



Financial Statements

MRV Engenharia e Participações S.A.

**Interim Consolidated and Individual Financial
Statements for the Quarter Ended March 31, 2020 and
Report on Review of Interim Financial Statements**

*(Free translation to English of Financial Statements Originally Issued
in Portuguese)*

Interim Financial Statements (ITR)

March 31, 2020

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Report on the quarterly information review - ITR

To the Shareholders and Officers of
MRV Engenharia e Participações S.A.
Belo Horizonte – MG

Introduction

We have reviewed the interim financial information, individual and consolidated, of MRV Engenharia e Participações S.A. (“Company”), contained in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2020, which comprise the balance sheet as of March 31, 2020 and the related income statements, the comprehensive income statements, the statements of changes in equity and the statements of cash flows for the three-month period then ended, including the explanatory notes.

Company management is responsible for preparing the individual interim accounting information in accordance with CPC 21(R1) - Interim Reporting and the consolidated interim accounting information in accordance with CPC 21(R1) and international standard IAS 34 - Interim Financial Reporting, applicable to real estate development entities in Brazil registered with the Brazilian Securities Commission (“CVM”), as well for the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission, applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express a conclusion on the interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on reviews of interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily to the management responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially smaller in scope than an audit conducted in accordance with audit standards, and we cannot therefore provide assurance that we have discovered all the significant matters that could have been identified by an audit. Accordingly, we do not express an audit opinion.

Conclusion about the individual interim information

Our review did not detect any facts that make us believe that the individual interim financial information included in the aforesaid quarterly information was not prepared, in all material respects, in accordance with CPC 21 (R1), applicable to real estate development entities in Brazil registered with the Brazilian Securities Commission (“CVM”), applicable to the preparation of Quarterly Information - ITR., and presenting this information in accordance with the standards issued by the Brazilian Securities Commission.



Conclusion about the consolidated interim information

Our review did not detect any facts that make us believe that the consolidated interim financial information included in the aforesaid quarterly information was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to real estate development entities in Brazil registered with the Brazilian Securities Commission (“CVM”), applicable to the preparation of Quarterly Information - ITR., and presenting this information in accordance with the standards issued by the Brazilian Securities Commission.

Emphasis

As described in explanatory note 2, the individual information accounting information, contained in the Interim Financial Information Form (ITR), has been prepared in accordance with CPC 21 (R1), applicable to real estate development entities in Brazil registered with the CVM, and the consolidated information accounting information, contained in the Interim Financial Information Form (ITR) has been prepared in accordance with CPC 21 (R1) and IAS 34, applicable to real estate development entities in Brazil registered with the CVM. Accordingly, the determination of the accounting policy adopted by the entity, for the recognition of revenue in unfinished real estate unit purchase and sale agreements, on the aspects related to the transfer of control, follow the Company management understanding regarding the application of CPC 47, aligned with the understanding expressed by CVM in Circular Letter/CVM/SNC/SEP/No. 02/2018. Our opinion is not qualified in respect of this matter.

Other matters – Statements of value added

The interim financial information referred to above includes the statements of value added (SVA), individual and consolidated, for the three-month period ended March 31, 2020, prepared under the responsibility of Company’s management and presented as supplementary information for IAS 34 applicable to real estate entities in Brazil registered with the Brazilian Securities Commission (“CVM”). These statements have been subjected to review procedures performed in connection with the review of the interim financial statements to conclude that they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - Demonstração do Valor Adicionado. Based on our review nothing has come to our attention that causes us to believe that these interim statements of value added, were not prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and consistently with the individual and consolidated interim financial statements taken as a whole.

Belo Horizonte, May 28, 2020

KPMG Auditores Independentes
CRC SP-014428/O-6 F-MG
Original report in Portuguese signed by
Marco Túlio Fernandes Ferreira
Accountant CRC MG-058176/O-0

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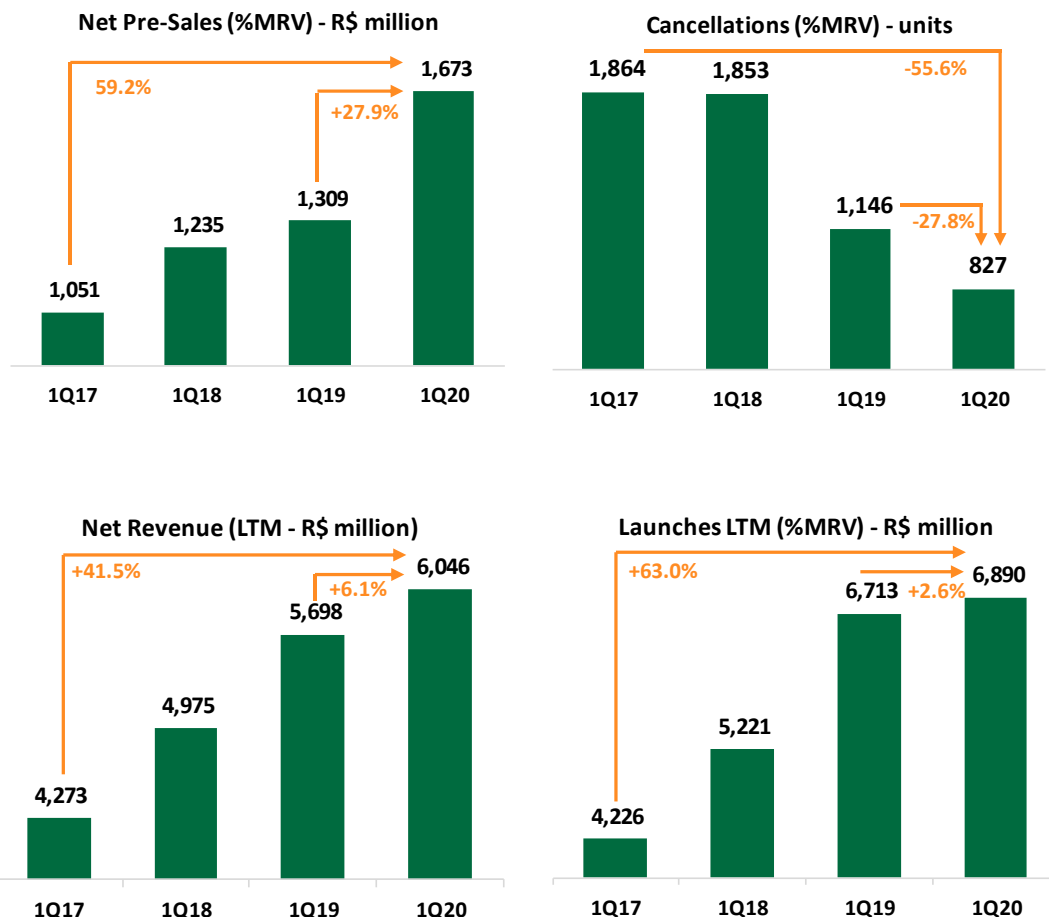
1st Quarter 2020

1st Quarter 2020 Results

Belo Horizonte, May 28, 2020 – MRV Engenharia e Participações S.A. (B3: MRVE3), the largest residential housing developer in Latin America posts its results for the first quarter (1Q) of 2020. All financial information has been presented in millions of Brazilian *reais* (R\$ millions), except where indicated otherwise, and has been based on consolidated accounting data that have been gathered and presented according to Brazilian accounting practices and in accordance with the International Financial Reporting Standards - IFRS – issued by the International Accounting Standards Board - IASB, applicable to real estate developers in Brazil, approved by the CPC – Accounting Pronouncements Committee, the CVM – Brazilian SEC and the CFC – Federal Accounting Council, in accordance with all pronouncements issued by the CPC.

HIGHLIGHTS

- **Record net sales volume in the company’s history**, totaling R\$ 1.67 billion and 10,493 units, representing an increase of 27.9% compared to 1Q19 and a 21.1% compared to 4Q19.
- **Lowest number of contract cancellations in the first quarter in the company’s history**, dropping 27.8% and 55.6% compared to 1Q19 and 1Q18 respectively.
- **R\$ 1.5 billion Net Revenue for the quarter**, representing a growth of 5.6% compared to 4Q19 and in line with 1Q19.



Message from the Board

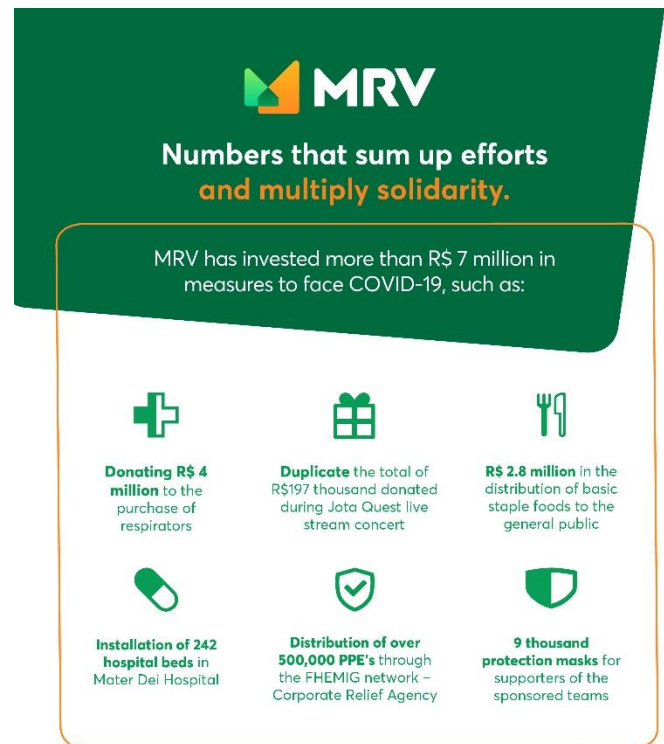
COVID-19

The effects of the Coronavirus (COVID-19) pandemic have had a direct impact beginning in the middle of March, when preventative measures such as social distancing and the closure of certain establishments went into effect in a number of cities and states throughout the country.

MRV has made all efforts in preventing and containing this disease, in addition to putting its full weight behind awareness campaigns aiming to engage the general population, while maintaining keen focus on the company's guiding principle of bringing quality housing to the Brazilian population.

Well aware of the company's role in Brazilian society, expressly the company's commitment to its over 30,000 staff members and 1.3 million clients that currently reside in an MRV home and its 45,000 shareholders that believe in MRV, placing both their trust and investment in the company, the company has taken the following measures:

- **85% of its staff members are currently working remotely, including all staff members belonging to any risk group.**
- **Strict sanitary measures have been taken in all store fronts, sales posts, offices and worksites.**
- **Complete commitment to the "Não Demita" campaign for 60 days, ensuring staff members will remain employed.**



We believe that, if everyone play their part, we are going overcome together and faster this crisis.

To find out more, visit: mrv.vc/acoescovid

Not restricted to the beforementioned initiatives, MRV sees the "Instituto MRV" as an important agent which supports the Company to create a better world and **since its establishment, the Company has already invested R\$ 23 million, being R\$ 2.31 million in the first months of 2020 alone.**

The company is well aware of the importance of support and collective participation at a critical moment such as this, and above all, believes in the strength of Brazil as a nation in order to overcome the Coronavirus (COVID-19) and the difficulties we are currently facing.

Family homes have now, more than ever, become an integral part of our daily routines and, within those homes millions will work, socialize and relax when the 'new normal' comes to pass and we have moved past the ills of this pandemic.

New consumer models and innovative ways of working will appear and will take center stage within our homes. Working remotely, albeit temporarily, through the use of Internet, or even the simple act of preparing a meal for yourself or your family, are now a reality that have brought us ever closer to home.



Some of the endearing habits that we have lost along the way have recently been resurrected, while others have been implemented; but one thing remains certain – a house, a home, our safe haven – will be even more essential in the future.

MRV is proud to lead the charge of this transformation and is aware of the responsibility it bears in constructing and delivering sound, quality homes to our clients – and we are excited and happy to share in the beginning of this new phase.

Sustainability

MRV is fully aligned with the rigorous demands on the planet, now more than ever. For many years the company has championed its commitment to carrying out its role, focusing on and improving the quality of life in the surrounding communities where the company is in operation and where its clients call home.

As a result, more than simply realizing the dreams of owning a home, MRV has employed the best social and environmental practices for the last 40 years, staffing the company with specialized teams that balance respect for the local community, the generation of resources, the reduction of waste and the promotion of social engagement and responsibility for the common good of all.



The “Instituto MRV” is an initiative that has been transforming the lives of hundreds of thousands of people, supporting important projects and programs aimed at children and teens.

Our way to transform

The first step for a future with more opportunities, are directly linked to the power of transformation offered through education.

Therefore, we support and develop important social programs and projects, that are essential to offer greater possibilities to kids and teens.



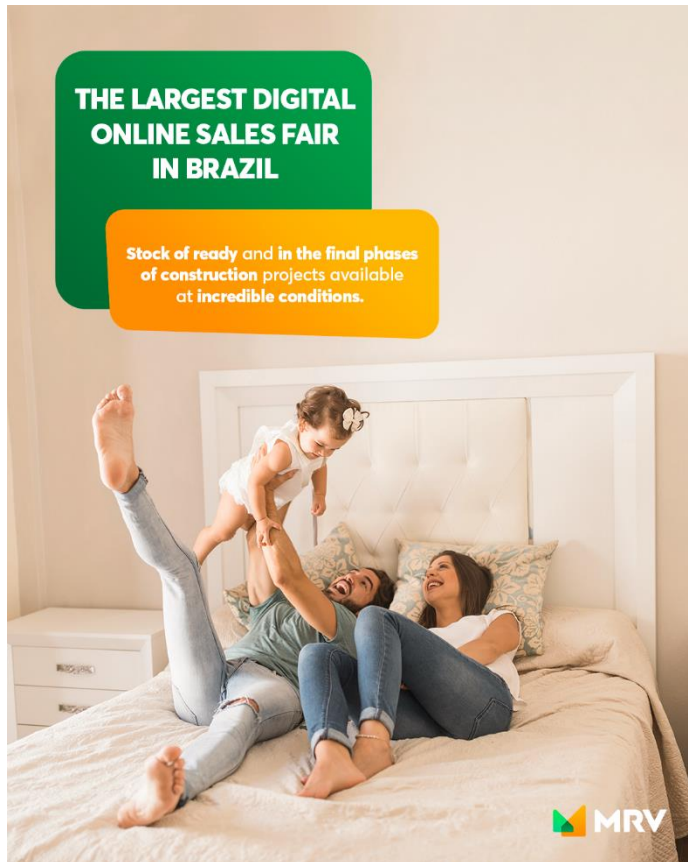
In 6 years: more than 510 thousand people supported



R\$23 million invested



Sales



* Digital Sales Fair Advertisement Campaign

Operationally, **the first quarter of 2020 was highlighted by record-breaking net sales, totaling R\$ 1.67 billion, or 10,493 units.** This groundbreaking result lends support to our assertive sales strategy, particularly as it occurred in a quarter in which world was struck by an unprecedented health crisis caused by the COVID-19 virus.

In order to bring our clients one step closer to realizing their dream of their own home, MRV has been carrying out online sales fairs and workshops throughout Brazil since March, offering special terms for real estate developments that are in the final phases of construction.

Due to the biggest technological advances in the sector, the successful digital adaptation and implementation, the company managed to mitigate the negative effects of social distancing and stay-at-home policies put into place during the Coronavirus outbreak.

Housing Platform: Diversifying Our Range of Products and Funding

We believe that the company has implemented a winning strategy, based on a consolidated national presence, a wide product range and variety of funding opportunities.

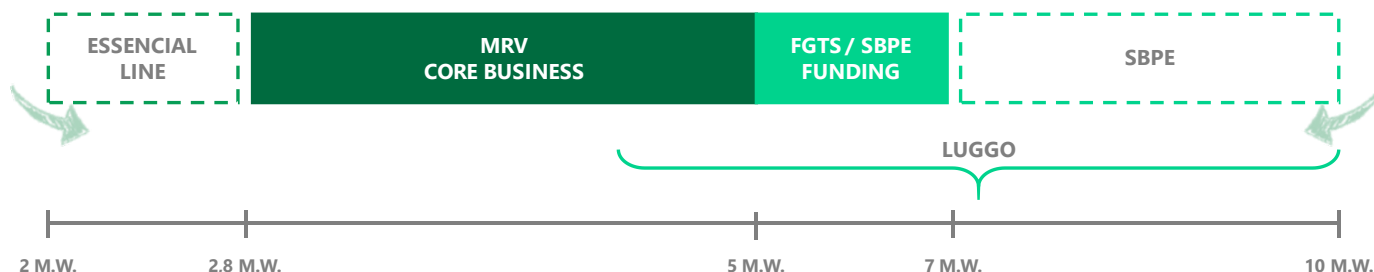
Our trustworthy brand image and quality range of products has placed **MRV in the perfect position to meet the needs of families ranging from low to upper-middle class incomes, in over 162 cities throughout Brazil and has strengthened the MRV brand as an ever-stronger housing platform** capable of meeting the needs of our clients in all phases of their lives

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Our Essential line, targeting lower to middle income families (2-2.8 minimum salary monthly income), and our Premium line (supported by SBPE funding), targeting families that lie just above the government-sponsored housing program MCMV, are key addition to the company's wide range of products.



Luggo, on the other hand, is a trailblazing initiative in the development of trendy, quality housing, targeting the rental market which is then sold off to REIT (Real Estate Investment Trusts), allowing the company to tap into new markets that employ innovative funding solutions such as FGTS and SBPE funding.

MRV strongly believes that once we have put this pandemic behind us the construction and development industry will play an essential role in maintaining and generating employment, in addition to meeting the growing demand for high-quality, dignified homes. The strategy to become a complete housing platform on a national scale will position the company in the top of the market in a sector that has become stronger as a result of the crisis.

International Operations: AHS

The acquisition of AHS in the United States was approved at the company's board meeting held on January 31, 2020. This acquisition resulted in the purchase of a company that operates in southern Florida under a similar business model to that of LUGGO – the construction and development of real estate targeting the rental market and future sale to an REIT. AHS currently operates in southern Florida and targets what is referred to as the workforce market: families registering income between 60-140% of the area's average income levels.

MRV's financial statements for 1Q20 have already included the acquisition of AHS, beginning the month of February, however in order to facilitate the company's analysis, **AHS operational results will be posted and analyzed separately from those of MRV Brazil in an exclusive section**, following the MRV operations in Brazil, disclosed below.

The strength of the dollar when considering AHS' net equity is a noteworthy item of reference. The day the board approved acquisition on January 31, 2020, the US dollar stood at R\$ 4.26 and AHS' net equity incorporated to MRV's was valued at R\$ 396.6 million. **At the close of 1Q20, the US dollar was being traded at R\$ 5.20 and MRV's consolidated net equity gained R\$ 85,8 million.**

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Financial Performance - MRV (ex. AHS)

Consolidated Financial Highlights (R\$ million)	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
Total Net Revenue	1,499	1,420	1,509	5.6% ↑	0.6% ↓
Financial Cost recorded under COGS	45	40	48	14.5% ↑	5.4% ↓
Gross Profit	423	420	482	0.8% ↑	12.2% ↓
Gross Margin (%)	28.2%	29.6%	32.0%	1.3 p.p. ↓	3.7 p.p. ↓
Gross Margin ex. financial cost (%)	31.3%	32.4%	35.1%	1.1 p.p. ↓	3.9 p.p. ↓
Selling expenses	(148)	(151)	(147)	1.8% ↓	0.7% ↑
Selling expenses / net revenues (%)	9.9%	10.6%	9.8%	0.7 p.p. ↓	0.1 p.p. ↑
Selling expenses / net pre-sales (%)	8.9%	10.9%	11.2%	2.1 p.p. ↓	2.4 p.p. ↓
General & Administrative Expenses	(93)	(83)	(85)	12.5% ↑	10.4% ↑
G&A expenses / net revenues (%)	6.2%	5.8%	5.6%	0.4 p.p. ↑	0.6 p.p. ↑
G&A expenses / net pre-sales (%)	5.6%	6.0%	6.5%	0.4 p.p. ↓	0.9 p.p. ↓
Equity Income	(11)	(24)	(18)	55.7% ↑	42.0% ↑
EBITDA	205	231	273	11.0% ↓	24.9% ↓
% EBITDA Margin	13.7%	16.2%	18.1%	2.6 p.p. ↓	4.4 p.p. ↓
Net Income	115	151	189	23.9% ↓	39.1% ↓
% Net margin	7.7%	10.6%	12.5%	3.0 p.p. ↓	4.8 p.p. ↓
Earnings per share (R\$)	0.245	0.341	0.427	28.2% ↓	42.7% ↓
ROE (LTM)	12.8%	14.5%	13.6%	1.7 p.p. ↓	0.8 p.p. ↓
ROE (annualized)	9.4%	12.5%	15.6%	3.1 p.p. ↓	6.2 p.p. ↓
Unearned Sales Revenues	1,847	1,629	2,019	13.4% ↑	8.5% ↓
Unearned Costs of Units Sold	(1,112)	(976)	(1,177)	13.9% ↑	5.5% ↓
Unearned Results	735	653	842	12.5% ↑	12.7% ↓
% Unearned Margin	39.8%	40.1%	41.7%	0.3 p.p. ↓	1.9 p.p. ↓
Cash Generation	(182)	(34)	(19)	436.8% ↓	876.8% ↓
Net Debt (Net Cash)	1,252	1,072	429	16.8% ↑	192.0% ↑
Net Debt/Shareholders' Equity	23.9%	21.0%	8.5%	2.9 p.p. ↑	15.4 p.p. ↑
Net Debt/EBITDA LTM	1.33x	1.06x	0.42x	25.2% ↑	220.1% ↑

Gross Margin

The challenging new reality as a result of the Coronavirus pandemic has affected the macro-economic outlook for the entire country, and one of the expected effects has been an increase in default in receivables. Nevertheless, the increase has not resulted in a significant effect in 1Q20 thus far; however based on a reevaluation of expected delinquency, the company has chosen to raise the PDD (Allowance for Credit Risk) by R\$ 10 million, which has negatively impacted the gross margins for the same period.

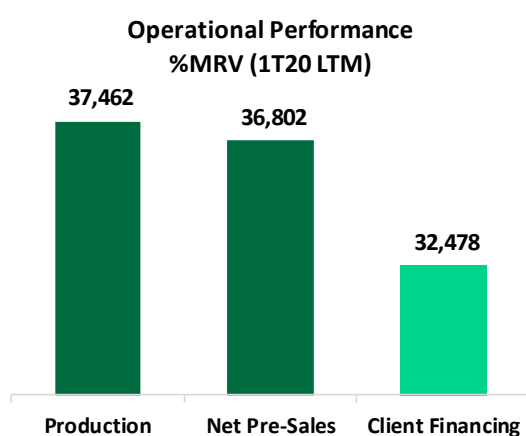
Equally as important, the need to adopt a more aggressive commercial strategy, that basically consists in conceding discounts for units of elevated PoC, beginning at the second half of March, the period that saw the greatest sales for the month, as well as the most significant sales for the quarter, have led to the declining gross margins reported for the quarter.

Nonetheless, a more aggressive commercial approach has been a winning strategy and has remained in effect through the months of April and May.

Cash Generation

The signing of mortgages and contracts, particularly affecting customers in the Minha Casa Minha Vida government-subsidized project draw attention up to the month of March in the first quarter of 2020, in which March registered the highest figures for signed mortgages. The reason for this downtrend was largely due to the lack of funding resources available from the government to cover the 10% government-subsidy offered to MCMV customers, even though the remaining 90% was made available through the Worker’s Severance Indemnity Fund (FGTS).

As a result, the number of mortgages handled in the quarter lullled significantly, resulting in just 64.3% of net sales for the period.



The disjointed accumulation between the number of units produced, sold and contracted over the last 12 months, up to 1Q20, has been significant and is worth noting:

- 1) The number of net sales in 1Q20 stood some 3,741 units above the number of signed mortgages for the same period;
- 2) When comparing figures from the last 12 months (LTM), net sales posted some 4,324 units over the number of signed mortgages for the period;
- 3) The number of units produced for accumulated figures for the last 12 months (LTM) was 4,984 units higher than the number of signed mortgages for the period.

The main effect of this imbalance was a cash burn of approximately R\$ 185.3 million for the quarter.

However, figures have already shown that this unstable moment has passed for 1Q20 and we see no reason for the company to face any new, unforeseen barriers throughout 2020. The rules were adjusted in the month of March and have freed the government of participating in the government subsidy for the remainder of 2020, thus guaranteeing that there will no longer be any problems of this kind for the rest of the year.

Operational Performance – MRV (ex. AHS)

Land Bank

The company holds a robust land bank and is fully capable of sustaining operations comfortably, enabling the company to stave off searching for new opportunities at the present moment.

The company has restructured its position, aiming to boost cash flow preservation, and is therefore, renegotiating payment terms on properties, including extending payment plans for properties within the land bank, resulting in significant success.

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Land bank	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
%MRV					
Land Bank (R\$ billion)*	52.1	52.5	48.8	0.7% ↓	6.7% ↑
Acquisitions/Adjustments (R\$ million)	720	4,694	217	84.7% ↓	231.8% ↑
Units	321,988	326,774	309,643	1.5% ↓	4.0% ↑
Average Price - R\$'000 / unit	160	159	156	0.6% ↑	2.7% ↑
% Swap - land bank	64%	50%	51%	13.7 p.p. ↑	13.3 p.p. ↑
% Swap - acquisitions in the period	61%	39%	59%	22.5 p.p. ↑	2.8 p.p. ↑
100%					
Number of Projects	1,003	987	871	1.6% ↑	15.2% ↑
Land Bank (R\$ billion)*	55.4	55.2	50.9	0.3% ↑	8.8% ↑
Units	333,421	336,372	314,536	0.9% ↓	6.0% ↑
Units per Project	332	341	361	2.5% ↓	7.9% ↓
Average Price - R\$'000 / unit	160	159	156	0.6% ↑	2.7% ↑

* Includes the residential, allotment segments and LUGGO projects

Launches

Launches for 1Q20 dipped by 1% when compared to 1Q19, and 54.3% when compared to 4Q19.

The company is currently carrying solid stock in a majority of its current markets and has therefore opted to postpone rolling out new products in these places.

In addition, a large number of sales store fronts were closed as a result of the social distancing measures implemented due to the Coronavirus, which has also led the company to push back the roll out of launches in these markets for the moment, until they are able to once again open store fronts and sales posts.

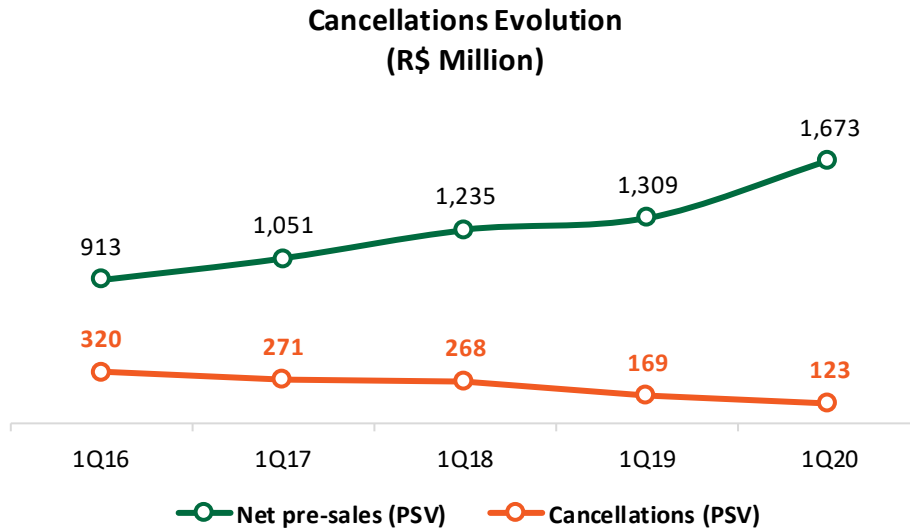
Launches	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
%MRV					
Launches (R\$ million) *	1,083	2,370	1,094	54.3% ↓	1.0% ↓
Units	6,719	14,007	6,846	52.0% ↓	1.8% ↓
Average Launching Size (units)	292	264	263	10.5% ↑	11.0% ↑
Average Price - R\$'000 / unit	161	169	160	4.8% ↓	0.9% ↑
100%					
Number of Projects	23	53	26	56.6% ↓	11.5% ↓
Launches (R\$ million)*	1,140	2,530	1,181	54.9% ↓	3.5% ↓
Units	7,071	14,868	7,392	52.4% ↓	4.3% ↓
Average Price - R\$'000 / unit	161	170	160	5.2% ↓	0.9% ↑

* Includes the residential, allotment segments and LUGGO projects

** Includes the residential and LUGGO projects

Net Sales

The company posted ground-breaking net sales figures in 1Q20, reaching the historic mark of **R\$ 1.67 billion sold, on a total of 10,493 units (%MRV)**. This remarkable result is a 21.1% jump from 4Q19, and a 27.9% increase from 1Q19. Contract cancellations have also fallen for the quarter as compared to the previous year, totaling just R\$ 123 million in 1Q20.

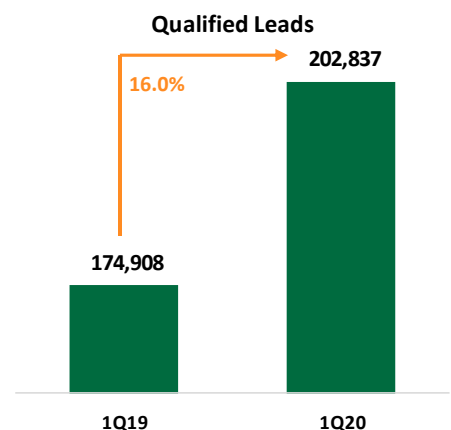


It has become clearer that clients have been seeking out well-respected, reliable brands and products by choosing companies that instill the confidence required at such a critical moment in the market.

As a result, market interest has seen a boost even throughout the months of March and April, even though the process of sales conversion has demanded more aggressive sales conditions, including the concession of special discounts for products with elevated PoC.

Once again, it is largely due to the leaps in technological advances in the sector, successful digital adaptation and implementation, that have enabled the company to mitigate the negative effects of social distancing and stay-at-home policies put into place during the Coronavirus outbreak.

Initiatives such as the use of a completely digital sales platform, **allowing customers to simulate sales terms, mortgage agencies, set up monthly installments and down payments, run credit checks, in addition to digitally signing contracts with the company through the use of digital documentation** has allowed customers to utilize online sales tools, thus eliminating the need to leave the comfort and safety of their own home.





