

**Notes to quarterly information (Company  
and consolidated)  
June 30, 2018**

**JHSF Participações S.A.**

# **JHSF Participações S.A.**

Notes to quarterly information

Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

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## **1. Operations**

JHSF Participações S.A. ("Company") with headquarters at Avenida Magalhães de Castro, 4.800 Tower 3 Continental Tower - 27th floor, São Paulo - SP, is a publicly-traded business corporation registered with the Brazilian Securities and Exchange Commission (CVM) under code 20605 with its shares traded on the São Paulo Stock Exchange under ticker symbol JHSF3. Organized on June 29, 2006, the Company is primarily engaged in acting as a holding company, participating in the capital of other companies substantially dedicated to activities of development, purchase and sale of residential and commercial properties, construction and exploration of shopping malls, purchase and sale of goods, lease/rent of owned commercial real estate, provision of administration services, exploration of hotel, gastronomy and tourist activities in general, advisory, consulting and planning services, and operation and management of airfield.

Further information on the operations of the Company and its subsidiaries is found in Note 1 to the individual and consolidated financial statements for 2017.

## **2. Basis of preparation and presentation of quarterly information**

### **2.1. Basis of preparation**

The individual and consolidated quarterly information was prepared consistently with the accounting practices described in Note 3 to the individual and consolidated annual financial statements for the year ended December 31, 2017, which remain valid, and CVM/SNC/SEP Circular Letter No. 01/2018, which provides guidance to entities regulated by the CVM for preparation of financial statements in compliance with OCPC 04. Following CVM/SNC/SEP Circular Letter No. 01/2018, the CVM Committee issued a decision on revenue recognition on June 3, 2018 (SEI 19957.006289 / 2018-37), which establishes that the adoption of the method of revenue recognition upon delivery of keys ("at a point in time") or the maintenance of the revenue recognition method denominated POC ("over time") will be subject to adequate contractual analysis by management of the entities in accordance with the provisions of Accounting Pronouncement CPC 47 - Revenue from Contracts with Customers (IFRS 15). The Company prepared the analyses and did not identify changes in relation to the previously adopted criteria. Additionally, on January 1, 2018, the Company adopted CPC 48 - Financial Instruments that did not significantly change the practices disclosed in the year ended December 31, 2017.

This quarterly information does not include all notes and disclosures required by standards for annual individual and consolidated financial statements, and, as a result, the respective information should be read together with the referred to annual individual and consolidated financial statements. Based on the judgment and assumptions adopted by management on the materiality and changes that should be disclosed in the notes, this quarterly information includes selected notes and does not include all the notes presented in the annual financial statements, as allowed by Circular Letter No. 03/2011, issued by the Brazilian Securities and Exchange Commission (CVM).

The Quarterly Information (ITR) was prepared in accordance with Accounting Pronouncement CPC 21 (R1) and IAS 34 - Interim Financial Reporting, including the guidance contained in CVM/SNC/SEP Circular Letter No. 01/2018, related to adoption of Accounting Guidance OCPC 04, issued by the Brazilian FASB (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) and Brazil's National Association of State Boards of Accountancy (CFC), on revenue recognition over time, and is presented consistently with the standards issued by the Securities and Exchange Commission applicable to preparation of the Quarterly Information (ITR).

The quarterly information was prepared based on the historical cost, unless otherwise stated.

# JHSF Participações S.A.

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Period ended June 30, 2018

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In the financial statements presented by the Company in the period ended June 30, 2018, P&L recorded in the Company and consolidated statements differs due to the unrealized profit from intercompany operations.

## 2.2. Reconciliation of net working capital

The interim financial information was prepared in the ordinary course of business. When preparing the financial information, management assessed the Company's ability to continue as a going concern. The Company recorded current liabilities in excess of current assets, in consolidated, by R\$52,979 (R\$ 29,938 in 2017).

As shown in Note 13, the Company records current liabilities of R\$48,712 (R\$48,712 in 2017) corresponding to advance for construction of Catarina Aeroporto Executivo, which will be settled upon delivery of the indivisible part of the airport, classified as noncurrent assets, according to Notes 4.b and 14a of the individual and consolidated financial statements for the year ended December 31, 2017.

We point out that the lease agreements related to the shopping malls and commercial units are accounted for under the straight-line method, on an accrual basis, and future contractual balances receivable agreed with lessees, which will be part of the cash generation for settlement of debts, was not recognized. The amount of future cash generation is indirectly represented by the fair value of investment properties, recorded in noncurrent assets, which are substantially measured at fair value based on the discounted cash flow method (see Note 24).

## 2.3. Approval of the quarterly information

The interim financial information was approved by the Company's Board of Directors and authorized for filing on August 9, 2018.

## 2.4. Restatement of the financial statements as of June 30, 2017

The need to adjust certain book balances of the Company and its subsidiaries was identified, retroactively to January 1, 2017, due to the correction of errors, including reclassifications, which were reflected in the restated data as of June 30, 2018. The effects on the Company and consolidated information are as follows:

		January 1, 2017		
Statements of changes in equity - Company and consolidated		Original	Adjustment	Restated
Equity at January 1, 2017		2,217,182	(40,394)	2,176,788
Capital		914,183	-	914,183
Other equity accounts		20,185	-	20,185
Income reserves	(a)	1,270,675	(59,766)	1,210,909
Equity of non-controlling interests	(a)	12,139	19,372	31,511
		June 30, 2017		
Statements of changes in equity - Company and consolidated		Original	Adjustment	Restated
Equity at June 30, 2017		2,193,778	(38,207)	2,155,570
Capital		915,254	-	915,254
Other equity accounts		(4,473)	-	(4,473)
Income reserves	(a)	1,270,675	(59,766)	1,210,908
Equity of non-controlling interests	(b)	12,322	21,559	33,881
		June 30, 2017		
Statements of cash flows - Company		Original	Adjustment	Restated
From operating activities	(c) / (d)	273,141	(356,487)	(83,346)
From investing activities	(d)	(155,296)	284,513	129,217
From financing activities	(c)	(153,643)	71,974	(81,669)

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Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

		June 30, 2017		
Statements of cash flows - Consolidated		Original	Adjustment	Restated
From operating activities	(c) / (d)	286,470	(352,029)	(65,559)
From investing activities	(d)	(31,244)	268,737	237,493
From financing activities	(c)	(293,334)	83,292	(210,042)

  

		June 30, 2017		
Statements of value added - Consolidated		Original	Adjustment	Restated
1. Revenue	(e)	218,572	86,460	305,032
2. Inputs	(e)	(136,674)	29,400	(107,274)
<b>3. Gross value added</b>		<b>81,898</b>	<b>115,860</b>	<b>197,758</b>
4. Retentions		(7,083)	-	(7,083)
<b>5. Net value added generated</b>		<b>74,815</b>	<b>115,860</b>	<b>190,675</b>
6. Value added received in transfer	(e)	93,233	(89,259)	3,974
<b>7. Value added to be distributed</b>		<b>168,048</b>	<b>26,601</b>	<b>194,649</b>
<b>8. Distribution of value added</b>		<b>168,048</b>	<b>26,601</b>	<b>194,649</b>

(a) Adjustments to the statements of changes in equity reflect the adjustments for which the Company identified the need to restate regarding book balances at January 1, 2016 and December 31, 2016, as stated in Note 2.3 to the financial statements as of December 31, 2017.

(b) The adjustments in the statement of changes in equity under Equity of non-controlling interests reflect the adjustments of the book balances as of January 1, 2016 and December 31, 2016, as shown in Note 2.3 to the financial statements. Furthermore, the book balance error in non-controlling interests presented at June 30, 2017 was corrected.

(c) In the statements of cash flows as of March 31, 2017, the Company reclassified the amount of interest paid on loans, financing and debentures from the financing activities group to the operating activities group.

(d) The Company adjusted non-cash effects stated in the cash flow from investing activities and cash flow from operating activities referring to the cash flow from sale of assets and equity interests.

(e) The Company reclassified the amount referring to changes in fair value of investment properties, previously classified in value added received in transfer, and the amount referring to allowance for doubtful accounts, previously classified as inputs, to the revenues group. In addition personnel costs, previously classified as inputs, were reclassified to the personnel and charges group

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### 3. New standards, amendments and interpretations of standards not yet effective at June 30, 2018

The Company elected not to early adopt any other standard, interpretation or amendment issued, but not yet effective. The nature and effectiveness of each of the new standards and amendments are set out below:

Pronouncement	Description	Effectiveness
CPC 06 (R2) – Leases	This refers to the definition and guidance on lease agreements contained in IAS17.	Annual periods beginning on or after January 1, 2019

The Company will evaluate the impact of the new standard on its individual and consolidated financial statements and, if applicable, will adopt the respective pronouncement on the effective date and based on the required method.

There are no other pronouncements or interpretations of IFRS/CPCs that have not yet come into effect until the date of issue of this quarterly information that could have a material impact on the Company's financial statements.

### 4. Cash and cash equivalents and marketable securities

	Company		Consolidated	
	06-2018	12-2017	06-2018	12-2017
Cash and banks	759	3,232	7,195	7,818
Short-term investments (a) (Notes 22.1 and 22.2)	1,899	-	2,617	1,308
<b>Cash and cash equivalents (Note 22.3)</b>	<b>2,658</b>	<b>3,232</b>	<b>9,812</b>	<b>9,126</b>
JHSF Catarina Corporate - FII (b)	4,450	4,460	23,178	23,227
JHSF Catarina Corporate Berlim (b)	18,173	18,297	-	-
JHSF Rio Bravo Fazenda Boa Vista (b)	-	-	-	559
<b>Marketable securities (Notes 22.1, 22.2 and 22.3)</b>	<b>22,623</b>	<b>22,758</b>	<b>23,178</b>	<b>23,786</b>
<b>Total</b>	<b>25,281</b>	<b>25,990</b>	<b>32,990</b>	<b>32,912</b>

(a) Short-term investments classified as cash equivalents are recorded at fair value through profit or loss, and refer to bank deposit certificates, which reflect the usual market conditions and can be redeemed within 90 days. They are highly liquid, have no risk of significant changes in value due to fluctuation of interest rates, and are remunerated at the rate of 98.5% of the Interbank Deposit Certificate (CDI) rate (98.5% of CDI in 2017). They are measured at fair value against profit or loss.

