



## **LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.**

### **Publicly-held Company of Authorized Capital - CVM Code No. 02327-2**

National Corporate General Taxpayers' Register of the Ministry of Finance (CNPJ/MF) under No. 09.041.168/0001-10

State Registration Number (NIRE) 31.300.027.261

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### **NOTICE TO SHAREHOLDERS**

**LOG COMMERCIAL PROPERTIES E PARTICIPAÇÕES S.A.** ("Company" or "Log") in view of the approval, by its Board of Directors, at a meeting held on December 28, 2018, to increase the Company's capital by private subscription within the limit of the authorized capital ("Capital Increase"), hereby, pursuant to and for the purposes of article 30, item XXXII, of the Brazilian Securities Commission ("CVM") Instruction No. 480, of December 7, 2009, as amended ("CVM Instruction 480"), 157, paragraph 4, of Law 6,404, dated December 15, 1976, as amended ("Brazilian Corporation Law"), and CVM Instruction 358, of January 3, 2002, as amended, of the Circular Letter/CVM /SEP/No 02/2018, of February 28, 2018, inform its shareholders, investors and the market in general of the following information of the Capital Increase:

#### **1. Inform the value of the increase and new share capital.**

The Board of Directors of the Company, at a meeting held on December 28, 2018, approved, within the limit of the authorized capital, the capital increase, in the amount of BRL 300,000,008.00 (three hundred million and eight reais), with the possibility of partial homologation, through the private issuance of 13,636,364 (thirteen million, six hundred thirty-six thousand, thirty hundred sixty four) new common shares, registered, with no par value, pursuant to article 170 of the Companies Act for Shares. The Capital Increase will therefore be realized through the subscription of new shares and the Company's Board of Directors may partially ratify the Capital Increase, provided that the subscribed amount reaches the minimum amount of BRL 100,000,010.00 (one hundred million and ten reais) ("Minimum Value").

If all shares of the Capital Increase are subscribed, the Company's capital stock will be increased from BRL 1,315,841,083.73 (one billion, three hundred and fifteen million, eight hundred forty-one thousand, eighty-three reais and seventy-three cents), consisting of 69,229,588 (sixty-nine million, two hundred twenty-nine thousand, five hundred and eighty-eight) common shares, all registered, book-entry, with no par value, to BRL 1,615,841,091.73 (one billion, six hundred and fifteen million, eight hundred and forty-one thousand, ninety-one reais and seventy-three cents), to be composed of 82,865,952 (eighty-two million, eight hundred and sixty-five thousand, nine hundred and fifty-two) common shares, all registered, book-entry and with no par value. In the event of subscription of shares corresponding to the Minimum Capital Increase, the Company's capital stock will increase from BRL 1,315,841,083.73 (one billion, three hundred

and fifteen million, eight hundred forty-one thousand, eighty-three reais and three cents), consisting of 69.229.588 (sixty-nine million, two hundred twenty-nine thousand, five hundred and eighty-eight common shares, all registered, book-entry shares with no par value, to BRL 1,415,841,093.73 (one billion, four hundred and fifteen million, eight hundred and forty-one thousand, ninety-three reais and seventy-three cents), to be composed of 73,775,043 (seventy-three million, seven hundred and seventy-five thousand forty-three) common shares, all registered, book-entry with no par value.

The amendment of the caput of article 5 of the Company's Bylaws in order to adjust it to the final value of the new capital stock after the Capital Increase will be deliberated in a timely manner, after the completion of all procedures related to Capital Increase, preemptive rights and subscription of leftovers, as well as the homologation of the capital increase by the Board of Directors.

**2. Inform if the increase will be made through: (a) conversion of debentures or other debt securities into shares; (b) exercise of the right of subscription or subscription bonus; (c) capitalization of profits or reserves; or (d) subscription of new shares.**

The Capital Increase will be realized through the subscription of new common shares.

**3. Explain, in detail, the reasons for the increase and its legal and economic consequences.**

The Capital Increase is the last step in a process of growth and strengthening of the Company's capital structure, which **(i)** on December 12, 2018, approved, through an Extraordinary General Meeting, the merger of the spun-off portion of the Company's net assets ("MRV"), which resulted in the segregation of 32,045,013 (thirty-two million, forty-five thousand and thirteen) shares owned by MRV issued by the Company, representing 46.3% (forty six and three tenths percent) of the Company's total share capital; and **(ii)** on December 17, 2018, it had granted its request to convert from category "B" to category "A" to CVM, pursuant to CVM Instruction 480, and its request for listing and adhesion to the special segment of listing of the Novo Mercado of B3 SA – Brasil, Bolsa, Balcão ("B3") ("Listing").