Pre-sales Contracted	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
%MRV					
Pre-sales (R\$ million) *	1,673	1,382	1,309	21.1% ↑	27.9% ↑
Units **	10,493	8,733	8,665	20.2% ↑	21.1% ↑
Average Price - R\$'000 / unit **	159	158	150	0.7% ↑	5.8% ↑
By financing source - FGTS (PSV)	90%	83%	93%	6.6 p.p. ↑	3.6 p.p. ↓
By financing source - Savings accounts (PSV)	10%	11%	7%	1.0 p.p. ↓	3.6 p.p. ↑
By financing source - Individual Investors (PSV)	0%	6%	0%	5.6 p.p. ↓	0.0 p.p. ↑
Sales over supply (%) - net sales	17%	13%	15%	3.1 p.p. ↑	1.3 p.p. ↑
100%					
Pre-sales (R\$ million)*	1,742	1,470	1,387	18.5% ↑	25.6% ↑
Units	10,858	9,244	9,136	17.5% ↑	18.8% ↑
Average Price - R\$'000 / unit	159	158	150	0.7% ↑	6.0% ↑

* Includes the residential, allotment segments and LUGGO projects

** Includes the residential and LUGGO projects

Production

The first quarter of 2020 has been a challenging one, as a result of persistent, heavy rains that have ultimately pushed back the timeline on some work sites, therefore delaying production, particularly those that were scheduled to begin in 1Q20.

In addition, due to the widespread outbreak of the COVID-19 pandemic and the subsequent state and city legislative measures taken to ensure the workforce and public's safety, the company's operations have been temporarily shut down in areas where these measures have been put into effect. As a result, the company has seen operational shutdowns of approximately 20% of its overall worksites currently in operation. The remaining worksites have continued to carry out operations while following the strict safety and sanitary protocols, aimed at preventing the continued spread of the Coronavirus (COVID-19) placing worksite staff and public safety in the highest regard.

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The month of May saw a drop-in production of approximately 10%, as a result of the closure of some 6% of worksites, as determined by public agencies and sanitary codes.

Due to the aforementioned events, production slowed over 1Q20 by 13.1% as compared to 4Q19, and 19.8% as compared to 1Q19.

Production	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
%MRV					
Built Units*	7,927	9,124	9,880	13.1% ↓	19.8% ↓
Finished units	9,429	7,377	6,390	27.8% ↑	47.6% ↑
100%					
Built Units*	8,494	9,993	11,003	15.0% ↓	22.8% ↓
Finished units	9,604	7,910	6,744	21.4% ↑	42.4% ↑
Construction sites*	239	247	268	3.2% ↓	10.8% ↓

* Includes the residential, allotment segments and LUGGO

Real Estate Credit

Once again, due to the inconsistency in the transfer process over 1Q20, the total number transferred units for the quarter fell some 23.3% as compared to 4Q19, and 13.6% as compared to 1Q19.

Real Estate Financing	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
%MRV					
Client Financing (units)	6,752	8,803	7,813	23.3% ↓	13.6% ↓
Construction Financing	8,186	12,480	6,365	34.4% ↓	28.6% ↑
100%					
Client Financing (units)	7,141	9,305	8,570	23.3% ↓	16.7% ↓
Construction Financing	8,647	13,044	8,114	33.7% ↓	6.6% ↑

Inventory at Market Value (%MRV)

Inventory at Market Value	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
%MRV					
Inventory at Market Value (R\$ billion)*	8.26	9.01	7.27	8.3% ↓	13.6% ↑
Inventory Duration **	4.9	6.5	5.6	24.2% ↓	11.1% ↓
By Construction phase (units)					
Not initiated	9%	11%	13%	1.3 p.p. ↓	3.9 p.p. ↓
Under construction	87%	86%	78%	1.8 p.p. ↑	9.0 p.p. ↑
Finished	3%	4%	9%	0.5 p.p. ↓	5.1 p.p. ↓

* Only launches. Does not include landbank.

** Inventory duration = final inventory / Net Pre-sales (per quarter)

Financial Performance - MRV (ex. AHS)

Net Operational Revenue and Gross Profit

(R\$ million)	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
Total Net Revenue	1,499	1,420	1,509	5.6% ↑	0.6% ↓
Cost of Real Estate Sales and Services	(1,076)	(1,000)	(1,026)	7.6% ↑	4.8% ↑
Gross Profit	423	420	482	0.8% ↑	12.2% ↓
Gross Margin (%)	28.2%	29.6%	32.0%	1.3 p.p. ↓	3.7 p.p. ↓

The above average volume of net sales in 1Q20 was enough to make up for lower production rates for the same period, while driving an increase of 5.6% in net operating revenue when compared to 4Q19.

A R\$ 10 million provision in PDD (Allowance for Credit Risk) for 1Q20 has negatively impacted net operating revenue for the quarter in an equal amount.

Financial Cost recorded under COGS

(R\$ million)	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
Financial Cost recorded under COGS	(45)	(40)	(48)	14.5% ↑	5.4% ↓
% of Net Revenue	3.0%	2.8%	3.2%	0.2 p.p. ↑	0.4 p.p. ↓
Gross profit with financial cost	423	420	482	0.8% ↑	12.2% ↓
Gross profit ex.h financial cost	469	460	530	2.0% ↑	11.6% ↓
Gross Margin ex. financial cost (%)	31.3%	32.4%	35.1%	1.1 p.p. ↓	3.9 p.p. ↓

Selling, General and Administrative Expenses (SG&A) and other Operational Income (Expenses)

(R\$ million)	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
Selling expenses	(148)	(151)	(147)	1.8% ↓	0.7% ↑
Selling expenses / net revenues (%)	9.9%	10.6%	9.8%	0.7 p.p. ↓	0.1 p.p. ↑
Selling expenses / net pre-sales (%)	8.9%	10.9%	11.2%	2.1 p.p. ↓	2.4 p.p. ↓
General & Administrative Expenses	(93)	(83)	(85)	12.5% ↑	10.4% ↑
G&A expenses / net revenues (%)	6.2%	5.8%	5.6%	0.4 p.p. ↑	0.6 p.p. ↑
G&A expenses / net pre-sales (%)	5.6%	6.0%	6.5%	0.4 p.p. ↓	0.9 p.p. ↓

With the outsourcing of part of the back office and expenses with lawyers, evaluation and consultancy services in the AHS purchase, the general and administrative expenses in the quarter increased 10.4% in the annual comparison.

Among the measures adopted after the arrival of the coronavirus pandemic, the Company followed procedures to reduce these expenses, which should be reflected in the coming quarters.

(R\$ million)	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
Other operating (income) expenses	(31)	5	(27)	-	16.2% ↓

In 4Q19 there was a significant positive impact with the sale of four Luggo projects to FII LUGG11, which did not take place in the 1Q20.

Equity Income

(R\$ million)	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
Equity Income	(11)	(24)	(18)	55.7% ↑	42.0% ↑

The 55.7% increase registered in 1Q20, as compared to 4Q19, is mainly the result of the non-recurring effects observed in 4Q19 that negatively impacted the equivalent equity in the amount of R\$ 10.6 million.

The company's Prime and MRL subsidiaries continue to show significant operational growth, therefore positively reflecting on the company's results.

PRIME and MRL (R\$ million)	2019	2018	2017	Var. 2019 x 2018	Var. 2019 x 2017
Net Revenue	153	150	125	2.0% ↑	22.3% ↑
Gross Profit	45	50	35	11.5% ↓	28.0% ↑
Net Income	14	19	4	26.1% ↓	283.0% ↑

Financial Results

(R\$ million)	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
Financial Expenses	(11)	(14)	(13)	19.3% ↓	16.9% ↓
Financial Income	14	25	28	45.1% ↓	51.6% ↓
Financial income from receivables	27	21	8	25.2% ↑	221.4% ↑
Total	30	33	24	10.1% ↓	25.4% ↑

The increase registered in financial revenues from clients can be explained by the significant increase in IPCA and IGPM for the same period.

(R\$ million)	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
Financial result	30	33	24	10.1% ↓	25.4% ↑
Financial Cost recorded under COGS	(45)	(40)	(48)	14.5% ↑	5.4% ↓
Adjusted Total	(16)	(7)	(24)	133.5% ↑	35.1% ↓

Losses in financial revenues for this quarter are due to the market value of bonds available in investment funds, in the amount of approximately R\$ 4 million.

We would like to point out that these assets represent low credit risk ratings (AAA rating), but have shown market values impacted by the issuance of new bonds featuring higher rates due to the COVID-19 pandemic.

Since these are investments that shall be carried until they mature, we do not forecast any real losses for these assets.

EARNINGS RELEASE

1st Quarter 2020



EBITDA

(R\$ million)	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
Income before taxes	170	200	229	15.0% ↓	25.8% ↓
Depreciation and Amortization	19	24	20	19.1% ↓	1.2% ↓
Financial Results	(30)	(33)	(24)	10.1% ↓	25.4% ↑
Financial charges recorded under cost of sales	45	40	48	14.5% ↑	5.4% ↓
EBITDA	205	231	273	11.0% ↓	24.9% ↓
EBITDA Margin	13.7%	16.2%	18.1%	2.6 p.p. ↓	4.4 p.p. ↓

Net Income

(R\$ million)	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
Net Income	115	151	189	23.9% ↓	39.1% ↓
% Net margin	7.7%	10.6%	12.5%	3.0 p.p. ↓	4.8 p.p. ↓

Unearned Results

(R\$ million)	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
Unearned Sales Revenues	1,847	1,629	2,019	13.4% ↑	8.5% ↓
(-) Unearned Costs of Units Sold	(1,112)	(976)	(1,177)	13.9% ↑	5.5% ↓
Unearned Results	735	653	842	12.5% ↑	12.7% ↓
Unearned Results Margin	39.8%	40.1%	41.7%	0.3 p.p. ↓	1.9 p.p. ↓

Balance Sheet - MRV (ex. AHS)

Cash and Cash Equivalents and Market Securities

(R\$ million)	Mar/20	Dec/19	Mar/19	Chg. Mar/20 x Dec/19	Chg. Mar/20 x Mar/19
Cash and cash equivalents	847	675	678	25.5% ↑	25.0% ↑
Marketable Securities	923	1,410	1,827	34.6% ↓	49.5% ↓
Total	1,770	2,085	2,505	15.1% ↓	29.3% ↓

Receivables from Real Estate Development

(R\$ million)	Mar/20	Dec/19	Mar/19	Chg. Mar/20 x Dec/19	Chg. Mar/20 x Mar/19
Clients	3,371	2,992	2,755	12.7% ↑	22.4% ↑
Fair value adjustment	(64)	(60)	(48)	5.9% ↑	33.5% ↑
Bad debt provision	(235)	(223)	(248)	5.3% ↑	5.4% ↓
Receivables from real estate development	3,072	2,708	2,458	13.4% ↑	25.0% ↑
Current	1,736	1,555	1,577	11.6% ↑	10.1% ↑
Noncurrent	1,336	1,153	882	15.9% ↑	51.6% ↑

EARNINGS RELEASE

1st Quarter 2020



Mortgage with MRV (R\$ million)	Mar/20	Dec/19	Mar/19	Chg.Mar/20 x Dec/19	Chg.Dec/19 x Mar/19
After Keys Delivery	933	857	652	8.9% ↑	43.1% ↑
Before Keys Delivery	822	841	780	2.2% ↓	5.4% ↑
Total	1,755	1,697	1,431	3.4% ↑	22.6% ↑

Advances from Customers

(R\$ million)	Mar/20	Dec/19	Mar/19	Chg. Mar/20 x Dec/19	Chg. Mar/20 x Mar/19
12 months	213	223	213	4.4% ↓	0.1% ↑
13 to 24 months	238	273	316	12.6% ↓	24.7% ↓
Over 24 months	183	214	251	14.7% ↓	27.3% ↓
Total	634	710	781	10.7% ↓	18.8% ↓
Advanced receivables	62	74	66	16.0% ↓	5.4% ↓
Advances for barterers	572	636	715	10.1% ↓	20.0% ↓
Total	634	710	781	10.7% ↓	18.8% ↓

Inventories (real estate for sale)

(R\$ million)	Mar/20	Dec/19	Mar/19	Chg. Mar/20 x Dec/19	Chg. Mar/20 x Mar/19
Properties under construction	2,719	2,808	2,547	3.2% ↓	6.7% ↑
Completed Units	181	214	225	15.3% ↓	19.5% ↓
Land bank	5,396	5,532	5,085	2.5% ↓	6.1% ↑
Advances to Suppliers	80	80	51	0.7% ↑	58.0% ↑
Inventories of supplies	0	0	0	21.3% ↓	34.8% ↑
Total	8,376	8,634	7,907	3.0% ↓	5.9% ↑
Current	3,891	3,960	3,311	1.7% ↓	17.5% ↑
Non-current	4,485	4,674	4,596	4.1% ↓	2.4% ↓

With sales volume above the total produced, there was a reduction in inventory that has not yet been reflected in cash, given the problem with transfer faced in 1Q20.

Debt Maturity Schedule

(R\$ million)	Construction Financing	Corporate Debt*	Total
12 months	39	568	607
13 to 24 months	84	476	561
25 to 36 months	54	199	253
37 to 48 months	2	912	913
Over 48 months	0	730	730
Total Debt	179	2,885	3,065

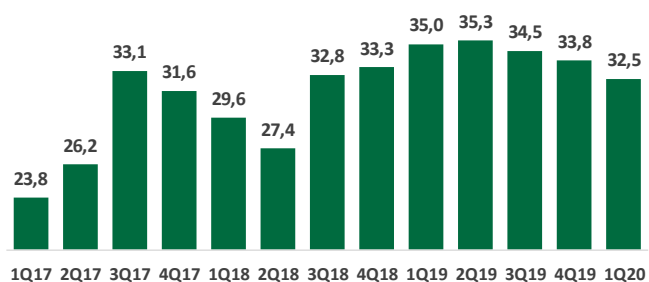
*Include leases and Finame

Weighted Average Debt Cost

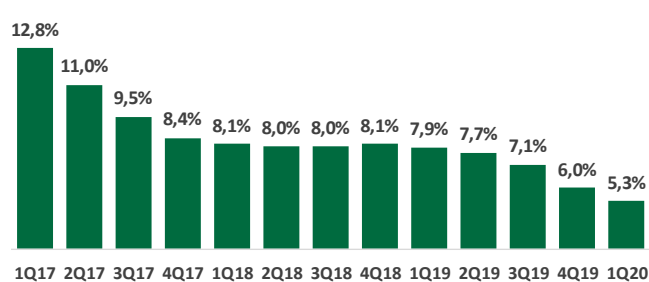
(R\$ Million)	Debit Balance Mar/20	Balance Due / Total (%)	Average Cost
CDI	2,885	94.2%	CDI + 1,12%
TR	179	5.8%	TR + 8,32%
Total	3,065	100.0%	5.29%

Debt Breakdown

Corporate Debt Duration (months)



Weighted Average Debt Cost (a.p.r.)



(R\$ million)	Maturity	Charges (p.a)	Balance Due	
			Mar/20	Dec/19
Corporate Debt – CDI			2,885	3,065
Debentures - 2nd Issuance (Urba)	06/21 to 06/23	CDI + 1.22%	61	60
Debentures - 9th Issuance (1st serie)	02/19 to 02/20	CDI + 1.50%	-	48
Debentures - 9th Issuance (2nd serie)	02/20 to 02/22	CDI + 2.30%	398	509
Debentures - 9th Issuance (3rd serie)	02/2022	132.2% CDI	96	100
Debentures - 11th Issuance (1st serie)	09/2020	CDI + 1.00%	284	288
Debentures - 11th Issuance (2nd serie)	09/21 to 09/22	CDI + 1.50%	214	217
Debentures - 11th Issuance (3rd serie)	09/23 to 09/24	122.1% CDI	144	149
Debentures - 12th Issuance (1st serie)	07/2023	CDI + 1.40%	301	308
Debentures - 12th Issuance (2nd serie)	07/24 to 07/25	CDI + 1.70%	52	53
Debentures - 12th Issuance (3rd serie)	07/2023	CDI + 1.50%	110	112
Debentures - 12th Issuance (4th serie)	07/2023	CDI + 1.50%	84	86
Debentures - 15th Issuance	11/2025	CDI + 1.06%	304	300
CCB which backed the CRI operation	06/20 to 06/21	CDI + 1.60%	115	115
3rd issue of Urba debentures that back CRI operations	03/2024	CDI + 0.20%	58	58
13th issue of debentures that back CRI operations	09/23 to 09/24	100% CDI	291	290
14th issue of debentures that back CRI operations	05/2024	100.4% CDI	361	357
Leasing	03/17 to 09/22	CDI + 2.00% to + 2.93%	14	16
Construction Finance - TR			179	137
Construction Financing	07/20 to 04/24	TR + 8.30%	173	131
Working capital – TR	04/16 to 03/23	TR + 13.29%	6	6
Total			3,065	3,202

Net Debt

(R\$ million)	Mar/20	Dec/19	Mar/19	Chg. Mar/20 x Dec/19	Chg. Mar/20 x Mar/19
Total debt	3,065	3,202	2,952	4.3% ↓	3.8% ↑
(-) Cash and cash equivalents and Marketable Securities	(1,770)	(2,085)	(2,505)	15.1% ↓	29.3% ↓
(-) Derivative Financial Instruments	(42)	(45)	(18)	5.2% ↓	140.8% ↑
Net Debt*	1,252	1,072	429	16.8% ↑	192.0% ↑
Total Shareholders' Equity	5,246	5,109	5,068	2.7% ↑	3.5% ↑
Net Debt / Total Shareholders' Equity	23.9%	21.0%	8.5%	2.9 p.p. ↑	15.4 p.p. ↑
EBITDA LTM	941	1,009	1,032	6.7% ↓	8.8% ↓
Net Debt / EBITDA LTM	1.33x	1.06x	0.42x	25.2% ↑	220.1% ↑

* Considering the Derivative Financial Instruments gains

Following events: Corporate Loans

Within the company's strategy to preserve and reinforce cash flow, as a result of the economic effects of the COVID-19 pandemic, the company took on a debt in the amount of R\$ 450 million in the month of April and May with a duration of two years.

Another measure employed was securing a pre-approved construction loan (Crédito Associativo – PJ), available for use along with the advance of constructions, with no costs and pre-approval for early payment without penalties.

This strategy was implemented at a moment of global uncertainty and aims to further strengthen the company's solid position on cash flow.

Covenants & Corporate Risk

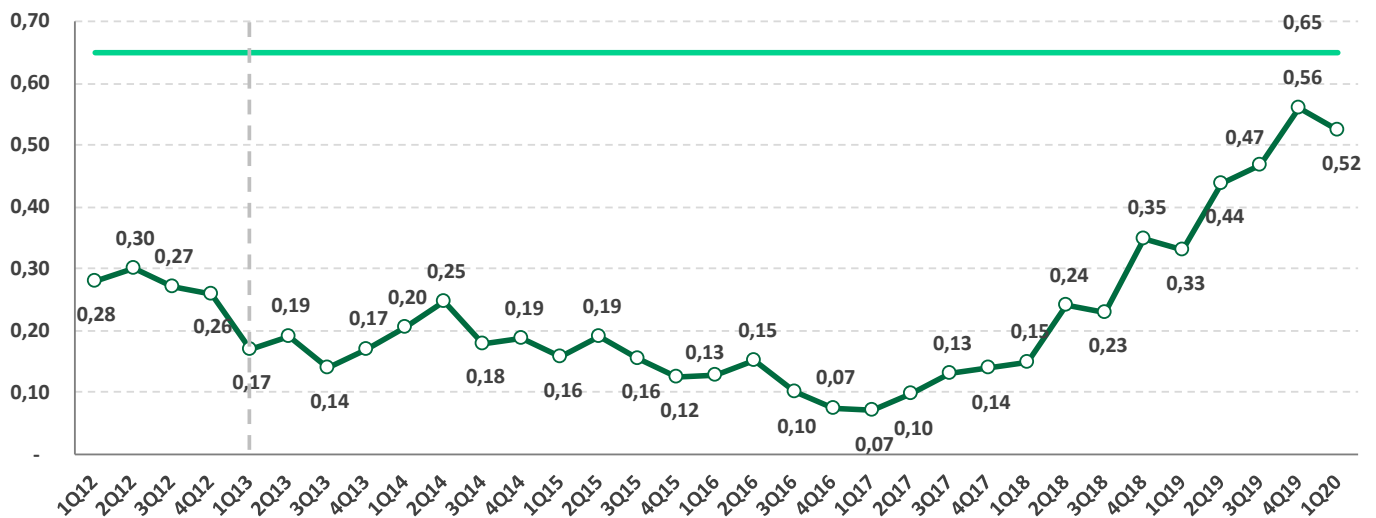


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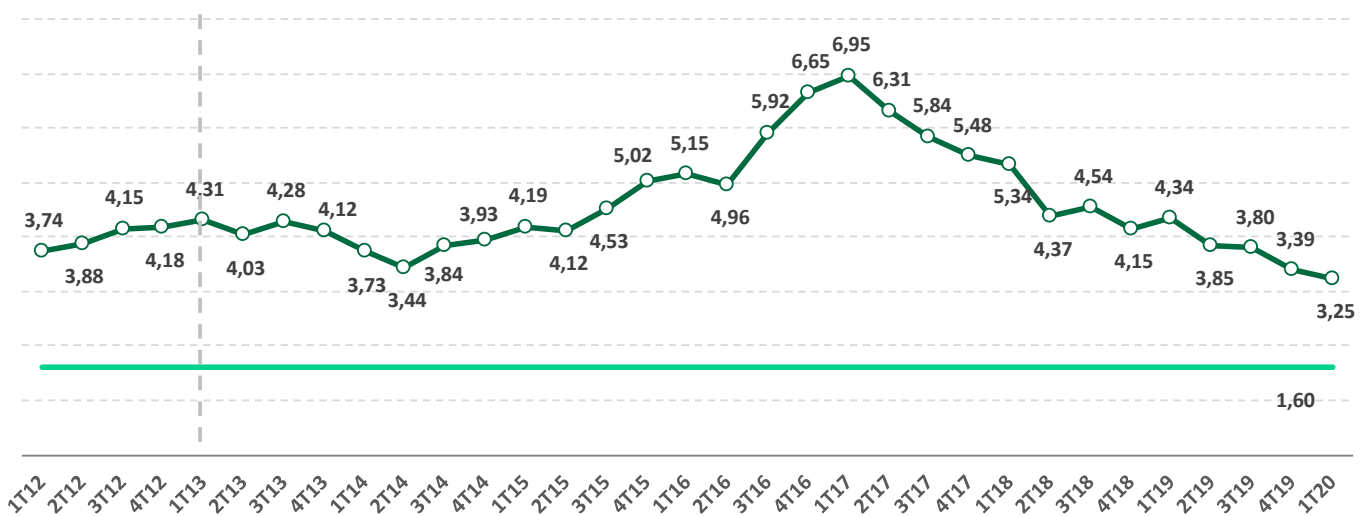
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Debt Covenant (Including AHS)



$$\frac{\text{Net Debt} + \text{Properties Payable}}{\text{Equity}} < 0,65$$

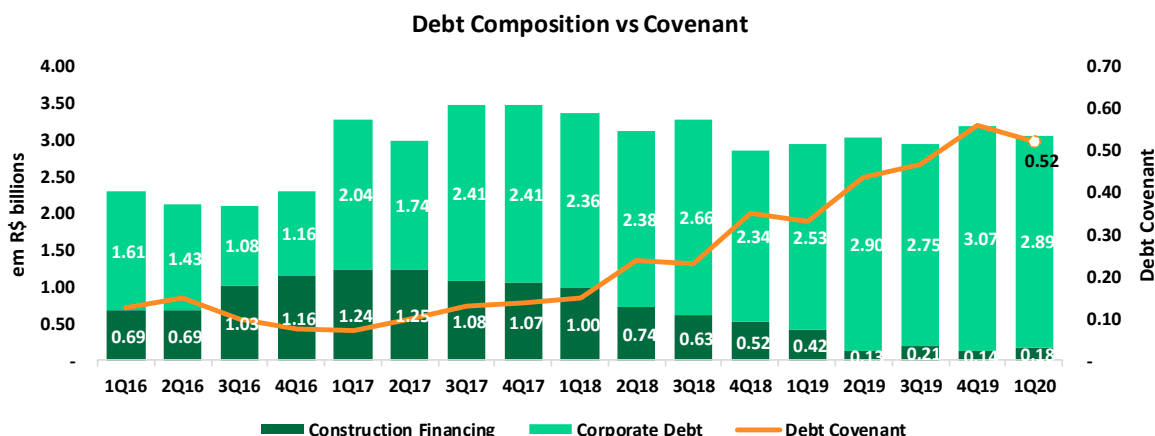
Receivables Covenant (Including AHS)



$$\frac{\text{Receivables} + \text{Unearned Income} + \text{Inventories}}{\text{Net Debt} + \text{Properties Payable} + \text{Unincurred Costs}} > 1,6$$

In 1Q17, the company set a plan in motion to substitute construction finance debts (Crédito Associativo – PJ) for lower cost debts, adapting its position to the changing Brazilian market, which was witnessing a reduction in interest rates, driven by falling Selic rates.

This movement gathered pace in 2Q18, as seen in the graph below, representing the composition of debt, as well as the evolution of the company’s debt covenant (net debt + real estate receivables/net equity):



One of the most notable characteristics of this covenant is that SFH debts (Construction Finance such as Crédito Associativo – PJ), have not been added to the net debt figures.

Beginning at the end of March, aiming to strengthen the company’s position of cash flow, coupled with the increase of R\$ 450 million, the company resumed the use of the pre-approved Crédito Associativo construction finance for housing developments.

LUGGO

Due to the successful sale of four rental developments to the REIT – Real Estate Investment Trust (FII – LUGG11) in December of 2019, LUGGO has continued to be a beacon of success. In the first week of April, the company’s third rental development, LUGGO Lindóia, was rolled out in Curitiba and the first rental agreements have been signed.

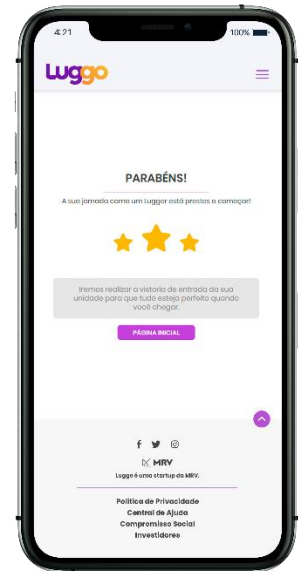
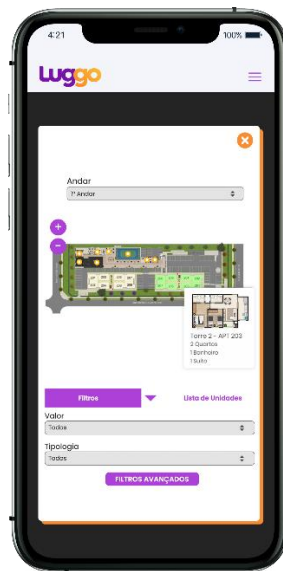
The business venture has brought a wide variety of innovations such as complete digital leasing in which clients interested individuals are able to take a virtual tour through the entire development, including rental units. Therefore, never-before-seen details such as views from the units can be experienced on a complete online platform. **As a result, some 70% of the available units have already been leased in just a few short weeks.**

Rental developments such as Cipreste in Belo Horizonte and Ecoville in Curitiba, which have already been rolled out and rented out, continue to shine by registering occupancy rates of over 95%.

We are aware that long stay rentals and leasing tend to be more resilient under the current circumstances. Contrary to other sectors, that have seen a significant jump in default as a result of the pandemic, initial reports have shown that LUGGO residents have been making rental payments a high priority given the current health and safety difficulties.

Nevertheless, in situations of default, the insurance agency is contacted on the 61st day and the client is sent to negotiate directly with the insurer. On the average, back payments have been made within 90 days.

The dividend yield has performed above average when considering the performance of the FII LUGG11 fund, registering current numbers of 5.67% a. a., over forecasts of 5.5% a. a., thus fueling the value of the funds unit price.



URBA

Urba Operation	1Q20	4Q19	1Q19	Var. 1Q20 x 4Q19	Var. 1Q20 x 1Q19
Land Bank					
Land bank (R\$ million - %Urba)	1.148	966	1.110	18,8% ↑	3,4% ↑
Landbank Units (%Urba)	11.256	9.310	12.233	20,9% ↑	8,0% ↓
Land bank (R\$ million - 100%)	2.090	1.775	1.943	17,7% ↑	7,5% ↑
Landbank Units (100%)	18.473	16.932	20.693	9,1% ↑	10,7% ↓
Launches	-	-	-		
Launches (R\$ million - %Urba)	-	-	-	0,0 p.p. ↑	0,0 p.p. ↑
Launches Units (%Urba)	-	-	-	0,0 p.p. ↑	0,0 p.p. ↑
Launches (R\$ million - 100%)	-	-	-	0,0 p.p. ↑	0,0 p.p. ↑
Launches Units (100%)	-	-	-	0,0 p.p. ↑	0,0 p.p. ↑
Net Pre-sales					
Net Pre-sales (R\$ million - %Urba)	7,1	6,4	2,7	11,1% ↑	162,8% ↑
Net Pre-sales (Units - %Urba)	90	83	40	8,8% ↑	128,0% ↑
Net Pre-sales (R\$ million - 100%)	10,2	7,0	3,8	44,6% ↑	164,3% ↑
Net Pre-sales (Units - 100%)	151	110	48	37,3% ↑	214,6% ↑
Production					
Construction Sites	3	5	4	40,0% ↓	25,0% ↓
Built Units (%Urba)	81	174	116	53,5% ↓	30,2% ↓
Built Units (100%)	110	373	155	70,6% ↓	29,5% ↓
Finished Units (%Urba)	-	684	-	0,0% ↑	0,0% ↑
Finished Units (100%)	-	1.631	-	0,0% ↑	0,0% ↑



Earnings Release 1Q20 - AHS

MRV has released the complete details regarding AHS operations, including its market and target public, shortly before the Extraordinary General Shareholder’s Meeting was held, in which the matter was discussed and voted upon on January 31, 2020.

For more information on the company’s business model, the North American market, premises and transaction details used for the company’s growth plan and AHS valuation, please click on this [link](#) or scan the QR code for further information.



HIGHLIGHTS



- The AHS land bank is made up of **13 properties**, totaling **5,235 units**, valued at approximately **US\$ 1.058 million** in PSV.
- **8 land pursuits** in negotiation totaling **3,672 units**, and **US\$ 742 million** in PSV.
- Operations in cities such as Miami, Palm Beach, Port St. Lucie and Stuart.
- The company’s expansion plans include developments in the cities of Atlanta and Dallas (in which the company has land plots under contract), as well as Houston and Charlotte.

- 3 sites under construction, totaling **696 units**.
- Production on worksites has not been negatively affected by COVID-19 and has remained on schedule.

- Average vacancy rates for rental developments have remained level at less than 2% and have continued to perform well despite the pandemic.
- **The company’s receivables have seen minimal declines as a result of the COVID-19 pandemic and default averages have settled at approximately 8%.**

- The company has recently sold off two projects, The Palace at Dania Beach and The Club at Crystal Lake, totaling **US\$ 68.5 million**.
- Once capital markets have stabilized and returned to normal, **projects** (Stabilized + Lease Up) will be sold.