(b) Details and characteristics of marketable securities can be found in Note 4 to the 2017 annual financial statements. Marketable securities referring to Catarina Corporate Berlim are eliminated in the consolidation of the financial statements, and presented only in the Company's financial statements.

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## 5. Accounts receivable

	Company		Consolidated	
	06-2018	12-2017	06-2018	12-2017
Accounts receivable from real estate units (a)	48,430	42,247	204,526	202,888
Leases	-	-	31,787	30,851
Hotels and restaurants	-	-	9,994	10,979
Key money	-	-	8,220	7,569
Parking lots	-	-	1,926	2,274
Provision of services	-	-	3,105	3,792
Other (b)	7,825	6,734	9,747	7,485
<b>Total accounts receivable (Note 22.1)</b>	<b>56,255</b>	<b>48,981</b>	<b>269,305</b>	<b>265,838</b>
(-) Present value adjustment	-	-	(1,145)	(1,220)
(-) Allowance for doubtful accounts	-	-	(32,997)	(39,388)
<b>Total (Note 22.2)</b>	<b>56,255</b>	<b>48,981</b>	<b>235,163</b>	<b>225,230</b>
<b>Current</b>	<b>69</b>	<b>80</b>	<b>124,805</b>	<b>122,111</b>
<b>Noncurrent</b>	<b>56,186</b>	<b>48,901</b>	<b>110,358</b>	<b>103,119</b>

(a) The balance in the Company refers to accounts receivable in US dollars translated to Brazilian reais on the reporting date, from Las Piedras venture in Uruguay, assigned by JHSF Uruguay in the amount of R\$48,430 (R\$42,247 at December 31, 2017), whose changes derive from foreign exchange differences for the period + Libor.

(b) The balance of R\$7,825 (R\$6,734 at December 31, 2017), Company, refers to accounts receivable for the sale of entities abroad (Note 14).

In the consolidated information, the Company records R\$58,239 (R\$51,712 at December 31, 2017), including the amount mentioned in item (a) relating to the Las Piedras venture in Uruguay, in receivables from shareholders and management members, as a result of real estate units sold (Note 14).

The aging list of accounts receivable is as follows:

Aging list	Consolidated	
	06-2018	12-2017
Overdue above 365 days	35,397	51,412
Overdue from 91 days to 365 days	11,971	20,224
Overdue from 61 days to 90 days	1,470	887
Overdue from 31 days to 60 days	1,899	6,144
Overdue within 30 days	4,230	3,946
<b>Total overdue</b>	<b>54,967</b>	<b>82,613</b>
Falling due within 365 days	103,086	80,106
Falling due above 365 days	111,252	103,119
<b>Total falling due</b>	<b>214,338</b>	<b>183,225</b>
<b>Total</b>	<b>269,305</b>	<b>265,838</b>

Overdue balances in the table above, for which no allowance for doubtful accounts was set up, refer to notes that have been renegotiated, whose customers are not in default. The aging list reflects the original date of each note, with no change in the original dates of the overdue notes that were renegotiated. Details on the accounts receivable policy and on ADA are shown in Note 3.17.1(b) to the 2017 annual financial statements.

# JHSF Participações S.A.

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Changes in allowance for doubtful accounts are as follows:

	<u>Consolidated</u>
<b>Balances at December 31, 2017</b>	<b>(39,388)</b>
Net changes in the six-month period (Note 20)	6,391
<b>Balances at June 30, 2018</b>	<b>(32,997)</b>

## 6. Properties for sale

	<u>Consolidated</u>	
	<u>06-2018</u>	<u>12-2017</u>
Development properties	355,350	353,912
Units completed		
Fazenda Boa Vista	227,728	229,334
Cidade Jardim Townhouses	13,281	12,285
Horto Bela Vista	6,039	7,370
Mena Barreto	8,597	8,417
<b>Total</b>	<b>610,995</b>	<b>611,318</b>
<b>Current</b>	<b>113,940</b>	<b>110,214</b>
<b>Noncurrent</b>	<b>497,055</b>	<b>501,104</b>

The Company annually tests its properties for sale for impairment, and quarterly assesses if there is any indication of impairment considering the scenarios analyzed in the annual testing. For the period ended June 30, 2018, management detected no need to adjust assets for impairment.

Classification of inventories as noncurrent assets considered the prospect of sale of properties and launching of development properties.

## 7. Investments (Company)

	<u>Company</u>	
	<u>06-2018</u>	<u>12-2017</u>
Net amount of goodwill on acquisition of investments	2,782	2,782
<b>Investments:</b>		
Investments in subsidiaries and affiliates (a)	2,388,300	2,375,750
<b>Total equity interest</b>	<b>2,388,300</b>	<b>2,375,750</b>
<b>Total investments</b>	<b>2,391,082</b>	<b>2,378,532</b>

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(In thousands of reais - R\$, unless otherwise stated)

(a) The Company's direct subsidiaries and significant financial information is as follows:

Investee	% interest		Assets		Liabilities		Equity (capital deficiency)		P&L	
	06-2018	12-2017	06-2018	12-2017	06-2018	12-2017	06-2018	12-2017	06-2018	06-2017
Aveiro Incorporações Ltda.	99.99	99.99	161,754	158,143	41,192	34,562	120,563	123,581	(3,006)	(10,648)
Boa Vista de Desenvolvimento Imobiliário Ltda.	99.99	99.99	428,681	426,797	161,242	155,272	267,439	271,525	(56)	7,754
Hotéis Fasano & Resorts S.A.	60.00	60.00	64,969	63,764	2,489	2,489	62,480	61,276	1,205	(16)
Hotel Marco Internacional S.A. (a)	13.90	13.90	92,126	93,983	28,829	32,574	63,297	61,409	1,399	(18)
Infinitum Incorporações Ltda.	100.00	100.00	16,303	15,438	2,002	420	14,301	15,018	(716)	(542)
JHSF Administradora do Catarina Aeroporto Executivo S.A	100.00	100.00	515,605	482,636	338,741	305,549	176,864	177,087	(208)	25
JHSF Engenharia Ltda.	99.99	99.99	4,779	4,718	1,327	682	3,451	4,036	(584)	9
JHSF Incorporações Ltda.	99.99	99.99	1,039,992	1,039,714	3,736	-	1,036,256	1,039,714	5,043	46,040
Nova TH Empreendimentos e Incorporações	99.99	99.99	30,276	30,227	12,293	12,235	17,982	17,992	(9)	(2)
Polônia Incorporações Ltda.	99.99	99.99	671,697	667,273	187,091	186,700	484,607	480,573	52	-
JHSF Malls S.A. (b)	17.16	17.16	2,316,999	2,243,378	1,084,785	1,078,421	1,232,214	1,164,957	7,123	5,885
Other investees			72	80	1,035	117	(963)	(37)	(926)	(1,204)
<b>Total</b>			<b>5,343,253</b>	<b>5,226,151</b>	<b>1,864,762</b>	<b>1,809,021</b>	<b>3,478,491</b>	<b>3,417,131</b>	<b>9,317</b>	<b>47,283</b>

(a) The Company holds direct interest of 13.90% and indirect interest of 86.10%.

(b) The Company holds direct interest of 17.16% and indirect interest of 82.83%

Changes in investments for the period ended June 30, 2018 and year ended December 31, 2017 are shown below:

	06-2018	12-2017
<b>Opening balance</b>	<b>2,375,750</b>	<b>2,157,821</b>
Capital increase	-	514,668
Reflections of fair value adjustment of marketable securities	(75)	(2,617)
Equity pickup	(4,440)	64,862
Equity interest adjustments	-	73,908
Reversal of dividends (Note 14)	14,248	
Transfer of investments	-	(435,064)
Capital deficiency	2,817	2,172
<b>Closing balance</b>	<b>2,388,300</b>	<b>2,375,750</b>



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### 8. Property and Equipment

Changes in property and equipment for the period ended June 30, 2018 and year ended December 31, 2017 are shown below:

	Company		Consolidated	
	06-2018	12-2017	06-2018	12-2017
<b>Opening balance – residual value</b>	<b>12,682</b>	<b>11,335</b>	<b>640,592</b>	<b>681,458</b>
Additions (a)	28	2,094	15,491	22,226
Capitalized interest (b)	-	-	21,541	40,271
Transfers	-	995	-	(93,114)
Write-offs	(1,898)	-	(1,898)	-
Depreciation (Note 19)	(1,151)	(1,743)	(5,971)	(10,250)
<b>Closing balance – residual value</b>	<b>9,661</b>	<b>12,682</b>	<b>669,754</b>	<b>640,592</b>

(a) Additions for the period ended June 30, 2018 and year ended December 31, 2017 refer substantially to the construction of São Paulo Catarina Aeroporto Executivo.

(b) Interest on loans, financing and debentures of the portion of debt used in the acquisition or construction of property and equipment items is allocated to the cost of such assets. At June 30, 2018, capitalized interest in Consolidated amounted to R\$21,541 (R\$40,271 at December 31, 2017) (Note 21) and refers to the construction of São Paulo Catarina Aeroporto Executivo.

For further details on property and equipment balances, see Note 8 to the 2017 annual individual and consolidated financial statements. The Company conducts annual impairment tests and quarterly assessments of indication of impairment considering the scenarios analyzed in the annual testing. For the period ended June 30, 2018, management detected no need to adjust assets for impairment.