The totality of the Capital Increase will be allocated to the Company's capital stock. No amount will be used to form the Company's capital reserve.

Except for the usual legal consequences arising from a capital increase, the Company's management does not envisage other legal consequences.

**4. Provide a copy of the audit committee's opinion, if applicable.**

Not applicable.

**5. In case of capital increase upon subscription of shares.**

**a) Describe the allocation of resources.**

The proceeds from the Capital Increase will be used to **(i)** strengthen the Company's liquidity and improve its capital structure, **(ii)** development and construction of projects in its portfolio and, **(iii)** acquisition of new land.

**b) Inform the number of issued shares of each type and class.**

Within the scope of the Capital Increase, will be issued at least 4,545,455 (four million, five hundred and forty-five thousand, four hundred and fifty-five), and a maximum of 13,636,364 (thirteen million, six hundred and thirty-six thousand, three hundred and sixty-four) new common shares, all registered, book-entry, with no par value.

**c) Describe the rights, advantages and restrictions attributed to the shares to be issued.**

The new shares to be issued in the scope of the Capital Increase will be identical to the existing shares, granting their holders the same rights, advantages and restrictions conferred by the other common shares issued by the Company, including being entitled to the full receipt of dividends and/or interest on capital, as well as any other rights that may be declared by the Company as of the ratification of the Capital Increase, under equal conditions with other existing shares.

**d) Inform if related parties, as defined by the accounting rules that deal with this subject, will subscribe shares in the capital increase, specifying the respective amounts, when these amounts are already known.**

Conedi Participações Ltda., company owned by the Menin Family (Mr. Rubens Menin Teixeira de Souza, chairman of the Board of Directors), one of the controlling shareholders of the Company, has already committed to subscribe and pay for shares corresponding to at least BRL 100,000.010,00 (one hundred million and ten reais), corresponding to 4,545,455 (four million, five hundred and forty-five thousand, four hundred and fifty-five) new common shares, registered, book-entry, with no par value, of the Company, to which they will be entitled by exercising their preemptive right or the right granted to them, to be issued in the context of the Capital Increase.

**e) Inform the Issuance Price of the new shares.**

The Issuance Price per share of the Capital Increase was set at BRL 22.00 (twenty-two reais) ("Issuance Price"), without unjustified dilution for the current shareholders of the Company. Further information on the criterion for calculating the Issuance Price of the shares in the scope of the Capital Increase is described in item 5 "h" below.

**f) Inform the nominal value of the issued shares or, in the case of shares without par value, the portion of the Issuance Price that will be allocated to the capital reserve.**

The shares issued by the Company have no nominal value.

The totality of the Issuance Price will be allocated to the Company's capital stock. No amount will be used to form the Company's capital reserve.

**g) Provide an opinion of the administrators on the effects of the capital increase, especially with regard to the dilution caused by the increase.**

The Company's management believes that the Capital Increase will enable the Company **(i)** to strengthen the Company's liquidity and improve its capital structure; **(ii)** invest in the development and construction of projects in its portfolio; and **(iii)** acquire new land.

As set forth below, the Issuance Price was set to avoid undue dilution of the shareholders. The indicative percentage of the dilution resulting from the Capital Increase is indicated in item "m" below.

**h) Inform the criterion of calculation of the Issuance Price and justify, in detail, the economic aspects that determined its choice.**

In view of the recent trading history of the Company's shares (beginning on December 21, 2018), the Issuance Price was calculated based on accounting criteria, taking into account the value of the Company's shareholders' equity under the terms of article 170, item II of the Brazilian Corporate Law. Also, at this amount, the Company applied a discount resulting from trading between its shareholders considering the Minimum Capital Increase. Finally, the Issuance Price was set to avoid unjustified dilution of the Company's shareholders.

**i) If the Issuance Price was set with goodwill or negative goodwill in relation to the market value, identify the reason for the goodwill or negative goodwill and explain how it was determined.**

The Issuance Price was calculated with goodwill of 23.5955056180% in relation to the market value of the Company's shares and discount of 29.5075497393% in relation to the equity value of the Company's share, as a result of the negotiation of the discount mentioned above.

The value of the closing of the Company's shares on December 26, 2018 was used as a parameter for the calculation of goodwill, since the Company's stock trading history is only 7 (seven) days. Also, the Company's shareholders' equity was included as a parameter for the calculation of negative goodwill recorded in the financial information for the nine-month period ended September 30, 2018.