EARNINGS RELEASE

1st Quarter 2020



AHS OPERATION

Sold Projects

Two developments have been sold, the Dania Beach and Crystal Lake developments, in 2018 and 2019 respectively, at a value of US\$ 68.5 million, at an average cap rate of 5.1%.

Sold Projects (US\$ thousand)	# Units	Sale Price	Sale Date
The Place at Dania Beach	144	38,000	Oct/18
The Club at Crystal Lake	125	30,500	Nov/19
Total / Average	269	68,500	-

As a result of increased efficiency in construction methods, coupled with the expertise brought by MRV, future AHS developments are forecast to garner greater gains.

The table below represents developments in operation and under construction, with their respective stabilized sales values and average YoC.

Completed Projects

Completed Projects ¹	# Units	Units Rented	Occupancy
Stabilized	550	542	99%
Village of Lake Worth	216	215	100%
Village of Lake Osborne	118	117	99%
Princeton Groves	216	210	97%
Leasing Up	521	382	73%
Deering Groves	281	219	78%
Village at Mangonia Lake	240	139	58%
Coral Reef	175	24	14%
Total / Average	1,071	924	86%

¹ As of: 05/22/2020

Potential Sales Volume (US\$ thousand)	NOI*	YoC	Cap Rate 5,1%	Cap Rate 4,6%
Potential Sales Volume (US\$ thousand)	11,037	7.19%	216,412	239,935

*Considers NOI at refinance (pre COVID)

Under Construction

Under Construction	# Units	Style
Pine Groves Village	204	Garden
Tamiami Landings	264	Garden
Banyan Ridge	228	Garden
Total	696	-

EARNINGS RELEASE

1st Quarter 2020



AHS'S OPERATIONAL GROWTH

The company has already amassed a land bank equal to **5,235 units** and is currently prospecting and negotiating new properties to meet the company's plan for growth.

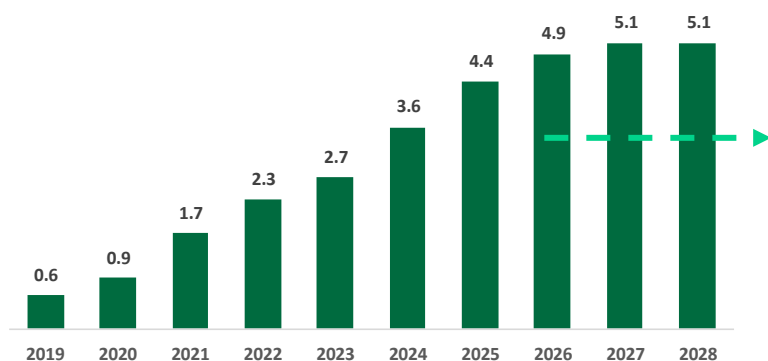
Land Bank

Land Bank	# Units	Style	Market
Village at Blue Lagoon	336	Mid-rise	Miami
Village at Old Cutler	390	Garden	Miami
AHS at Biscayne Landings	216	Garden	Miami
AHS at Oak Enclave	420	Mid-rise	Miami
Town of Palm Beach	720	Garden	Palm Beach
Southern & Jog	288	Mid-rise	Palm Beach
Tradition	372	Garden	Port St. Lucie
Harbor Grove	324	Garden	Stuart
PGA	384	Garden	Port St. Lucie
Memorial Ph 1 & Ph 2	448	Mid-rise	Atlanta
Village Center at Tributary (Ph 1)	273	Mid-rise	Atlanta
Assembly Yards Phase 1	728	Mid-rise	Atlanta
Walton Walker	336	Garden	Dallas
Total	5,235	-	-

Land Persuits	# Units	Style	Market
ATC Development Phase 1	588	Mid-rise	Miami
ATC Development Phase 2	420	Mid-rise	Miami
Golden Glades	588	Mid-rise	Miami
Cheshire Square	280	Mid-rise	Atlanta
Rayzor Ranch	280	Mid-rise	Dallas
Austin Ranch	648	Garden	Dallas
LBJ Freeway	392	Mid-rise	Dallas
North City	476	Mid-rise	Dallas
Total	3,672	-	-

According to the business plan that was approved at the EGSM (Extraordinary General Shareholder's Meeting), AHS operations aim to reach the construction and sale of **5,000 units** annually. It is a solid strategy and the company is fully committed to meeting the targets.

Original Growth Plan (in thousands)



$$5.000 \text{ UNITS} \times \text{US\$ } 220\text{k} = \text{US\$ } 1,1 \text{ BI}$$

$$\times \text{R\$ } 5,27$$

$$\text{R\$ } 5,8 \text{ BI}$$

¹ AS of: 05/27/2020

EARNINGS RELEASE

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FINANCIALS

Balance Sheet

ASSETS (US\$ Thousands)	31/03/2020	LIABILITIES AND EQUITY (US\$ Thousands)	31/03/2020
CURRENT ASSETS		CURRENT LIABILITIES	
Cash and cash equivalents	27.307	Suppliers	12.971
Marketable Securities	2.603	Loans, financing and debentures	27.746
Receivables from services provided	329	Payroll and related liabilities	422
Prepaid expenses	870	Other payables	2.797
Other assets	1.125		
Total Current Assets	32.234	Total Current Liabilities	43.936
NONCURRENT ASSETS		NONCURRENT LIABILITIES	
Other noncurrent assets	2.014	Loans, financing and debentures	171.617
Investment property		Deferred tax liabilities	-
Property and equipment	4.778	Other liabilities	3.525
Intangible Assets	1.882		
Total Noncurrent Assets	273.762	Total Noncurrent Liabilities	175.142
		EQUITY	
		Equity attributable to Company' Shareholders	75.845
		Noncontrolling Interests	11.073
		Total Equity	86.918
TOTAL ASSETS	305.996	TOTAL LIABILITIES AND TOTAL EQUITY	305.996

P&L

US\$ thousands	1Q20
NET REVENUE	2.044
COST OF REAL ESTATE SALES AND SERVICES	(1.922)
GROSS PROFIT	122
<i>Gross Margin</i>	<i>6,0%</i>
OPERATING INCOME (EXPENSES)	
Selling expenses	(114)
General & Administrative Expenses	(1.444)
Other operating income (expenses), net	(17)
Equity Income	-
INCOME BEFORE FINANCIAL INCOME (EXPENSES)	(1.452)
FINANCIAL RESULTS	
Financial expenses	(1.121)
Financial income	11
Financial income from receivables from real estate development	-
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(2.562)
Income Tax and Social Contribution	-
NET INCOME (LOSS)	(2.562)
NET INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(271)
NET INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	(2.291)
<i>Net Margin</i>	<i>-112,0%</i>

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Debt Breakdown

(US\$ thousands)	Maturity	Contractual rate (p.a.)	Balance due Mar/20
Construction Financing (equivalent to Brazilian SFH)			146,830
Construction Loan			51,134
Mangonia Lake	September, 20	LIBOR 1M + 2,60%	26,760
Coral Reef	February, 22	LIBOR 1M + 2,00%	19,432
Pine Groves	April, 22	LIBOR 1M + 2,25%	4,942
Tamiami Landings	September, 22	LIBOR 1M + 2,25%	-
Banyan Ridge	March, 22	LIBOR 1M + 2,15%	-
Permanent Loan			95,696
Princeton Groves	October, 27	Fixed at 4,38%	24,360
Lake Worth	May, 26	Fixed at 3,95%	23,590
Lake Osborne	December, 27	Fixed at 4,63%	13,030
Deering Groves	November, 29	Fixed at 3,15%	34,717
Corporate Debt			52,532
Credit Line	September, 21	LIBOR 1M + 3,00%	5,500
Vehicle Loan	-	-	32
Itau Bond Debt	February, 25	Fixed at 4,00%	47,000
Total			199,363

Main Details of AHS Debt:

- Construction loan:** financing for construction taken at the outset of construction, representing an LTC (Loan to Cost) of up to 73% (Property + Construction).
- Permanent loan:** construction loan refinancing, after stabilization of the property, representing an LTV (Loan to Value) of up to 70% of the project.

Notes on Permanent Loan:

- 1) The value has been financed for a period of 10 years, amortized over 30 years. Therefore, at the end of 10 years financing, principle will be partially amortized and there could be a refinancing the remainder over another 10 years, amortized over 30 years and so on.
- 2) **Assets + Receivables make up the entirety of collateral for this loan, therefore classifying it as a Non-Recourse Debt.**

Debt Maturity Schedule

(US\$ thousands)	Construction Loan	Permanent Loan	Corporate Debt	Total
12 months	26,760	986	-	27,746
13 to 24 months	24,374	815	5,532	30,721
25 to 36 months	-	1,462	-	1,462
37 to 48 months	-	1,959	-	1,959
After 48 months	-	90,474	47,000	137,474
Total	51,134	95,696	52,532	199,363

EARNINGS RELEASE

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Investor Relations

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ATTACHMENTS

The financial statements that are presented in attachment I, II and III, below, refer to the company's equity structure and consolidated results, including MRV's operations abroad (AHS Residential).

Attachment IV, V and VI, in turn, refer only to MRV's operation in Brazil, (excluding AHS Residential).

Attachment I – Consolidated Income Statement MRV [R\$ million]

R\$ million	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
NET REVENUE	1,508	1,420	1,509	6.3% ↑	0.0% ↓
COST OF REAL ESTATE SALES AND SERVICES	(1,084)	(1,000)	(1,026)	8.5% ↑	5.6% ↑
GROSS PROFIT	424	420	482	1.0% ↑	12.1% ↓
<i>Gross Margin</i>	28.1%	29.6%	32.0%	1.5 p.p. ↓	3.8 p.p. ↓
OPERATING INCOME (EXPENSES)					
Selling expenses	(149)	(151)	(147)	1.5% ↓	1.1% ↑
General & Administrative Expenses	(100)	(83)	(85)	20.5% ↑	18.3% ↑
Other operating income (expenses), net	(31)	5	(27)	-	16.5% ↓
Equity Income	(11)	(24)	(18)	55.7% ↑	42.0% ↑
INCOME BEFORE FINANCIAL INCOME (EXPENSES)	134	167	206	20.0% ↓	34.9% ↓
FINANCIAL RESULTS					
Financial expenses	(16)	(14)	(13)	19.1% ↑	22.5% ↑
Financial income	14	25	28	44.9% ↓	51.4% ↓
Financial income from receivables from real estate development	27	21	8	25.2% ↑	221.4% ↑
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	158	200	229	20.9% ↓	31.0% ↓
Income Tax and Social Contribution	(32)	(32)	(32)	2.6% ↑	0.1% ↓
NET INCOME	126	168	197	25.3% ↓	36.1% ↓
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	21	17	8	23.6% ↑	163.2% ↑
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	104	151	189	30.9% ↓	44.7% ↓
<i>Net Margin</i>	6.9%	10.6%	12.5%	3.7 p.p. ↓	5.6 p.p. ↓
BASIC EARNINGS PER SHARE	0.222	0.341	0.427	34.8% ↓	48.0% ↓

Attachment II – Consolidated MRV Balance Sheet [R\$ million] - Assets

ASSETS	31/03/2020	31/12/2019	31/03/2019	Var. Mar/20 x Dec/19	Var. Mar/20 x Mar/19
CURRENT ASSETS					
Cash and cash equivalents	989	675	678	46.6% ↑	45.9% ↑
Marketable Securities	882	1,331	1,794	33.7% ↓	50.8% ↓
Receivables from real estate development	1,736	1,555	1,577	11.6% ↑	10.1% ↑
Receivables from services provided	3	1	1	106.8% ↑	97.2% ↑
Inventories	3,891	3,960	3,311	1.7% ↓	17.5% ↑
Recoverable current taxes	97	99	113	1.1% ↓	13.7% ↓
Prepaid expenses	94	82	103	14.4% ↑	8.7% ↓
Derivative Financial Instruments	-	-	-	-	-
Other assets	158	99	60	59.6% ↑	162.6% ↑
Total Current Assets	7,850	7,801	7,637	0.6% ↑	2.8% ↑
NONCURRENT ASSETS					
Marketable Securities	54	79	33	32.3% ↓	62.1% ↑
Receivables from real estate development	1,336	1,153	882	15.9% ↑	51.6% ↑
Real estate for sale and development	4,485	4,674	4,596	4.1% ↓	2.4% ↓
Intercompany Expenses	41	39	43	6.0% ↑	4.5% ↓
Prepaid expenses	38	30	31	23.8% ↑	22.6% ↑
Derivative Financial Instruments	42	45	18	5.2% ↓	140.8% ↑
Other noncurrent assets	179	151	105	18.2% ↑	70.7% ↑
Equity Interest in investees	44	76	29	41.3% ↓	55.6% ↑
Investment property					
Property and equipment	516	486	395	6.3% ↑	30.6% ↑
Intangible Assets	136	118	99	14.7% ↑	36.8% ↑
Total Noncurrent Assets	8,307	6,885	6,242	20.7% ↑	33.1% ↑
TOTAL ASSETS	16,157	14,686	13,879	10.0% ↑	16.4% ↑

Attachment II – Consolidated MRV Balance Sheet [R\$ million] – Liabilities and Equity

LIABILITIES AND EQUITY	31/03/2020	31/12/2019	31/03/2019	Var. Mar/20 x Dec/19	Var. Mar/20 x Mar/19
CURRENT LIABILITIES					
Suppliers	391	304	436	28.9% ↑	10.1% ↓
Payables for investment aquisition	9	10	5	13.2% ↓	67.4% ↑
Loans, financing and debentures	751	672	423	11.9% ↑	77.6% ↑
Land Payables	888	742	661	19.6% ↑	34.4% ↑
Advances from customers	213	223	213	4.4% ↓	0.1% ↑
Payroll and related liabilities	155	140	163	11.0% ↑	4.5% ↓
Tax payables	74	77	70	2.9% ↓	6.7% ↑
Provision for maintenance of real estate	37	32	39	14.2% ↑	6.0% ↓
Deferred tax liabilities	62	54	55	13.7% ↑	11.9% ↑
Proposed dividends	164	164	164	0.0% ↑	0.1% ↓
Net Capital deficiency liabilities - Investments	180	168	77	7.2% ↑	133.8% ↑
Other payables	228	220	188	3.3% ↑	21.2% ↑
Total Current Liabilities	3,153	2,806	2,494	12.4% ↑	26.4% ↑
NONCURRENT LIABILITIES					
Payables for investment aquisition	16	18	3	12.3% ↓	481.0% ↑
Loans, financing and debentures	3,350	2,531	2,528	32.4% ↑	32.5% ↑
Land Payables	3,125	3,393	2,919	7.9% ↓	7.1% ↑
Advances from customers	421	487	568	13.5% ↓	25.9% ↓
Provision for maintenance of real estate	108	107	99	0.6% ↑	9.5% ↑
Provision for civil, labor, and tax risks	98	102	98	3.9% ↓	0.0% ↑
Deferred tax liabilities	54	47	36	17.1% ↑	50.5% ↑
Other liabilities	136	87	68	55.9% ↑	100.1% ↑
Total Noncurrent Liabilities	7,307	6,771	6,318	7.9% ↑	15.7% ↑
EQUITY					
Equity attributable to Company' Shareholders	5,328	4,842	4,823	10.0% ↑	10.5% ↑
Noncontrolling Interests	370	267	245	38.6% ↑	51.1% ↑
Total Equity	5,698	5,109	5,068	11.5% ↑	12.4% ↑
TOTAL LIABILITIES AND TOTAL EQUITY	16,157	14,686	13,879	10.0% ↑	16.4% ↑

Attachment III – Consolidated Statement of Cash Flow [R\$ million]

Consolidated (R\$ million)	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Var. 1Q20 x 1Q19
CASH FLOWS FROM OPERATING ACTIVITIES					
NET INCOME	126	168	197	25,3% ↓	36,1% ↓
Adjustments to reconcile net income to cash used in operating activities	184	134	149	37,5% ↑	23,3% ↑
(Increase) decrease in operating assets	(399)	(108)	(274)	269,9% ↑	60,6% ↓
Increase (decrease) in operating liabilities	(79)	(231)	(74)	65,8% ↓	7,0% ↑
Net cash generated by (used in) operating activities	(168)	(36)	(1)	362,5% ↑	13262,2% ↑
CASH FLOWS FROM INVESTING ACTIVITIES					
Decrease (increase) in marketable securities	504	316	(177)	59,5% ↑	-
Advances to related parties	(8)	(4)	(9)	99,3% ↑	12,7% ↓
Receipts from related parties	6	19	9	65,8% ↓	28,7% ↓
Decrease in (acquisition of/contribution to) investments	33	(17)	(3)	-	-
Payment for acquisition of subsidiary	(4)	(1)	(1)	190,7% ↑	253,5% ↑
Receipts for sale of investees	1	83	-	-	-
Acquisition of investment properties	(172)	-	-	-	-
Acquisition of fixed and intangible assets	(39)	(37)	(46)	5,4% ↑	14,8% ↓
Net cash generated by (used in) investing activities	321	358	(227)	10,3% ↓	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from shares issuance	1	-	-	-	-
Proceeds from stock options' exercise	1	2	2	69,5% ↓	65% ↓
Loans from related parties	(16)	(8)	4	113,7% ↓	-
Treasury shares	-	-	-	-	-
Proceeds from loans, financing and debenture	478	710	604	32,6% ↓	20,9% ↓
Payment of loans, financing and debenture	(340)	(504)	(491)	32,6% ↑	30,9% ↑
Receive of financial instruments and derivatives	1	-	0	-	912,2% ↑
Capital transaction	2	(14)	0	-	66700,0% ↑
Dividends payment	-	(328)	-	-	-
Net contributions (distributions) of noncontrolling interests	19	(3)	(7)	-	-
Net cash (used in) generated by financing activities	146	(145)	112	-	31,0% ↑
effects of exchange rates on cash and cash equivalents	15	-	-	-	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	314	176	(117)	78,1% ↑	-
CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at beginning of the period	675	498	795	35,4% ↑	15,1% ↓
Cash and cash equivalents at end of the period	989	675	678	46,6% ↑	45,9% ↑

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Attachment IV - Consolidated Income Statement MRV (ex. AHS Residential) [R\$ million]

R\$ million	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Chg. 1Q20 x 1Q19
NET REVENUE	1,499	1,420	1,509	5.6% ↑	0.6% ↓
COST OF REAL ESTATE SALES AND SERVICES	(1,076)	(1,000)	(1,026)	7.6% ↑	4.8% ↑
GROSS PROFIT	423	420	482	0.8% ↑	12.2% ↓
<i>Gross Margin</i>	28.2%	29.6%	32.0%	1.3 p.p. ↓	3.7 p.p. ↓
OPERATING INCOME (EXPENSES)					
Selling expenses	(148)	(151)	(147)	1.8% ↓	0.7% ↑
General & Administrative Expenses	(93)	(83)	(85)	12.5% ↑	10.4% ↑
Other operating income (expenses), net	(31)	5	(27)	-	16.2% ↓
Equity Income	(11)	(24)	(18)	55.7% ↑	42.0% ↑
INCOME BEFORE FINANCIAL INCOME (EXPENSES)	140	167	206	15.9% ↓	31.7% ↓
FINANCIAL RESULTS					
Financial expenses	(11)	(14)	(13)	19.3% ↓	16.9% ↓
Financial income	14	25	28	45.1% ↓	51.6% ↓
Financial income from receivables from real estate development	27	21	8	25.2% ↑	221.4% ↑
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	170	200	229	15.0% ↓	25.8% ↓
Income Tax and Social Contribution	(32)	(32)	(32)	2.6% ↑	0.1% ↓
NET INCOME	138	168	197	18.3% ↓	30.1% ↓
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	23	17	8	30.9% ↑	178.5% ↑
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	115	151	189	23.9% ↓	39.1% ↓
<i>Net Margin</i>	7.7%	10.6%	12.5%	3.0 p.p. ↓	4.8 p.p. ↓
BASIC EARNINGS PER SHARE	0.245	0.341	0.427	28.2% ↓	42.7% ↓

Attachment IV – Consolidated MRV Balance Sheet (ex. AHS) [R\$ million] – Assets

ASSETS	31/03/2020	31/12/2019	31/03/2019	Var. Mar/20 x Dec/19	Var. Mar/20 x Mar/19
CURRENT ASSETS					
Cash and cash equivalents	847	675	678	25,5% ↑	25,0% ↑
Marketable Securities	869	1.331	1.794	34,7% ↓	51,6% ↓
Receivables from real estate development	1.736	1.555	1.577	11,6% ↑	10,1% ↑
Receivables from services provided	1	1	1	26,5% ↓	29,9% ↓
Inventories	3.891	3.960	3.311	1,7% ↓	17,5% ↑
Recoverable current taxes	97	99	113	1,1% ↓	13,7% ↓
Prepaid expenses	89	82	103	8,9% ↑	13,1% ↓
Derivative Financial Instruments	-	-	-	-	-
Other assets	152	99	60	53,7% ↑	152,9% ↑
Total Current Assets	7.683	7.801	7.637	1,5% ↓	0,6% ↑
NONCURRENT ASSETS					
Marketable Securities	54	79	33	32,3% ↓	62,1% ↑
Receivables from real estate development	1.336	1.153	882	15,9% ↑	51,6% ↑
Real estate for sale and development	4.485	4.674	4.596	4,1% ↓	2,4% ↓
Intercompany Expenses	41	39	43	6,0% ↑	4,5% ↓
Prepaid expenses	38	30	31	23,8% ↑	22,6% ↑
Derivative Financial Instruments	42	45	18	5,2% ↓	140,8% ↑
Other noncurrent assets	168	151	105	11,3% ↑	60,7% ↑
Equity Interest in investees	44	76	29	41,3% ↓	55,6% ↑
Investment property					
Property and equipment	491	486	395	1,1% ↑	24,3% ↑
Intangible Assets	126	118	99	6,4% ↑	26,9% ↑
Total Noncurrent Assets	6.884	6.885	6.242	0,0% ↓	10,3% ↑
TOTAL ASSETS	14.567	14.686	13.879	0,8% ↓	5,0% ↑

Attachment IV – Consolidated MRV Balance Sheet (ex. AHS) [R\$ million] – Liabilities and Equity

LIABILITIES AND EQUITY	31/03/2020	31/12/2019	31/03/2019	Var. Mar/20 x Dec/19	Var. Mar/20 x Mar/19
CURRENT LIABILITIES					
Suppliers	324	304	436	6,7% ↑	25,6% ↓
Payables for investment aquisition	9	10	5	13,2% ↓	67,4% ↑
Loans, financing and debentures	607	672	423	9,6% ↓	43,5% ↑
Land Payables	888	742	661	19,6% ↑	34,4% ↑
Advances from customers	213	223	213	4,4% ↓	0,1% ↑
Payroll and related liabilities	153	140	163	9,4% ↑	5,8% ↓
Tax payables	74	77	70	2,9% ↓	6,7% ↑
Provision for maintenance of real estate	37	32	39	14,2% ↑	6,0% ↓
Deferred tax liabilities	62	54	55	13,7% ↑	11,9% ↑
Proposed dividends	164	164	164	0,0% ↑	0,1% ↓
Net Capital deficiency liabilities - Investments	180	168	77	7,2% ↑	133,8% ↑
Other payables	213	220	188	3,3% ↓	13,5% ↑
Total Current Liabilities	2.924	2.806	2.494	4,2% ↑	17,3% ↑
NONCURRENT LIABILITIES					
Payables for investment aquisition	16	18	3	12,3% ↓	481,0% ↑
Loans, financing and debentures	2.457	2.531	2.528	2,9% ↓	2,8% ↓
Land Payables	3.125	3.393	2.919	7,9% ↓	7,1% ↑
Advances from customers	421	487	568	13,5% ↓	25,9% ↓
Provision for maintenance of real estate	108	107	99	0,6% ↑	9,5% ↑
Provision for civil, labor, and tax risks	98	102	98	3,9% ↓	0,0% ↑
Deferred tax liabilities	54	47	36	17,1% ↑	50,5% ↑
Other liabilities	118	87	68	34,9% ↑	73,1% ↑
Total Noncurrent Liabilities	6.396	6.771	6.318	5,5% ↓	1,2% ↑
EQUITY					
Equity attributable to Company' Shareholders	4.933	4.842	4.823	1,9% ↑	2,3% ↑
Noncontrolling Interests	313	267	245	17,0% ↑	27,6% ↑
Total Equity	5.246	5.109	5.068	2,7% ↑	3,5% ↑
TOTAL LIABILITIES AND TOTAL EQUITY	14.567	14.686	13.879	0,8% ↓	5,0% ↑

Attachment VI – Consolidated Statement of Cash Flow (ex. AHS) [R\$ million]

Consolidated (R\$ million)	1Q20	4Q19	1Q19	Chg. 1Q20 x 4Q19	Var. 1Q20 x 1Q19
CASH FLOWS FROM OPERATING ACTIVITIES					
NET INCOME	127	168	197	24,5% ↓	35,4% ↓
Adjustments to reconcile net income to cash used in operating activities	185	134	149	38,3% ↑	24,0% ↑
(Increase) decrease in operating assets	(394)	(108)	(274)	265,0% ↑	60,6% ↓
Increase (decrease) in operating liabilities	(111)	(231)	(74)	52,0% ↓	50,1% ↑
Net cash generated by (used in) operating activities	(192)	(36)	(1)	429,3% ↑	15195,0% ↑
CASH FLOWS FROM INVESTING ACTIVITIES					
Decrease (increase) in marketable securities	492	316	(177)	55,7% ↑	-
Advances to related parties	(8)	(4)	(9)	99,3% ↑	12,7% ↓
Receipts from related parties	6	19	9	65,8% ↓	28,7% ↓
Decrease in (acquisition of/contribution to) investments	33	(17)	(3)	-	-
Payment for acquisition of subsidiary	(4)	(1)	(1)	190,7% ↑	253,5% ↑
Receipts for sale of investees	-	-	-	-	-
Acquisition of investment properties	(24)	-	-	-	-
Acquisition of fixed and intangible assets	(33)	(37)	(46)	11,8% ↓	28,7% ↓
Net cash generated by (used in) investing activities	463	358	(227)	29,5% ↑	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from shares issuance	1	-	-	-	-
Proceeds from stock options' exercise	1	2	2	69,5% ↓	65% ↓
Loans from related parties	(16)	(8)	4	113,7% ↓	-
Treasury shares	-	-	-	-	-
Proceeds from loans, financing and debenture	217	710	604	69,5% ↓	64,2% ↓
Payment of loans, financing and debenture	(322)	(504)	(491)	36,0% ↑	34,3% ↑
Receive of financial instruments and derivatives	1	-	0	-	912,2% ↑
Capital transaction	2	(14)	0	-	66700,0% ↑
Dividends payment	-	(328)	-	-	-
Net contributions (distributions) of noncontrolling interests	19	(3)	(7)	-	-
Advanced payment from related companies	-	-	-	-	-
Net cash (used in) generated by financing activities	(98)	(145)	112	32,2% ↑	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	172	176	(117)	2,3% ↓	-
CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at beginning of the period	675	498	795	35,4% ↑	15,1% ↓
Cash and cash equivalents at end of the period	847	675	678	25,5% ↑	25,0% ↑

Glossary

Useful Area – the sum of all useful areas from all units.

Land Bank – property held in stock with an estimated future PSV.

Cash Burn – measured by the change in net debt, excluding capital increases, purchased shares held in treasury and dividend payments, when occurred.

Cash – made up of the balance of cash and cash equivalents and financial investments (bonds and securities).

CPC 47 and Percent of Conclusion (POC) – in order to better understand revenue, the Group has adopted the CPC 47, effective January 1, 2018 – ‘Contract revenue from Clients’. Sales revenue is appropriated as construction progresses, as the transfer of control takes place over time. As such, the POC method has been adopted for each construction project.

Net Debt – the difference between the sum of Cash & Derivative Financial Instruments and Total Debt.

Duration – average term for debt expiration.

EBIDTA – equal to net income plus income tax and social contributions, net financial results, financial charges recorded under cost of goods sold, depreciation, amortization and minority interest. MRV believes that the reversion of the adjustment to present value of receivables from units sold, not yet delivered, recorded as gross operating revenue is part of our operating activities and therefore we do not exclude these revenues from the calculation of EBIDTA. EBIDTA is not a Brazilian GAAP measurement and should not be considered in isolation, nor should it be considered an alternative to net income, as an indicator of our operating performance or cash flow, or as a measurement of our liquidity. EBIDTA does not have a standard definition and other companies may measure their EBIDTA by different means. As the calculation of EBIDTA does not take into consideration income tax and social contributions, net financial results, financial charges recorded under the cost of goods sold, depreciation, amortization, minority interest, and expenses related to financial and legal advisory fees in connection with the entry of the sales of shares and MRV initial public offering, EBIDTA is an indicator of our general economic performance which is not affected by changes in interest rates, income tax and social contribution rates, as well as rates of depreciation and amortization. As EBIDTA does not consider certain costs related to our business which could materially affect our profits, such as financial results, taxes, depreciation, amortization and capital expenditures, among other issues, EBIDTA is subject to limitations that impair its use as a measurement of our profitability.

Construction Financing - total of units from projects that had the construction financing (PJ) approved by a financial institution during the period.

Inventory at Market Value – equal to the PSV of current inventory, only considering developments already launched. Does not consider land bank.

LUGGO – MRV startup focused on the development of apartment buildings for the rental market.

Profit per share – basic profit per share is calculated by dividing net profit for the quarter by the number of ordinary shares issued, by the average quantity of ordinary shares available during the period, excluding treasury notes, if available.

Minha Casa Minha Vida (MCMV) housing program – A national housing incentive sponsored by the Federal Government, aiming to reduce the national housing deficit.

Novo Mercado – Special listings on the BOVESPA, with a specific, more strict, set of corporate governance rules, of which the company has been a member since July 23, 2007.

Physical Swap – system of purchase in which the land owner is issued a determined number of units of construction to be developed.

SFH Resources – Housing Finance System (SFH) resources are borne from the FGTS (severance pay fund) and deposits taken from savings accounts (SBPE).

Real estate sales results to be appropriated – generated from the sum of pre-sales contracts, referring to projects under construction and its respective costs to be incurred.

RET – Special Taxing Regimen

ROE – Return on Equity is defined by the quotient between net income to the average shareholder's equity.

SBPE – Brazilian System of Savings and Loans – bank financing based on savings accounts.

Finished units – finished units, registered after construction has finished.

Produced units – units produced over the evolution of construction, equivalent construction.

Transferred units – quantity of individuals who have signed a mortgage with a financial institution for the period.

Sales units – value of mortgages signed by clients, referring to the sales of units ready or for future delivery.

Net sales – overall sales, minus the number of cancellations for the period.

VSO – sales on offer.

Gross VSO – Gross sales / (initial stock for period + launches for period)

Net VSO – Net sales / (initial stock for period + launches for period)

PSV Launched – equals the total number of units launched, multiplied by the average estimated sale price of units.

Disclaimer

Unless otherwise stated, the operating data refer to MRV's share in projects.

