances that may indicate deterioration or impairment.

At June 30, 2017 and 2016, no non-financial assets with impairment loss were identified.

e) Property and equipment and deferred assets

They correspond to the rights over tangible and intangible assets intended to maintain the Institution’s activities or that are exercised for that purpose.

Property and equipment (tangible assets) and intangible assets are recorded at cost. Depreciation of property and equipment is calculated by the straight-line method at the rates of 20% p.a. for vehicles and data processing systems and 10% p.a. for other items. Amortization of intangible assets is calculated by straight-line method at the rate of 20% p.a.

The balance of deferred assets is represented by organizational and logistics costs recorded at acquisition cost. Amortization is calculated on a straight-line basis over a five-year period.

f) Other assets and liabilities

Other assets and liabilities are stated, respectively, at their realizable value and commitments established in contracts, including, where applicable, income and charges incurred up to the statement of financial position dates.

3. Summary of significant accounting practices (Continued)

g) Income and social contribution taxes

Provision for income tax is recorded based on taxable profit at a rate of 15%, plus surtax of 10% on annual income exceeding R$240. Social contribution tax was calculated up to August 2015 considering the rate of 15%. For the period from September 2015 to December 2018, this rate increased to 20%, based on Law No. 13169/15, and returned to 15% from January 2019.

h) Contingent assets and liabilities, and legal, tax, and social security obligations

Contingent assets and liabilities, and legal obligations are recognized, measured and disclosed according to the criteria defined in Resolution No. 3823/09, of December 16, 2009, and Circular Letter No. 3429, of February 11, 2010, both issued by the Central Bank of Brazil, as follows:

Contingent assets - not recognized in the financial statements, except upon evidence ensuring high reliability level of realization, represented by claims for which a final and unappealable judgment has been awarded.

Legal, tax and social security obligations - refer to lawsuits filed challenging the legality and constitutionality of certain taxes or contributions. The amount under dispute is quantified and recorded in books.

i) Earnings (loss) per unit of interest

Earnings (loss) per unit of interest is determined by dividing P&L for the period by the number of units of interest.

j) Functional and reporting currencies

The financial statements are being presented in thousands of Brazilian reais.

(In thousands of reais)

3. Summary of significant accounting practices (Continued)

k) Restatement of comparative balances

The effect of the restatement of comparative balances in the statement of cash flows were as follows:

	Previously disclosed	Restated	Adjusted balance
Operating activities			
Income/(loss) for the six-month period	(1,109)	-	(1,109)
Depreciation and amortization	58	-	58
Provision for contingencies (i)	-	305	305
Adjusted income for the six-month period	(1,051)	305	(746)
Changes in assets and liabilities	(3,962)	(516)	(4,478)
Decrease/(increase) in unearned revenue	(214)	(1)	(215)
Decrease/(increase) in other receivables	167	-	167
Decrease/(increase) in other assets	(159)	-	(159)
(Decrease)/increase in tax and social security liabilities (ii)	(182)	182	-
(Decrease)/increase in other liabilities – Sundry (i) (ii)	(3,574)	(697)	(4,271)
Net cash from (used in) operating activities	(5,013)	(211)	(5,224)
Acquisition of property and equipment	(7)	-	(7)
Net cash (used in) investing activities	(7)	-	(7)
Net (decrease) increase in cash and cash equivalents	(5,020)	(211)	(5,231)
Cash and cash equivalents at beginning of the six-month period	6,715	-	6,715
Cash and cash equivalents at end of the six-month period	1,484	-	1,484
Net (decrease) increase in cash and cash equivalents	(5,231)	-	(5,231)

(i) Included in the provision for contingencies, in the amount of R$352, with effect on difference in other sundry liabilities.

(ii) Grouping of differences of tax and social security liabilities and sundry liabilities.

(In thousands of reais)

4. Cash and cash equivalents

At June 30, 2017 and 2016, the balance of cash and cash equivalents is broken down as follows:

	2017	2016
Cash – in kind	**2**	5
Bank deposits	**19**	14
Total cash and cash equivalents	**21**	19
Marketable securities (Note 5)	**3,513**	1,465
Total cash and cash equivalents	**3,534**	1,484

5. Marketable securities

At June 30, 2017 and 2016, the marketable securities portfolio, classified according to the categories established by the current regulation, was broken down as follows:

	2017	2016
Own portfolio		
Rio Bravo Liquidez DI – Fundo de Investimento Referenciado	**3,513**	1,465
Total	**3,513**	1,465

At June 30, 2017, marketable securities are represented by shares of the Investment Fund “Rio Bravo Liquidez DI Fundo de Investimento Referenciado”, without maturity, administered by BEM – Distribuidora de Títulos e Valores Mobiliários Ltda. and classified as “held-for-trading securities”. Marketable securities transactions amounted to R$176 (R$178 in 2016).