**j) Provide a copy of all the reports and studies that subsidized the emission price.**

Not applicable.

**k) Inform the quotation of each of the species and classes of shares of the company in the markets in which they are traded, identifying:**

**(i) Minimum, average and maximum quotation of each year, in the last 3 (three) years.**

Not applicable, considering that as a result of the approval of the Listing on December 17, 2018, the trading of the shares issued by the Company in the Novo Mercado, with the ticker LOGG3, started only on December 21, 2018.

**(ii) Minimum, average and maximum quotation of each quarter, in the last 2 (two) years.**

Not applicable, considering that as a result of the approval of the Listing on December 17, 2018, the trading of the shares issued by the Company in the Novo Mercado, with the ticker LOGG3, started only on December 21, 2018.

**(iii) Cotação mínima, média e máxima de cada mês, nos últimos 6 (seis) meses.**

Not applicable, considering that as a result of the approval of the Listing on December 17, 2018, the trading of the shares issued by the Company in the Novo Mercado, with the ticker LOGG3, started only on December 21, 2018.

**(iv) Average quotation in the last 90 days.**

The Company has a trading history of only three (3) days, beginning on December 21, 2018. During these three (3) days, the average trading value was BRL 17.95, the minimum value was BRL 16.00, and the maximum amount was BRL 18.83.

**(l) inform the Issuance Prices of shares in capital increases made in the last 3 (three) years.**

#	Date of Capital Increase	Body that deliberated the increase	Issuance Price per share (BRL)
1.	07/13/2018	Extraordinary General Shareholders' Meeting	22.00
2.	09/26/2017*	Board of Directors Meeting	0.00021
3.	08/18/2017	Extraordinary General Shareholders' Meeting	22.00

\* Capital increase in the amount of BRL 900.00 (nine hundred reais), through the issuance of 4,196,205 (four million, one hundred and ninety-six thousand, two hundred and five) new common shares, registered and without par value, totally subscribed and paid up by the shareholders as a result of the exercise of the right to subscribe from 9 (nine) Subscription Certificates issued by the Company at an Extraordinary General Meeting held on December 22, 2016, canceled and reissued at an Extraordinary General Meeting held on June 6, February 2017 on the occasion of the reverse stock split. The payment was made in Brazilian currency at the Issuance Price of BRL 100.00 (one hundred reais) for each Subscription Warrant Certificate.

**m) Present percentage of potential dilution resulting from the issue.**

The dilution percentage resulting from the subscription of the Minimum Value shall be 6.1612366664%. In the event that the shares of the Capital Increase are fully subscribed the percentage of dilution shall be 16.4559311405%.

**n) Inform the terms, conditions and form of subscription and payment of issued shares.**

It will be granted to all those who appear as shareholders of the Company at the closing of the trading session of January 08, 2019, the term of thirty (30) days for the exercise of the preemptive right, on January 09, 2019 (including) and ending on February 07, 2019 (including). As of, and including, January 09, 2019, the Company's shares will be traded ex-right to subscribe for shares issued as a result of the Capital Increase. The shares subscribed in the scope of the Capital Increase due to the exercise of the preemptive right shall be paid in cash at the time of subscription in Brazilian currency, subject to the rules and procedures specific to Banco Bradesco SA ("Bookkeeping Agent"), as the depositary institution for the common shares issued by the Company.

**o) Inform if the shareholders will have preemptive rights to subscribe the new shares issued and to detail the terms and conditions to which this right is subject.**

Pursuant to article 171 of the Brazilian Corporation Law, each existing common share will give its holder the right to subscribe up to 0.1969730630 new registered common shares, with no par value to be issued.

All those listed as shareholders of the Company at the closing of the trading session of January 08, 2019 will have preemptive rights in the subscription of the new shares of the Capital Increase, and may subscribe a proportional amount of shares to the participation held by such shareholders in the Company.

Pursuant to article 171, paragraph 6, of the Brazilian Corporation Law, shareholders may freely assign their preemptive rights. Shareholders holding shares issued by the Company that are registered with the Bookkeeping Agent and who wish to assign their preemptive rights to the subscription (which include the right to subscribe for leftovers) may do so through one of the specialized agencies of the Bookkeeping Agent. Shareholders whose shares are held in custody at B3 should seek their custody agents.