This presentation contains forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and those related to growth prospects of MRV. These are mere projections and, as such, are based exclusively on the Management's expectations about the future of the business.

These expectations are highly dependent upon required approvals and licenses for projects, market conditions, performance of the Brazilian economy, the sector and international markets and, therefore, are subject to changes without prior notice.

This performance report includes accounting data and non-accounting data such as operating and financial results and outlooks based on the expectations of the Board of Directors. The non-accounting data such as values and units of Launches, Pre-Sales, amounts related to the housing program "Minha Casa Minha Vida", Inventory at Market Value, Land bank, Unearned Results, cash disbursement and Guidance were not subject to review by the Company's independent auditors.

The EBITDA, in this report, represents the net income before income tax and social contribution, net financial result, financial costs recorded under cost of goods sold, depreciation, amortization and minority interest. MRV believes that the reversion of the adjustment to present value of receivables from units sold and not yet delivered that is recorded as gross operating revenue is part of our operating activities and therefore we do not exclude these revenues from EBITDA's calculation. EBITDA is not a Brazilian GAAP and IFRS measure and should not be considered in isolation and should not be considered an alternative to net income, as an indicator of our operating performance or cash flows or as a measure of our liquidity. Because the calculation of EBITDA does not take into consideration income tax and social contribution, net financial result, financial charges recorded under cost of goods sold, depreciation, amortization and minority interest, EBITDA is an indicator of MRV general economic performance which is not affected by changes in interest rates, income tax and social contribution rates and rates of depreciation and amortization. Because EBITDA does not take into account certain costs related to our business which could materially affect our profits, such as financial result, taxes, depreciation, amortization and capital expenditures, among others, EBITDA is subject to limitations that impair its use as a measure of our profitability.

Relationship with Independent Auditors

Pursuant to CVM Instruction 381/03, we inform that the Company's independent auditors KPMG Auditores Independentes S/S ("KPMG") did not provide services during the first quarter of 2020 other than those related to external auditing, except for assurance work on the compilation of *Pro Forma* financial information, which represents less than 5% of the audit services remuneration. The Company's policy for hiring independent auditors ensures that there is no conflict of interest, loss of autonomy or objectiveness.

About MRV

MRV Engenharia e Participações S.A. is the largest Brazilian real estate developer and homebuilder in the lower-income segment, with more than 40 years of experience, active in 162 cities, in 22 Brazilian states including the Federal District. MRV is listed on the Novo Mercado - B3 under the ticker MRVE3 and is included, among others, in the theoretical portfolio IBOV.

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2020 - MRV Engenharia e Participações S.A.

Individual / Balance Sheets – Assets
 (In thousands of Brazilian reais – R\$)

Code	Description	Current Quarter 3/31/2020	Previous year 12/31/2019
1	Total assets	12,919,389	12,959,300
1.01	Current assets	4,882,542	4,975,804
1.01.01	Cash and cash equivalents	532,212	403,876
1.01.03	Receivables	912,772	816,227
1.01.03.01	Trade accounts receivable	912,772	816,227
1.01.03.01.01	Receivables from real estate development	911,617	814,810
1.01.03.01.02	Receivables from services provided	1,155	1,417
1.01.04	Inventories	2,461,651	2,488,014
1.01.04.01	Real estate under construction	1,566,485	1,619,227
1.01.04.02	Completed units	86,888	96,352
1.01.04.03	Landbank	756,533	719,828
1.01.04.04	Advances to suppliers	51,610	52,405
1.01.04.05	Material inventories	135	202
1.01.06	Recoverable taxes	71,301	71,485
1.01.06.01	Recoverable current taxes	71,301	71,485
1.01.07	Prepaid expenses	61,028	54,122
1.01.08	Other current assets	843,578	1,142,080
1.01.08.03	Other	843,578	1,142,080
1.01.08.03.01	Marketable securities	693,052	1,038,644
1.01.08.03.02	Other assets	150,526	103,436
1.02	Noncurrent assets	8,036,847	7,983,496
1.02.01	Long-term assets	5,087,838	5,503,087
1.02.01.04	Receivables	651,401	558,433
1.02.01.04.01	Trade accounts receivable	651,401	558,433
1.02.01.05	Inventories	3,567,731	4,056,593
1.02.01.05.01	Landbank	3,567,731	4,056,593
1.02.01.08	Prepaid expenses	25,542	20,324
1.02.01.09	Intercompany receivables	643,694	677,640
1.02.01.09.04	Other related parties	643,694	677,640
1.02.01.10	Other noncurrent assets	199,470	190,097
1.02.01.10.03	Marketable securities	26,234	29,699
1.02.01.10.04	Derivative financial instruments	41,956	44,297
1.02.01.10.05	Other assets	131,280	116,101
1.02.02	Investments	2,364,481	1,909,206
1.02.02.01	Investments	2,306,554	1,875,695
1.02.02.01.02	Investments in subsidiaries	2,262,168	1,800,020
1.02.02.01.03	Interests in jointly controlled	44,386	75,675
1.02.02.02	Investment properties	57,927	33,511
1.02.03	Property and equipment	461,117	455,229
1.02.03.01	Operating property and equipment	445,009	443,297
1.02.03.03	Property and equipment under construction	16,108	11,932
1.02.04	Intangible assets	123,411	115,974
1.02.04.01	Intangible assets	123,411	115,974

Individual / Balance Sheets – Liabilities and Equity

(In thousands of Brazilian reais – R\$)

Code	Description	Current Quarter 3/31/2020	Previous year 12/31/2019
2	Total liabilities	12,919,389	12,959,300
2.01	Current Liabilities	2,168,158	2,166,837
2.01.01	Labor and social liabilities	93,829	80,918
2.01.01.01	Social liabilities	8,692	9,349
2.01.01.02	Labor liabilities	85,137	71,569
2.01.02	Suppliers	239,019	215,983
2.01.02.01	Domestic trade accounts payable	239,019	215,983
2.01.03	Tax liabilities	57,356	57,632
2.01.03.01	Federal taxes	53,515	54,055
2.01.03.01.01	Income taxes and social contribution	5,960	6,082
2.01.03.01.02	Other federal taxes	47,555	47,973
2.01.03.02	State taxes	18	19
2.01.03.03	Municipal taxes	3,823	3,558
2.01.04	Loans, financing and debentures	583,569	649,776
2.01.04.01	Loans, financing and debentures	82,697	73,996
2.01.04.01.01	Loans and financing in domestic currency	82,697	73,996
2.01.04.02	Debentures	500,872	575,780
2.01.05	Other liabilities	1,176,882	1,146,195
2.01.05.02	Other	1,176,882	1,146,195
2.01.05.02.02	Mandatory minimum dividend payable	163,933	163,933
2.01.05.02.04	Land payables	602,751	576,068
2.01.05.02.05	Advances from customers	163,554	151,771
2.01.05.02.06	Deferred tax liabilities	31,348	27,303
2.01.05.02.07	Net capital deficiency liability - Investments	156,671	149,270
2.01.05.02.08	Other payables	58,625	77,850
2.01.06	Accruals	17,503	16,333
2.01.06.02	Other accruals	17,503	16,333
2.01.06.02.04	Provision for maintenance of real estate	17,503	16,333
2.02	Noncurrent liabilities	5,423,675	5,950,693
2.02.01	Loans, financing and debentures	2,264,492	2,351,890
2.02.01.01	Loans, financing and debentures	779,348	757,599
2.02.01.02	Debentures	1,485,144	1,594,291
2.02.02	Other liabilities	3,008,158	3,448,565
2.02.02.02	Other	3,008,158	3,448,565
2.02.02.02.03	Land payables	2,654,089	3,045,090
2.02.02.02.04	Advances from customers	249,625	327,150
2.02.02.02.05	Other payables	104,444	76,325
2.02.03	Deferred tax liabilities	25,335	21,332
2.02.03.01	Deferred income tax and social contribution	25,335	21,332
2.02.03.01.01	Deferred income tax and social contribution	12,030	10,111
2.02.03.01.02	Deferred taxes on revenue (PIS & COFINS)	13,305	11,221
2.02.04	Accruals	125,690	128,906
2.02.04.01	Provision for civil, labor and tax risks	66,419	72,053
2.02.04.01.01	Tax provisions	301	295
2.02.04.01.02	Labor Provisions	31,814	35,327
2.02.04.01.04	Civil provisions	34,233	36,413
2.02.04.01.05	Environment provisions	71	18
2.02.04.02	Other accruals	59,271	56,853
2.02.04.02.04	Provision for maintenance of real estate	59,271	56,853

Code	Description	Current Quarter 3/31/2020	Previous year 12/31/2019
2.03	Equity	5,327,556	4,841,770
2.03.02	Capital reserves	51,202	49,555
2.03.02.04	Recognized options granted	77,511	75,864
2.03.02.07	Share issuance costs	(26,309)	(26,309)
2.03.04	Earnings reserve	503,612	510,085
2.03.05	Earnings/losses accumulated	104,405	-
2.03.06	Equity Valuation Adjustments	(13,347)	-
2.03.07	Currency translation adjustments	74,283	-

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2020 - MRV Engenharia e Participações S.A.

Individual / Statement of Income
 (In thousands of Brazilian reais – R\$)

Code	Description	1/1/2020 to 3/31/2020	1/1/2019 to 3/31/2019
3.01	Revenue from sales and services	811,299	785,288
3.01.01	Net operating revenue	811,299	785,288
3.02	Cost of sales and services	(584,146)	(549,746)
3.02.01	Cost of real estate sales and services	(584,146)	(549,746)
3.03	Gross profit	227,153	235,542
3.04	Operating income (expenses)	(120,545)	(44,979)
3.04.01	Selling expenses	(94,381)	(89,378)
3.04.02	General and administrative expenses	(86,779)	(77,698)
3.04.04	Other operating incomes	(1,791)	5,630
3.04.05	Other operating expenses	(21,259)	(22,645)
3.04.06	Results from equity participation	83,665	139,112
3.05	Income before financial income and taxes	106,608	190,563
3.06	Financial income (expenses), net	14,752	14,059
3.06.01	Financial income	22,699	24,396
3.06.01.01	Financial income	10,192	20,861
3.06.01.02	Financial income from receivables from real estate development	12,507	3,535
3.06.02	Financial expenses	(7,947)	(10,337)
3.07	Income before taxes	121,360	204,622
3.08	Income tax and social contribution	(16,955)	(15,969)
3.08.01	Current	(13,114)	(13,701)
3.08.02	Deferred	(3,841)	(2,268)
3.09	Net income (loss) from continuing operations	104,405	188,653
3.11	Net income (loss) for the period	104,405	188,653
3.99	Earnings per share (In Reais - R\$):	-	-
3.99.01	Basic	-	-
3.99.01.01	ON	0.22236	0.42742
3.99.02	Diluted	-	-
3.99.02.01	ON	0.22124	0.42552

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR - 3/31/2020 - MRV Engenharia e Participações S.A.

Individual / Statement of Comprehensive Income
(In thousands of Brazilian reais – R\$)

Code	Description	1/1/2020 to 3/31/2020	1/1/2019 to 3/31/2019
4.01	Net income	104,405	188,653
	Other components of comprehensive		
4.02	income	60,936	-
4.02.01	Currency translation adjustments	74,283	-
4.02.02	Cash flow hedge reserve	(13,347)	-
4.03	Comprehensive income for the period	165,341	188,653

Individual / Statement of Cash Flows
 (In thousands of Brazilian reais – R\$)

Code	Description	1/1/2020 to 3/31/2020	1/1/2019 to 3/31/2019
6.01	Net cash used in operating activities	(142,114)	(39,080)
6.01.01	Cash provided by operating activities	106,257	125,987
6.01.01.01	Net income for the period	104,405	188,653
6.01.01.02	Depreciation and amortization	17,554	18,054
6.01.01.03	Recognized stock options granted	1,649	1,353
6.01.01.04	Property and equipment write off	133	38
6.01.01.05	Financial result	(18,220)	(11,089)
6.01.01.06	Results from equity participation	(83,665)	(139,112)
6.01.01.08	Provision for maintenance of real estate	10,810	9,952
6.01.01.09	Provision for civil, labor and tax risks	14,580	20,657
6.01.01.10	Allowance for credit risk	26,135	12,049
6.01.01.11	Amortization of prepaid expenses	20,207	20,712
6.01.01.13	Results from derivative financial instruments	4,621	154
6.01.01.14	Deferred taxes on income (IRPJ and CSLL)	3,841	2,268
6.01.01.15	Deferred taxes on revenue (PIS and COFINS)	4,207	2,298
6.01.02	Increase (decrease) in assets and liabilities	(248,371)	(165,067)
	(Increase) decrease in receivables from real estate development	(205,117)	(115,941)
6.01.02.01			
6.01.02.02	(Increase) decrease in real estate for sale	62,847	(19,255)
6.01.02.03	(Increase) decrease in prepaid expenses	(32,331)	(29,075)
6.01.02.04	(Increase) decrease other assets	(5,558)	(645)
6.01.02.05	Increase (decrease) in trade payables	23,036	102,362
6.01.02.06	Increase (decrease) in payroll and related taxes	12,911	10,929
6.01.02.07	Increase (decrease) in taxes, fees and contributions	12,869	12,589
6.01.02.08	Increase (decrease) in advances from customers	7,587	(8,025)
6.01.02.09	Increase (decrease) in other payables	(917)	7,587
6.01.02.10	Interest paid	(72,114)	(80,566)
6.01.02.11	IRPJ and CSLL paid	(13,332)	(13,799)
6.01.02.12	Realization of accrual for maintenance of real estate	(15,016)	(12,516)
6.01.02.13	Amounts paid for civil, labor and tax risks	(23,236)	(18,712)
6.02	Net cash provided in investing activities	407,871	(175,288)
6.02.01	Increase in marketable securities	(802,267)	(1,122,168)
6.02.02	Decrease in marketable securities	1,154,879	914,303
6.02.03	Advances to related parties	(326,606)	(213,410)
6.02.04	Receipts from related parties	361,528	234,201
6.02.05	(Increase) decrease in investments	74,689	54,272
6.02.06	Acquisition of property and equipment and intangible assets	(31,041)	(42,486)
6.02.09	Receipts for sale of investees	1,105	-
6.02.10	Acquisition of investment properties	(24,416)	-
6.03	Net cash provided by (used in) financing activities	(137,421)	148,860
6.03.01	Proceeds from exercised stock options	956	-
6.03.02	Loans from (to) related parties	(17,583)	(2,349)
6.03.04	Proceeds from loans, financing and debentures	117,581	422,252
6.03.05	Repayment of loans, financing and debentures	(238,491)	(273,317)
6.03.10	Proceeds from exercised stock options	761	2,173
6.03.11	Capital transaction	(1,625)	3
6.03.12	Contracted and redeemed derivative financial instruments	980	98
6.05	Net decrease in cash and cash equivalents	128,336	(65,508)
6.05.01	Cash and cash equivalents at beginning of period	403,876	426,568
6.05.02	Cash and cash equivalents at end of period	532,212	361,060

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2020 - MRV Engenharia e Participações S.A.

Individual / Statement of Changes in Equity – 1/1/2020 to 3/31/2020
 (In thousands of Brazilian reais – R\$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Equity attributable to Company owners
5.01	Opening balance	4,282,130	49,555	510,085	-	-	4,841,770
5.03	Adjusted opening balance	4,282,130	49,555	510,085	-	-	4,841,770
5.04	Shareholders capital transaction	325,271	1,647	(6,473)	-	60,936	381,381
5.04.01	Capital increase	956	-	-	-	-	956
5.04.03	Recognized options granted	-	1,647	-	-	-	1,647
5.04.08	Business combination effects (MDI incorporation)	324,315	-	(5,609)	-	-	318,706
5.04.09	Capital transaction	-	-	(1,625)	-	-	(1,625)
5.04.10	Treasury shares disposed to beneficiaries of stock option plan	-	-	761	-	-	761
5.04.11	Currency translation adjustments	-	-	-	-	74,283	74,283
5.04.12	Cash flow hedge reserve	-	-	-	-	(13,347)	(13,347)
5.05	Comprehensive income	-	-	-	104,405	-	104,405
5.05.01	Net income (loss)	-	-	-	104,405	-	104,405

Individual / Statement of Changes in Equity – 1/1/2019 to 3/31/2019
 (In thousands of Brazilian reais – R\$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Equity attributable to Company owners
5.01	Opening balance	4,079,770	42,187	508,488	-	-	4,630,445
5.03	Adjusted opening balance	4,079,770	42,187	508,488	-	-	4,630,445
5.04	Shareholders capital transaction	-	1,353	2,176	-	-	3,529
5.04.03	Recognized options granted	-	1,353	-	-	-	1,353
5.04.10	Capital transaction	-	-	3	-	-	3
5.04.11	Treasury shares disposed to beneficiaries of stock option plan	-	-	2,173	-	-	2,173
5.05	Comprehensive income	-	-	-	188,653	-	188,653
5.05.01	Net income (loss)	-	-	-	188,653	-	188,653
5.07	Closing balance	4,079,770	43,540	510,664	188,653	-	4,822,627

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2020 - MRV Engenharia e Participações S.A.

Individual / Statement of Value Added
 (In thousands of Brazilian reais – R\$)

Code	Description	1/1/2020 to 3/31/2020	1/1/2019 to 3/31/2019
7.01	Revenue	835,862	810,849
7.01.01	Gross operating revenue	849,443	814,189
7.01.02	Other revenue	523	1,747
7.01.03	Revenue related to construction of own assets	12,031	6,962
7.01.04	Allowance for credit risk	(26,135)	(12,049)
7.02	Inputs purchased from third parties	(589,862)	(514,225)
7.02.01	Inputs purchased from third parties	(589,862)	(514,225)
7.03	Gross value added	246,000	296,624
7.04	Retentions	(17,554)	(18,054)
7.04.01	Depreciation, amortization and depletion	(17,554)	(18,054)
7.05	Net value added generated	228,446	278,570
7.06	Value added received in transfer	111,622	164,490
7.06.01	Results from equity participation	83,665	139,112
7.06.02	Financial income	27,957	25,378
7.07	Total value added for distribution	340,068	443,060
7.08	Value added distributed	340,068	443,060
7.08.01	Personnel	87,709	103,658
7.08.01.01	Salaries and wages	62,414	75,165
7.08.01.02	Benefits	19,774	21,426
7.08.01.03	Severance Pay Fund (FGTS)	5,521	7,067
7.08.02	Taxes, charges and contributions	92,243	89,442
7.08.02.01	Federal	55,267	57,243
7.08.02.02	State	216	352
7.08.02.03	Municipal	36,760	31,847
7.08.03	Debt remuneration	55,711	61,307
7.08.03.01	Interest	37,996	42,032
7.08.03.02	Rentals	17,715	19,275
7.08.04	Shareholders	104,405	188,653
7.08.04.03	Earnings retained in the period	104,405	188,653

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2020 - MRV Engenharia e Participações S.A.

Consolidated / Balance Sheets – Assets
 (In thousands of Brazilian reais – R\$)

Code	Description	Current Quarter	Previous year
		3/31/2020	12/31/2019
1	Total assets	16,157,339	14,686,323
1.01	Current assets	7,850,275	7,801,154
1.01.01	Cash and cash equivalents	989,238	674,919
1.01.03	Receivables	1,738,438	1,556,427
1.01.03.01	Trade accounts receivable	1,738,438	1,556,427
1.01.03.01.01	Receivables from real estate development	1,735,785	1,555,145
1.01.03.01.02	Receivables from services provided	2,653	1,282
1.01.04	Inventories	3,891,256	3,959,745
1.01.04.01	Real estate under construction	2,718,710	2,808,239
1.01.04.02	Completed units	180,931	213,534
1.01.04.03	Landbak	911,103	857,950
1.01.04.04	Advances to suppliers	80,213	79,641
1.01.04.05	Material inventories	299	381
1.01.06	Recoverable taxes	97,411	98,544
1.01.06.01	Recoverable current taxes	97,411	98,544
1.01.07	Prepaid expenses	93,614	81,814
1.01.08	Other current assets	1,040,318	1,429,705
1.01.08.03	Other	1,040,318	1,429,705
1.01.08.03.01	Marketable securities	882,446	1,330,773
1.01.08.03.02	Other assets	157,872	98,932
1.02	Noncurrent assets	8,307,064	6,885,169
1.02.01	Long-term assets	6,174,949	6,172,048
1.02.01.04	Receivables	1,336,484	1,153,277
1.02.01.04.01	Trade accounts receivable	1,336,484	1,153,277
1.02.01.05	Inventories	4,485,022	4,674,360
1.02.01.05.01	Landbak	4,485,022	4,674,360
1.02.01.08	Prepaid expenses	37,627	30,386
1.02.01.09	Intercompany receivables	40,818	38,518
1.02.01.09.04	Other related parties	40,818	38,518
1.02.01.10	Other noncurrent assets	274,998	275,507
1.02.01.10.03	Marketable securities	53,739	79,421
1.02.01.10.04	Derivative financial instruments	42,468	44,805
1.02.01.10.05	Other noncurrent assets	178,791	151,281
1.02.02	Investments	1,480,426	109,186
1.02.02.01	Investments	44,386	75,675
1.02.02.01.04	Interests in jointly controlled	44,386	75,675
1.02.02.02	Investment properties	1,436,040	33,511
1.02.03	Property and equipment	516,144	485,757
1.02.03.01	Operating property and equipment	492,969	467,663
1.02.03.03	Property and equipment under construction	23,175	18,094
1.02.04	Intangible assets	135,545	118,178
1.02.04.01	Intangible assets	135,545	118,178

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2020 - MRV Engenharia e Participações S.A.

Consolidated / Balance Sheets – Liabilities and Equity
 (In thousands of Brazilian reais – R\$)

Code	Description	Current Quarter 3/31/2020	Previous year 12/31/2019
2	Total liabilities	16,157,339	14,686,323
2.01	Current Liabilities	3,152,696	2,806,114
2.01.01	Labor and social liabilities	155,329	139,919
2.01.01.01	Social liabilities	17,358	19,195
2.01.01.02	Labor liabilities	137,971	120,724
2.01.02	Suppliers	391,499	303,645
2.01.02.01	Domestic trade accounts payable	391,499	303,645
2.01.03	Tax liabilities	74,378	76,580
2.01.03.01	Federal taxes	68,336	70,988
2.01.03.01.01	Income taxes and social contribution	10,868	12,018
2.01.03.01.02	Other federal taxes	57,468	58,970
2.01.03.02	State taxes	28	36
2.01.03.03	Municipal taxes	6,014	5,556
2.01.04	Loans, financing and debentures	751,365	671,611
2.01.04.01	Loans, financing and debentures	249,626	95,757
2.01.04.01.01	Loans and financing in domestic currency	249,626	95,757
2.01.04.02	Debentures	501,739	575,854
2.01.05	Other liabilities	1,743,057	1,581,897
2.01.05.02	Other	1,743,057	1,581,897
2.01.05.02.02	Mandatory minimum dividend payable	163,933	163,933
2.01.05.02.04	Payables for investment acquisition	8,656	9,977
2.01.05.02.05	Land payables	887,645	742,216
2.01.05.02.06	Advances from customers	213,397	223,281
2.01.05.02.07	Deferred tax liabilities	61,851	54,378
2.01.05.02.08	Net capital deficiency liability - Investments	179,809	167,671
2.01.05.02.09	Other payables	227,766	220,441
2.01.06	Accruals	37,068	32,462
2.01.06.02	Other accruals	37,068	32,462
2.01.06.02.04	Provision for maintenance of real estate	37,068	32,462
2.02	Noncurrent liabilities	7,307,282	6,771,420
2.02.01	Loans, financing and debentures	3,349,614	2,530,547
2.02.01.01	Loans, financing and debentures	1,804,787	876,608
2.02.01.01.01	Loans and financing in domestic currency	1,804,787	876,608
2.02.01.02	Debentures	1,544,827	1,653,939
2.02.02	Other liabilities	3,697,553	3,985,410
2.02.02.02	Other	3,697,553	3,985,410
2.02.02.02.03	Payables for investment acquisition	15,740	17,942
2.02.02.02.04	Land payables	3,124,560	3,393,498
2.02.02.02.05	Advances from customers	420,863	486,655
2.02.02.02.06	Other payables	136,390	87,315
2.02.03	Deferred tax liabilities	54,482	46,516
2.02.03.01	Deferred income tax and social contribution	54,482	46,516
2.02.04	Accruals	205,633	208,947
2.02.04.01	Provision for civil, labor and tax risks	97,562	101,572
2.02.04.01.01	Tax provisions	303	298
2.02.04.01.02	Labor Provisions	38,573	40,969
2.02.04.01.04	Civil provisions	58,609	60,285
2.02.04.01.05	Environment provisions	77	20
2.02.04.02	Other accruals	108,071	107,375
2.02.04.02.04	Provision for maintenance of real estate	108,071	107,375

Code	Description	Current Quarter 3/31/2020	Previous year 12/31/2019
2.03	Equity	5,697,361	5,108,789
2.03.01	Paid in capital	4,607,401	4,282,130
2.03.02	Capital reserves	51,202	49,555
2.03.02.04	Recognized options granted	77,511	75,864
2.03.02.07	Expenses on share issuance	(26,309)	(26,309)
2.03.04	Earnings reserve	503,612	510,085
2.03.04.01	Legal reserve	34,512	34,512
2.03.04.05	Retained profit reserve	470,353	480,359
2.03.04.09	Treasury shares	(1,253)	(4,786)
2.03.05	Earnings/losses accumulated	104,405	-
2.03.06	Equity Valuation Adjustments	(13,347)	-
2.03.07	Currency translation adjustments	74,283	-
2.03.09	Noncontrolling shareholders	369,805	267,019

Consolidated / Statement of Income
 (In thousands of Brazilian reais – R\$)

Code	Description	1/1/2020 to 3/31/2020	1/1/2019 to 3/31/2019
3.01	Revenue from sales and services	1,508,468	1,508,589
3.01.01	Net operating revenue	1,508,468	1,508,589
3.02	Cost of sales and services	(1,084,471)	(1,026,484)
3.02.01	Cost of real estate sales and services	(1,084,471)	(1,026,484)
3.03	Gross profit	423,997	482,105
3.04	Operating income (expenses)	(290,250)	(276,519)
3.04.01	Selling expenses	(148,706)	(147,132)
3.04.02	General and administrative expenses	(100,013)	(84,567)
3.04.04	Other operating incomes	(1,685)	3,765
3.04.05	Other operating expenses	(29,248)	(30,327)
3.04.06	Results from equity participation	(10,598)	(18,258)
3.05	Income before financial income and taxes	133,747	205,586
3.06	Financial income (expenses), net	24,389	23,544
3.06.01	Financial income	40,463	36,662
3.06.01.01	Financial income	13,778	28,360
3.06.01.02	Financial income from receivables from real estate development	26,685	8,302
3.06.02	Financial expenses	(16,074)	(13,118)
3.07	Income before taxes	158,136	229,130
3.08	Income tax and social contribution	(32,320)	(32,341)
3.08.01	Current	(25,031)	(28,682)
3.08.02	Deferred	(7,289)	(3,659)
3.09	Net income (loss) from continuing operations	125,816	196,789
3.11	Net income (loss) for the period	125,816	196,789
3.11.01	Attributable to shareholders of the company	104,405	188,653
3.11.02	Non-controlling interests	21,411	8,136
3.99	Earnings per share (In Reais - R\$):	-	-
3.99.01	Basic	-	-
3.99.01.01	ON	0.22236	0.42742
3.99.02	Diluted	-	-
3.99.02.01	ON	0.22124	0.42552

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR - 3/31/2020 - MRV Engenharia e Participações S.A.

Consolidated / Statement of Comprehensive Income
(In thousands of Brazilian reais – R\$)

Code	Description	1/1/2020 to 3/31/2020	1/1/2019 to 3/31/2019
4.01	Net income	125,816	196,789
4.02	Other components of comprehensive income	70,481	-
4.02.01	Currency translation adjustments	85,810	-
4.02.02	Cash flow hedge reserve	(15,329)	-
4.03	Comprehensive income for the period	196,297	196,789
4.03.01	Company owners	165,341	188,653
4.03.02	Noncontrolling interests	30,956	8,136

Consolidated / Statement of Cash Flows
 (In thousands of Brazilian reais – R\$)

Code	Description	1/1/2020 to 3/31/2020	1/1/2019 to 3/31/2019
6.01	Net cash used in operating activities	(168,162)	(1,259)
6.01.01	Cash provided by operating activities	310,040	346,249
6.01.01.01	Net income for the period	125,816	196,789
6.01.01.02	Depreciation and amortization	23,713	20,754
6.01.01.03	Recognized stock options granted	1,649	1,353
6.01.01.04	Property and equipment write off	403	74
6.01.01.05	Financial result	(640)	(15,944)
6.01.01.06	Results from equity participation	10,598	18,258
6.01.01.08	Provision for maintenance of real estate	20,296	19,077
6.01.01.09	Provision for civil, labor and tax risks	27,887	31,477
6.01.01.10	Allowance for credit risk	40,396	25,468
6.01.01.11	Amortization of prepaid expenses	39,878	41,221
6.01.01.13	Results from derivative financial instruments	4,605	191
6.01.01.14	Deferred taxes on income (IRPJ and CSLL)	7,289	3,659
6.01.01.15	Deferred taxes on revenue (PIS and COFINS)	8,150	3,872
6.01.02	Increase (decrease) in assets and liabilities	(478,202)	(347,508)
6.01.02.01	(Increase) decrease in receivables from real estate development	(383,719)	(190,011)
6.01.02.02	(Increase) decrease in real estate for sale	51,859	(28,277)
6.01.02.03	(Increase) decrease in prepaid expenses	(54,396)	(44,109)
6.01.02.04	(Increase) decrease other assets	(12,951)	(11,267)
6.01.02.05	Increase (decrease) in trade payables	58,097	55,692
6.01.02.06	Increase (decrease) in payroll and related taxes	13,216	22,353
6.01.02.07	Increase (decrease) in taxes, fees and contributions	23,545	25,429
6.01.02.08	Increase (decrease) in advances from customers	(11,875)	(15,476)
6.01.02.09	Increase (decrease) in other payables	9,703	10,416
6.01.02.10	Interest paid	(82,308)	(87,189)
6.01.02.11	IRPJ and CSLL paid	(25,807)	(28,924)
6.01.02.12	Realization of accrual for maintenance of real estate	(27,409)	(25,993)
6.01.02.13	Amounts paid for civil, labor and tax risks	(36,157)	(30,152)
6.02	Net cash provided in investing activities	320,811	(227,348)
6.02.01	Increase in marketable securities	(1,267,445)	(1,781,952)
6.02.02	Decrease in marketable securities	1,771,530	1,605,415
6.02.03	Advances to related parties	(8,178)	(9,364)
6.02.04	Receipts from related parties	6,390	8,956
6.02.05	(Increase) decrease in investments	32,827	(3,333)
6.02.06	Payment for acquisition of subsidiary/equity interest	(4,090)	(1,157)
6.02.07	Acquisition of property and equipment and intangible assets	(39,127)	(45,913)
6.02.10	Receipts for sale of investees	1,105	-
6.02.11	Acquisition of investment properties	(172,201)	-
6.03	Net cash provided by (used in) financing activities	146,402	111,732
6.03.01	Proceeds from exercised stock options	956	-
6.03.02	Proceeds from exercised stock options	761	2,173
6.03.04	Proceeds from loans, financing and debentures	478,144	604,366
6.03.05	Repayment of loans, financing and debentures	(339,555)	(491,228)
6.03.08	Capital transaction	2,004	3
6.03.09	Loans from (to) related parties	(16,121)	3,673
6.03.10	Net contributions from (distribution to) noncontrolling shareholders	19,221	(7,353)
6.03.12	Contracted and redeemed derivative financial instruments	992	98

Code	Description	1/1/2020 to 3/31/2020	1/1/2019 to 3/31/2019
6.04	Effects of exchange rates on cash and cash equivalents	15,268	-
6.05	Net decrease in cash and cash equivalents	314,319	(116,875)
6.05.01	Cash and cash equivalents at beginning of period	674,919	794,852
6.05.02	Cash and cash equivalents at end of period	989,238	677,977

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2020 - MRV Engenharia e Participações S.A.