6. Risk management

The acceptable level of risk in conducting business is defined by the Senior Management of Rio Bravo Investimentos Distribuidora de Títulos e Valores Mobiliários Ltda.

a) Credit risk

Possibility of losses to the Dealer, associated with non-compliance by its customers. Management understands that the credit risk incurred by the Dealer is immaterial, since almost all its transactions are conducted within clearing agencies - Brazilian Clearing and Depository Corporation (CBLC) and Commodities and Futures Exchange (BM&F).

6. Risk management (Continued)

b) Market risk

Market risks are related to potential losses arising from changes in risk factors such as interest and exchange rates, indices and prices. The Dealer manages these risks seeking to optimize the risk-reward ratio through internal models and management tools, based on the best practices adopted by the market. In addition, it adopts a conservative policy in managing exposures to market risks, supervising and controlling them independently. Market risk is managed on a centralized basis by an administrative function that is independent with respect to the operations desk. The Dealer is capable of meeting the requirements of CMN Resolution No. 3464/07, which addresses the risk management framework.

c) Liquidity risk

In managing liquidity risk, the Dealer checks imbalances between traded assets and liabilities and, therefore, any mismatches between payments and receipts that may affect the Dealer's ability to pay, taking into account the different currencies and settlement periods of its rights and obligations. Management understands that the risk incurred by the Dealer is immaterial, since almost all its transactions are conducted in the short term.

d) Operational risk

Actions were developed for the implementation of an operational risk management framework, in accordance with CMN Resolution No. 3380/2006, which comprises the operational risk management model, concept, categories and policy; documentation procedures and storage of operational risk management information and reports, in order to minimize the possibility of fraud and flaws related to the business, people and processes involved, including legal risks associated with the inadequacy or deficiency of contracts entered into by Dealer, as well as penalties due to non-compliance with legal provisions and indemnities for damages to third parties arising from the activities conducted by Dealer.

e) Social and environmental risk

This Social and Environmental Responsibility Policy (“Social and Environmental Policy”) defines the guidelines, responsibilities and recommendations adopted by Rio Bravo DTVM for its activities, in accordance with the requirements of Resolution No. 4327 of April 25, 2014 issued by the Central Bank of Brazil.

(In thousands of reais)

6. Risk management (Continued)

e) Social and environmental risk (Continued)

Rio Bravo DTVM recognizes the responsibility of playing the role of a transforming agent, positively impacting society and the market, and ensuring the integration of social and environmental dimensions into its strategies, policies, practices and procedures, especially as regards its employees and customers.

The policy containing a detailed description of the risk management framework is available at www.riobravo.com.br.

7. Other receivables

a) Unearned revenue

At June 30, 2017 and 2016, the balance of unearned revenue is broken down as follows:

	2017	2016
Fund administration	**916**	1,330
Distribution of funds	**396**	207
Other services receivable (i)	**757**	680
Total	**2,069**	2,217

(i) "Other services receivable" includes business intermediation contracts entered into with individuals and legal entities, which were substantially settled on August 14, 2017 (Note 22).

b) Third-party funds – unaudited

On that same date, Dealer managed R$6,431,262 (R$6,053,507 in 2016) from third-party funds, as follows:

	2017	2016
Real estate investment funds	**6,431,262**	5,935,495
Private equity investment funds	**-**	118,012
Total	**6,431,262**	6,053,507

Revenue earned from the administration and management of these funds totaled R$8,153 (R$6,169 in 2016) in the six-month period – Note 15.

(In thousands of reais)

7. Other receivables (Continued)

c) Sundry

	2017	2016
Current	**696**	197
Advances – sundry (i)	**92**	34
Receivables from related parties (Note 12)	**140**	66
Refundable payments (ii)	**233**	83
Taxes and contributions recoverable	**212**	11
Other receivables	**19**	3
Long-term receivables	**84**	742
Debtors due to escrow deposit (iii)	**84**	742
Total	**780**	939

(i) The sundry advances amount refers to advances to suppliers and salary advances.