### 9. Investment properties

Investment properties comprise Shopping Cidade Jardim, Catarina Fashion Outlet, Shopping Bela Vista, Shopping Ponta Negra and Project Santiago. There were no changes in the portfolio, and changes for the period are as follows:

	Operating properties	Properties under construction	Total
<b>Balances at December 31, 2017</b>	<b>2,540,930</b>	<b>135,858</b>	<b>2,676,788</b>
Additions	14,833	11,192	26,025
Changes in fair value of properties	(3,676)	19,356	15,680
<b>Balances at June 30, 2018</b>	<b>2,552,088</b>	<b>166,405</b>	<b>2,718,493</b>

Fair value measurements of investment properties were prepared independently by the specialized company Cushman & Wakefield Brasil for the year ended December 31, 2017 and internally by management for period ended June 30, 2018. For the fair value estimate of each shopping mall, an income approach was adopted under the discounted cash flow method, and the discount rate for each shopping mall was determined in accordance with the cost of opportunity for the entrepreneur, considering the property risk level, both according to management's methodology.

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Discount rates, actual growth rate in perpetuity, cash flow term, vacancy rate, GLA (gross leasable area), and cap rate of the Company's properties at June 30, 2018 and December 31, 2017 are as follows:

	06-2018	12-2017
Discount rate	8.75%-12.00%	8.75%-12.33%
Actual growth rate/perpetuity	0.75%-2.00%	0.75%-2.00%
Cash flow term	10 years	10 years
Cap rate	7.75% -10%	7.75%-9.75%
Total GLA in - (m <sup>2</sup> ) (in participation)	103,558	104,160
GLA vacancy – (m <sup>2</sup> ) (in participation)	5,536	6,584

A sensitivity analysis of assets and the corresponding adjustments to the Company's profit or loss, in the event of changes in discount rates used in fair value calculation, is presented below. We used 0.5 percentage point variations upwards and downwards.

	Balance at 06-2018 - Consolidated	Potential effects of changes in discount rates			
		- 0.5 p.p.	Potential effect on profit or loss	+ 0.5 p.p.	Potential effect on profit or loss
Investment properties (a)	2,531,441	2,725,364	175,791	2,363,500	(186,073)

(a) The sensitivity analysis was conducted for investment properties measured at fair value. The balance stated in column "Balances at 06-2018 – Consolidated" does not contain the investments properties held at cost.

For development properties, the Company conducts annual impairment tests and quarterly assessments of indication of impairment considering the scenarios analyzed in the annual testing. For the period ended June 30, 2018, management detected no need to adjust assets for impairment.

For more information on the Company's investment properties, see Note 9 to the 2017 annual individual and consolidated financial statements.

## 10. Intangible assets

Changes in intangible assets for the period ended June 30, 2018 and year ended 2017 are shown below:

	Company		Consolidated	
	06-2018	12-2017	06-2018	12-2017
Opening balance – residual value	8,106	9,789	96,343	98,108
Additions (a)	1,201	1,633	1,371	1,857
Amortization (Note 19)	(131)	(3,316)	(400)	(3,622)
Closing balance – residual value	9,176	8,106	97,314	96,343

(a) Additions for the period ended June 30, 2018 refer substantially to acquisitions/renewals of software licenses. For further details on intangible asset balances, see Note 10 to the 2017 annual individual and consolidated financial statements.

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The Company conducts annual impairment tests of its properties for sale and quarterly assessments of indication of impairment considering the scenarios analyzed in the annual testing. For the period ended June 30, 2018, management detected no need to adjust assets for impairment.

## 11. Loans, financing and debentures

### 11.1 Loans and financing

Type	Index	Interest rate p.a.	Company	
			06-2018	12-2017
Working capital (Note 22.1)	CDI	3.10%	399,414	361,005
Borrowing costs to be amortized			(19,573)	(22,816)
<b>Net balance</b>			<b>379,841</b>	<b>338,189</b>
<b>Current</b>			<b>42,788</b>	<b>46,612</b>
Principal and interest			44,993	47,955
(-) Costs			(2,205)	(1,343)
<b>Noncurrent</b>			<b>337,053</b>	<b>291,577</b>
Principal and interest			354,421	313,049
(-) Costs			(17,368)	(21,472)

  

Type	Index	Interest rate p.a.	Consolidated	
			06-2018	12-2017
Working capital	CDI	3.56%	445,487	415,042
Working capital	Fixed rate	17.00%	7,493	3,743
BNDES - Airport	IPCA	3.99%	68,653	64,177
BNDES - Manaus	Fixed rate	8.70%	1,139	1,302
BNDES - Shopping Bela Vista	TJLP	2.60%	21,050	23,660
BNDES - Manaus	TJLP	5.20%	28,782	32,786
BNDES - Aeroporto	TJLP	3.55%	74,888	71,263
BNDES - Shopping Bela Vista	UMBNDDES	3.05%	10,782	10,470
BNDES - Manaus	UMBNDDES	4.20%	37,467	36,938
<b>Balance (Notes 22.1, 22.2 and 22.3)</b>			<b>695,741</b>	<b>659,381</b>
Cost of borrowings to be amortized			(22,338)	(25,475)
<b>Net balance (Note 22.2)</b>			<b>673,403</b>	<b>633,906</b>
<b>Current</b>			<b>149,942</b>	<b>130,826</b>
Principal and interest			152,402	132,289
(-) Costs			(2,460)	(1,463)
<b>Noncurrent</b>			<b>523,461</b>	<b>503,080</b>
Principal and interest			543,339	527,092
(-) Costs			(19,878)	(24,012)

# JHSF Participações S.A.

Notes to quarterly information

Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

Loans and financing mature as follows:

Year	Company		Consolidated	
	06-2018	12-2017	06-2018	12-2017
2018	25,177	47,955	102,436	132,289
2019	59,290	46,089	122,974	102,153
2020	64,845	44,410	110,440	87,228
2021	55,862	44,443	93,612	80,883
2022 onwards	194,240	178,108	266,279	256,828
<b>Total gross</b>	<b>399,414</b>	<b>361,005</b>	<b>695,741</b>	<b>659,381</b>
Borrowing costs to be amortized	(19,573)	(22,816)	(22,338)	(25,475)
<b>Net balance</b>	<b>379,841</b>	<b>338,189</b>	<b>673,403</b>	<b>633,906</b>

Changes in loans and financing, in Company and Consolidated, are as follows:

## Company

Type	12-2017	Amount released	Interest	Payment of principal	Payment of interest	Amortization of costs	06-2018
Working capital	361,005	80,600	18,501	(43,644)	(17,048)	-	399,414
Costs to be amortized	(22,816)	(4,686)	-	-	-	7,929	(19,573)
	<b>338,189</b>	<b>75,914</b>	<b>18,501</b>	<b>(43,644)</b>	<b>(17,048)</b>	<b>7,929</b>	<b>379,841</b>

## Consolidated

Type	12-2017	Amount released	Interest	Payment of principal	Payment of interest	Amortization of costs	06-2018
BNDES	240,608	-	19,641	(12,717)	(4,771)	-	242,761
Working capital	418,773	91,924	21,743	(59,124)	(20,336)	-	452,980
Costs to be amortized	(25,475)	(4,937)	-	-	-	8,074	(22,338)
	<b>633,906</b>	<b>86,987</b>	<b>41,384</b>	<b>(71,841)</b>	<b>(25,107)</b>	<b>8,074</b>	<b>673,403</b>

Maturities and indices of loans and financing recorded at June 30, 2018 are as follows:

Type	Maturity	Index	Guarantees
BNDES - Shopping Bela Vista (SBV)	05.16.2022	TJLP and UMBNDES	Property first mortgage
BNDES - Shopping Ponta Negra (SPN)	12.15.2021 and 01.15.2022	UMBNDES / PRE / TJLP	Property first mortgage
BNDES – Airport	11.15.2027	IPCA / SELIC / TJLP	Property first mortgage + right on receivables
Working capital	10.15.2018 to 11.23.2021	CDI	Chattel mortgage of real estate units
Working capital	01.17.2019	CDI	Company controlling shareholder's collateral signature
Working capital	12.27.2019 to 06.30.2020	CDI	Credit rights

# JHSF Participações S.A.

Notes to quarterly information

Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

## 11.2 Debentures

Type	Index	Interest rate p.a.	Company		Consolidated	
			06-2018	12-2017	06-2018	12-2017
5 <sup>th</sup> issue + 1 <sup>st</sup> issue of subsidiaries	CDI	3.40%	342,900	342,831	720,090	719,944
7 <sup>th</sup> issue of unsecured debentures (a)	CDI	4.27%	20,066	-	20,066	-
<b>Balance (Notes 22.1, 22.2 and 22.3)</b>			<b>362,966</b>	<b>342,831</b>	<b>740,156</b>	<b>719,944</b>
(-) Debenture issue costs	-	-	(18,704)	(10,961)	(22,896)	(15,533)
<b>Net balance (Note 22.2)</b>			<b>344,262</b>	<b>331,870</b>	<b>717,260</b>	<b>704,411</b>
<b>Current</b>			<b>1,024</b>	<b>484</b>	<b>2,158</b>	<b>523</b>
Principal and interest			1,083	1,014	2,243	1,917
(-) Costs			(59)	(530)	(85)	(1,394)
<b>Noncurrent</b>			<b>343,238</b>	<b>331,386</b>	<b>715,102</b>	<b>703,888</b>
Principal and interest			361,883	341,817	737,913	718,027
(-) Costs			(18,645)	(10,431)	(22,811)	(14,139)

(a) On June 1, 2018, the Company completed the 7<sup>th</sup> issue of single series unsecured non-convertible debentures, with security interest and personal guarantee ("Debentures"), for distribution with restricted placement efforts under the terms of CVM Ruling No. 476/09. The total issue amounted to R\$100,000, maturing on 12/01/2019 and with prepayment option as of 06/01/2019. On June 20, 2018, the amount of R\$20,000 was released and subsequently, on July 11 and 31, 2018, the amounts of R\$13,279 and R\$9,190, respectively were released, totaling R\$42,469 to date, of which R\$57,531 is to be subscribed in accordance with the release of guarantees. The 6<sup>th</sup> issue of debentures was cancelled with no release of funds.