Consolidated / Statement of Changes in Equity – 1/1/2020 to 3/31/2020
 (In thousands of Brazilian reais – R\$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Equity attributable to Company owners	Non-controlling interest	Total
5.01	Opening balance	4,282,130	49,555	510,085	-	-	4,841,770	267,019	5,108,789
5.03	Adjusted opening balance	4,282,130	49,555	510,085	-	-	4,841,770	267,019	5,108,789
5.04	Shareholders capital transaction	325,271	1,647	(6,473)	-	60,936	381,381	81,375	462,756
5.04.01	Capital increase	956	-	-	-	-	956	-	956
5.04.02	Share Issuance Expenses	-	-	-	-	-	1,647	-	1,647
5.04.03	Recognized options granted	-	1,647	-	-	-	-	-	-
5.04.08	Business combination effects (MDI incorporation)	324,315	-	(5,609)	-	-	318,706	48,980	367,686
5.04.09	Capital transaction	-	-	(1,625)	-	-	(1,625)	3,629	2,004
5.04.10	Treasury shares disposed to beneficiaries of stock option plan	-	-	761	-	-	761	-	761
5.04.11	Currency translation adjustments	-	-	-	-	74,283	74,283	11,527	85,810
5.04.12	Cash flow hedge reserve	-	-	-	-	(13,347)	(13,347)	(1,982)	(15,329)
5.04.13	Net contributions from noncontrolling shareholders	-	-	-	-	-	-	19,221	19,221
5.05	Comprehensive income	-	-	-	104,405	-	104,405	21,411	125,816
5.05.01	Net income (loss)	-	-	-	104,405	-	104,405	21,411	-
5.07	Closing balance	4,607,401	51,202	503,612	104,405	60,936	5,327,556	369,805	5,697,361

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2020 - MRV Engenharia e Participações S.A.

Consolidated / Statement of Changes in Equity – 1/1/2019 to 3/31/2019
 (In thousands of Brazilian reais – R\$)

Code	Description	Paid-in capital	Capital reserves, recognized options granted and treasury shares	Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Equity attributable to Company owners	Non-controlling interest	Total
5.01	Opening balance	4,079,770	42,187	508,488	-	-	4,630,445	244,141	4,874,586
5.03	Adjusted opening balance	4,079,770	42,187	508,488	-	-	4,630,445	244,141	4,874,586
5.04	Shareholders capital transaction	-	1,353	2,176	-	-	3,529	(7,353)	(3,824)
5.04.03	Recognized options granted	-	1,353	-	-	-	1,353	-	1,353
5.04.10	Capital transaction	-	-	3	-	-	3	-	3
5.04.11	Treasury shares disposed to beneficiaries of stock option plan	-	-	2,173	-	-	2,173	-	2,173
5.04.12	Net contributions from (distribution to) noncontrolling shareholders	-	-	-	-	-	-	(7,353)	(7,353)
5.05	Comprehensive income	-	-	-	188,653	-	188,653	8,136	196,789
5.05.01	Net income (loss)	-	-	-	188,653	-	188,653	8,136	196,789
5.07	Closing balance	4,079,770	43,540	510,664	188,653	-	4,822,627	244,924	5,067,551

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 3/31/2020 - MRV Engenharia e Participações S.A.

Consolidated / Statement of Value Added
 (In thousands of Brazilian reais – R\$)

Code	Description	1/1/2020 to 3/31/2020	1/1/2019 to 3/31/2019
7.01	Revenue	1,545,914	1,550,205
7.01.01	Gross operating revenue	1,573,494	1,566,337
7.01.02	Other revenue	622	2,229
7.01.03	Revenue related to construction of own assets	12,194	7,107
7.01.04	Allowance for credit risk	(40,396)	(25,468)
7.02	Inputs purchased from third parties	(1,028,403)	(874,751)
7.02.01	Inputs purchased from third parties	(1,028,403)	(874,751)
7.03	Gross value added	517,511	675,454
7.04	Retentions	(23,713)	(20,754)
7.04.01	Depreciation, amortization and depletion	(23,713)	(20,754)
7.05	Net value added generated	493,798	654,700
7.06	Value added received in transfer	38,317	19,449
7.06.01	Results from equity participation	(10,598)	(18,258)
7.06.02	Financial income	48,915	37,707
7.07	Total value added for distribution	532,115	674,149
7.08	Value added distributed	532,115	674,149
7.08.01	Personnel	185,422	234,175
7.08.01.01	Salaries and wages	145,995	181,589
7.08.01.02	Benefits	30,039	39,849
7.08.01.03	Severance Pay Fund (FGTS)	9,388	12,737
7.08.02	Taxes, charges and contributions	138,316	148,163
7.08.02.01	Federal	91,886	95,304
7.08.02.02	State	286	1,385
7.08.02.03	Municipal	46,144	51,474
7.08.03	Debt remuneration	82,561	95,022
7.08.03.01	Interest	61,283	65,945
7.08.03.02	Rentals	21,278	29,077
7.08.04	Shareholders	125,816	196,789
7.08.04.03	Earnings retained in the period	104,405	188,653
7.08.04.04	Noncontrolling shareholders	21,411	8,136

1. General information

MRV Engenharia e Participações S.A. ("Company") and its subsidiaries ("Group") are engaged in the management of own and third-party assets, development, construction and sale of own or third-party real estate, the provision of technical engineering services related to the functions of the technicians in charge, , real estate consultancy services, dealing service of goods and services supply in residential real estate segment and holding equity interests in other companies as a shareholder. Real estate development and the construction of real estate are performed directly by the Company or other business partners. The direct and indirect subsidiaries are summarized in Note 8. Partners have a direct participation in the projects, through interest in silent partnerships ("SCP"), a consortium, and special purpose entities ("SPE") to develop the projects. The Company is a publicly-held corporation listed in B3 S.A. (B3), under ticker MRVE3, with registered head office at 621 Professor Mário Werneck Ave.,1º floor, Belo Horizonte city, Minas Gerais, with CNPJ (taxpayer identification number) 08.343.492/0001-20.

As described in Note 30, on January 31, 2020, the Company acquired control of AHS Residential LLC ("AHS Residential"), limited liability company, incorporate in the State of Florida, United States, engaged of developing real estate projects and subsequent renting.

2. Presentation of quarterly information and significant accounting policies

2.1. Presentation of interim financial statements

The Company's interim financial statements comprise:

- The consolidated interim financial statements prepared in accordance with CPC 21 (R1) - Demonstração Intermediária (Interim Financial Reporting) and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB), identified as Consolidated; and
- The individual interim financial statements prepared in accordance with CPC 21 (R1) - Demonstração Intermediária (Interim Financial Reporting), identified as Individual.

Aspects related to transfer of control of real estate units follow the Company's management understanding aligned with that expressed by CVM in Circular Letter CVM/SNC/SEP n.º 02/2018, regarding the application of Technical Pronouncement CPC 47 (IFRS 15), in a manner consistent with the standards issued by CVM, applicable to the preparation of interim financial reporting..

The individual financial statements are not in conformity with International Financial Reporting Standards (IFRS) because it considers the borrowing cost's capitalization on its investees' qualifying assets.

Other information in relation to basis of preparation and basis of presentation, did not significantly change in relation to the information disclosed in Note 2 to the financial statements for the year ended December 31, 2019.

2.2. Significant accounting policies

The accounting policies applied in this quarterly information are the same as those applied in the Group's financial statements for the year ended December 31, 2019, except for the policies described below, included as a result of the analysis carried out by Management to consolidate the new operation acquired, as per Note 30.

Translation of financial statements of foreign operation to presentation currency

As a result of the acquisition described in note 30, which took place on January 31, 2020, which involves AHS Residential, a foreign entity, the Company started to adopt CPC 02 (R2) - IAS 21 Effects of Changes in Foreign Exchange Rates to translate the financial statements of this subsidiary, as follows:

- For assets and liabilities, the closing exchange rate was used;
- For income and expenses in the statement of income and comprehensive income and for cash flows, the average exchange rate for the period was used;
- All resulting exchange variations were recognized in other comprehensive income. If the subsidiary is not a wholly-owned subsidiary, the corresponding portion of the translation differences is attributed to non-controlling interest.

Functional and presentation currency

The Group's functional currency and the presentation currency of the consolidated and individual financial statements is the Brazilian Real, except for the subsidiary MRV (US) Holdings Corporation and its subsidiaries whose functional currency is the US dollar. Financial information is presented in thousands of reais, unless otherwise stated.

Cash flow hedge

As mentioned in note 25 (b) and (d), the Group contracted derivative financial instruments of the swap type to hedge interest payments on debt in US dollars or subject to floating rates, formally designating them as hedging instruments and the interest payments on mentioned debts as hedged items, respectively, establishing an economic relationship between them, according to the hedge accounting methodology. This designation was classified as a cash flow hedge, with the effects of changes in equity.

Investment property

As a result of the acquisition described in note 30, which involves AHS Residential, domiciled in Florida and the new business line in Brazil (Luggo), detailed in note 21, the Company started to adopt CPC 28 - IAS 40 Investment Property in its financial statements.

Investment property consists of properties held to earn rentals or for capital appreciation (including construction in progress for such purpose) and is measured at cost, including transaction costs. Financial charges incurred on loans linked to the development of projects are capitalized and recognized in profit or loss through the realization of the underlying assets.

Depreciation is recognized based on the estimated useful life of each asset (other than land and constructions in progress) using the straight-line method, thus that cost less its residual value after its useful life is fully written off. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Eventual costs incurred on the maintenance and repair of investment property are capitalized in assets when, and only when, the economic benefits associated to these items are probable and the amounts can be reliably measured, while other costs are directly allocated to profit or loss when incurred.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal, where applicable. Any gain or loss arising on derecognition of the property is recognized in profit or loss in the period in which the property is derecognized.

The fair value of the Group's investment properties, used only for disclosure purposes in note 9, was internally calculated and considered the operating stage of each assets, as detailed below:

- Land: AHS Residential's land was valued at fair value, based on reports by external experts, the other land was valued by internal specialists based on comparable property transactions (type of property, location, occupation profile and quality) observed in the market, or maintained at cost in case of recent acquisitions;

- Projects under construction: discounted cash flow, considering vacancy rates estimated between 4% and 5%, discount rates between 5.3% and 9.45% and capitalization rate from 4.8% to 6.5%. Inflation or rent adjustments during the period were not considered.
- Completed projects: discounted cash flow, considering vacancy rates estimated between 1.85% and 5%, discount rates of 5.3% and capitalization rate of 4.8% to 5.1%. Inflation or rent adjustments during the period were not considered.

3. New standards issued

The following standards and interpretations had not a material impact on Group's consolidated interim financial statements.

- Amendment to references to conceptual framework in IFRS standards
- Definition of a business (Amendments to CPC 15 - IFRS 3)
- Definition of material (Amendments to CPC 26 - IAS 1 e CPC 23 - IAS 8)
- IFRS 17 Insurance contracts

4. Cash and cash equivalents

	Consolidated		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
Cash	420	420	382	384
Bank accounts	699,399	557,382	293,786	287,802
	699,819	557,802	294,168	288,186
Short-term investments:				
Savings deposits	-	9	-	9
Unrestricted investment funds	27,228	-	9,551	-
Bank certificates of deposit (CDB)	250,125	117,108	228,493	115,681
Securities with repurchase agreement backed by	12,066	-	-	-
	289,419	117,117	238,044	115,690
Total	989,238	674,919	532,212	403,876

In the three-month period ended March 31, 2020, short-term investments had yield equivalent to 96.43% of CDI in Consolidated and 100.21% of CDI in Individual (102.0% of CDI in Consolidated and in Individual as at December 31, 2019). They have immediate liquidity clauses, without any penalty on redemption and are subject to insignificant risk of change in value.

5. Marketable securities

		Consolidated		Individual	
		31/03/20	31/12/19	31/03/20	31/12/19
Restricted investment funds	(i)	609,630	1,139,288	512,268	855,371
Unrestricted investment funds	(ii)	6	6	6	6
Bank certificates of deposit (CDB)	(iii)	18,138	20,596	18,138	20,596
Savings deposits	(iv)	294,663	250,088	188,658	192,154
U.S. Treasuries		13,532	-	-	-
Real estate consortium		216	216	216	216
Total		936,185	1,410,194	719,286	1,068,343
Current		882,446	1,330,773	693,052	1,038,644
Noncurrent		53,739	79,421	26,234	29,699
		936,185	1,410,194	719,286	1,068,343

- (i) The Group established investment funds, restricted to the Group's companies, managed by first-rate banks, responsible for the custody of the assets and financial settlement of its transactions. The established funds aim at yielding interest equivalent to the Certificate of Interbank Deposit rate (CDI). The funds invest in government and other banks securities and in other unrestricted investment funds, which in turn invest primarily in fixed-income securities. The balance includes blocked amounts essentially resulting from collateral, as detailed in the table below. As at March 31, 2020, the mentioned funds yielded average interest equivalent to 46.33% CDI in Consolidated and 43.27% of CDI in Individual (99.6% of CDI in Consolidated and in Individual as at December 31, 2019).
- (ii) Blocked amount in unrestricted investment fund arising from a judicial escrow deposit, as detailed in the table below. Refers to fixed-income security fund substantially yielding CDI variation.
- (iii) Bank certificated of deposits (CDB) held as collateral for loans, financing and debentures, infrastructure works, and others, as detailed in the table below.
- (iv) Savings deposits correspond to amounts contributed on the projects financed by the financial institution for contracting "Crédito Asociativo" financing modality and are maintained in this condition until the funds are released by the financial institution when the contracts are signed by the customers or by the construction evolution.

The Group presents amounts blocked classified as Marketable securities regarding granted guarantees, as shown below:

Blocked amounts guaranteeing:	3/31/20					
	Consolidated			Individual		
	Restricted investment funds	Unrestricted investment funds	Bank certificates of deposit	Restricted investment funds	Unrestricted investment funds	Bank certificates of deposit
Company and subsidiaries' loans	33,883	-	-	5,539	-	-
Infrastructure works	49,724	-	15	45,794	-	15
Other	23,273	6	18,123	23,268	6	18,123
Total	106,880	6	18,138	74,601	6	18,138

Blocked amounts guaranteeing:	12/31/19					
	Consolidated			Individual		
	Restricted investment funds	Unrestricted investment funds	Bank certificates of deposit	Restricted investment funds	Unrestricted investment funds	Bank certificates of deposit
Loans of Company and subsidiaries	56,037	-	-	5,484	-	-
Infrastructure works	51,540	-	15	47,537	-	15
Other	23,049	6	20,581	23,037	6	20,581
Total	130,626	6	20,596	76,058	6	20,596

Breakdown of restricted investment funds portfolio, proportionately to the units held by the Company and subsidiaries, is as follows:

	Consolidated		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
Unrestricted investment funds	158,867	491,155	133,495	368,756
Private bonds	249,104	254,573	209,321	191,132
Securities with repurchase agreement	17,773	136,267	14,934	102,309
Financial treasury bills (LFTs)	50,455	78,989	42,397	59,304
Bank certificates of deposit (CDBs)	93,738	140,421	78,767	105,427
Debentures	39,693	37,883	33,354	28,443
Total	609,630	1,139,288	512,268	855,371

6. Trade accounts receivable

	Consolidated		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
Receivables from real estate development				
Receivables from real estate development	3,370,994	2,991,829	1,723,293	1,521,688
Present value discount	(63,570)	(60,116)	(31,647)	(29,671)
Allowance for credit risk	(235,155)	(223,291)	(128,628)	(118,774)
	<u>3,072,269</u>	<u>2,708,422</u>	<u>1,563,018</u>	<u>1,373,243</u>
Current	1,735,785	1,555,145	911,617	814,810
Noncurrent	1,336,484	1,153,277	651,401	558,433
	<u>3,072,269</u>	<u>2,708,422</u>	<u>1,563,018</u>	<u>1,373,243</u>
Receivables from services provided and rents				
Related parties	6	11	63	68
Other receivables	2,647	1,271	1,092	1,349
Total - current	<u>2,653</u>	<u>1,282</u>	<u>1,155</u>	<u>1,417</u>

The rates used to discount to present value for sales performed during the three-month period ended March 31, 2020 ranged from 0.16824% per month to 0.20637% per month (0.1763% per month to 0.41647% as at December 31, 2019).

The agreements entered and to be entered with Caixa Econômica Federal and Banco do Brasil in “Crédito Associativo” modality correspond to approximately 59% of the balance of receivables from real estate development and unearned sales revenue, as at March 31, 2020 (56% at December 31, 2019). Of this same total, the agreements already entered with the financial institutions above mentioned, correspond to 26.5% and 0.01% respectively (33% and 0.1% as at December 31, 2019 respectively).

Changes in allowance for credit risk for the three-month period ended March 31, 2020 and 2019 are as follows:

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2020	2019	2020	2019
Opening balance	(223,291)	(234,353)	(118,774)	(133,050)
Additions	(73,733)	(43,935)	(46,433)	(24,319)
Reversals	33,337	18,467	20,298	12,270
Write-offs	28,532	11,343	16,281	6,749
Closing balance	<u>(235,155)</u>	<u>(248,478)</u>	<u>(128,628)</u>	<u>(138,350)</u>
Current	(163,482)	(186,412)	(89,777)	(104,261)
Noncurrent	(71,673)	(62,066)	(38,851)	(34,089)
	<u>(235,155)</u>	<u>(248,478)</u>	<u>(128,628)</u>	<u>(138,350)</u>

The balances of unearned gross sales revenue to be appropriated and cost to be incurred from real estate already contracted transactions, including related financial income, as applicable, are as follows:

	Consolidated		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
Unearned gross sales revenue (*)	1,846,754	1,629,206	1,176,555	1,080,787
Costs to be Incurred (*)	(1,111,535)	(975,811)	(713,091)	(658,170)

(*) Does not include the impacts of future inflation, taxes on sales, financial charges, and maintenance costs.

The amounts above, referring to receivables from real estate development and unearned sales revenue, have the following expectation of receipt:

	Consolidated		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
<u>Expectation of receipt</u>				
12 months	2,661,105	2,397,065	1,533,448	1,403,905
13 to 24 months	1,552,427	1,346,544	866,654	766,001
25 to 36 months	349,175	306,047	175,465	152,228
37 to 48 months	190,701	158,404	95,587	78,411
After 48 months	165,615	129,568	68,419	53,485
	<u>4,919,023</u>	<u>4,337,628</u>	<u>2,739,573</u>	<u>2,454,030</u>
Unearned sales revenue	1,846,754	1,629,206	1,176,555	1,080,787
Receivables from real estate development	3,072,269	2,708,422	1,563,018	1,373,243
	<u>4,919,023</u>	<u>4,337,628</u>	<u>2,739,573</u>	<u>2,454,030</u>

As at March 31, 2020, the Group has trade accounts receivable pledged as collateral of construction financing totaling R\$1,559,260 (R\$1,357,042 at December 31, 2019).

7. Inventories (real estate for sale)

	Consolidated		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
Real estate under construction	2,718,710	2,808,239	1,566,485	1,619,227
Completed units	180,931	213,534	86,888	96,352
Landbank	5,396,125	5,532,310	4,324,264	4,776,421
Advances to suppliers	80,213	79,641	51,610	52,405
Materials stock	299	381	135	202
Total	<u>8,376,278</u>	<u>8,634,105</u>	<u>6,029,382</u>	<u>6,544,607</u>
Current	3,891,256	3,959,745	2,461,651	2,488,014
Noncurrent	4,485,022	4,674,360	3,567,731	4,056,593
	<u>8,376,278</u>	<u>8,634,105</u>	<u>6,029,382</u>	<u>6,544,607</u>

As of March 31, 2020, of the total consolidated balance of real estate under construction and completed units, R\$2,343,172 refers to projects launched and R\$556,469 refers to projects started but not yet launched (R\$2,459,481 and R\$562,292 at December 31, 2019, respectively).

As at March 31, 2020, line items "Real estate under construction", "Completed units" and "Landbank" includes the capitalization of financial charges, as detailed in Note 12 (e), totaling R\$539,207 and R\$364,673 in Consolidated and Individual, respectively (R\$546,184 and R\$366,996 as at December 31, 2019, in Consolidated and Individual, respectively). A project's land is transferred to line item 'Real estate under construction' when development of the respective project begins.

The Group has agreements with financial institutions to finance the construction of real estate (see Note 12). As at March 31, 2020, the Group has real estate under construction recognized in assets, used as collateral of loans and financing agreements, totaling R\$71,519 and R\$29,539 in Consolidated and Individual, respectively (R\$54,881 and R\$20,325 at December 31, 2019, in Consolidated and Individual, respectively).

Other information on Inventories (real estate for sale) did not significantly change from the information disclosed in Note 7 to the financial statements for the year ended December 31, 2019.

8. Equity interests in investees

a) The main information on equity interests is summarized as follows:

	3/31/20			1º trimestre de 2020		12/31/19			1º trimestre de 2019	
	Equity interest	Equity	Investments	Net income	Results from equity interest in investees	Equity interest	Equity	Investments	Net income	Results from equity interest in investees
Joint ventures and associates:										
MRL Engenharia e Empreendimentos S.A.	36.93%	14,254	5,264	(151)	(56)	36.93%	14,410	5,322	(2,907)	(1,079)
Prime Incorporações e Construções S.A.	59.51%	(48,791)	(29,035)	13,607	8,098	59.51%	(62,398)	(37,133)	6,567	3,940
SCP Rotterdam	75.40%	1,237	933	(2,041)	(1,539)	75.40%	3,133	2,362	5	4
MRV MD PE Mar De Espanha SPE Ltda.	50.00%	(3,682)	(1,841)	(940)	(662)	50.00%	25,930	12,965	1,482	741
MRV Patrimar Galeria Ltda.	50.00%	11,338	5,669	3,886	1,660	50.00%	21,805	10,903	1,500	(111)
Gi Empreed .SPE LTDA.	62.50%	2,797	1,748	2,714	1,696	41.67%	83	35	-	-
Pq Belle Nature SPE LTDA.	65.00%	8,764	5,697	(87)	(57)	65.00%	9,690	6,299	(3,276)	(2,129)
Pq Castelo De Gibraltar SPE LTDA.	65.00%	12,218	7,942	4,345	2,824	65.00%	7,872	5,117	(78)	(51)
SCPs (34)		11,085	6,162	(5,612)	(3,096)		13,358	7,138	(2,261)	(1,118)
SPEs (38)		43,155	64,539	(4,689)	(2,476)		730,958	69,112	(5,389)	(5,643)
Goodwill on the acquisition of control in the MRL group [1]		-	3,237	-	-		-	3,237	-	-
Capitalized interest		-	5,840	-	(222)		-	6,062	-	(179)
Total Joint ventures and associates		52,375	76,155	11,032	6,170		764,841	91,419	(4,357)	(5,625)
Elimination of indirect participations		-	(211,578)	-	(16,768)		-	(183,415)	-	(12,633)
Total Joint ventures and associates		52,375	(135,423)	11,032	(10,598)		764,841	(91,996)	(4,357)	(18,258)
Investments - Consolidated			44,386					75,675		
Net capital deficiency liability - Investments - Consolidated			(179,809)					(167,671)		
Total Joint ventures and associates			(135,423)					(91,996)		
Subsidiaries:										
MRV (US) Holdings Corporation [2]	100.00%	451,861	394,298	(11,810)	(10,558)	0.00%	-	-	-	-
MRV Construções Ltda.	95.00%	31,197	29,637	(8)	(8)	95.00%	31,206	29,645	(47)	(45)
Urba Desenvolvimento Urbano S.A. [3]	52.07%	94,088	47,328	2,800	(792)	52.07%	95,610	48,120	(5,363)	(3,703)
MDI Desenvolvimento Imobiliário Ltda.	0.00%	-	-	-	-	0.00%	-	-	211	211
MRV Investimentos Ltda.	0.00%	-	-	-	-	0.00%	-	-	(132)	(132)
SCP Área Distribuidora	80.00%	7,809	6,247	2,657	2,126	80.00%	7,641	6,113	886	709
SCP Area Vanilla Scp Viver 2	50.00%	10,090	5,045	4,619	2,310	50.00%	7,950	3,975	131	66
SCP MRL MRV Adão 02	50.00%	8,436	4,218	(520)	(260)	50.00%	13,654	6,827	3,320	2,158
SCP MRV MRL Adão 3	50.00%	18,101	9,051	5,734	2,867	50.00%	14,557	7,279	189	123
SCP Portobelo	65.00%	3,691	2,399	(180)	(117)	65.00%	5,812	3,778	2,643	1,718
SCP Porto Marabella	100.00%	29,508	29,508	1,808	1,808	100.00%	17,338	17,338	686	679
SCP Porto Trindade	100.00%	(57)	(57)	(247)	(247)	100.00%	491	491	2,781	2,753
SCPs (229)		561,248	346,431	11,163	5,691		429,270	278,290	6,042	1,439
MRV MDI Nasbe Incorp. SPE Ltda.	100.00%	163,840	163,840	22,072	22,072	100.00%	185,917	185,917	42,975	42,971
Caminho Das Orquideas SPE LTDA.	100.00%	3,722	3,722	2,293	2,293	100.00%	1,438	1,438	-	-
Campo Di Roma Incorporacoes SPE LTDA.	99.00%	12,276	12,153	11,667	11,550	99.00%	609	603	-	-
MD MRV Polidoro SPE LTDA.	50.00%	11,798	5,899	5,401	2,701	90.00%	10,629	9,566	-	-
MRV MD Lagoa Do Nautico SPE Ltda.	100.00%	8,629	8,629	(1,398)	(1,398)	100.00%	11,776	11,776	1,529	1,514
MRV MD Pe Lyra Const. SPE Ltda.	100.00%	3,884	3,884	(1,066)	(1,066)	100.00%	7,166	7,166	3,084	3,053
MRV MD Pe Timbi Const SPE Ltda.	100.00%	5,646	5,646	187	187	100.00%	4,285	4,285	4,721	4,674
MRV MD Vila Das Quaresmeiras SPE Ltda.	100.00%	7,795	7,795	(602)	(602)	100.00%	9,474	9,474	3,388	3,354
MRV MD Tododia Construcoes SPE Ltda.	100.00%	13,761	13,761	1,845	1,845	100.00%	11,999	11,999	1,258	1,245
MRV MDI ES Vila Esmeralda Incorp. SPE LTDA.	75.00%	7,573	5,680	417	313	75.00%	7,666	5,750	2,237	1,678
MRV MDI Maraponga IV SPE Ltda.	100.00%	13,198	13,198	(976)	(976)	100.00%	14,854	14,854	8,674	8,631
MRV MRL Baía Da Babitonga SPE LTDA.	99.00%	36,857	36,491	11,578	11,462	99.00%	28,663	28,373	(94)	(94)
MRV MRL RJ Sg4 SPE LTDA.	50.00%	16,147	8,074	3,785	1,893	50.00%	12,332	6,166	163	106
MRV MRL XXII Inc SPE LTDA.	65.00%	6,641	4,317	2,357	1,532	65.00%	4,297	2,793	116	75
MRV PRIME L Inc SPE LTDA.	99.00%	9,767	9,669	1,890	1,871	99.00%	7,877	7,798	274	271
MRV MRL LXII Inc. SPE LTDA.	50.00%	31,842	15,921	1,974	987	50.00%	30,221	15,111	3,361	2,185
MRV MRL RJ5 SPE Ltda.	65.00%	22,017	14,311	2,567	1,669	65.00%	19,448	12,641	782	508
MRV PRIME II SPE LTDA.	99.00%	17,715	17,538	824	816	99.00%	20,203	20,001	5,383	5,329
MRV PRIME Lxx SPE Ltda.	99.00%	4,348	4,305	196	194	99.00%	4,526	4,481	4,958	4,908
MRV PRIME Lxxi Inc SPE Ltda.	99.00%	1,438	1,424	(555)	(549)	99.00%	2,651	2,624	4,304	4,261
MRV PRIME Lxxxii Ltda SPE LTDA.	99.00%	7,005	6,935	2,492	2,467	99.00%	4,512	4,467	137	136
MRV PRIME Lxxxviii Inc. SPE LTDA.	99.00%	6,488	6,423	3,410	3,376	99.00%	3,079	3,048	-	-
MRV PRIME Projeto MT D Incorp. SPE LTDA.	50.00%	13,124	6,562	3,876	1,938	50.00%	10,845	5,423	465	279
MRV PRIME Projeto MT K Incorp. SPE LTDA.	50.00%	5,794	2,897	3,128	1,564	50.00%	2,666	1,333	(2)	(1)
MRV PRIME Projeto MT M Incorp. SPE LTDA.	40.00%	13,847	5,539	4,283	1,713	40.00%	11,687	4,675	610	244
MRV PRIME Projeto MT N Inc. SPE Ltda.	40.00%	27,437	10,975	5,812	2,325	40.00%	32,019	12,808	2,062	825
MRV PRIME Projeto Palmas A SPE Ltda.	40.00%	27,096	10,838	2,619	1,048	40.00%	26,863	10,745	4,720	1,888
MRV PRIME XXVIII Inc SPE Ltda.	97.00%	10,605	10,287	(588)	(570)	97.00%	14,264	13,836	(1,629)	(1,580)
Parque Aspen SPE Ltda.	99.00%	21,563	21,347	1,958	1,938	99.00%	31,416	31,102	5,002	4,952
Parque dos Cantos SPE Ltda.	99.00%	12,349	12,226	256	253	99.00%	14,831	14,683	1,980	1,960
Parque Jardim das Tulipas SPE Ltda.	99.00%	2,271	2,248	(359)	(355)	99.00%	2,630	2,604	4,184	4,142
Parque Lagoa Do Ouro SPE Ltda.	99.00%	8,739	8,652	755	747	99.00%	7,984	7,904	1,988	1,968
Parque Piazza Verona SPE Ltda.	99.00%	12,292	12,169	222	220	99.00%	16,162	16,000	3,663	3,626
Parque Costa Azul SPE LTDA.	99.00%	4,041	4,001	(1,152)	(1,140)	99.00%	5,193	5,141	3,338	3,305
Parque Salém SPE Ltda.	99.00%	11,711	11,594	(48)	(48)	99.00%	11,759	11,641	2,515	2,490
Parque Serra Bonita Inc. SPE Ltda.	99.00%	23,954	23,714	2,665	2,638	99.00%	23,146	22,915	4,240	4,198
Piazza Fontanella Inc. SPE Ltda.	99.00%	9,328	9,235	892	883	99.00%	9,216	9,124	3,084	3,053
Projeto Goiás II SPE Ltda.	55.00%	22,490	12,370	2,715	1,493	55.00%	25,278	13,903	3,350	1,843
Rec Pátio Maceió S.A. SPE Ltda.	99.00%	11,953	12,252	3,442	3,220	99.00%	13,126	13,603	4,869	4,650
Reserva Casa Blanca SPE Ltda.	99.00%	9,902	9,803	(642)	(636)	99.00%	10,543	10,438	9,203	9,111
Reserva Real Inc SPE Ltda.	99.00%	50,756	50,248	1,460	1,445	99.00%	55,396	54,842	11,314	11,201
Porto Dos Vinhedos SPE LTDA.	99.00%	3,262	3,229	1,608	1,592	99.00%	1,654	1,637	(160)	(158)
Vila Velha SPE Ltda.	100.00%	14,597	14,597	1,841	1,841	100.00%	12,756	12,756	1,147	1,135
SPEs (431)		591,487	416,806	5,363	2,236		610,526	424,608	10,597	4,704
Capitalized interest		-	158,419	-	(12,307)		-	161,098	-	(9,879)
Total subsidiaries		2,536,957	2,073,728	126,480	77,495		1,977,111	1,635,006	175,137	144,737
Total of subsidiaries, joint ventures and associates		2,589,332	2,149,883	137,512	83,665		2,741,952	1,726,425	170,780	139,112
Investments - Individual			2,306,554					1,875,695		
Net capital deficiency liability - Investments - Individual			(156,671)					(149,270)		
Total Joint ventures and associates			2,149,883					1,726,425		

[1] Goodwill on the acquisition of jointly controlled entity MRL, in 2007, is based on expected future earnings and is not being amortized, as required by CPC 13. At the end of the reporting period, the Company conducted the impairment tests prescribed by CPC 01 and concluded that this asset was not impaired. Company internal functions review these projections.