(ii) The refundable payment amounts refer to the general expenses of the Investment Funds settled by Rio Bravo DTVM.

(iii) The decrease in this account was substantially due to the return of an escrow deposit in November 2016 upon execution of a surety bond.

8. Other assets

The balance at June 31, 2017 and 2016 refers substantially to prepaid expenses on software license of R$256 (R$184 in 2016), employees' meal voucher paid in the prior month of R$48 (R$49 in 2016), condominium fee of R$28 (R$41 in 2016), insurance of R$91 (R$12 in 2016), and other prepaid expenses amounting to R$107 (R$98 in 2016).

	2017	2016
Prepaid expenses	**530**	384
Total	**530**	384

9. Property and equipment

	2017				2016
	Annual depreciation rates	**Cost**	**Accumulated depreciation**	**Net value**	**Net value**
Facilities	10%	**281**	**(209)**	**72**	84
Furniture and equipment	10%	**671**	**(508)**	**163**	194
Equipment	10%	**122**	**(117)**	**5**	9
Data processing system	20%	**925**	**(753)**	**172**	117
Security system	20%	**1**	**-**	**1**	1
		2,000	**(1,587)**	**413**	405

(In thousands of reais)

10. Other liabilities

a) Social and statutory liabilities

At June 30, 2017, the amount of R$180 (there was no provision in 2016) refers to the provision for profit sharing applicable to all employees according to the collective bargaining agreement signed on March 4, 2016 and ratified on November 29, 2016.

b) Tax and social security liabilities

	2017	2016
Taxes and contributions payable	**340**	300
Total	**340**	300

c) Sundry

	2017	2016
Short term	**1,844**	2,121
Provision for personnel expenses	**630**	781
Payables to related parties (Note 12)	**28**	16
Trade accounts payable	**364**	403
Liabilities – Investment funds (i)	**759**	905
Other provisions	**63**	16
Long term	**532**	352
Provisions for contingencies	**532**	352
Total	**2,376**	2,473

(i) Refers to amounts transferred to the administrator, after closing of the fund, to cover subsequent expenses.

11. Equity

At June 30, 2017 and 2016, the Dealer's capital amounts to R$3,750 and is divided into 3,750,285 units of interest belonging exclusively to members domiciled in Brazil.

On June 30, 2017, the Dealer recorded income of R$636 (loss of R$1,108 in 2016).

At June 30, 2017, the Dealer allocated 5% of income for the six-month period to legal reserve, in accordance with the current legislation, totaling R$32 in 2017 (R$2 in 2016), and the remaining R$604 were allocated to the statutory reserve (decrease by R$19 in 2016) totaling R$649 in 2016 (there was no balance in 2015).

(In thousands of reais)

12. Transactions with related parties

For the six-month periods ended June 30, 2017 and 2016, the balances of related-party transactions were broken down as follows:

	Assets/(liabilitie s) 2017	Assets/(liabilitie s) 2016
Receivables – rendering of services	**618**	548
Members and shareholders	**618**	548
Receivables from related parties (Note 7.b)	**140**	66
Fundamental Investimentos Ltda.	**-**	11
Rio Bravo Investimentos Ltda.	**9**	54
Rio Bravo Advisory Ltda.	**53**	1
Rio Bravo Financial Holding S.A.	**78**	-
Payables to related parties (Note 10.c)	**(28)**	(16)
Rio Bravo Advisory Ltda.	**(28)**	(3)
Rio Bravo Investimentos Ltda.	**-**	(13)
Rio Bravo Investimentos S.A.	**-**	-

At June 30, 2017, the Dealer held receivables for the provision of intermediation services relating to the purchase and sale of financial assets to members amounting to R$618 (R$548 in 2016), according to an instrument signed on April 7, 2010. That amount includes an amount recorded under “Unearned revenue” (Note 7.a), which was settled on August 14, 2017 (Note 22).

13. Contingent assets and liabilities, and legal, tax, and social security obligations

a) Contingent assets

There are no contingent assets recorded at June 30, 2017 nor in 2016.

b) Contingent liabilities classified as probable losses and legal obligations

At June 30, 2017, the provision for contingencies recorded in its financial statements amounted to R$532 (R$294 in 2016), considering management's opinion, which is supported by its legal advisors, and having the policy or recognizing it when the likelihood of loss is probable or when future cash disbursement is expected.