Shareholders who hold shares issued by the Company and registered with the Bookkeeping Agent who wish to exercise their preemptive right in the subscription of the new shares must address, within the above mentioned subscription period, any specialized agency of the Bookkeeping Agent for subscription of the new shares by signing the subscription bulletin and paying the corresponding price. Shareholders holding shares deposited with the Central Depository of B3 ("Central Depository") shall exercise their respective rights through their custodian agents and in accordance with the rules stipulated by the Central Depository itself, in compliance with the terms and conditions of this notice. The execution of the subscription bulletin shall represent a manifestation of irrevocable and irreversible will on the part of the respective shareholder.

Shareholders should express their interest in the reservation of any remaining shares in the subscription bulletin of shares they hold, pursuant to the previous paragraph. If there are any remaining shares, after the subscription period mentioned above, which will be the subject of a new Notice to Shareholders to be timely disclosed by the Company, the shareholder holding shares issued by the Company, registered at the Bookkeeping Agent who opts for the subscription of leftovers, must appear to one of the specialized agencies in the attendance to shareholders of the Written Agent, within the period established in item 4(p) below. Shareholders who have deposited shares in the Central Depository must exercise their respective rights through their custodian agents and in accordance with the rules established by the Central Depository, in compliance with the period set forth in item 4(p) below.

More information about the subscription of leftovers are described in item 4(p) below.

**p) Inform the administration's proposal for the treatment of any leftovers.**

In an eventual apportionment of remaining shares, shareholders expressing an interest in the reserve of leftovers in the respective subscription bulletin shall have a term of up to five (5) business days, counted from the date to be informed in Notice to Shareholders to be timely disclosed on the determination of leftovers, for the subscription of apportioned leftovers, by means of the signature of a new subscription bulletin, observing that the proportion of surpluses may be higher than the amount of shares to which each shareholder will be entitled, according to the expressions of interest in subscribing the leftovers. The subscribed shares should also be paid at the time of subscription, in national currency.

In the event that there are still new shares remaining after the apportionment round, the Company will not auction the remaining shares and, provided the subscribed and paid up amount reaches the Minimum Value, it will partially ratify the Capital Increase with the cancellation of the remaining shares, once that the Company's management understands that the purpose of the Capital Increase will have been achieved even if the Capital Increase has not been fully subscribed.

The right to subscribe for unsubscribed shares may not be traded, sold or assigned in a manner that is separate from the preemptive rights in the subscription of the new shares.

**q) Describe in detail the procedures that will be adopted, if there is provision for partial homologation of the capital increase.**

The Company's Board of Directors may partially ratify the Capital Increase, provided that the subscribed amount reaches the Minimum Value, which Conedi Participações Ltda., company owned by the Menin Family, has already committed to use for payment of the Capital increase.

In the event of partial homologation of the Capital Increase, a withdrawal period will be granted to the Company's shareholders of 4 (four) business days, counted from the date to be informed in Notice to Shareholders to be timely disclosed on the withdrawal period, for reconsideration of the decision of its subscription by the shareholders. However, in view of the possibility of partial ratification of the Capital Increase and seeking to ensure that shareholders wishing to subscribe part of the Capital Increase may, at the time of the exercise of the subscription right, condition their investment decision to the final conditions of the Increase of Capital, each shareholder may, at the time of subscription, condition the subscription of the Capital Increase that it incurs: (i) the subscription of the maximum amount of the capital increase; (ii) the subscription of a certain minimum amount of capital increase, provided that such value is equal to or higher than the Minimum Value; (iii) to receive all the shares subscribed; or (iv) to receive only shares in a minimum number necessary to maintain their respective participation in the Company's capital stock.

Possible fractions of shares arising from the exercise of the preemptive right, the exercise of the right to subscribe the shares or the apportionment of the shares will be disregarded.

Taking into account the achievement of the Minimum Value and the shareholders' will indicated in the subscription forms, the Company's Board of Directors will meet to calculate the amount of the Capital Increase to be fully or partially homologated, and to approve the corresponding approval.

The shareholder whose condition for the subscription provided for in the respective subscription bulletin is not implemented, will receive the amount paid by him, without monetary correction, totally or partially, according to the option indicated in the respective subscription bulletin.

**r) If the Issuance Price of the shares is fully or partially realized in assets:**

**(i) Present full description of the assets.**

Not applicable.

**(ii) Clarify the relationship between the assets incorporated in the company's equity and its corporate purpose.**

Not applicable.

**(iii) Provide a copy of the valuation report of the assets, if available.**

Not applicable.

\* \* \*

Any doubts and/or clarifications about the procedures can be directed to the following  
electronic address: [ri@logcp.com.br](mailto:ri@logcp.com.br).

Belo Horizonte, December 28, 2018.

**Felipe Enck Gonçalves**  
CFO and Investor Relations Director