- [2] Subsidiary in the United States that received the investment in AHS Residential (effective interest of 89,4%), arising from the acquisition (Note 30).
- [3] As at March 31, 2020, in equity method recognition on subsidiary Urba Desenvolvimento Urbano S.A. (until September 25, 2019 called Urbamais Properties e Participações S.A.), unrealized profit of R\$1,664 raised from sales of lots were eliminated (R\$1,348 at December 31, 2018).

Some subsidiaries have restrictions on transferring cash to the Company, based on their option for the equity segregation called "Patrimônio de afetação" (Earmarked assets) that establishes the permanence of amounts in cash accounts that ensure the continuity and delivery of uncompleted units to future customers. At March 31, 2020 the restricted amounts for distribution amounted to R\$16,524 (R\$16,785, as at December 31, 2019).

b) Changes in investments are as follows:

	Opening balance	Capital subscription (reduction and distribution of profits)	Results from equity interest in investees	Others	Closing balance
Quarter ended March 31, 2020:					
Joint ventures and associates:					
MRL Engenharia e Empreendimentos S.A.	5,322	-	(56)	(2)	5,264
Prime Incorporações e Construções S.A.	(37,133)	-	8,098	-	(29,035)
MRV MD PE Mar De Espanha SPE Ltda.	12,965	(14,144)	(662)	-	(1,841)
MRV Patrimar Galeria Ltda.	10,903	(6,894)	1,660	-	5,669
SCPs (35)	9,501	2,229	(4,635)	-	7,095
SPEs (41)	80,562	(2,623)	1,987	-	79,926
Goodwill on the acquisition of control in the MRL group	3,237	-	-	-	3,237
Capitalized interest	6,062	-	(222)	-	5,840
Total Joint ventures and associates	91,419	(21,432)	6,170	(2)	76,155
Elimination of indirect participations	(183,415)	(11,395)	(16,768)	-	(211,578)
Total Joint ventures and associates	(91,996)	(32,827)	(10,598)	(2)	(135,423)
Total Joint ventures and associated companies - Consolidated	75,675	(16,576)	(14,711)	(2)	44,386
Net capital deficiency liability - Investments - Consolidated	(167,671)	(16,251)	4,113	-	(179,809)
Total Joint ventures and associates	(91,996)	(32,827)	(10,598)	(2)	(135,423)
Subsidiaries:					
MRV (US) Holdings Corporation [1]	-	-	(10,558)	404,856	394,298
MRV Construções Ltda.	29,645	-	(8)	-	29,637
Urba Desenvolvimento Urbano S.A.	48,120	-	(792)	-	47,328
MRV MDI Nasbe Incorp. SPE Ltda.	185,917	(44,149)	22,072	-	163,840
SCPs (236)	324,091	64,573	14,178	-	402,842
SPEs (473)	886,135	(73,681)	64,910	-	877,364
Capitalized interest	161,098	-	(12,307)	9,628	158,419
Total of subsidiaries	1,635,006	(53,257)	77,495	414,484	2,073,728
Total of subsidiaries, joint ventures and associates	1,726,425	(74,689)	83,665	414,482	2,149,883
Total of subsidiaries, joint ventures and associated companies - Individual	1,875,695	(74,952)	91,329	414,482	2,306,554
Net capital deficiency liability - Investments - Individual	(149,270)	263	(7,664)	-	(156,671)
Total of subsidiaries, joint ventures and associates	1,726,425	(74,689)	83,665	414,482	2,149,883
Quarter ended March 31, 2019:					
Total joint ventures - Consolidated	46,468	2,343	(20,275)	(5)	28,531
Net capital deficiency liability - Investments - Consolidated	(79,927)	1,011	2,017	-	(76,899)
Total Joint ventures and associates	(33,459)	3,354	(18,258)	(5)	(48,368)
Total Joint ventures and associated companies - Individual	1,966,483	(54,505)	146,712	12,576	2,071,266
Net capital deficiency liability - Investments - Individual	(133,434)	327	(7,600)	-	(140,707)
Total of subsidiaries, joint ventures and associates	1,833,049	(54,178)	139,112	12,576	1,930,559

- [1] Subsidiary in the United States that received the investment in AHS Residential (effective interest of 89,4%), arising from acquisition (Note 30).

c) The main information of the Company's joint ventures and associates, directly and indirectly invested is summarized as follows:

	3/31/20						12/31/19					
	MRL	Prime	Mar de Espanha	Acqua Patrimar Galeria	Other SPEs (40)	Other SCPs (36)	MRL	Prime	Mar de Espanha	Acqua Patrimar Galeria	Other SPEs (40)	Other SCPs (36)
Current assets	50,205	57,985	88,374	14,943	91,673	14,462	25,695	46,756	97,377	26,589	80,635	17,080
Noncurrent assets	313,512	300,424	376	24,912	95,847	5,414	289,272	277,526	28,590	22,791	770,820	4,653
	363,717	358,409	88,750	39,855	187,520	19,876	314,967	324,282	125,967	49,380	851,455	21,733
Current liabilities	249,468	59,157	76,851	2,179	58,211	(226)	200,587	34,833	61,149	2,304	61,091	595
Noncurrent liabilities	99,995	348,043	15,581	26,338	62,375	7,780	99,970	351,847	38,910	25,271	41,739	4,647
Equity	14,254	(48,791)	(3,682)	11,338	66,934	12,322	14,410	(62,398)	25,908	21,805	748,625	16,491
	363,717	358,409	88,750	39,855	187,520	19,876	314,967	324,282	125,967	49,380	851,455	21,733

	2020						2019					
	MRL	Prime	Mar de Espanha	Acqua Patrimar Galeria	Other SPEs (40)	Other SCPs (36)	MRL	Prime	Mar de Espanha	Acqua Patrimar Galeria	Other SPEs (40)	Other SCPs (36)
Operating income	15	27	(4,326)	7,087	12,301	201	8	10	10,733	1,500	10,789	(75)
Cost of real estate sales and services	(860)	(699)	3,391	(3,209)	(10,195)	(3,859)	(283)	(368)	(4,448)	-	(15,089)	(1,114)
Operating income (expenses)	(3,411)	(3,877)	(717)	23	(1,091)	(4,103)	(3,649)	(3,014)	(1,601)	-	(4,379)	(1,103)
Results from equity interest in investees	7,944	22,585	-	-	-	-	4,825	15,322	-	-	-	-
Financial income (expenses)	(3,839)	(4,429)	609	42	1,676	121	(3,808)	(5,383)	(3,053)	-	247	38
Income tax and social contribution	-	-	103	(57)	(408)	(13)	-	-	(149)	-	(311)	(2)
Net income for the year	(151)	13,607	(940)	3,886	2,283	(7,653)	(2,907)	6,567	1,482	1,500	(8,743)	(2,256)
Total participation %	36.93	59.51	50.00	50.00	De 30 a 70	De 32 a 95	36.93	59.51	50.00	50.00	De 30 a 70	De 32 a 95

Note: Some percentages and other amounts of items (a) to (c) in all tables above have been rounded to facilitate their presentation. Thus, some totals presented in the tables may not represent the exact arithmetical sum of the amounts above.

The asset percentages related to the Group's projects that have real estate development equity split, as at March 31, 2020 and December 31, 2019, are as follows:

	Consolidated			
	3/31/20		12/31/19	
Projects under Law 10931/04 (Earmarked Assets)	6,649,126	41.15%	6,397,658	43.56%
Silent partnerships (SCPs)	422,433	2.61%	176,388	1.20%
Special Purpose Entities (SPEs)	632,495	3.91%	629,342	4.29%
Other entities	688,558	4.26%	682,267	4.65%
Projects with segregation	8,392,612	51.93%	7,885,655	53.70%
Balances without segregation	7,764,727	48.07%	6,800,668	46.30%
Total Consolidated	16,157,339	100.00%	14,686,323	100.00%

Other information on 'Equity interests in investees' is not significantly different from the information disclosed in Note 8 to the financial statements for the year ended December 31, 2019.

9. Investment property

Investment property are held to obtain rental revenues and, depending on market conditions, sale of the residential projects and are demonstrated as follows:

Description	Average annual depreciation rates	Cost	Accumulated depreciation	Net 3/31/20	Fair value with level measurement	Fair value	Net 12/31/19
Buildings	2.56%	753,272	(44,008)	709,264	3	954,638	-
Real estate under construction		333,730	-	333,730	3	333,730	-
Landbank		335,119	-	335,119	3	509,628	-
Subtotal AHS Residential		1,422,121	(44,008)	1,378,113		1,797,996	-
Real estate under construction		25,605	-	25,605	3	53,628	6,287
Landbank		32,322	-	32,322	-	32,322	27,224
Subtotal Luggo (Individual)		57,927	-	57,927		85,950	33,511
Buildings	2.56%	753,272	(44,008)	709,264		954,638	-
Real estate under construction		359,335	-	359,335		387,358	6,287
Landbank		367,441	-	367,441		541,950	27,224
Total Consolidated		1,480,048	(44,008)	1,436,040		1,883,946	33,511

[1] Investment properties arising from the acquisition described in Note 30.

[2] Stated at cost, as mentioned in the investment property policy described in note 2.2.

Changes in balances of investment property for the three-month ended March 31, 2020 and 2019 were as follows:

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2020	2019	2020	2019
Opening balance	33,511	-	33,511	-
Acquisition effects (Note 30)	998,350	-	-	-
Additions	172,201	-	24,416	-
Capitalized interest	608	-	-	-
Depreciation	(3,382)	-	-	-
Currency translation adjustments	234,752	-	-	-
Closing balance	1,436,040	-	57,927	-

10. Property and equipment

Changes in property and equipment for the three-month period ended March 31, 2020 and 2019 are as follows:

Consolidated	Average annual depreciation rates	Opening balance	CPC 06 (R2) / IFRS 16 adoption	Acquisition effects	Addition	Write-off	Transfer	Currency translation adjustments	Closing balance
Quarter ended March 31, 2020:									
Cost:									
Right-of-use		89,707	-	1,881	294	-	-	420	92,302
Buildings, facilities and leasehold improvements		48,153	-	466	1,426	(46)	43	143	50,185
Aircraft and vehicles in use		23,654	-	941	122	(150)	-	205	24,772
Machinery and equipment		390,939	-	11,231	17,838	(192)	-	3,015	422,831
Furniture and fixtures		2,943	-	5,128	121	-	-	1,130	9,322
IT equipment and installations		7,340	-	1,182	276	-	-	270	9,068
Sales booths, stores and model apartments		78,072	-	-	249	(266)	-	-	78,055
Works in progress		18,094	-	-	5,124	-	(43)	-	23,175
Total cost		658,902	-	20,829	25,450	(654)	-	5,183	709,710
Accumulated depreciation:									
Right-of-use	Sundry	10,999	-	152	2,842	-	-	53	14,046
Buildings, facilities and leasehold improvements	15.09%	19,963	-	266	1,383	(15)	-	60	21,657
Aircraft and vehicles in use	10.02%	3,961	-	616	425	(22)	-	134	5,114
Machinery and equipment	10.00%	75,939	-	1,829	7,034	(71)	-	445	85,176
Furniture and fixtures	10.00%	2,533	-	1,142	355	-	-	289	4,319
IT equipment and installations	19.99%	6,501	-	481	209	-	-	116	7,307
Sales booths, stores and model apartments	25.19%	53,249	-	-	2,841	(143)	-	-	55,947
Total accumulated depreciation		173,145	-	4,486	15,089	(251)	-	1,097	193,566
Total property and equipment, net		485,757	-	16,343	10,361	(403)	-	4,086	516,144
Quarter ended March 31, 2019:									
Total property and equipment, net		300,854	70,971	-	23,425	(74)	-	-	395,176

Individual	Average annual depreciation rates	Opening balance	CPC 06 (R2) / IFRS 16 adoption	Addition	Write-off	Transfer	Closing balance
Quarter ended March 31, 2020:							
Cost:							
Right-of-use		87,528	-	-	-	-	87,528
Buildings, facilities and leasehold improvements		37,481	-	593	-	43	38,117
Aircraft and vehicles in use		23,504	-	122	-	-	23,626
Machinery and equipment		388,444	-	13,052	(192)	-	401,304
Furniture and fixtures		2,894	-	-	-	-	2,894
IT equipment and installations		7,312	-	169	-	-	7,481
Sales booths, stores and model apartments		43,270	-	180	(60)	(31)	43,359
Works in progress		11,932	-	4,219	-	(43)	16,108
Total cost		602,365	-	18,335	(252)	(31)	620,417
Accumulated depreciation:							
Right-of-use	Sundry	10,868	-	2,646	-	-	13,514
Buildings, facilities and leasehold improvements	15.09%	17,812	-	948	-	-	18,760
Aircraft and vehicles in use	10.02%	3,941	-	424	-	-	4,365
Machinery and equipment	10.00%	75,318	-	6,588	(71)	-	81,835
Furniture and fixtures	10.00%	2,496	-	24	-	-	2,520
IT equipment and installations	19.99%	6,490	-	118	-	-	6,608
Sales booths, stores and model apartments	25.19%	30,211	-	1,537	(48)	(2)	31,698
Total accumulated depreciation		147,136	-	12,285	(119)	(2)	159,300
Total property and equipment, net		455,229	-	6,050	(133)	(29)	461,117
Quarter ended March 31, 2019:							
Total property and equipment, net		272,919	70,971	22,800	(38)	(89)	366,563

At the end of the reporting periods, the Group's management concluded that there were no indications of impairment of its assets with finite useful lives, as none of the loss indicators set out in CPC 01, paragraphs 10 and 12, was evidenced. As at March 31, 2020, the residual value of items pledged as collateral for liabilities amount R\$19,373 in Consolidated and Individual (R\$19,949 as at December 31, 2019).

Other information on 'Property and equipment' is not significantly different from the information disclosed in Note 9 to the financial statements for the year ended December 31, 2019.

11. Intangible assets

Changes in intangible assets for the three-month period ended March 31, 2020 and 2019 are as follows:

Consolidated	Opening balance	Acquisition effects	Addition	Transfer	Currency translation adjustments	Closing balance
Quarter ended March 31, 2020:						
Cost:						
Software development	125,644	7,856	1,696	11,971	1,832	148,999
Software license	55,795	-	-	-	-	55,795
Intangibles under development	46,416	-	12,194	(11,971)	-	46,639
Trademarks and patents	24,000	-	-	-	-	24,000
Total cost	251,855	7,856	13,890	-	1,832	275,433
Accumulated amortization:						
Software development	81,699	546	4,964	-	147	87,356
Software license	51,978	-	554	-	-	52,532
Total accumulated	133,677	546	5,518	-	147	139,888
Total intangible assets	118,178	7,310	8,372	-	1,685	135,545
Quarter ended March 31, 2019:						
Total intangible assets	95,627	-	3,491	-	-	99,118

(*) Acquisition effects described in note 30.

Individual	Opening balance	Addition	Transfer	Closing balance
Quarter ended March 31, 2020:				
Cost:				
Software development	125,084	675	11,971	137,730
Software license	55,791	-	-	55,791
Intangibles under development	44,466	12,031	(11,971)	44,526
Trademarks and patents	24,000	-	-	24,000
Total cost	249,341	12,706	-	262,047
Accumulated amortization:				
Software development	81,393	4,716	-	86,109
Software license	51,974	553	-	52,527
Total accumulated amortization	133,367	5,269	-	138,636
Total intangible assets	115,974	7,437	-	123,411
Quarter ended March 31, 2019:				
Total intangible assets	94,074	3,389	-	97,463

At the end of the reporting periods, the Group's management concluded that there were no indications of impairment of its intangible assets, as none of the loss indicators set out in CPC 01, paragraphs 10 and 12, was evidenced.

Other information on 'Intangible assets' is not significantly different from the information disclosed in Note 10 to the financial statements for the year ended December 31, 2019.

12. Loans, financing and debentures

(a) Loans, financing and debentures:

The position of loans, financing and debentures as at March 31, 2020 and December 31, 2019, is as follows:

Type	Currency	Maturity of principal	Effective rate p.a.	3/31/20			12/31/19
				Current	Noncurrent	Total	Total
Individual:							
Debenture - 9 th Issue - 1 st series	R\$	2/19 to 2/20	CDI + 1.95%	-	-	-	48,476
Debenture - 9 th Issue - 2 nd series	R\$	2/20 to 2/22	CDI + 2.57%	201,760	198,908	400,668	511,475
Debenture - 9 th Issue - 3 rd series (*)	R\$	2/22	IPCA + 8.52%	808	95,258	96,066	100,660
Debenture - 11 th Issue - 1 st series	R\$	9/20	CDI + 1.17%	284,354	-	284,354	288,757
Debenture - 11 th Issue - 2 nd series	R\$	9/21 to 9/22	CDI + 1.56%	487	214,300	214,787	218,382
Debenture - 11 th Issue - 3 rd series (*)	R\$	9/23 and 9/24	IPCA + 6.47%	4,524	139,810	144,334	149,963
Debenture - 12 th Issue - 1 st series	R\$	7/23	CDI + 1.52%	3,860	298,700	302,560	308,830
Debenture - 12 th Issue - 2 nd series	R\$	7/24 and 7/25	CDI + 1.79%	699	51,300	51,999	53,118
Debenture - 12 th Issue - 3 rd series	R\$	7/23	CDI + 1.62%	1,436	109,130	110,566	112,886
Debenture - 12 th Issue - 4 th series	R\$	7/23	CDI + 1.62%	1,093	83,070	84,163	85,929
Debenture - 15 th Issue	R\$	11/25	CDI + 1.19%	5,457	300,000	305,457	301,604
(-) Funding cost				(3,606)	(5,332)	(8,938)	(10,010)
Total debentures - Individual				500,872	1,485,144	1,986,016	2,170,070
CRI (Bank Credit Notes)	R\$	6/20 to 6/21	CDI + 2.21%	57,689	57,500	115,189	115,201
CRI (13 th debentures issue)	R\$	9/23 to 9/24	CDI + 0.83%	487	300,000	300,487	300,513
CRI (14 th debentures issue)	R\$	5/24	100.4% CDI + 0.28%	5,113	360,000	365,113	361,492
Construction financing	R\$	7/20 to 4/24	TR + 8.30%	15,934	65,233	81,167	53,866
Leasing	R\$	3/17 to 9/22	CDI + 2.00% to 2.93%	7,064	7,133	14,197	15,526
(-) Funding cost				(3,590)	(10,518)	(14,108)	(15,002)
Total loans and financing - Individual				82,697	779,348	862,045	831,596
Total Individual				583,569	2,264,492	2,848,061	3,001,666
Subsidiaries:							
Debenture - 2 nd Issue - Urba	R\$	6/21 to 6/23	CDI + 1.73%	1,008	60,000	61,008	60,215
(-) Funding cost				(141)	(317)	(458)	(493)
Total debentures - Subsidiaries				867	59,683	60,550	59,722
Project loans	US\$	9/20 to 4/22	Libor + 2% to 2.60%	139,117	126,713	265,830	-
Project loans	US\$	5/26 to 11/29	3.15% to 4.63%	5,126	492,369	497,495	-
Loan agreement / credit line	US\$	2/25	3.50% to 4.00%	-	273,103	273,103	-
CRI (3 rd debentures issue - Urba)	R\$	3/24	CDI + 1.10%	18	60,000	60,018	60,021
Construction financing (**)	R\$	4/16 to 3/23	TR + 13.53%	2,102	3,828	5,930	6,425
Construction financing	R\$	12/20 to 7/23	TR + 8.30%	21,113	71,068	92,181	76,649
(-) Funding cost				(547)	(1,642)	(2,189)	(2,325)
Total loans and financing - Subsidiaries				166,929	1,025,439	1,192,368	140,770
Total subsidiaries				167,796	1,085,122	1,252,918	200,492
Total Consolidated				751,365	3,349,614	4,100,979	3,202,158

(*) Measured at fair value through profit or loss, once they were designated as hedged items, according to hedge accounting methodology, as detailed in Note 25 (b).

(**) As mentioned in Note 25 (b), for this operation the Company hired derivative financial instrument (interest rate swap) to hedge its exposure to TR plus fixed rate, by pegging interest to CDI.

Key features of the Company's loans, financing and debentures are as follows:

Type	Serie	Qty	Funding date	Repayment of principal	Interest payment	Maturity of principal	Contractual rate (p.a.)	Effective rate (p.a.)
Debenture - 9 th Issue - 1 st series	Single	17,273	3/17	Semiannual	Semiannual	2/19 to 2/20	CDI + 1.50%	CDI + 1.95%
Debenture - 9 th Issue - 2 nd series	Single	49,727	3/17	Semiannual	Semiannual	2/20 to 2/22	CDI + 2.30%	CDI + 2.57%
Debenture - 9 th Issue - 3 rd series	Single	8,000	3/17	Bullet payment	Semiannual	2/22	IPCA + 8.25%	IPCA + 8.52%
Debenture - 11 th Issue - 1 st series	Single	36,450	9/17	Bullet payment	Semiannual	9/20	CDI + 1.00%	CDI + 1.17%
Debenture - 11 th Issue - 2 nd series	Single	21,430	9/17	Annual	Semiannual	9/21 to 9/22	CDI + 1.50%	CDI + 1.56%
Debenture - 11 th Issue - 3 rd series	Single	12,120	9/17	Annual	Annual	9/23 to 9/24	IPCA + 6.45%	IPCA + 6.47%
Debenture - 12 th Issue - 1 st series	Single	29,870	8/18	Bullet payment	Semiannual	7/23	CDI + 1.40%	CDI + 1.52%
Debenture - 12 th Issue - 2 nd series	Single	5,130	8/18	Annual	Semiannual	7/24 and 7/25	CDI + 1.70%	CDI + 1.79%
Debenture - 12 th Issue - 3 rd series	Single	10,913	8/18	Bullet payment	Semiannual	7/23	CDI + 1.50%	CDI + 1.62%
Debenture - 12 th Issue - 4 th series	Single	8,307	8/18	Bullet payment	Semiannual	7/23	CDI + 1.50%	CDI + 1.62%
Debenture - 15 th Issue	Single	300,000	11/19	Annual	Semiannual	11/25	CDI + 1.06%	CDI + 1.19%
Debenture - 2 nd Issue - Urba	Single	10,000	6/18	Annual	Semiannual	6/21 to 6/23	CDI + 1.22%	CDI + 1.73%
CRI (Bank Credit Notes)	-	-	6/16	Semiannual	Monthly	6/20 to 6/21	CDI + 1.60%	CDI + 2.21%
CRI (13 th debentures issue)	-	-	3/19	Semiannual	Quarterly	9/23 to 9/24	100% CDI	CDI + 0.83%
CRI (14 th debentures issue)	-	-	6/19	Bullet payment	Semiannual	5/24	100.4% CDI	100.4% CDI + 0.28%
CRI (3 rd debentures issue - Urba)	-	-	3/19	Bullet payment	Quarterly	3/24	CDI + 0.20%	CDI + 1.10%
Construction financing	-	-	3/16	Monthly	Monthly	4/16 to 3/23	TR + 13.29%	TR + 13.53%
Construction financing	-	-	Sundry	Sundry	Sundry	7/20 to 4/24	TR + 8.30%	TR + 8.30%
Leasing	-	-	Sundry	Monthly	Monthly	3/17 to 9/22	CDI + 2.00% to 2.93%	CDI + 2.00% to 2.93%
Project loans	-	-	Sundry	Sundry	Monthly	9/20 to 4/22	Libor + 2.91% to 352%	Libor + 2% to 2.60%
Project loans	-	-	Sundry	Monthly	Monthly	5/26 to 11/29	3.15% to 4.63%	3.15% to 4.63%
Loan agreement	-	-	02/20	Bullet payment	Semiannual	2/25	4.00%	4.00%
Credit line	-	-	03/20	Bullet payment	Monthly	N/A	3.50%	3.50%

The 13rd and 14th issue of debentures of the Company and 3rd issue of subsidiary Urba were carried out to back transactions of certificates of real estate receivables, as detailed above.

The debentures issued by the Company are simple, nonconvertible, registered, book-entry.

Funding during the three-month period ended March 31, 2020, is as follows:

Type	Currency	Qty	Funding date	Repayment of principal	Interest payment	Maturity of principal	Contractual rate (p.a.)	Amount (*)
Construction financing	R\$	-	Sundry	Sundry	Sundry	7/20 to 4/24	TR + 8.30%	117,581
Total - Individual								<u>117,581</u>
Construction financing	R\$	-	Sundry	Sundry	Sundry	12/20 to 7/23	TR + 8.30%	99,019
Project loans	US\$	-	3/20	Bullet payment	Monthly	2/22	2.00% to 2.30%	34,203
Loan agreement / credit line	US\$	-	2/20	Bullet payment	Sundry	2/25	3.50% to 4.00%	227,341
Total - Subsidiaries								<u>360,563</u>
Total - Consolidated								<u>478,144</u>

(*) Gross of funding costs.

Changes in loans, financing and debentures are as follows:

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2020	2019	2020	2019
Opening balance	3,202,158	2,863,018	3,001,666	2,441,447
Acquisition effects (Note 30)	626,126	-	-	-
Funding	478,144	619,741	117,581	436,287
Accrued financial charges	51,155	51,494	42,455	45,004
Fair value adjustment	(12,826)	(2,473)	(12,826)	(2,473)
Funding costs	-	(13,618)	-	(12,278)
Amortization of funding costs	2,216	2,292	1,966	2,160
Repayment of principal	(339,555)	(491,228)	(238,491)	(273,317)
Payment of financial charges	(72,178)	(77,724)	(64,290)	(72,157)
Currency translation adjustments	165,739	-	-	-
Closing balance	<u>4,100,979</u>	<u>2,951,502</u>	<u>2,848,061</u>	<u>2,564,673</u>

(b) Guarantees and surety

The types of guarantees for loans, financing and debentures as at March 31, 2020 are as follows:

	Consolidated						Total
	Debentures	Bank credit notes	Construction financing	Leasing	Project loans	Loan agreement / credit line	
Collateral / surety	-	115,189	-	14,197	763,325	273,103	1,165,814
Collateral / receivables	-	-	179,278	-	-	-	179,278
No guarantees	2,055,962	725,618	-	-	-	-	2,781,580
Total (*)	2,055,962	840,807	179,278	14,197	763,325	273,103	4,126,672

(*) Amounts of loan, financing and debentures gross of funding cost.

Construction financing agreements are collateralized by receivables (see Note 6) or mortgage of land (see Note 7). Leasing contracts are collateralized by assets referred in Note 10.

The Company guaranteed loans, financing and debentures obtained by a subsidiary and several jointly ventures from financial institutions, as described below:

Guarantees, warranties and surety	Start	Maturity	Amount
MRL Engenharia e Empreendimentos S.A.	4/26/17	4/15/20	51,335
	12/19/17	11/24/20	132,729
	9/27/18	9/27/21	110,549
Prime Incorporações e Construções S.A.	9/27/18	9/28/20	4,418
	9/27/18	3/27/21	4,418
	9/27/18	9/27/21	99,411
	9/27/18	3/28/22	121,603
Urba Desenvolvimento Urbano S.A.	6/26/19	6/26/24	152,013
	3/18/16	3/6/23	5,930
	6/13/18	6/6/23	61,008
	3/28/19	3/27/24	60,018
			803,432

(c) Aging

Aging of loans, financing and debentures by maturity is as follows:

After the reporting period	Consolidated		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
12 months	751,365	671,611	583,569	649,776
13 to 24 months	720,350	443,199	495,872	388,033
25 to 36 months	260,796	435,888	204,740	394,231
37 to 48 months	923,681	758,378	833,739	736,366
After 48 months	1,444,787	893,082	730,141	833,260
Total	4,100,979	3,202,158	2,848,061	3,001,666

(d) Contractual commitments

As at March 31, 2020, the Group is compliant with all the contractual requirements in the loans, financings and debentures agreements, including those related to financial ratios.

(e) Allocation of financial charges

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2020	2019	2020	2019
Gross financial charges	53,628	56,746	43,334	47,817
Capitalized financial charges on:				
Real estate under construction and landbank	(38,391)	(50,025)	(24,620)	(29,264)
Equity interest in investees	-	-	(9,628)	(12,581)
Amounts recognized in financial result (Note 24)	<u>15,237</u>	<u>6,721</u>	<u>9,086</u>	<u>5,972</u>
<u>Financial charges</u>				
Opening balance	552,246	529,429	534,156	507,191
Capitalized financial charges	38,391	50,025	34,248	41,845
Charges allocated to profit or loss:				
Cost of real estate sold and services provided (Note 23)	(45,368)	(47,982)	(26,943)	(29,304)
Results from equity interest in investees	(222)	(179)	(12,529)	(10,058)
Closing balance	<u>545,047</u>	<u>531,293</u>	<u>528,932</u>	<u>509,674</u>
Capitalized financial charges related to:				
Real estate under construction and landbank (Note 7)	539,207	523,994	364,673	340,995
Equity interest in investees (Note 8)	5,840	7,299	164,259	168,679
	<u>545,047</u>	<u>531,293</u>	<u>528,932</u>	<u>509,674</u>

During the three-month period ended March 31, 2020, total financial charges capitalized on loans, financing and debentures represented an average charge rate of 5.52% p.a. (8.09% p.a. in the same period of 2019).