13. Contingent assets and liabilities, and legal, tax, and social security obligations (Continued)

b) Contingent liabilities classified as probable losses and legal obligations (Continued)

The Dealer is a party to certain lawsuits classified as probable loss. However, some funds mentioned in lawsuits classified as possible and probable losses have been closed and, in the event of loss, the responsibility for any cash disbursements lies entirely on the shareholders.

There are tax proceedings related to delinquency notices addressing to the non-payment of Provisional Tax on Financial Transactions (CPMF) on checking account transactions of the Investment Funds administered by Rio Bravo relating to the period from September 3, 2003 to December 31, 2007.

The financial discharges, if any, relating to this process, will be immediately reimbursed by the Funds, as provided for in their regulations. Consequently, both judicial deposit amounts and provision for contingencies are recorded directly in the Funds.

There are no significant ongoing administrative proceedings for failure to comply with the Brazilian Financial System standards or fines that may have a significant impact on Rio Bravo DTVM's finance income or costs.

c) Contingent liabilities classified as possible losses

The contingencies against DTVM, with possible likelihood of loss and for which no provisions have been set up, totals R$20,376 (R$11,056 in 2016) referring to civil and tax claims.

(In thousands of reais)

14. Income and social contribution taxes

	2017	2016
Income/(loss) before income taxes	**850**	(1,109)
(+) Additions	**584**	564
(-) Exclusions	**(716)**	(39)
(-) Offsetting of tax losses	**(215)**	-
(=) Income and social contribution tax bases	**503**	(584)
Income tax – rates of 15% and 10%	**114**	-
Social contribution tax – rate of 20%	**101**	-
	215	-

At June 30, 2017, Rio Bravo DTVM has tax credits of unrecorded tax losses of R$699, of which R$388 refer to income tax and R$311 to social contribution tax (R$1,323 in 2016 – R$735 referring to income tax and R$588 to social contribution tax). Tax losses do not have statutory time limits and they are offset up to the limit of 30% of taxable profit calculated in each future reporting period.

15. Service revenue

	2017	2016
Revenue from administration fee	**5,978**	5,064
Distribution revenue	**2,175**	1,105
Total	**8,153**	6,169

(In thousands of reais)

16. Other administrative expenses

	2017	2016
Data processing	**682**	595
Rentals	**525**	482
Specialized technical services	**464**	440
Other administrative expenses	**426**	241
Financial services	**211**	141
Insurance	**118**	36
Maintenance and preservation of assets	**115**	97
Travel	**83**	77
Promotions and public relations	**76**	156
Communication	**74**	70
Transportation	**61**	49
Utilities	**56**	54
Depreciation/amortization	**47**	58
Materials	**41**	38
Third-party services	**22**	21
Total	**3,001**	2,555

17. Other operating income

	2017	2016
Reversal of operating provisions	**160**	7
Recovery of charges and expenses	**66**	216
Other operating income	**66**	68
Total	**292**	291

18. Other operating expenses

	2017	2016
Other operating expenses (i)	**195**	5
Provisions for contingencies	**93**	312
Donations not subject to tax incentives	**35**	229
Total	**323**	546

(i) Refer mainly to operational error R$15 (R$5 in 2016) and legal costs R$136 (there were no legal costs in 2016).

(In thousands of reais)

19. Personnel expenses

	2017	2016
Salaries	**2,145**	2,251
Social charges	**703**	746
Benefits	**563**	593
Training	**46**	53
Total	**3,457**	3,643

20. Tax expenses

	2017	2016
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	**336**	256
Service Tax (ISS)	**225**	156
Other	**85**	69
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	**55**	42
Total	**701**	523

21. Operational limits

At June 30, 2017, the Dealer was within the capital requirements established by the regulations in force, with the Basel Index at 17.32% (10.41% in 2016), composed of exposure to market, credit and operational risks, in accordance with CMN Resolution No. 4193/13 and other supplementary regulations that determine a Capital Requirement (PR) above the minimum required, i.e. 9.25% (9.88% in 2016).

22. Events after the reporting period

Pursuant to a loan assignment agreement entered into between the Dealer (assignor) and RBI Partnership Participações S.A. (assignee) dated August 1, 2017, the Assignor assigns to Assignee the loan and all rights and obligations arising therefrom, in the amount of R$752, to be settled on August 15, 2017.

Accordingly, the Assignee becomes the sole and exclusive holder of the loan and of all the rights deriving therefrom, subrogating itself to all rights and duties of Assignor related thereto, and Assignor shall not be entitled to any right, claim or demand with respect to the Loan described in this instrument, which are transferred to Assignee.