The debenture payment schedule is as follows:

Year	Company		Consolidated	
	06-2018	12-2017	06-2018	12-2017
2018	1,083	1,014	2,243	1,917
2019	46,360	26,294	75,314	55,429
2020	52,587	52,587	110,433	110,433
2021	52,587	52,587	110,433	110,433
2022 onwards	210,349	210,349	441,733	441,732
<b>Total gross</b>	<b>362,966</b>	<b>342,831</b>	<b>740,156</b>	<b>719,944</b>
Debenture costs to be amortized	(18,704)	(10,961)	(22,896)	(15,533)
<b>Total, net</b>	<b>344,262</b>	<b>331,870</b>	<b>717,260</b>	<b>704,411</b>

Changes in debentures, in Company and Consolidated, are as follows:

Company							
Type	12-2017	Amount released (b)	Interest	Payment of principal	Payment of interest	Amortization of costs	06-2018
Debentures	342,831	20,000	15,289	-	(15,153)	-	362,966
Costs to be amortized	(10,961)	(9,139)	-	-	-	1,396	(18,704)
<b>Total</b>	<b>331,870</b>	<b>10,861</b>	<b>15,289</b>	<b>-</b>	<b>(15,153)</b>	<b>1,396</b>	<b>344,262</b>
Consolidated							
Type	12-2017	Amount released (b)	Interest	Payment of principal	Payment of interest	Amortization of costs	06-2018
Debentures	719,944	20,000	32,033	-	(31,821)	-	740,156
Costs to be amortized	(15,533)	(9,139)	-	-	-	1,776	(22,896)

## JHSF Participações S.A.

Notes to quarterly information

Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

Total	<u>704,411</u>	<u>10,861</u>	<u>32,033</u>	<u>-</u>	<u>(31,821)</u>	<u>1,776</u>	<u>717,260</u>
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(b) Costs to be amortized for the period refer to costs paid for the debt renegotiation on December 15, 2017 plus costs paid related to the 7<sup>th</sup> issue of debentures.

The characteristics, guarantees, covenants, and other debenture-related information is the same as that disclosed in Note 11.2 to the 2017 annual financial statements.

The Company has no debts whose covenants require presentation of financial ratios.

The Company often monitors compliance with covenants as per contractual rules. For the period ended June 30, 2018, no evidence of non-compliance with such covenants was detected.

## 12. Liabilities with partners in ventures

At June 30, 2018 and December 31, 2017, balances of these liabilities were as follows:

	Consolidated	
	06-2018	12-2017
JHSF Rio Bravo Fazenda Boa Vista (Notes 22.1, 22.2 and 22.3)	125,312	125,312
Costs to be amortized	(2,017)	(2,289)
<b>Total (Note 22.2)</b>	<b>123,295</b>	<b>123,023</b>

The previous balance amortization schedule was as follows:

Year	Consolidated	
	06-2018	12-2017
2019	17,902	17,902
2020	17,902	17,902
2020 onwards	89,508	89,508
	<b>125,312</b>	<b>125,312</b>
Costs to be amortized	(2,017)	(2,289)
<b>Total</b>	<b>123,295</b>	<b>123,023</b>

For more details on balance of liabilities with partners in ventures, see Note 12 to the 2017 annual financial statements.

## 13. Advances from customers and agreement dissolutions payable

	Consolidated	
	06-2018	12-2017
Amount received for the sale of properties above the allocated revenue	352	763
Aeroporto Executivo Catarina	48,712	48,712
Advances for acquisition of land (a)	54,463	42,963
Advances for sale of assets (b)	20,000	-
Agreement dissolutions payable	1,116	930
Other	6,958	4,245
<b>Total</b>	<b>131,601</b>	<b>97,613</b>
Current	108,601	97,613
Noncurrent	23,000	-

# JHSF Participações S.A.

Notes to quarterly information

Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

(a) Part of the balance received as advance for acquisition of land refers to the amount of R\$23,000 received from a related party, as described in Note 14. For more details on the balances of advances from customers and agreement dissolutions payable, see Note 14 of the financial statements for the year 2017.

(b) On May 2, 2018, the Company disclosed a Material Fact Notice mentioning that a Binding Letter of Intent for Acquisition of Assets was signed with XP MALLS FUNDO DE INVESTIMENTO IMOBILIÁRIO - FII, through which the Fund agreed to acquire non-controlling interest in assets of shopping malls owned indirectly by the Company, having already received down payment of R\$20,000

## 14. Transactions with related parties

The Company has a current account with its subsidiaries, which is intended to provide funds for maintenance of operating activities. These activities are not remunerated on maturity, as agreed between the parties. Therefore, balances of assets were classified as noncurrent and of liabilities as current. Transactions conducted between companies included in the consolidated quarterly information were eliminated in the consolidation process of assets and liabilities. At June 30, 2018 and December 31, 2017, balances of assets and liabilities with related parties are as follows:

Assets	Company		Consolidated	
	06-2018	12-2017	06-2018	12-2017
<b>Receivables from related parties</b>				
José Auriemo Neto and family (a)	48,488	30,326	65,712	47,550
SPCTA Táxi Aéreo Ltda.	23,400	19,637	23,680	19,917
JHSF Adm. do Catarina Aeroporto	62,860	35,917	-	-
Polônia Incorporações	46,475	54,030	-	-
JHSF Malls S.A. (b)	318,456	300,000	-	-
Receivables referring to Fasano operations	18,762	18,470	21,908	21,760
Other	46,131	17,675	8,012	7,323
<b>Subtotal (Notes 22.1 and 22.2)</b>	<b>564,572</b>	<b>476,055</b>	<b>119,312</b>	<b>96,550</b>
<b>Future capital contribution</b>	<b>8,535</b>	<b>8,535</b>	-	-
<b>Dividends receivable</b>				
Cia Administradora de Empreendimentos	-	270	-	-
Hotéis Fasano	3,508	3,508	-	-
Shopping Bela Vista	3,580	3,580	-	-
JHSF Malls S.A. (c)	4,161	18,408	-	-
<b>Subtotal</b>	<b>11,249</b>	<b>25,766</b>	-	-
<b>Total</b>	<b>584,356</b>	<b>510,356</b>	<b>119,312</b>	<b>96,550</b>
Current	329,705	325,766	-	-
Noncurrent	254,651	184,590	119,312	96,550
<b>Liabilities</b>				
	<b>06-2018</b>	<b>12-2017</b>	<b>06-2018</b>	<b>12-2017</b>
Cia. Boa Vista de Desenvolvimento Imobiliário	109,499	107,701	-	-
Other	20,910	5,951	3,066	-
<b>Subtotal</b>	<b>130,409</b>	<b>113,652</b>	<b>3,066</b>	-
José Auriemo Neto and family (a)	63,379	55,113	63,379	55,113
<b>Subtotal</b>	<b>63,379</b>	<b>55,113</b>	<b>63,379</b>	<b>55,113</b>
<b>Total (Notes 22.1, 22.2 and 22.3)</b>	<b>193,788</b>	<b>168,765</b>	<b>66,445</b>	<b>55,113</b>
Current	130,409	113,652	-	-
Noncurrent	63,379	55,113	66,445	55,113

## **JHSF Participações S.A.**

Notes to quarterly information

Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

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(a) The asset balance refers to related-party receivables in reais amounting to R\$20,388, and in US dollars, translated into reais at the reporting date, amounting to R\$28,100. The liabilities balance refers to related-party payables in US dollars, translated into reais at the reporting date, amounting to R\$63,379.

(b) The balance receivable from JHSF Malls S.A. (formerly Shopping Cidade Jardim S.A.) refers to the closing balance related to the transactions wherein the Company assigned interest in Shopping Ponta Negra and in Shopping Bela Vista, in addition to the settlement of balances between the parties through the corporate restructuring process, when balances due were carried to the Company, which centralized all balances and became the creditor of JHSF Malls S.A. The balance should be realized when liquidity events occur through transactions in the securities market or with the XP Gestão operation (Note 28). Should neither of these events occur, the balance will be fully capitalized by the end of this year.

In addition, the Company signed the 1<sup>st</sup> contract addendum in June 2018, referring to restatement of the debt balance at a rate of 1% p.m. from the date of the transaction between the parties, totaling an accumulated restatement at June 30, 2018 of R\$18,456 (Note 21). The interest has no effect on the consolidated figures.

(c) At the special general meeting held on June 8, 2018, JHSF Malls S.A. shareholders expressly approved the non-distribution of dividends accrued up to December 31, 2016, totaling R\$60,134, of which R\$14,248 (Note 7) to JHSF Participações S.A. The dividends of JHSF Malls S.A. were allocated to the profit retention reserve account.

### Dividends payable

The amount of R\$53,056 at June 30, 2018 and December 31, 2017 (R\$14,829 in current liabilities and R\$38,227 in noncurrent liabilities) refers to dividends payable on income reserve realization on profit or loss at fair value upon sale of assets. On April 28, 2017, at the Annual and Special General Meeting, attendees resolved and approved the non-payment of these dividends. As a result, the Company allocated a proportional share for shareholders' approval to noncurrent liabilities, while maintaining the remaining balance in current liabilities.