Other information on 'Loans, financing and debentures' is not significantly different from the information disclosed in Note 11 to the financial statements for the year ended December 31, 2019.

13. Land payables

	Consolidated		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
INCC	551,448	681,806	368,084	551,181
IGP-M	317,567	279,798	291,499	245,250
IPCA	79,575	95,322	76,071	91,459
Other indexes	44,950	37,421	40,439	35,759
Non-interest bearing	3,118,899	3,182,952	2,568,252	2,825,024
Discount to present value	(100,234)	(141,585)	(87,505)	(127,515)
Total	<u>4,012,205</u>	<u>4,135,714</u>	<u>3,256,840</u>	<u>3,621,158</u>
Current	887,645	742,216	602,751	576,068
Noncurrent	3,124,560	3,393,498	2,654,089	3,045,090
	<u>4,012,205</u>	<u>4,135,714</u>	<u>3,256,840</u>	<u>3,621,158</u>

As at March 31, 2020, 'Land payables' include financial barter in the amount of R\$2,355,523 in Consolidated and R\$1,943,616 in Individual (R\$2,357,258 and R\$2,044,701 as at December 31, 2019).

Several land acquisition agreements have clauses that allow the resolution without any burden to the Company, if certain conditions are not met or reached. These conditions mainly include obtaining legal, municipal or state approvals (incorporation permits, construction licenses, etc.), technical and commercial viability of the projects and obtaining construction financing.

As at March 31, 2020, R\$2,162,117 in Consolidated and Individual, of total 'Land payables', involves repayments linked to the above-mentioned conditions, therefore only will occur if and when the projects become feasible, this is when the Company obtains the respective approvals (R\$2,773,903 as at December 31, 2019).

Aging of 'Land payables' is as follows:

Periods after the reporting period	Consolidated		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
12 months	887,645	742,216	602,751	576,068
13 to 24 months	1,204,995	1,268,369	935,858	1,041,805
25 to 36 months	853,802	800,645	762,256	751,306
37 to 48 months	406,144	611,124	362,012	583,930
After 48 months	659,619	713,360	593,963	668,049
Total	4,012,205	4,135,714	3,256,840	3,621,158

Other information on 'Land payables' is not significantly different from the information disclosed in Note 12 to the financial statements for the year ended December 31, 2019.

14. Advances from customers

	Consolidated		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
Proceeds in advance	62,462	74,337	37,375	44,411
Advances for barterers	571,798	635,599	375,804	434,510
	634,260	709,936	413,179	478,921
Current	213,397	223,281	163,554	151,771
Noncurrent	420,863	486,655	249,625	327,150
	634,260	709,936	413,179	478,921

Several barter agreements have clauses that allow the resolution without any burden to the Company, if certain conditions are not met or reached. These conditions mainly include obtaining legal, municipal or state approvals (incorporation permits, construction licenses, etc.), technical and commercial viability of the projects and obtaining construction financing.

As at March 31, 2020, R\$256,318 in Consolidated and Individual, of total 'Advance for barterers', involves obligations linked to the above-mentioned conditions, therefore only will occur if and when the projects become feasible, this is when the Company obtains the respective approvals (R\$278,572 as at December 31, 2019).

Advances from customers are broken down as follows:

Periods after the reporting period	Consolidated		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
12 months	213,397	223,281	163,554	151,771
13 to 24 months	238,341	272,746	147,243	176,421
After 24 months	182,522	213,909	102,382	150,729
Total	634,260	709,936	413,179	478,921

Bank guarantees provided for land purchases, including barter arrangements and infrastructure works of the Company and its investees are summarized as follows:

Periods after the reporting period	3/31/20	12/31/19
12 months	868,195	855,217
13 to 24 months	9,585	24,616
	877,780	879,833

Beside bank guarantees, advances for barterers are covered by property delivery insurance policy, as described in Note 29.

Other information on 'Advances from customers' is not significantly different from the information disclosed in Note 13 to the financial statements for the year ended December 31, 2019.

15. Payroll and related liabilities

	Consolidated		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
Salaries and wages	24,937	22,969	11,605	11,152
Payroll benefits	17,358	19,195	8,753	9,349
Accrued vacation, 13 th salary and related benefits	77,724	69,765	40,347	34,853
Provision for employees and management profit sharing	32,941	25,286	32,223	24,703
Other	2,369	2,704	901	861
Total	155,329	139,919	93,829	80,918

Other information on 'Payroll and related liabilities' is not significantly different from the information disclosed in Note 14 to the financial statements for the year ended December 31, 2019.

16. Tax payables

	Consolidated		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
Income tax and social contribution	10,868	12,018	5,960	6,082
Taxes on revenue (PIS and COFINS)	44,327	44,600	38,132	37,519
Withheld third parties taxes	12,430	11,584	8,082	7,387
Taxes withheld on interest on salaries	5,276	7,532	4,328	6,007
Other	1,477	846	854	637
Total	74,378	76,580	57,356	57,632

As at March 31, 2020, amounts of recoverable taxes, essentially arising from tax credits claimed on the costs incurred on units sold (PIS and COFINS) and short-term investments are R\$97,411 and 71,301 in Consolidated and Individual, respectively (R\$98,544 and R\$71,485 as at December 31, 2019, respectively), and are classified in line item 'Recoverable taxes', in current assets.

17. Provision for maintenance of real estate

Changes in provision for maintenance of real estate are as follows:

	Opening balance	Additions	Write-off	Transfer	Closing balance
Consolidated					
Current	32,462	32,711	(27,409)	(696)	37,068
Noncurrent	107,375	-	-	696	108,071
Total - 1st quarter of 2020	139,837	32,711	(27,409)	-	145,139
Total - 1 st quarter of 2019	137,247	26,889	(25,993)	-	138,143
Individual					
Current	16,333	18,604	(15,016)	(2,418)	17,503
Noncurrent	56,853	-	-	2,418	59,271
Total - 1st quarter of 2020	73,186	18,604	(15,016)	-	76,774
Total - 1 st quarter of 2019	70,090	15,006	(12,516)	-	72,580

As at March 31, 2020 and December 31, 2019, amounts corresponding to 1.85% to 2.20% of the total construction cost actually incurred were accrued.

Other information on 'Provision for maintenance of real estate' is not significantly different from the information disclosed in Note 16 to the financial statements for the year ended December 31, 2019.

18. Provision for civil, labor and tax risks

Changes in provision are as follows:

	Opening balance	Additions	Reversals	Payments	Inflation adjustment	Closing balance
Consolidated						
Civil	60,285	26,048	(3,701)	(26,553)	2,530	58,609
Labor	40,969	6,599	(1,477)	(9,232)	1,714	38,573
Tax	298	89	(6)	(92)	14	303
Environmental	20	335	-	(280)	2	77
Total - 1st quarter of 2020	101,572	33,071	(5,184)	(36,157)	4,260	97,562
Total - 1 st quarter of 2019	92,229	38,888	(7,411)	(30,152)	3,987	97,541
Individual						
Civil	36,413	14,269	(2,630)	(15,347)	1,528	34,233
Labor	35,327	3,936	(1,124)	(7,803)	1,478	31,814
Tax	295	48	(5)	(51)	14	301
Environmental	18	86	-	(35)	2	71
Total - 1st quarter of 2020	72,053	18,339	(3,759)	(23,236)	3,022	66,419
Total - 1 st quarter of 2019	66,782	25,744	(5,087)	(18,712)	2,978	71,705

The total number of the Group's lawsuits and the number of lawsuits classified as a "probable" likelihood of an unfavorable outcome classified, based on Group's legal counsel's assessment, broken down by type, are as follows:

Nature	Consolidated				Individual			
	3/31/20		12/31/19		3/31/20		12/31/19	
	Total lawsuits	Probable lawsuits	Total lawsuits	Probable lawsuits	Total lawsuits	Probable lawsuits	Total lawsuits	Probable lawsuits
Civil	26,431	5,132	28,141	5,594	15,320	3,247	16,388	3,589
Labor	2,950	774	3,073	758	1,983	511	2,042	523
Tax	865	19	855	25	685	19	682	24
Criminal	179	-	174	-	151	-	147	-
Environmental	229	7	216	4	160	5	151	3
Total	30,654	5,932	32,459	6,381	18,299	3,782	19,410	4,139

As shown above the main lawsuits as at March 31, 2020 and December 31, 2019 and the additions for the periods then ended refer to civil and labor lawsuits, basically related to:

- civil: lawsuits claiming compensations related to delivery of units, resolutions of purchase/sale agreements of units sold, request of repairs on delivered units.
- labor: lawsuits claiming employment relationship, lawsuits involving former employees and contractors over which the Company has joint liability.

Civil, labor, tax, criminal, and environmental proceedings assessed by the Group's legal advisors as possible losses, which have essentially the same nature as those described above, total R\$229,833 and R\$128,134 in Consolidated and Individual, respectively, as at March 31, 2020 (R\$232,502 and R\$130,334 as at December 31, 2019 in Consolidated and Individual, respectively). In accordance with international accounting standards, accounting practices adopted in Brazil and applicable legislation, no provision was recognized for these contingent liabilities.

Other information on 'Provision for civil, labor and tax risks' is not significantly different from the information disclosed in Note 17 to the financial statements for the year ended December 31, 2019.

19. Related parties

		Consolidated				Individual			
		Asset		Liability		Asset		Liability	
		3/31/20	12/31/19	3/31/20	12/31/19	3/31/20	12/31/19	3/31/20	12/31/19
Short-term investments and marketable securities									
Other related parties									
Banco Inter S.A. (Inter)	[1]	96,717	263,622	-	-	96,717	263,622	-	-
Dividends receivables									
Joint ventures									
MRL Engenharia e Empreendimentos S.A. (MRL)		184	184	-	-	184	184	-	-
Receivables from services provided									
Subsidiaries									
Urba Desenvolvimento Urbano S.A.	[3]	-	-	-	-	57	57	-	-
Other related parties									
MRV Serviços de Engenharia Ltda.	[4]	6	7	-	-	6	7	-	-
Banco Inter S.A.	[5]	-	4	-	-	-	4	-	-
Intercompany receivables									
Investees									
SPEs	[6]	18,815	18,245	-	-	631,173	666,310	-	-
Joint ventures									
Prime Incorporações e Construções S.A.	[7]	134	87	-	-	134	83	-	-
MRL Engenharia e Empreendimentos S.A.	[7]	1,048	816	-	-	1,048	816	-	-
Reserva Macaúba Loteamento Ltda.	[7]	9,482	8,939	-	-	-	-	-	-
Other related parties									
Partners in real estate development projects	[7]	11,339	10,431	-	-	11,339	10,431	-	-
Other assets									
Subsidiaries									
Urba Desenvolvimento Urbano S.A.	[8]	-	-	-	-	50	52	-	-
SCPs e SPEs	[8]	3,400	1,056	-	-	16,221	15,858	-	-
Joint ventures									
Prime Incorporação e Construções S.A.	[8]	20,036	131	-	-	19,377	75	-	-
MRL Engenharia e Empreendimentos S.A.	[8]	39,333	986	-	-	38,263	951	-	-
Other related parties									
Partners in real estate development projects	[8]	2,809	2,572	-	-	54	232	-	-
Controlling shareholder	[9]	34,048	34,771	-	-	34,048	34,771	-	-
Suppliers									
Subsidiaries									
MRV Construções Ltda	[2]	-	-	-	-	-	-	34,680	29,856
Other related parties									
T Lott Advocacia	[10]	-	-	33	78	-	-	16	76
Payables for investment acquisition									
Other related parties									
LOG Commercial Properties e Participações S.A. (LOG)	[11]	-	-	24,396	27,919	-	-	-	-
Intercompany payables (Other payables)									
Investees									
SPEs	[12]	-	-	26	17,583	-	-	-	17,583
Joint ventures									
Prime Incorporações e Construções S.A.	[13]	-	-	35,750	37,357	-	-	-	-
MRL Engenharia e Empreendimentos S.A.	[13]	-	-	55,890	62,540	-	-	-	-
Other related parties									
Partners in real estate development projects	[13]	-	-	25,183	15,490	-	-	-	-
Costellis International Limited	[17]	-	-	28,905	-	-	-	28,905	-
Lease liability (Other payables)									
Other related parties									
Conedi Participações Ltda e MA Cabaleiro Participações Ltda	[14]	-	-	60,671	60,428	-	-	55,790	58,314
Lakeside office, LLC	[16]	-	-	1,725	-	-	-	-	-

	Consolidated				Individual			
	Income		Expense		Income		Expense	
	1 st quarter of		1 st quarter of		1 st quarter of		1 st quarter of	
	2020	2019	2020	2019	2020	2019	2020	2019
Net operating revenue								
Receivables from services provided								
Subsidiaries								
MRV Construções Ltda.	[2]	539	686	-	-	-	-	-
Financial income								
Short-term investments and marketable securities								
Other related parties								
Banco Inter S.A.	[1]	(1,139)	2,371	-	-	(1,139)	2,371	-
Intercompany receivables								
Joint ventures								
Prime Incorporações e Construções S.A.	[7]	6	8	-	-	6	8	-
MRL Engenharia e Empreendimentos S.A.	[7]	16	-	-	-	16	-	-
Reserva Macaúba Loteamento Ltda.	[7]	187	32	-	-	-	-	-
Other related parties								
Partners in real estate development projects	[7]	232	176	-	-	232	176	-
Other operating income (expenses), net								
Subsidiaries								
Urba Desenvolvimento Urbano S.A.	[3]	-	-	-	-	75	60	-
Joint ventures								
Prime Incorporações e Construções S.A.	[3]	187	198	-	-	187	198	-
MRL Engenharia e Empreendimentos S.A.	[3]	217	210	-	-	217	210	-
Other related parties								
LOG Commercial Properties e Participações S.A.	[3]	416	459	-	-	416	459	-
MRV Serviços de Engenharia Ltda.	[4]	25	19	-	-	25	19	-
Banco Inter S.A.	[5]	128	159	-	-	128	159	-
Other		11	8	-	-	11	68	-
Sale of subsidiary								
Other related parties								
Controlling shareholder	[9]	383	-	-	-	383	-	-
Operating costs and expenses								
Cost of real estate sales and services								
Subsidiaries								
MRV Construções Ltda.	[2]	-	-	-	-	-	-	69,745
General and administrative expenses								
Other related parties								
T Lott Advocacia	[10]	-	-	1,249	920	-	-	1,106
Conedi Participações Ltda. e MA Cabaleiro Participações Ltda.	[14]	-	-	971	839	-	-	934
Luxemburgo Incorporadora SPE Ltda.	[15]	-	-	97	166	-	-	97
Conedi Participações Ltda. e MA Cabaleiro Participações Ltda.	[16]	-	-	19	-	-	-	-

- [1] Refers to short-term investments with Banco Inter S.A. and/or subsidiaries ("Inter"), which is controlled by controlling shareholder of the Company. For the three-month period ended in March 31, 2020, short-term investments generate negative yield by 54.55% of CDI in Consolidated and Individual (102.80% in the same period of 2019).
- [2] Refers to construction services provided by MC for the Company and its investees and were recorded under the caption "Revenue from construction services". Transactions with the Company and its subsidiaries, which amount to R\$130,471, were eliminated in the consolidation process, thus remaining only revenues with associates (Note 22). The remaining balance in the Individual in caption "Suppliers" refers to the amount payable by the Company to MC.
- [3] Refers to administrative services (shared service center) provided by the Company to LOG, an investment property company controlled by the Company's controlling shareholder and to subsidiary Urba with monthly payment of R\$5 per project and for the joint ventures MRL and Prime, based on the quantity of transactions (receipt of invoices and payments).
- [4] The Company provides building services to this related party. Revenue from services rendered is equivalent to 15% of incurred cost.
- [5] Refer to 0.15% on invoices of the Company's suppliers discounted in the bank.
- [6] Refers to the Company's operating contributions in investees, proportional to its interest in each project, to make feasible the projects and will be refunded as the projects reach cash surpluses for allowing the distribution of the amounts priorly contributed. In Consolidated, the remaining balances refer to contributions in associates. These balances do not have pre-determined maturities and does not generate interest.
- [7] Intercompany receivables refers mainly to transactions conducted to fund the initial stage of projects in view of the business relationships with these parties for the development of real estate construction operations. No maturities have been defined for these transactions and as at March 31, 2020, R\$22,300 in Consolidated and R\$12,819 in Individual (R\$20,047 in Consolidated and R\$11,108 in Individual as at December 31, 2019) are subject to interest pegged to interbank deposit rate (CDI), plus a spread of 1.64% to 4% p.a. in Consolidated and Individual (same percentage as at December 31, 2019). Receivable balances from partners in real estate development projects include allowance for credit risk in the amount of R\$14,077 as at March 31, 2020 and December 31, 2019.
- [8] Refers to balances receivable from capital contributions and other transactions between group companies and other related parties. These balances do not generate interest and are receivable immediately after the Company request.

- [9] On December 27, 2019, the Company sold its entire interest in MRV PRIME LII INCORPORAÇÕES SPE LTDA. for the controlling shareholder for R\$39,783, to be paid in seventy-two consecutive monthly installments, in the amount of R\$553 each, starting February 2020. The referred SPE hold a plot land where the Clube Atlético Mineiro's multipurpose arena will be built. As of March 31, 2020, the balance receivable includes adjustment to present value of R\$4,629 (R\$5,012 as at December 31, 2019).
- [10] Refers to legal services agreement with entity which has as its managing partner Thiago da Costa e Silva Lott, a member of the Company's fiscal board.
- [11] In July 2018, the Company acquired equity interest in MRV LOG MDI SJC I Incorporações SPE Ltda. ("LOG SJC Sony") through its subsidiary MRV MRL CAMP NOU Incorporações e Participações Ltda. The contract determines payments in two tranches as detailed below:
- I. R\$10,800 referring to 10.81% of the equity interest, to be paid in 24 monthly installments of R\$450 each, the first being paid after the approval of the land subdivision project by the Municipal Administration, an event that took place in July 2018; and
 - II. R\$25,523 (R\$24,200 plus updated by IPCA index) referring to 24.22% of the equity interest, which will be paid in 48 monthly installments of R\$532 each, the first being paid after approval of a change in the zoning area from industrial to residential by the Municipal Administration, an event that took place in the fourth quarter of 2019.
- [12] Refers to amounts received from subsidiaries and will be settled by the Company essentially after the completion of the formal capital reduction process of these SPEs. In Consolidated balance, the remaining amounts refer to intercompany balances with associates. These balances do not have pre-determined maturities and does not generate interest.
- [13] Refers to amounts contributed by joint ventures and partners in the Company's subsidiaries to make feasible the projects and will be refunded as the projects reach cash surpluses and allow the distribution of the resources initially contributed. These balances do not have pre-determined maturities and does not generate interest.
- [14] Refers to headquarters lease agreement for the Company and a subsidiary. This companies have as owners: shareholders, executives or board members of the Company. Rental agreements are effective until February 28, 2035, including term extension, adjustable by the General Market Price Index (IGP-M). As at March 31, 2020 and December 31, 2019 provides for monthly total payment of R\$579 (gross of taxes).
- Joint ventures MRL Engenharia e Empreendimentos S.A. e Prime Incorporações e Construções S.A. hold rental agreement of offices and parking lots with Conedi. The rental agreement is effective until August 31, 2020, adjustable by the General Market Price Index (IGP-M) and as at March 31, 2020 and December 31, 2019 provides for total monthly payment of R\$9. Related expenses, net of PIS/COFINS taxes, for the three-month periods ended March 31, 2020 and 2019, was R\$23.
- [15] The Company hired hotel services from Hotel Ramada Encore Luxemburgo, asset hold by Luxemburgo Incorporadora SPE Ltda., company linked to Company's shareholders and management key personnel.
- [16] Refers to lease agreement of AHS Residential's headquarters (note 30). This company has as partner the Company's controlling shareholder. The contract is effective until January 1, 2022. On March 31, 2020, it establishes a total monthly payment of US\$2.
- [17] Contingent consideration resulting from the acquisition, as per note 30. All other amounts and conditions involved in the acquisition are detailed in the referred note.

Notes:

- Intercompany loans with related parties are conducted with subsidiaries and partners in real estate projects under terms and conditions negotiated by the parties. As the Company does not conduct similar transactions with unrelated parties, there is no evidence that these transactions would produce the same results had they been conducted with unrelated parties.
- Company shareholders Marcos Alberto Cabaleiro Fernandez and Rubens Menin Teixeira de Souza entered into a noncompetition agreement with the Company, under which they agree not to engage in any activity in Brazil, in the construction industry outside the Company for up to a two-year period after a possible withdrawal as shareholders. Their activities in the industry are, therefore, restricted to the Company.

Compensation of key personnel

Pursuant to CPC 05, which addresses related party disclosures, and according to the Company's understanding, key management personnel consists of members of the Board of Directors and officers elected by the Board of Directors in conformity with the Company's bylaws, and their roles and responsibilities comprise decision-making powers and control of the Company's activities.

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2020	2019	2020	2019
Short-term benefits granted to management:				
Management compensation (*)	6,150	4,308	4,024	3,792
Profit sharing	3,072	3,271	3,008	3,200
Non-monetary benefits	130	116	115	95
Long-term benefits granted to management:				
Retirement private plan	144	153	136	143
Stock option plan	939	766	939	766
	10,435	8,614	8,222	7,996

(*) Not included social security contributions at the rate of 20%.

On April 16, 2020, the Ordinary and Extraordinary Shareholders' Meeting approved the change in the overall management annual compensation threshold to R\$40,000. The annual global compensation of subsidiaries amounts to R\$ 3,500.

Besides the benefits above, the Company does not grant any other benefits such as postemployment benefits or severance pay.

20. Equity

(a) Capital stock

On March 31, 2020, the Company's capital stock is R\$4,607,401 (R\$4,282,130 as at December 31, 2019), represented by 481,954 thousand common shares as shown below:

Shareholders	Number of shares in			
	3/31/20		12/31/19	
	Ordinary	%	Ordinary	%
Rubens Menin Teixeira de Souza (controller)	180,551	37.5	139,711	31.5
Administrators	6,515	1.4	7,153	1.6
Fiscal council and executive committees	222	-	194	-
Treasury shares	1	-	318	0.1
Other shareholders	294,665	61.1	296,763	66.8
Total	481,954	100.0	444,139	100.0

The Company is authorized to increase its capital up to R\$7,000,000 (Seven billion reais).

During the three-month period ended March 31, 2020, the Shareholders' Meeting (SM), approved the following capital increases (decrease):

Date of approval	Number of shares	Unit price	Total capital increase (decrease)	Capital after capital increase (decrease)	Total outstanding shares after issuance
Quarter ended March 31, 2020:	(thousand)	R\$	R\$'000	R\$'000	(thousand)
1/31/20 MDI incorporation effects (*)	37,287	-	324,315	4,607,401	481,954
1/17/20 Capital increase	528	-	956	4,283,086	444,667

(*) The amount of the capital increase, according to corporate acts, is R\$685,700, represented by the fair value of MDI's assets before the merger. As the transaction involves entities under common control (note 30), the assets were incorporated considering their historical cost.

(b) Capital reserves

Capital reserves' balances are derived from share issuance cost related to share public offers (IPOs) and stock options granted to executives and employees of the Company, according to item (d) bellow. In accordance with art. 200 of the Brazilian Corporation Law and considering the Company's Bylaws, it may use the capital reserves to absorb losses, redemption, redemption or purchase of shares and incorporation into the capital stock.

(c) Earnings reserves

Treasury shares

On March 16, 2020, the Board of Directors approved the new share buyback program of the Company, which should be settled by September 15, 2021, limited to 15,000 thousand shares of the Company's total shares, without a capital reduction, using funds from the available earnings or capital reserve, aiming to maximize the generation of value for shareholders, and / or transfer to beneficiaries of the Company's stock option plans.

In the three-month period ended March 31, 2020, 317 thousand shares were transferred to beneficiaries of the Company's stock option plan (785 thousand in the same period of 2019) as shown below:

Type	Number (thousand)				Market value (*)
	Opening balance	Acquired	Transferred	Closing balance	
1st quarter of 2020:					
Common shares	318	-	(317)	1	12
1st quarter of 2019:					
Common shares	3,128	-	(785)	2,343	32,779

(*) Market value of shares remaining in treasury as at March 31, 2020 and 2019.

During the three-month period ended March 31, 2020, a net loss amounting R\$2,772 was transferred from line item 'Treasury shares' to line item 'Earnings retention reserve' related to transfers of the Company shares to stock option plan beneficiaries (loss amounting R\$6,569 in the same period of 2019).

(d) Stock option plan

Key features of the stock option plan programs are as follows:

Program	Plan	Approval	Stock options (thousand)	Vesting period	Strike price	Participants	Exercise deadline
4	I	6/11/12	1,945	Up to 5 years	R\$ 11.56	Officers, managers, and key employees	8/19
5	I	8/20/13	1,522	Up to 5 years	R\$ 5.91	Officers, managers, and key employees	12/20
6	I	10/14/14	1,512	Up to 5 years	R\$ 6.50	Officers, managers, and key employees	12/21
7	I	6/1/15	1,454	Up to 5 years	R\$ 6.84	Officers, managers, and key employees	12/22
8	I	7/1/16	1,538	Up to 5 years	R\$ 10.42	Officers, managers, and key employees	12/23
9	I	6/1/17	1,511	Up to 5 years	R\$ 14.80	Officers, managers, and key employees	12/24
10	II	5/25/18	1,853	Up to 5 years	R\$ 14.52	Officers, managers, and key employees	12/25
11	II	6/5/19	2,352	Up to 5 years	R\$ 15.51	Officers, managers, and key employees	12/26

Changes in stock options plan per program for the three-month period ended March 31, 2020 and 2019 and supplemental information is as follows:

Program	Number of participants	Changes in 1 st quarter of 2020 (thousand shares)				
		Opening balance	Granted	Expired / forfeited	Exercised	Closing balance
6	11	492	-	-	-	492
7	18	639	-	-	-	639
8	60	1,325	-	(10)	-	1,315
9	72	1,411	-	(13)	-	1,398
10	80	1,790	-	-	-	1,790
11	83	2,338	-	-	-	2,338
		7,995	-	(23)	-	7,972
Weighted average price of options		13.07	-	12.85	-	13.07

Program	Number of participants	Changes in 1 st quarter of 2019 (thousand shares)				
		Opening balance	Granted	Expired / forfeited	Exercised	Closing balance
4	90	1,122	-	(4)	-	1,118
5	15	837	-	-	(237)	600
6	33	1,325	-	-	(509)	816
7	73	1,303	-	(4)	(64)	1,235
8	63	1,504	-	-	(74)	1,430
9	75	1,488	-	(4)	(1)	1,483
10	84	1,834	-	(5)	(1)	1,828
		9,413	-	(17)	(886)	8,510
Weighted average price of options		10.60	-	12.10	6.70	11.00

Program	Other information				
	Number of vested shares (thousand)	Stock option cost for the year	Unrecognized stock option cost	Remaining stock option cost period (in years)	Remaining contractual life (in years)
5	-	-	-	-	0.6
6	492	-	-	-	1.7
7	639	-	-	-	2.7
8	178	259	778	0.8	3.8
9	195	339	2,277	1.8	4.8
10	164	433	4,316	2.8	5.8
11	109	618	7,747	3.8	6.8
2020	1,777	1,649	15,118	3.1	5.1
2019	3,149	1,353	12,460	3.1	4.3

Stock options costs arising from joint ventures and recognized by the Company totaled R\$2 negative for the three-month period ended March 31, 2020 (nil for the same period of 2019).

As at March 31, 2020, had all options currently granted been exercised, the Company would have issued 7,972 thousand shares, which would represent a 1.63% dilution in relation to total Company shares of 481,954 thousand.

Under Article 171, paragraph 3, of the Brazilian Corporate Law, the Company's shareholders do not have preemptive rights on the exercise of stock options.

Up to March 31, 2020, 87.61% and 64.54% of the total stock options approved under plans I and II, respectively, had been granted (95.07% and 64.54%, respectively, at to December 31, 2019).

In the three-month period ended March 31, 2020, the Company received R\$761 (R\$2,173 for the same period of 2019) in proceeds related to 317 thousand stock options exercised in 2020 (785 thousand in 2019), and were delivered 317 thousand common shares (785 thousand common shares in the same period of 2019) held in treasury, as explained in (c) above.

(e) Dividends

Mandatory minimum

The mandatory minimum dividends of fiscal year 2019 by R\$163,933 were approved at the Extraordinary and Annual Shareholders' Meeting (EASM) held on April 16, 2020 and will be paid on a date to be defined by the Management, within the fiscal year 2020, and are equivalent to R\$0.34014347 per share, net of inflation adjustment.

The mandatory minimum dividends of fiscal year 2018 by R\$163,948 were approved at the Extraordinary and Annual Shareholders' Meeting (EASM) held on April 25, 2019 and paid on June 13, 2019, and are equivalent to R\$0.37101456 per share, net of inflation adjustment, as per the shareholding position effective on June 06, 2019.

Extraordinary

On April 25, 2019, it was approved at the Ordinary and Extraordinary Shareholders' Meeting the distribution of extraordinary dividends in the amount of R\$327,897, to the earning retention reserve account which were paid in two installments, the first installment on November 27, 2019, in the amount of R\$163,949, being R\$0.37013483 per share, as per the shareholding position effective on November 18, 2019 and the second installment on December 20, 2019, in the amount of R\$163,948, being R\$0.37011668 per share, as per the shareholding position effective on December 10, 2019.

(f) Noncontrolling interests

	Consolidated	
	1 st quarter of	
	2020	2019
Opening balance	267,019	244,141
Acquisition effects (Note 30)	48,980	-
Net distributions to noncontrolling interests	19,221	(7,353)
Capital transactions	3,629	-
Currency translation adjustments	11,527	-
Cash flow hedge reserve	(1,982)	-
Interest in net income for the period	21,411	8,136
Closing balance	<u>369,805</u>	<u>244,924</u>

In the three-month period ended March 31, 2020, changes in the Company's equity interests in subsidiaries generated an increase in noncontrolling interests of R\$3,629 and a net loss of R\$1,625 for the Company owners, directly recorded in equity.