### Business transactions

At June 30, 2018, receivables from shareholders and management members as a result of real estate units sold (Note 5), including Las Piedras project in Uruguay, totals R\$58,239 (R\$51,712 at December 31, 2017).

### Corporate transactions

Over 2016, the Company disposed of certain investments held abroad to a subsidiary through its controlling shareholder. At June 30, 2018, the amount receivable for this transaction is R\$7,825 (R\$6,734 at December 31, 2017) (Note 5).

In addition, during 2017 and during the first half of 2018, the Company received R\$23,000 from its controlling shareholder as an advance for participation in a future real estate project, as mentioned in Note 13.

### Management compensation

At the General and Special Shareholders' Meeting held on May 17, 2018, shareholders approved the setting of the aggregate annual limit for the Company's management compensation for 2018 of up to R\$11,400 (R\$10,400 in 2017).



# JHSF Participações S.A.

Notes to quarterly information

Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

Compensation of management, supervisory board and audit committee members for the period ended June 30, 2018 and 2017 is as follows:

	Statutory Board and managing officers	Board of Directors	Fiscal Council (a)	Audit Committee	Total
<b>06-2018</b>					
Number of members	3	7	3	3	16
Salary/management fees/compensation	1,729	1,098	132	144	3,103
Direct and fringe benefits	93	71	-	-	164
<b>Total compensation</b>	<b>1,822</b>	<b>1,169</b>	<b>132</b>	<b>144</b>	<b>3,267</b>
	Statutory Board and managing officers	Board of Directors	Fiscal Council (a)	Audit Committee	Total
<b>06-2017</b>					
Number of members	3	7	3	3	16
Salary/management fees/compensation	1,868	567	198	144	2,777
Bonus	614	-	-	-	614
Direct and fringe benefits	83	35	-	-	118
<b>Total compensation</b>	<b>2,565</b>	<b>602</b>	<b>198</b>	<b>144</b>	<b>3,509</b>

(a) Fiscal Council compensation refers to the period from January to April/2018. At the General and Special Shareholders' Meeting held on May 17, 2018, the shareholders approved the Management Proposal whereby the Fiscal Council was discontinued for 2018.

## 15. Current and deferred income and social contribution taxes

### 15.1 Deferred income and social contribution taxes

Deferred income and social contribution taxes are recorded to reflect future tax effects attributable to temporary differences existing between assets and liabilities tax base and the corresponding carrying amount.

Given their nature, deferred income and social contribution tax assets/(liabilities) are as follows:

Consolidated Tax bases	06-2018			12-2017		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Tax depreciation	-	(51,116)	(51,116)	-	(46,370)	(46,370)
Real estate activity	-	(7,055)	(7,055)	-	(8,202)	(8,202)
ADA	-	16,337	16,337	-	16,351	16,351
Tax loss	-	34,331	34,331	-	34,331	34,331
Fair value of Investment properties	-	(517,099)	(517,099)	-	(509,525)	(509,525)
Other taxes	827	-	827	433	(10)	423
<b>Total</b>	<b>827</b>	<b>(524,602)</b>	<b>(523,775)</b>	<b>433</b>	<b>(513,425)</b>	<b>(512,992)</b>

# JHSF Participações S.A.

Notes to quarterly information

Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

Current	-	(8,451)	(8,451)	-	(11,784)	(11,784)
Noncurrent	827	(516,151)	(515,324)	433	(501,641)	(501,208)

At June 30, 2018, the Company recorded tax losses amounting to R\$688.251 (R\$661.782 at December 31, 2017). In the Consolidated information, tax losses amounted to R\$1,096,302 at June 30, 2018 (R\$1,105,931 at December 31, 2017), generated by shopping malls' operations for future use for which deferred income and social contribution tax assets were recorded, on account of management's expectation of generation of taxable profit in the next years, which will be able to absorb the tax loss recorded, limited to the amounts shown in the table above.

The Company has income and social contribution tax losses from the other operations for which no tax credit was recorded in the statement of financial position, since management has no expectation of generation of sufficient taxable profit to absorb accumulated balances of income and social contribution tax losses.

The use of tax credits from tax losses recognized should follow the schedule below:

Year	06-2018
2018	5,714
2019	6,439
2020	3,971
2021	4,353
2022	2,877
2023 onwards	10,977
	<b>34,331</b>

In line with CVM Rule No. 371, management, together with the Fiscal Council, examined and approved the study to realize deferred tax assets, with no qualification in that regard, as of December 31, 2017.

## 15.2. Reconciliation of income and social contribution tax expenses

Reconciliation of income and social contribution taxes is as follows:

	Company		Consolidated	
	06-2018	06-2017	06-2018	06-2017
Income (loss) before income and social contribution taxes	(18,999)	(16,174)	12,788	22,589
Income and social contribution taxes at nominal rates (34%)	6,460	5,499	(4,348)	(7,680)
<b>Adjustments for effective rate calculation</b>				
Income and social contribution taxes at the rate of 34%, with no deferred tax credits recorded	(8,999)	(6,624)	-	(23,647)
Other permanent additions/exclusions, net	2,539	1,125	(9,909)	(3,013)
Effect on companies that compute taxable profit as a percentage of gross revenue	-	-	(1,770)	(2,052)
<b>Income (expenses) from income and social contribution taxes</b>	<b>-</b>	<b>-</b>	<b>(16,027)</b>	<b>(36,393)</b>
Current income and social contribution taxes	-	-	(2,356)	(2,853)
Deferred income and social contribution taxes	-	-	(13,671)	(33,540)
<b>Income (expenses) from income and social contribution taxes</b>	<b>-</b>	<b>-</b>	<b>(16,027)</b>	<b>(36,393)</b>

## **JHSF Participações S.A.**

Notes to quarterly information

Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

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## JHSF Participações S.A.

Notes to quarterly information

Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

### 16. Provision for contingencies

The Company and its subsidiaries are parties to labor, civil and tax proceedings at various court levels. Provisions for legal proceedings, set up to cover losses arising from proceedings pending judgment, if any, are restated based on management's assessment, according to the opinion of its legal advisors:

<u>Probable</u>	<u>Company</u>			<u>Consolidated</u>		
	<u>Labor and tax</u>	<u>Civil</u>	<u>Total</u>	<u>Labor and tax</u>	<u>Civil</u>	<u>Total</u>
Balances at December 31, 2017	14	-	14	20,771	733	21,504
Set-up (reversal) of provision in 2018	81	-	81	(1,136)	(99)	(1,235)
Balances at June 30, 2018	95	-	95	19,635	634	20,269

The Company and its subsidiaries are parties other labor, tax and civil suits arising in the ordinary course of business, for which the likelihood of an unfavorable outcome was rated as possible by management and its legal advisors. As a result, no provision was set up to cover possible unfavorable outcomes. These contingencies recorded in the consolidated information are as follows:

<u>Possible</u>	<u>Consolidated</u>			
	<u>Labor</u>	<u>Tax</u>	<u>Civil</u>	<u>Total</u>
Balances at December 31, 2017	21,817	4,863	161,949	188,629
Changes in 2018	(2,004)	3,179	(15,734)	(14,559)
Balances at June 30, 2018	19,813	8,042	146,215	174,070

Judicial deposits classified as sundry receivables under noncurrent assets are the following:

	<u>Company</u>		<u>Consolidated</u>	
	<u>06-2018</u>	<u>12-2017</u>	<u>06-2018</u>	<u>12-2017</u>
Judicial deposits	815	440	5,705	4,583
	815	440	5,705	4,583

### 17. Equity

#### Capital

At June 30, 2018, Company capital amounted to R\$916,463 (R\$915,254 at December 31, 2017), comprising 526,383,839 registered common shares (525,661,247 shares at December 31, 2017).

At the Board of Directors' Meeting held on March 1, 2018, the Company approved capital increase through issue of 722,592 shares, corresponding to R\$1,209. This capital increase was exclusively to allow exercise of the stock options of the 13<sup>th</sup> Stock Option Plan.

#### Authorized capital

At June 30, 2018, the Company is authorized to increase capital, regardless of a statutory reform, by issuing new shares, provided that capital does not exceed 650,000,000 common shares.

# JHSF Participações S.A.

Notes to quarterly information

Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

## Treasury shares

These refer to common shares acquired under the 1<sup>st</sup> plan for acquisition of own shares, closed on October 19, 2009, for maintenance in treasury, cancellation, subsequent disposal or used to meet possible exercise of the Stock Option Plan. At June 30, 2018 and December 31, 2017, the Company had 133,303 treasury shares. Considering the price of the last quotation of shares before the closing of the period, which was R\$1.10 (R\$1.75 at December 31, 2017), the market value of such shares would be R\$147 (R\$233 at December 31, 2017).

## Recognition of options granted

Stock options: shares corresponding to the options granted may be acquired after the maturity of the vesting periods, according to rules established in the Company's stock option plan.

## Equity adjustment

This refers to the variation between the price that would be received for disposal of the securities or that would be paid for transfer in a transaction between market players at the measurement date.

## **17.1. Allocation of profit or loss**

For further details on the policy for allocation of profit or loss, see Note 18.1 to the 2017 annual individual and consolidated financial statements.

## **18. Net operating revenue**

Breakdown of net operating revenue for the periods ended June 30, 2018 and June 30, 2017 is as follows:

	<b>Consolidated</b>	
	<b>06-2018</b>	<b>06-2017</b>
Revenue from sale of properties	39,597	27,610
Revenue from shopping malls and commercial leases	104,648	94,730
Revenue from hotels and restaurants	91,443	93,926
<b>Gross operating revenue</b>	<b>235,688</b>	<b>216,266</b>
(-) Deductions from gross revenue	(23,044)	(23,942)
<b>Net operating revenue</b>	<b>212,644</b>	<b>192,324</b>

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Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

### 19. Expenses by nature and type

Expenses and costs for the periods ended June 30, 2018 and June 30, 2017 are as follows:

	Company		Consolidated	
	06-2018	06-2017	06-2018	06-2017
<b>Expenses by type</b>				
Costs	-	-	(113,448)	(105,118)
General and administrative expenses	(11,212)	(11,830)	(42,312)	(54,882)
Selling expenses	(42)	(26)	(3,663)	(4,894)
	<b>(11,254)</b>	<b>(11,856)</b>	<b>(159,423)</b>	<b>(164,894)</b>
<b>Expenses by nature</b>				
Personnel	(4,037)	(2,831)	(48,389)	(52,301)
Occupancy	(419)	(594)	(22,695)	(16,139)
Cost of services rendered	-	-	(16,568)	(18,658)
Third-party services	(2,188)	(1,896)	(13,589)	(10,909)
Cost of units sold	-	-	(20,860)	(18,825)
Cost of sales	-	-	(15,327)	(8,975)
Depreciation and amortization (Notes 8 and 10)	(1,282)	(1,684)	(6,371)	(5,287)
Cost of hospitality	-	-	(4,934)	(7,427)
Commissions	-	-	(2,519)	(2,084)
Other professional services	(1,252)	(9,161)	(2,170)	(10,514)
Expenses with vacant stores	-	-	(1,885)	(2,051)
Legal assistance	(1,124)	(3,916)	(1,880)	(5,180)
Advisory services	(952)	(2,282)	(1,484)	(4,004)
Promotions and events	-	(16)	(752)	(2,540)
	<b>(11,254)</b>	<b>(22,380)</b>	<b>(159,423)</b>	<b>(164,894)</b>
Shared services (a)	-	10,524	-	-
	<b>(11,254)</b>	<b>(11,856)</b>	<b>(159,423)</b>	<b>(164,894)</b>

(a) In 2017, the Company incurred expenses related to management and personnel compensation, legal services, travel expenses and other services allocated to JHSF Participações S.A. and shared through Cost Sharing, which are billed through debit notes for the Company and its subsidiaries. In the period ended June 30, 2018, there were no expenses to be shared with the subsidiaries.

### 20. Other operating income (expenses), net

Other operating income and expenses for the periods ended June 30, 2018 and June 30, 2017 are as follows:

	Company		Consolidated	
	06-2018	06-2017	06-2018	06-2017
Stock option plan (Note 27)	(837)	(3,749)	(837)	(3,749)
Gain on disposal of property and equipment	-	2,282	-	2,282
Reversal of allowance for doubtful accounts and sundry receivables (Note 5)	630	-	6,391	(2,799)
Reversal (set-up) of provision for contingencies (Note 16)	(81)	-	1,235	1,138
Other	621	24	(2,284)	(1,718)

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(In thousands of reais - R\$, unless otherwise stated)

	<u>333</u>	<u>(1,443)</u>	<u>4,505</u>
			<u>(4,846)</u>

## 21. Finance income (costs), net

Finance income (costs) for the periods ended June 30, 2018 and June 30, 2017 are as follows:

	Company		Consolidated	
	06-2018	06-2017	06-2018	06-2017
<b>Finance income</b>				
Monetary restatement (a)	18,456	-	-	-
Foreign exchange gains	17,556	3,950	18,007	3,962
Other finance income	493	1,805	419	178
	<u>36,505</u>	<u>5,755</u>	<u>18,426</u>	<u>4,140</u>
<b>Finance costs</b>				
Restatement of loans, financing and debentures	(20,351)	(37,476)	(51,876)	(76,475)
Foreign exchange losses	(14,396)	(3,731)	(14,547)	(3,851)
Other finance costs	(5,396)	(8,984)	(10,526)	(12,902)
	<u>(40,143)</u>	<u>(50,191)</u>	<u>(76,949)</u>	<u>(93,228)</u>
<b>Finance income (costs), net</b>	<u>(3,638)</u>	<u>(44,436)</u>	<u>(58,523)</u>	<u>(89,088)</u>

(a) Monetary restatements arise from the balances receivable from parties related to JHSF Malls in the amount of R\$18,456 (Note 14).

Reconciliation of restatement of and interest on loans, financing and debentures calculated for the period, in addition to interest capitalization in property and equipment and finance income (costs), is as follows:

	Company		Consolidated	
	06-2018	06-2017	06-2018	06-2017
Restatement of and interest on loans and financing (Notes 11.1 and 11.2)	(33,790)	(46,091)	(73,417)	(92,251)
<b>Total restatement of and interest on loans, financing and debentures</b>	<u>(33,791)</u>	<u>(46,091)</u>	<u>(73,417)</u>	<u>(92,251)</u>
Capitalization of interest in property and equipment (Note 10)	13,439	8,615	21,541	15,776
<b>Total finance costs from loans, financing and debentures</b>	<u>(20,351)</u>	<u>(37,476)</u>	<u>(51,876)</u>	<u>(76,475)</u>

## 22. Financial instruments and risk management

The Company is a party to transactions involving financial instruments, all of which are recorded in statement of financial position accounts, intended for meeting its operational needs and reducing the exposure to credit, interest rate risk and currency risks.

The Company does not carry out operations involving derivative financial instruments.

Risks are managed through control policies, specific strategies and determination of limits, as follows:

# JHSF Participações S.A.

Notes to quarterly information

Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

## 22.1 Financial instruments and risk management

The Company's main financial instrument categories at June 30, 2018 and December 31, 2017 are as follows:

	Company			
	June 30, 2018			
	Loans and receivables	Fair value through profit or loss	Amortized cost	Total
<b>Assets</b>				
Short-term investments (Note 4)	-	1,899	-	1,899
Marketable securities (Note 4)	-	22,623	-	22,623
Trade accounts receivable (Note 5)	56,255	-	-	56,255
Receivables from related parties (Note 14)	564,572	-	-	564,572
<b>Total asset instruments</b>	<b>620,827</b>	<b>24,522</b>	<b>-</b>	<b>645,349</b>
<b>Liabilities</b>				
Trade accounts payable	-	-	3,010	3,010
Loans and financing (Note 11.1)	-	-	399,414	399,414
Debentures (Note 11.2)	-	-	362,966	362,966
Accounts payable to related parties (Note 14)	-	-	193,788	193,788
<b>Total liability instruments</b>	<b>-</b>	<b>-</b>	<b>959,178</b>	<b>959,178</b>

  

	Company			
	December 31, 2017			
	Loans and receivables	Fair value through profit or loss	Amortized cost	Total
<b>Assets</b>				
Marketable securities (Note 4)	-	22,758	-	22,758
Trade accounts receivable (Note 5)	48,981	-	-	48,981
Receivables from related parties (Note 14)	476,055	-	-	476,055
<b>Total asset instruments</b>	<b>525,036</b>	<b>22,758</b>	<b>-</b>	<b>547,794</b>
<b>Liabilities</b>				
Trade accounts payable	-	-	919	919
Loans and financing (Note 11.1)	-	-	361,005	361,005
Debentures (Note 11.2)	-	-	342,831	342,831
Accounts payable to related parties (Note 14)	-	-	168,765	168,765
<b>Total liability instruments</b>	<b>-</b>	<b>-</b>	<b>873,520</b>	<b>873,520</b>



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Period ended June 30, 2018

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Consolidated				
June 30, 2018				
	Loans and receivables	Fair value through profit or loss	Amortized cost	Total
<b>Assets</b>				
Short-term investments (Note 4)	-	2,617	-	2,617
Marketable securities (Note 4)	-	23,178	-	23,178
Trade accounts receivable (Note 5)	269,305	-	-	269,305
Receivables from related parties (Note 11.1)	119,312	-	-	119,312
<b>Total asset instruments</b>	<b>388,617</b>	<b>25,795</b>	<b>-</b>	<b>414,412</b>
<b>Liabilities</b>				
Trade accounts payable	-	-	48,253	48,253
Loans and financing (Note 11.1)	-	-	695,741	695,741
Debentures (Note 11.2)	-	-	740,156	740,156
Liabilities with partners in ventures (Note 12)	-	-	125,312	125,312
Accounts payable to related parties (Note 14)	-	-	66,445	66,445
<b>Total liability instruments</b>	<b>-</b>	<b>-</b>	<b>1,675,907</b>	<b>1,675,907</b>

Consolidated				
December 31, 2017				
	Loans and receivables	Fair value through profit	Amortized cost	Total
<b>Assets</b>				
Short-term investments (Note 4)	-	1,308	-	1,308
Marketable securities (Note 4)	-	23,786	-	23,786
Trade accounts receivable (Note 5)	265,838	-	-	265,838
Receivables from related parties (Note 14)	96,550	-	-	96,550
<b>Total asset instruments</b>	<b>362,388</b>	<b>25,094</b>	<b>-</b>	<b>387,482</b>
<b>Liabilities</b>				
Trade accounts payable	-	-	42,867	42,867
Loans and financing (Note 11.1)	-	-	659,381	659,381
Debentures (Note 11.2)	-	-	719,944	719,944
Liabilities with partners in ventures (Note 12)	-	-	125,312	125,312
Accounts payable to related parties (Note 14)	-	-	55,113	55,113
<b>Total liability instruments</b>	<b>-</b>	<b>-</b>	<b>1,602,617</b>	<b>1,602,617</b>

## 22.2 Risk management

### Credit risk

The Company limits its exposure to credit risks associated with banks, cash equivalents, and marketable securities by investing in first-tier financial institutions. Regarding accounts receivable, the Company limits its exposure to credit risks by having a broad customer base and through continuous credit rating. In addition, the Company may retake the space to make it available for future new leases. The Company understands that there is no concentration of significant credit risk associated with customers, since there are no customers accounting for representative lease revenue and trade accounts receivable, with the largest customer accounting for less than 2.5% of total lease revenue.

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Also, there is no significant credit risk concentration on service revenues, currently represented mostly by the shopping mall administration company, supported by the same customer base of lease revenues, i.e., representativeness of less than 2.5% of total.

### Methodology for calculation of the fair value of financial instruments

Definition of fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

There was no change in the fair value hierarchy classification of the Company's financial instruments in relation to that disclosed in the 2017 annual financial statements. For further details of this classification, see Note 23.2 to the referred to financial statements.

The amounts of significant consolidated financial assets and financial liabilities at fair value approximate their carrying amounts at June 30, 2018, as follows:

<b>Assets</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Fair value hierarchy</b>
Short-term investments (Note 4)	2,617	2,617	2
Marketable securities (Note 4)	23,178	23,178	2
Trade accounts receivable, net of ADA and PVA (Note 5)	235,163	235,163	2
Receivables from related parties (Note 14)	119,312	119,312	2
<b>Liabilities</b>			
Loans and financing, net of costs (Note 11.1)	673,403	649,538	2
Debentures, net of costs (Note 11.2)	717,260	717,260	2
Liabilities with partners in ventures (Note 12)	123,295	123,295	2
Trade accounts payable	48,253	48,253	2
Payables to related parties (Note 14)	71,298	71,298	2

### Interest rate risk

The Company has loans, financing and debentures pegged to the Interbank Deposit Certificate (CDI) rate, Long-term interest rate (TJLP), Extended Consumer Price Index (IPCA), Fixed rate, and UMBNDES, which exposes its assets and liabilities to fluctuations in the interest rates, in addition to a fixed rate. Management monitors the market behavior of future interest rates on an ongoing basis, aiming to assess any need to take out hedging instruments against the risk of volatility of such rates. The Company does not take out derivative financial instruments to cover this type of risk.

### Sensitivity analysis of significant financial assets and liabilities

Significant financial instruments of the Company mainly comprise cash equivalents, trade accounts receivable, marketable securities, loans, financing, debentures, and related parties, and are carried at fair value through profit or loss and/or amortized cost, plus yields or charges incurred, which, at June 30, 2018, approximate their fair values, as mentioned in Notes 22.1 and 22.2.

Significant risks regarding the Company's operations are related the CDI rate variation for short-term investments and debentures, and General Market Price Index (IGPM) for leases receivable. In order to check the sensitivity of the index in short-term investments, trade accounts receivable, debentures, loans and financing, and related-party receivables and payables to which the Company was exposed at December 31, 2017, five different scenarios were defined. Based on projections disclosed by financial institutions, the projections for CDI, IGPM, TJLP, UMBNDES and the US dollar were obtained for December 31, 2018, which is defined as the probable scenario. Variations of +25%, +50%, -25% and -50% were calculated.

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The following table shows impacts, if any, on significant assets and liabilities subject to volatility in remuneration, in the event of the respective scenarios presented for the financial instruments exposed to remuneration:

Equity exposure	Exposure			Increasing scenarios							
	Probable scenario	Index	06-2018 R\$	Probable balance	Probable P&L	25%	> 25% - Balance	P&L	50%	> 50% - Balance	P&L
Short-term investments in R\$ (Note 4)	6.29%	98.5% of CDI	2,617	2,780	162	7.87%	2,820	203	9.44%	2,864	247
Trade accounts receivable in R\$ (Note 5)	4.50%	INCC	181,331	189,491	8,160	5.63%	191,531	10,200	6.75%	193,571	12,240
Trade accounts receivable - US\$14,572 (Note 5)	3.80	Dollar	56,186	55,374	(812)	4.75	69,217	13,031	5.7	83,060	26,874
Accounts receivable – leases in R\$ (Note 5)	7.70%	IGP-M	31,787	34,235	2,448	9.63%	34,847	3,060	11.55%	35,459	3,671
Payables to related parties - US\$16,660 (Note 14)	3.80	Dollar	(63,379)	(63,308)	71	4.75	(79,135)	(15,756)	5.7	(94,962)	(31,583)
Receivables from related parties - US\$28,788 (Note 14)	3.80	Dollar	119,312	109,394	(9,918)	4.75	136,743	17,431	5.7	164,092	44,779
Loans and financing (Note 11.1)	6.39%	CDI	(454,119)	(483,138)	(29,018)	7.99%	(490,392)	(36,273)	9.59%	(497,647)	(43,527)
Loans and financing (Note 11.1)	4.10%	IPCA	(68,653)	(71,468)	(2,815)	5.13%	(72,172)	(3,518)	6.15%	(72,876)	(4,222)
Loans and financing (Note 11.1)	6.60%	TJLP	(124,720)	(132,951)	(8,231)	8.25%	(135,009)	(10,289)	9.90%	(137,067)	(12,347)
Loans and financing (Note 11.1)	6.60%	UMBNDDES	(48,249)	(51,434)	(3,184)	8.25%	(52,230)	(3,981)	9.90%	(53,026)	(4,777)
Debentures (Note 11.2)	6.39%	CDI	(740,156)	(787,452)	(47,296)	7.99%	(799,276)	(59,120)	9.59%	(811,100)	(70,944)
Liabilities with partners in ventures (Note 12)	4.10%	IPCA	(125,312)	(130,450)	(5,138)	5.13%	(131,734)	(6,422)	6.15%	(133,019)	(7,707)
			(1,233,355)	(1,328,927)	(95,571)		(1,324,790)	(91,434)		(1,320,651)	(87,296)
Equity exposure	Exposure			Decreasing scenarios							
	Probable scenario	Index	06-2018 R\$	Probable balance	Probable P&L	-25%	< 25% - Balance	P&L	-50%	< 50% - Balance	P&L
Short-term investments in R\$ (Note 4)	6.29%	98.5% of CDI	2,617	2,780	162	4.72%	2,739	122	3.15%	2,699	81
Trade accounts receivable in R\$ (Note 5)	4.50%	INCC	181,331	189,491	8,160	3.38%	187,451	6,120	2.25%	185,411	4,080
Trade accounts receivable - US\$14,572 (Note 5)	3.80	Dollar	56,186	55,374	(812)	2.85	41,530	(14,656)	1.9	27,687	(28,499)
Accounts receivable – leases in R\$ (Note 5)	7.70%	IGP-M	31,787	34,235	2,448	5.78%	33,623	1,836	3.85%	33,011	1,224
Payables to related parties - US\$16,660 (Note 14)	3.80	Dollar	(63,379)	(63,308)	71	2.85	(47,481)	15,898	1.9	(31,654)	31,725
Receivables from related parties - US\$28,788 (Note 14)	3.80	Dollar	119,312	109,394	(9,918)	2.85	82,046	(37,266)	1.9	54,697	(64,615)
Loans and financing (Note 11.1)	6.39%	CDI	(454,119)	(483,138)	(29,018)	4.79%	(475,883)	(21,764)	3.20%	(468,628)	(14,509)
Loans and financing (Note 11.1)	4.10%	IPCA	(68,653)	(71,468)	(2,815)	3.08%	(70,764)	(2,111)	2.05%	(70,061)	(1,407)
Loans and financing (Note 11.1)	6.60%	TJLP	(124,720)	(132,951)	(8,231)	4.95%	(130,893)	(6,174)	3.30%	(128,835)	(4,116)
Loans and financing (Note 11.1)	6.60%	UMBNDDES	(48,249)	(51,434)	(3,184)	4.95%	(50,638)	(2,388)	3.30%	(49,842)	(1,592)
Debentures (Note 11.2)	6.39%	CDI	(740,156)	(787,452)	(47,296)	4.79%	(775,628)	(35,472)	3.20%	(763,804)	(23,648)
Liabilities with partners in ventures (Note 12)	4.10%	IPCA	(125,312)	(130,450)	(5,138)	3.08%	(129,165)	(3,853)	2.05%	(127,881)	(2,569)
			(1,233,355)	(1,328,927)	(95,571)		(1,333,063)	(99,708)		(1,337,200)	(103,845)

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### Liquidity risk

For further details on the liquidity risk policy, see Note 23.2 to the 2017 annual individual and consolidated financial statements.

The undiscounted cash flows of significant financial liabilities are as follows:

	Book balance	Undiscounted cash flow					Financial flow
		2018	2019	2020	2021	2022 onwards	
Gross loans and financing (Note 11.1)	695,741	(121,362)	(181,374)	(154,682)	(127,317)	(341,218)	(925,953)
Gross debentures (Note 11.2)	740,156	(32,165)	(145,569)	(168,094)	(157,476)	(526,783)	(1,030,087)
Liabilities with partners in ventures (Note 12)	125,312	-	(17,902)	(17,902)	(89,508)	-	(125,312)
Trade accounts payable	48,253	(48,253)	-	-	-	-	(48,253)
<b>Net cash flow</b>	<b>1,609,462</b>	<b>(201,780)</b>	<b>(344,845)</b>	<b>(340,678)</b>	<b>(374,301)</b>	<b>(868,001)</b>	<b>(2,129,605)</b>

## 22.3 Capital management

For further details on the capital management policy, see Note 3.17.6 to the 2017 annual individual and consolidated financial statements.

Total capital is calculated through addition of equity, as stated in the consolidated statement of financial position, and net debt:

Description	Consolidated	
	06-2018	12-2017
Gross loans and financing (Note 11.1)	695,741	659,381
Gross debentures (Note 11.2)	720,090	719,944
Gross payables to partners in ventures (Note 12)	125,312	125,312
Payables to related parties (Note 14)	66,445	55,113
Cash and cash equivalents (Note 4)	(9,812)	(9,126)
Marketable securities (Note 4)	(23,178)	(23,786)
Receivables from related parties (Note 14)	(119,312)	(96,550)
<b>Net debt (A)</b>	<b>1,455,286</b>	<b>1,430,288</b>
<b>Total equity (B)</b>	<b>2,104,234</b>	<b>2,121,482</b>
<b>Total capital (C) = (A) + (B)</b>	<b>3,559,520</b>	<b>3,551,770</b>
<b>Net debt-to-equity ratio - % (A/C)</b>	<b>41%</b>	<b>40%</b>

## 23. Basic and diluted earnings per share

Basic and diluted earnings per shares were calculated based on profit or loss for the period ended June 30, 2018 and the respective average number of outstanding common shares compared to the same period of 2017.

While the Company has stock options granted, as mentioned in Note 27, the price of Company shares quoted in the market does not exceed the strike price of said options at June 30, 2018 and June 30, 2017. Therefore, these instruments have no dilutive effect in profit or loss for those periods.

	Company		Consolidated	
	06-2018	06-2017	06-2018	06-2017
Loss for the year	(18,999)	(16,174)	(3,239)	(16,174)
Weighted average number of shares	526,146,989	525,547,995	526,146,989	525,547,995
<b>Basic and diluted loss per share</b>	<b>(0.0361)</b>	<b>(0.0308)</b>	<b>(0.0062)</b>	<b>(0.0308)</b>

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### 24. Commitments - Operating lease agreements

At June 30, 2018, the Company leases spaces in shopping malls as operating leases. These leases are effective for five years, on average, with the option to be renewed after this period. Minimum lease payments are annually restated based on market indices. In addition, in some leases, additional lease payments are made, based on changes in the local price index.

Future minimum lease payments to be billed on non-cancellable operating leases considering operating stores are as follows:

Year	Consolidated	
	06-2018	12-2017
2018	32,478	58,141
2019	55,768	45,763
2020	44,472	34,157
2021	36,659	26,462
2022	26,689	18,013
<b>Total</b>	<b>196,066</b>	<b>182,536</b>

### 25. Segment reporting

The Company has four business segments: recurring income; airport and real estate business; hotels and restaurants; and central administrative office (holding).

Assets and liabilities	Developments/Airports		Recurring income		Hotels and restaurants		Holding		Total	Total
	06-2018	12-2017	06-2018	12-2017	06-2018	12-2017	06-2018	12-2017	06-2018	12-2017
Current assets	234,237	212,871	53,279	52,559	27,402	29,363	33,089	27,203	348,006	321,996
Noncurrent assets	1,329,076	1,302,676	2,601,257	2,569,028	135,130	135,578	170,359	136,903	4,235,823	4,144,185
<b>Segment assets</b>	<b>1,563,313</b>	<b>1,515,547</b>	<b>2,654,536</b>	<b>2,621,587</b>	<b>162,532</b>	<b>164,941</b>	<b>203,448</b>	<b>164,106</b>	<b>4,583,829</b>	<b>4,466,181</b>
Current liabilities	242,769	235,044	74,375	58,065	47,176	51,327	39,662	7,498	403,982	351,934
Noncurrent liabilities	257,177	237,709	967,679	973,825	39,984	38,292	785,190	716,641	2,050,029	1,966,467
<b>Segment liabilities</b>	<b>499,946</b>	<b>472,753</b>	<b>1,042,054</b>	<b>1,031,890</b>	<b>87,160</b>	<b>89,619</b>	<b>824,852</b>	<b>724,139</b>	<b>2,454,011</b>	<b>2,318,401</b>

# JHSF Participações S.A.

Notes to quarterly information

Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

P&L	Developments/Airports		Recurring income		Hotels and restaurants		Holding		Consolidated	
	06-2018	06-2017	06-2018	06-2017	06-2018	06-2017	06-2018	06-2017	06-2018	06-2017
Net operating revenue	38,190	27,425	91,127	81,142	83,327	83,757	-	-	212,644	192,324
Operating costs	(20,859)	(18,825)	(24,016)	(14,498)	(68,572)	(71,795)	-	-	(113,448)	(105,118)
Gross profit	17,331	8,600	67,111	66,644	14,755	11,962	-	-	99,196	87,206
Operating income (expenses)	3,781	(8,977)	(5,178)	69,012	(12,989)	(9,543)	(14,518)	(26,021)	(28,904)	24,471
General and administrative expenses	(3,219)	(5,814)	(14,611)	(14,363)	(11,967)	(10,126)	(12,515)	(24,579)	(42,312)	(54,882)
Selling expenses	(2,323)	(2,262)	(1,298)	(2,607)	-	-	(42)	(25)	(3,663)	(4,894)
Other operating income (expenses)	9,323	(901)	(4,283)	(2,674)	(565)	146	30	(1,417)	4,505	(4,846)
Changes in fair value of investment properties	-	-	15,680	89,259	-	-	-	-	15,680	89,259
Equity pickup	-	-	(667)	(603)	(457)	437	(1,991)	-	(3,114)	(166)
Operating income (loss)	21,111	(377)	61,932	135,656	1,766	2,419	(14,518)	(26,021)	70,292	111,677
Finance income (costs), net	(30,650)	(41,781)	(51,603)	(42,671)	(5,342)	(2,132)	29,072	(2,504)	(58,523)	(89,088)
Income (loss) before income and social contribution taxes	(9,539)	(42,158)	10,329	92,985	(3,576)	287	14,554	(28,525)	11,769	22,589
Income and social contribution taxes	(1,304)	2,395	(14,197)	(38,273)	(495)	(470)	(32)	(45)	(16,027)	(36,393)
Net income (loss) for the period	(10,844)	(39,763)	(3,868)	54,712	(4,071)	(183)	14,522	(28,570)	(4,258)	(13,804)

## 26. Insurance coverage

The Company and its subsidiaries have liability insurance coverage for personal injury to third parties and property damage to tangible assets, as well as for risks of fire, lightning, electrical damage, natural phenomena and gas explosions. Contracted coverage is considered sufficient by management to cover possible risks to its assets and/or liabilities.

The Company has insurance coverage for the risks indicated below and such coverage is deemed sufficient by management to cover any damages to its assets and business.

Summary of insurance by type	Consolidated
Engineering risks	327,479
General civil liability	113,529
Named perils - Multirisk	1,264,853
Warranty	25,118
D&O	77,573
Compulsory insurance	422
<b>Total in R\$ (thousand)</b>	<b>1,808,974</b>

## JHSF Participações S.A.

Notes to quarterly information

Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

### 27. Stock option plan

The description of the main characteristics of the stock option plan is the same disclosed in Note 28 to the individual and consolidated annual financial statements for the year ended December 31, 2017 and remain valid. For the period ended June 30, 2018 and year December 31, 2017, a summary of the evolution of the stock option plan is as follows:

	06-2018		12-2017	
	Number of options	Weighted average strike price	Number of options	Weighted average strike price
Outstanding options at beginning of period	10,809,060	2.92	13,186,419	3.09
Options cancelled	-	-	(1,609,734)	-
Options exercised (a)	(722,592)	1.73	(767,625)	1.78
Outstanding options at end of period	10,086,468	2.92	10,809,060	2.92

(a) Of the total number of options exercised, 722,592 stock options were granted through the issue of new shares of the Company, as mentioned in Note 17, and 767,625 stock options, through the acquisition of the Company's shares in the stock market.

The expense with the provision for stock option plans for the period ended June 30, 2018 amounted to R\$837 (R\$3,749 at June 30, 2017).

### 28. Events after the reporting date

On July 6, 2018, the Company disclosed a Material Fact Notice informing that, due to expiration of the legal term for interruption of the analysis of the application for registration of the public offering for primary distribution of common shares issued by JHSF Malls ("Offering"), and the process of sale of assets to XP MALLS FUNDO DE INVESTIMENTO IMOBILIÁRIO – FII, as announced on May 2, 2018, a request for withdrawal of the Offering filed with the CVM on February 27, 2018 was made, and listing and trading of shares in Novo Market of B3, also on February 27, 2018.

The market and shareholders will be timely informed of any decision to initiate a new Public Offering for the Distribution of Shares of Malls, whose registration as Public Company, Issuer - Category "A" was obtained on June 25, 2018.

On August 1, 2018, the Company and JHSF Malls signed with BTG PACTUAL SERVIÇOS FINANCEIROS S.A. DTVM ("Administrator"), as administrator, and XP GESTÃO DE RECURSOS LTDA. ("Manager"), as manager of XP MALLS FUNDO DE INVESTIMENTO IMOBILIÁRIO - FII, an addendum to the Memorandum of Understanding dated May 2, 2018, which addresses the acquisition by XP Malls of non-controlling interests in assets of JHSF Malls.

Certain conditions precedent of the transaction have been met, making it binding and no longer subject to clauses of the nature of Material Change to the Market Conditions and Market Flex. The conditions met include (i) non-exercise by the other joint owners of the right of first refusal relating to the assets involved in the transaction; (ii) completion of the financial and operational diligence; (iii) definition of the terms of the participation of XP Malls in future expansions of the assets subject matter of the transaction; (iv) definition of price, which was established at R\$641,500, no longer subject to adjustment.

## **JHSF Participações S.A.**

Notes to quarterly information

Period ended June 30, 2018

(In thousands of reais - R\$, unless otherwise stated)

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As disclosed to the market by XP Malls, the cancellation of Offering 400 was filed with the CVM, and a new offering of shares to raise funds for completion of the transaction will be conducted, pursuant to CVM Ruling No. 476, in the amount of up to R\$450,000, which will be distributed by XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A. ("XP investments") as the lead coordinator, under the terms of CVM Ruling No. 476, in the amount of up to R\$450,000, under a firm guarantee regime for the amount of R\$50,000 and better placement efforts for the remaining amount ("Offering 476"). The Company expressed its interest in paying a volume additional to the firm guarantee of XP Investimentos of R\$150,000, in accordance with the addendum to the Binding Letter of Intent executed on this date, and receivables from the transaction will be securitized, in the amount of up to R\$300,000.