(g) Earnings per share

The table below shows net income data and the number of shares used to calculate basic and diluted earnings per share:

	Consolidated and Individual	
	1 st quarter of	
	2020	2019
Basic earnings per share:		
Net income for the period	104,405	188,653
Weighted average number of outstanding common shares (thousand)	469,534	441,373
Basic earnings per share - in R\$	<u>0.22236</u>	<u>0.42742</u>
Diluted earnings per share:		
Net income for the period	104,405	188,653
Weighted average number of outstanding common shares (thousand)	469,534	441,373
Dilutive effect of stock options (thousands of shares)	2,384	1,977
Total shares after dilutive effect (thousand)	471,918	443,350
Diluted earnings per share - in R\$	<u>0.22124</u>	<u>0.42552</u>

Other information on 'Equity' is not significantly different from the information disclosed in Note 19 to the financial statements for the year ended December 31, 2019.

21. Segment information

The Group's management defined the operating segments based on the reports used by the Board of Directors in its strategic decision-making, product differentiation and geographic location. Four operating segments were identified, which are separately managed, as follows:

- i. Real estate development: segment engaged in the development, construction, and sale of own and third-party real estate. Project development and construction are carried out directly by the Company, subsidiaries, joint ventures and associates ;
- ii. Rental of residential properties: this segment engaged in the development and rent residential properties near urban centers and provide various other services to the renter. The Group's strategy is to develop projects (through the construction of its own assets), make them available for renting and, depending on market conditions, selling these residential projects. In Brazil, this segment is operated by the “Luggo” business line and, in the United States, by the indirect subsidiary AHS Residential (Note 30).
- iii. Urban land subdivisions (Urba): division responsible for the development and sale of residential and commercial urban land subdivisions, and

The rental of residential properties segment was split in “United States (USA)” and “Brazil” since they are inserted in different environments and economic characteristics and have different managers.

The Group's financial position as at March 31, 2020 and results for the three-month period ended March 31, 2020, split in its operating segments, are as follows:

	3/31/20					12/31/19			
	Real estate development	Rental of residential properties		Land subdivisions	Consolidated	Real estate development	Rental of residential properties	Land subdivisions	Consolidated
		USA	Brazil				Brazil		
Assets									
Cash, cash equivalents and marketable securities	1,717,390	155,493	18,613	33,927	1,925,423	2,020,361	25,534	39,218	2,085,113
Trade accounts receivable	2,963,206	1,710	-	110,006	3,074,922	2,606,820	-	102,884	2,709,704
Inventories	8,133,428	-	689	242,161	8,376,278	8,419,460	339	214,306	8,634,105
Investment properties	-	1,378,113	57,927	-	1,436,040	-	33,511	-	33,511
Other assets	1,252,197	55,465	292	36,722	1,344,676	1,184,509	263	39,118	1,223,890
Total assets	14,066,221	1,590,781	77,521	422,816	16,157,339	14,231,150	59,647	395,526	14,686,323
Liabilities and equity									
Loans, financing and debentures	2,940,242	1,036,428	-	124,309	4,100,979	3,078,315	-	123,843	3,202,158
Land payables	3,887,430	-	-	124,775	4,012,205	4,027,809	-	107,905	4,135,714
Advances from customers	587,120	-	1,465	45,675	634,260	662,840	2,300	44,796	709,936
Other payables	1,579,163	102,492	6,779	24,234	1,712,668	1,500,449	7,319	21,958	1,529,726
Total liabilities	8,993,955	1,138,920	8,244	318,993	10,460,112	9,269,413	9,619	298,502	9,577,534
Operating segment net assets	5,072,266	451,861	69,277	103,823	5,697,227	4,961,737	50,028	97,024	5,108,789
Total liabilities and equity	14,066,221	1,590,781	77,521	422,816	16,157,339	14,231,150	59,647	395,526	14,686,323
	1 st quarter of 2020				1 st quarter of 2019				
Net operating revenue	1,484,248	9,442	-	14,778	1,508,468	1,504,094	14	4,481	1,508,589
Cost of real estate sales and services	(1,070,083)	(8,863)	-	(5,525)	(1,084,471)	(1,024,183)	-	(2,301)	(1,026,484)
Gross profit	414,165	579	-	9,253	423,997	479,911	14	2,180	482,105
Operating income (expenses):									
Selling, general and administrative expenses	(236,691)	(7,193)	(194)	(4,641)	(248,719)	(226,852)	(17)	(4,830)	(231,699)
Other operating income (expenses), net	(30,634)	(73)	(125)	(101)	(30,933)	(24,562)	1	(2,001)	(26,562)
Results from equity interest in investees	(8,896)	-	-	(1,702)	(10,598)	(17,609)	-	(649)	(18,258)
Income before financial income	137,944	(6,687)	(319)	2,809	133,747	210,888	(2)	(5,300)	205,586
Financial result	28,861	(5,123)	41	610	24,389	23,168	(3)	379	23,544
Income before taxes	166,805	(11,810)	(278)	3,419	158,136	234,056	(5)	(4,921)	229,130
Income tax and social contribution	(31,754)	-	-	(566)	(32,320)	(31,913)	-	(428)	(32,341)
Net income for the period	135,051	(11,810)	(278)	2,853	125,816	202,143	(5)	(5,349)	196,789

Except for those mentioned in Note 2.2, the accounting practices and measurement bases for each operating segment are the same as described in Note 2 to the financial statements for the year ended December 31, 2019.

22. Net operating revenue

The table below shows reconciliation between gross and net revenue stated in the income statement for the three-month period ended March 31, 2020 and 2019:

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2020	2019	2020	2019
Gross operating revenue				
Real estate development	1,669,636	1,698,986	906,909	876,106
Bartered real estate units	7,184	9,462	1,793	(979)
Rental revenue	9,442	-	-	-
Cancellations	(113,307)	(142,797)	(59,260)	(60,938)
Allowance for credit risk	(31,749)	(25,042)	(20,864)	(12,213)
Revenue from construction services	539	686	-	-
	1,541,745	1,541,295	828,578	801,976
Taxes on sales	(33,277)	(32,706)	(17,279)	(16,688)
Net operating revenue	1,508,468	1,508,589	811,299	785,288

Amounts related to units under construction recognized in consolidated for the three-month period ended March 31, 2020 and 2019 are as follows:

	Consolidated	
	1 st quarter of	
	2020	2019
Net revenue from units under construction	1,306,525	1,365,864
Costs of real estate sold under construction	(934,838)	(912,713)
Recognized profits	371,687	453,151

The amounts of received advances regarding contracts in progress as at March 31, 2020 and 2019 are R\$113,729 and R\$136,830 respectively.

Other information on 'Net operating revenue' did not change significantly in relation to the information disclosed in Note 22 to the financial statements for the year ended December 31, 2019.

23. Costs and expenses

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2020	2019	2020	2019
Cost of real estate sold and services:				
Financial charges (Note 12 (e))	(45,368)	(47,982)	(26,943)	(29,304)
Cost of rental operations	(8,863)	-	-	-
Land, construction and maintenance costs	(1,030,240)	(978,502)	(557,203)	(520,442)
Total cost of real estate sold and services	(1,084,471)	(1,026,484)	(584,146)	(549,746)
Selling, general and administrative expenses:				
Salaries, charges and benefits	(80,375)	(70,650)	(60,161)	(53,300)
Management compensation	(6,150)	(4,134)	(4,024)	(3,617)
Management and employees profit sharing	(9,073)	(8,352)	(7,820)	(8,349)
Stock option plan expenses	(1,649)	(1,353)	(1,649)	(1,353)
Commissions and brokers' fees	(36,967)	(35,524)	(19,098)	(18,413)
Outside services	(24,020)	(16,296)	(19,719)	(12,515)
Marketing and advertising expenses	(34,189)	(29,376)	(23,404)	(18,369)
Utilities	(3,391)	(3,575)	(2,745)	(2,730)
Depreciation and amortization	(11,733)	(12,111)	(9,841)	(9,775)
Training	(904)	(799)	(552)	(485)
Other expenses	(40,268)	(49,529)	(32,147)	(38,170)
Total selling, general and administrative expenses	(248,719)	(231,699)	(181,160)	(167,076)
Classified as:				
Selling expenses	(148,706)	(147,132)	(94,381)	(89,378)
General and administrative expenses	(100,013)	(84,567)	(86,779)	(77,698)
	(248,719)	(231,699)	(181,160)	(167,076)

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2020	2019	2020	2019
Other operating income (expenses), net				
Provision for civil, labor and tax risks	(10,259)	(11,213)	(6,122)	(6,923)
Real estate credit department	-	(9,907)	-	(8,116)
Results on the sale of property and equipment	(175)	(49)	(6)	(17)
Donatives - Instituto MRV	(1,783)	(910)	(1,783)	(910)
Other:				
Income	1,160	1,769	1,044	1,312
Expenses	(19,876)	(6,252)	(16,183)	(2,362)
Total other operating income (expenses), net	(30,933)	(26,562)	(23,050)	(17,015)

24. Financial expenses and income

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2020	2019	2020	2019
Financial expenses:				
Interest on loans, financing and debentures (Note 12 (e))	(15,237)	(6,721)	(9,086)	(5,972)
Fees and taxes	(2,579)	(2,765)	(1,373)	(1,449)
Other financial expenses (*)	1,742	(3,632)	2,512	(2,916)
	(16,074)	(13,118)	(7,947)	(10,337)
Financial income:				
Short-term investments	6,559	19,822	5,296	15,768
Interest on intercompany loans (Note 19, item 7)	441	216	254	184
Other financial income	6,778	8,322	4,642	4,909
	13,778	28,360	10,192	20,861
Income from real estate development receivables	26,685	8,302	12,507	3,535
	40,463	36,662	22,699	24,396
Financial result	24,389	23,544	14,752	14,059

(*) Includes mark-to-market revenue from swaps in the amount of R\$4,211 in Consolidated and Individual.

25. Financial instruments and risk management

(a) Capital risk management

As at March 31, 2020 and December 31, 2019, the consolidated debt-to-equity ratio is as follows:

	Consolidated		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
Loans, financing and debentures	4,100,979	3,202,158	2,848,061	3,001,666
Cash, cash equivalents and marketable securities	(1,925,423)	(2,085,113)	(1,251,498)	(1,472,219)
Net debt	2,175,556	1,117,045	1,596,563	1,529,447
Equity	5,697,361	5,108,789	5,327,556	4,841,770
Net debt-to-equity ratio	38.2%	21.9%	30.0%	31.6%

(b) Financial instruments categories and fair value

Consolidated	Note	3/31/20		12/31/19	
		Book value	Fair value	Book value	Fair value
Financial assets:					
Amortized cost					
Receivables from real estate development	6	3,072,269	3,072,269	2,708,422	2,708,422
Intercompany receivables	19	40,818	40,818	38,518	38,518
Cash and bank accounts	4	699,819	699,819	557,802	557,802
Receivables from services provided	6	2,653	2,653	1,282	1,282
Fair value through profit or loss (mandatorily measured) (*)		1,268,072	1,254,540	1,572,116	1,572,116
Restricted investment funds	5	609,630	609,630	1,139,288	1,139,288
Unrestricted investment funds	5	6	6	6	6
Bank Certificates of Deposit (CDB)	4 and 5	18,138	18,138	137,713	137,713
Short-term investments	4	289,419	289,419	-	-
U.S. Treasuries	5	13,532	-	-	-
Savings deposits	5	294,663	294,663	250,088	250,088
Real estate consortium	5	216	216	216	216
Derivative financial instruments	25 (b)	42,468	42,468	44,805	44,805
Financial liabilities:					
Amortized cost					
Loans, financing and debentures	12	3,860,579	2,798,854	2,951,535	2,984,254
Land payables	13	4,012,205	4,012,205	4,135,714	4,135,714
Suppliers		391,499	391,499	303,645	303,645
Payables for investment acquisition	19	24,396	24,396	27,919	27,919
Other payables		364,156	364,156	307,756	307,756
Fair value through profit or loss (hedge accounting) (**)		240,400	240,400	250,623	250,623
Loans, financing and debentures	12	240,400	240,400	250,623	250,623

(*) Financial assets recognized in the interim financial statements at fair value with level 2 measurement, using the discounted cash flows valuation technique. Pursuant to CPC 48 / IFRS 9, these financial assets were designated as measured at fair value through profit or loss (FVTPL) because they are managed, and their performance is monitored on a fair value basis.

(**) Financial liabilities recognized in the interim financial statements at fair value with level 2 measurement, using the discounted cash flows valuation technique, according to hedge accounting methodology.

It is not a Group policy to enter into derivative transactions or any other assets for speculative purposes.

The Group entered non-speculative derivative financial instruments to hedge its exposure to the interest rates in loan, financing and debentures and to US dollar. The purpose of these transactions is value hedging by minimizing the impacts of changes in interest rates, by replacing the TR / IPCA / Libor plus fixed spread, fixed rate or US dollar for the interbank deposit rate (CDI) or fixed rate.

As at March 31, 2020, the swap contracts position is as follows:

Type of transaction	Currency	Hiring	Asset / Liability	Maturity	Notional amount	Long position	Short position	3/31/20		Total effect on result		Other comprehensive results
								Derivative fair value	Gain or loss on transaction	Mark-to-market	Mark-to-market	
Swap	R\$	3/16	TR + 13.29% / CDI + 2.55%	3/23	5,743	5,931	5,769	512	162	350	-	
Swap (*)	R\$	3/17	IPCA + 8.25% / 132.2% CDI	2/22	80,000	89,846	80,480	16,401	9,366	7,035	-	
Swap (*)	R\$	9/17	IPCA + 6.45% / 122.1% CDI	9/24	121,200	138,074	124,895	21,970	13,179	8,791	-	
Swap	US\$	2/20	Dollar + 4% / 76% CDI	2/25	47,000	889	565	3,585	325	-	3,260	
Swap	US\$	11/19	Dollar libor / 1,60%	11/29	35,000	-	-	(18,589)	(61)	-	(18,589)	
								23,879	22,971	16,176	(15,329)	
								Consolidated		Individual		
Noncurrent assets								42,468		41,956		
Noncurrent liabilities								(18,589)		-		

(*) Derivatives designed as hedge instruments, according to hedge accounting methodology.

	Effect on results / other comprehensive results					
	Consolidated			Individual		
	Gain on transaction	Mark-to-market	Total	Gain on transaction	Mark-to-market	Total
1st quarter of 2020:						
Effect on results	3,995	(8,600)	(4,605)	3,995	(8,616)	(4,621)
Other comprehensive results	-	(15,329)	(15,329)	-	(15,329)	(15,329)

As at December 31, 2019, the swap contracts position was as follows:

Type of transaction	Hiring	Asset / Liability	Maturity	Notional amount	Long position	Short position	12/31/19	Total effect on result	
							Derivative fair value	Gain or loss on transaction	Mark-to-market
Swap	3/16	TR + 13.29% / CDI + 2.55%	3/23	6,221	6,425	6,250	508	175	333
Swap (*)	3/17	IPCA + 8.25% / 132.2% CDI	2/22	80,000	90,786	82,089	18,415	8,697	9,718
Swap (*)	9/17	IPCA + 6.45% / 122.1% CDI	9/24	121,200	134,523	123,365	25,882	11,158	14,724
							44,805	20,030	24,775
								Consolidated	Individual
Noncurrent assets								44,805	44,297

(*) Derivatives designed as hedge instruments, according to hedge accounting methodology.

	Effect on results					
	Consolidated			Individual		
	Gain on transaction	Mark-to-market	Total	Gain on transaction	Mark-to-market	Total
1 st quarter of 2019	2,492	(2,646)	(154)	2,510	(2,701)	(191)

Fair value measurement of these derivative financial instruments is carried out through discounted cash flows at market rates as at the balance sheet date. Impacts on profit or loss related to derivatives above are recognized in line item "Financial expenses" and "Financial income", according to their nature.

As at March 31, 2020 and December 31, 2019, the Group does not have financial instruments not recognized in its financial statements.

Hedge accounting

The Group formally designated derivative financial instruments (swap type) as a hedging instrument and debentures as hedged items, establishing a relationship of economic protection between them, according to the hedge accounting methodology. This designation was classified as a fair value hedge, since it reduces the market risk arising from the fair value fluctuations of the respective debentures. In this way, both the derivatives and the debentures are measured at fair value through profit and loss, with the expectation that changes in fair values will compensate each other. Additionally, the Group contracted swap derivative financial instruments to hedge interest payments on debts denominated in US dollars or subject to floating rates, formally designating them as a hedging instruments and the interest payments on these debts as hedged items, respectively. These designations were classified as cash flow hedge, with the effects of changes in equity. The critical terms of the instruments are as follows:

	Hedging instrument (swap)		Hedged item	Hedging instrument (swap)		Hedged item
	Long position	Short position	9 th issue (3 rd series)	Long position	Short position	11 th issue (3 rd series)
Notional value	80,000		80,000	121,200		121,200
Hiring date	3/17		3/17	9/17		9/17
Maturity date	2/22		2/22	9/24		9/24
Rates	IPCA + 8.25%	132.20% CDI	IPCA + 8.25%	IPCA + 6.45%	122.10% CDI	IPCA + 6.45%

	Hedging instrument (swap)		Hedged item (*)	Hedging instrument (swap)		Hedged item (*)
	Long position	Short position	Interest in dollars	Long position	Short position	Variable interest
Notional value	47,000		47,000	35,000		35,000
Hiring date	2/20		2/20	11/19		11/19
Maturity date	2/25		2/25	11/29		11/29
Rates	Dollar + 4%	76% CDI	Dollar + 4%	Dollar libor	1.60%	Dollar libor

(*) The hedged item refers to interest payments in US dollars.

The effects of hedge accounting on balance sheet and the statement of income are as follows:

Fair value hedge	Notional value	Rates	Fair value	Effects on results	Fair value	Effects on results
			3/31/20	1 st quarter of 2020	12/31/19	1 st quarter of 2019
9 th issue (3 rd series)	80,000	IPCA + 8.25%	(96,066)	(3,646)	(100,660)	5,845
11 th issue (3 rd series)	121,000	IPCA + 6.45%	(144,334)	(9,180)	(149,963)	(6,160)
Loans, financing and debentures (Hedged items)	201,000		(240,400)	(12,826)	(250,623)	(315)
		Long position				
Swap	80,000	IPCA + 8.25%	96,066	3,646	100,660	(5,845)
Swap	121,000	IPCA + 6.45%	144,334	9,180	149,963	6,160
Derivative financial instruments (Hedging instruments)	201,000		240,400	12,826	250,623	315
		Short position				
		132.20% CDI	(79,681)	(963)	(82,245)	1,725
		122.10% CDI	(122,348)	(3,247)	(124,081)	(2,292)
			(202,029)	(4,210)	(206,326)	(567)
		Swap net position	38,371	8,616	44,297	(252)
		Total net position	(202,029)	(4,210)	(206,326)	(567)

Cash flow hedge	Notional value	Rates	Fair value	Other comprehensive results	Fair value	Other comprehensive results
			31/03/20	1 st quarter of 2020	31/12/19	1 st quarter of 2019
Operação de swap		Pontas ativas				
Instrumento financeiro derivativo (Instrumento de hedge)	US\$ 47,000	Dólar + 4%	47,540	7,215	-	-
			47,540	7,215	-	-
		Pontas passivas				
		76% CDI	(43,955)	(3,955)	-	-
			(43,955)	(3,955)	-	-
		Posição líquida swap	3,585	3,260	-	-
Operação de swap		Pontas ativas				
Instrumento financeiro derivativo (Instrumento de hedge)	US\$ 35,000	Libor dólar	10,215	10,215	-	-
			10,215	10,215	-	-
		Pontas passivas				
		1.60%	(28,802)	(28,804)	-	-
			(28,802)	(28,804)	-	-
		Posição líquida swap	(18,587)	(18,589)	-	-
		Posição líquida total	(15,002)	(15,329)	-	-

(c) Risk management

Market risk

The Group conducted a sensitivity analysis for financial instruments exposed to changes in interest rates and financial indicators. The sensitivity analysis was developed considering the exposure to changes in the indexes of financial assets and financial liabilities, considering the net exposure of these financial instruments as at March 31, 2020, as if such balances were outstanding during the next twelve months, as detailed below:

Exposed net financial asset and exposed financial liability, net: the change in the rate estimated for 2020 (“probable scenario”) compared to the effective rate for twelve-month period ended in March 31, 2020, multiplied by the exposed net balance as at March 31, 2020, was used to calculate the financial impact, had the probable scenario materialized in 2020. For the impact estimates, a decrease in financial assets and an increase in financial liabilities were considered, at the rate estimated for 2020 of 25% for the possible scenario and 50% for the remote scenario.

Index	Financial asset	Financial liability	Net exposed financial asset (liability)	Effective rate for the year ended 12/31/19	Annual rate estimated for 2020 (*)	Rates changes for each scenario	Total estimated financial impact	Estimated impact on net income and equity
Probable scenario								
CDI	985,937	(2,889,741)	(1,903,804)	5.43%	3.23%	(i) -2.20%	41,884	22,075
IGP-M	126,791	(317,567)	(190,776)	6.82%	4.57%	(i) -2.25%	4,292	2,262
INCC (ii)	846,895	(551,448)	295,447	4.35%	1.17%	(i) -3.18%	(9,395)	(9,395)
TR	300,406	(211,996)	88,410	0.00%	0.01%	(i) 0.01%	9	5
IPCA	405,073	(319,975)	85,098	3.30%	0.70%	(i) -2.60%	(2,213)	(1,166)
							<u>34,577</u>	<u>13,781</u>
Scenario I								
CDI	985,937	(2,889,741)	(1,903,804)	5.43%	4.04%	-1.39%	26,463	13,947
IGP-M	126,791	(317,567)	(190,776)	6.82%	5.71%	-1.11%	2,118	1,116
INCC	846,895	(551,448)	295,447	4.35%	0.87%	-3.48%	(10,282)	(10,282)
TR	300,406	(211,996)	88,410	0.00%	0.01%	0.01%	9	5
IPCA	405,073	(319,975)	85,098	3.30%	0.53%	-2.77%	(2,357)	(1,242)
							<u>15,951</u>	<u>3,544</u>
Scenario II								
CDI	985,937	(2,889,741)	(1,903,804)	5.43%	4.85%	-0.58%	11,042	5,820
IGP-M	126,791	(317,567)	(190,776)	6.82%	6.85%	0.03%	(57)	(30)
INCC	846,895	(551,448)	295,447	4.35%	0.58%	-3.77%	(11,138)	(11,138)
TR	300,406	(211,996)	88,410	0.00%	0.01%	0.01%	9	5
IPCA	405,073	(319,975)	85,098	3.30%	0.35%	-2.95%	(2,510)	(1,323)
							<u>(2,654)</u>	<u>(6,666)</u>

(i) Data obtained on B3's website.

(*) Effective change for the first three months of 2020 plus a projection for the next nine months of 2020.

The total financial effect estimated, basically pegged to CDI, would be substantially recognized in real estate for sale and development and allocated to profit or loss as the real estate units were sold. Thus, the estimated effect on net income and equity is net of the remaining portion in real estate for sale.

Liquidity risk

The Chief financial officer is responsible for the management of the liquidity risk and periodically reviews the cash flow projections, using stress scenarios and assesses the possible funding requirements in line with the equity structure and the indebtedness to be maintained by the Group. These analyses are periodically submitted to the Board of Directors.

Liquidity and interest rate risk table

The undiscounted cash flows of financial liabilities, based on the earliest date on which the Group must settle the related obligations and on the projection for each index at March 31, 2020 through contractual maturity, are as follows:

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Consolidated:					
Floating rates liabilities	1,338,799	1,158,253	510,792	2,033,151	5,040,995
Fixed rates liabilities	40,301	37,326	37,557	635,193	750,377
Non-interest bearing liabilities	590,409	921,231	712,824	886,031	3,110,495
Total	<u>1,969,509</u>	<u>2,116,810</u>	<u>1,261,173</u>	<u>3,554,375</u>	<u>8,901,867</u>
Individual:					
Floating rates liabilities	968,786	916,394	466,386	2,004,544	4,356,110
Fixed rates liabilities	12,723	9,600	8,344	83,304	113,971
Non-interest bearing liabilities	385,210	662,195	636,389	796,954	2,480,748
Total	<u>1,366,719</u>	<u>1,588,189</u>	<u>1,111,119</u>	<u>2,884,802</u>	<u>6,950,829</u>

The Group has financial assets (basically represented by cash and cash equivalents marketable, securities, and receivables from real estate development) that it considers sufficient to honor its commitments arising from its operating activities.

(d) Foreign exchange risk

As mentioned in item (b) above, the Company contracted derivative financial instruments of the swap type to protect interest payments on debt in US dollars. The Group formally designated this derivative instrument as a hedge instrument and debt interest as hedged item, establishing an economic relationship between them, according to the hedge accounting methodology. This designation was classified as a cash flow hedge, with the effects of changes in equity.

Sensitivity analysis

The group has loans and financing and other balances denominated in US dollars. These loans are recorded in foreign subsidiaries abroad, whose functional currency is the US dollar. Thus, according to financial statements translation rules, the assets and liabilities of these entities are being translated using the closing exchange rates, with the impacts of exchange variations recognized in other comprehensive income, in equity.

The Group estimated, as a probable scenario, a dollar of R\$5.46, this is 5% above the closing exchange rate of March 31, 2020 (R\$5.1987) and performed a sensitivity analysis of the effects on the Company's results and equity, arising from 25% and 50% depreciation of the Real in relation to the book value, as shown below:

Exchange rate exposure	Dollar value	Book value	Probable scenario	Possible scenario	Remote scenario
		R\$5.20	R\$5.46	R\$6.83	R\$8.19
Loans and financing	(199,363)	(1,036,428)	(1,088,250)	(1,360,312)	(1,632,375)
Suppliers	(12,971)	(67,432)	(70,804)	(88,505)	(106,206)
(-) Cash, cash equivalents and marketable securities	29,910	155,493	163,268	204,085	244,902
Exposed net liabilities	(182,424)	(948,368)	(995,786)	(1,244,733)	(1,493,679)
Net effect on income			-	-	-
Net effect on equity			(47,418)	(296,365)	(545,311)

(e) Credit risk

The credit risk of the Company's operations, especially with regard to accounts receivable, is managed based on specific customer acceptance standards, credit rating, and the setting of exposure limits per customer. Trade accounts receivables are substantially collateralized by the real estate units themselves and there is no customers concentration, which reduce exposure to credit risk. Additionally, the Group recognize allowance for expected credit loss, as detailed in Note 2.2 (e) to the financial statements for the year ended December 31, 2019.

(f) Social and Environmental risks

Social and Environmental risks in the Group operating activities are related to various environmental and labor laws and regulations involving licenses, registrations, among others. The risks are managed in the form of mitigation of environmental and community impacts, as well as guaranteeing decent work conditions, observing compliance with the Company's Code of Conduct by our employees, partners and suppliers.

Other information on 'Financial instruments and risk management' is not significantly different from the information disclosed in Note 24 to the financial statements for the year ended December 31, 2019.

26. Current and deferred taxes

Deferred tax liabilities are broken down as follows:

	Consolidated		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
Income tax (IRPJ)	36,515	31,742	17,783	15,262
Social contribution (CSLL)	19,169	16,653	9,289	7,969
Total - IRPJ and CSLL	55,684	48,395	27,072	23,231
Tax on revenue (PIS)	10,768	9,328	5,276	4,481
Tax on revenue (COFINS)	49,881	43,171	24,335	20,923
Total - PIS and COFINS	60,649	52,499	29,611	25,404
Total	116,333	100,894	56,683	48,635
Current	61,851	54,378	31,348	27,303
Noncurrent	54,482	46,516	25,335	21,332
	116,333	100,894	56,683	48,635

Changes in deferred income tax (IRPJ) and social contribution (CSLL) liabilities for the three-month period ended March 31, 2020 and 2019 are as follows:

	Consolidated		Individual	
	1 st quarter of		1 ^o semestre de	
	2020	2019	2020	2019
Opening balance	(48,395)	(40,426)	(23,231)	(17,012)
Effect of deferred IRPJ and CSLL recognized in:				
Net income	(7,289)	(3,659)	(3,841)	(2,268)
Closing balance	(55,684)	(44,085)	(27,072)	(19,280)

The effects of corporate income tax (IRPJ) and social contribution on income (CSLL) on temporary differences are shown as follows:

	Consolidated		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
Effects of IRPJ and CSLL on:				
Portion not received for real estate development	(57,063)	(49,972)	(27,908)	(24,237)
(-) Advances from customers	1,379	1,577	836	1,006
Net amount	(55,684)	(48,395)	(27,072)	(23,231)

Reconciliation of income tax and social contribution expenses at the statutory and effective rates for the three-month period ended March 31, 2020 and 2019 is as follows:

	Consolidated	
	1 st quarter of	
	2020	2019
Revenue from real estate development - subsidiaries	697,795	728,192
Nominal tax rate (*)	1.92%	1.92%
IRPJ and CSLL tax expenses on:		
Real estate development	(13,398)	(13,981)
Financial income - subsidiaries (**)	(1,202)	(2,550)
IRPJ and CSLL in subsidiaries	(14,600)	(16,531)
IRPJ and CSLL in Individual	(16,955)	(15,969)
Other	(765)	159
Expenses in profit or loss	(32,320)	(32,341)
Breakdown of expense in profit or loss - Consolidated:		
Current	(25,031)	(28,682)
Deferred	(7,289)	(3,659)
	(32,320)	(32,341)

(*) Tax rate for earmarked assets projects that opted for the special taxation regime (RET), as detailed in Note 2.2 (p) to the financial statements for the year ended December 31, 2019.

(**) Financial income of subsidiaries is taxed at 34%

	Individual	
	1 st quarter of	
	2020	2019
Income before income tax and social contribution	121,360	204,622
Tax rate - IRPJ and CSLL	34%	34%
Nominal expense	(41,262)	(69,571)
Effects of IRPJ and CSLL on:		
Results from equity participation	32,706	47,298
Earmarked assets	(7,264)	13,771
Other permanent add-back	(1,135)	(7,467)
Expenses in profit or loss	(16,955)	(15,969)
Breakdown of expense in profit or loss - Individual:		
Current	(13,114)	(13,701)
Deferred	(3,841)	(2,268)
	(16,955)	(15,969)

27. Noncash transactions

During the three-month period of 2020 and 2019, the Company and its subsidiaries conducted the following financing and investment transactions that did not involve cash, thus is not reflected in the statement of cash flows:

	Consolidated		Individual	
	1 st quarter of		1 st quarter of	
	2020	2019	2020	2019
Capitalized financial charges (Note 12 (e))	38,391	50,025	34,248	41,845
Right-of-use (CPC 06 (R2) initial adoption) (Note 10)	-	70,971	-	70,971
Acquisition of AHS Residential	383,871	-	347,610	-

28. Unappropriated revenues, costs to be incurred and cancellations

In compliance with Circular Letter No. 02/2018 dated December 12, 2018, which deals with revenue recognition of sale contracts of uncompleted real estate units of Brazilian publicly traded companies, hereby is presented the following information, mainly related to revenues to be appropriated, costs to be incurred and cancellations of units under construction.

	Consolidado		Individual	
	3/31/20	12/31/19	3/31/20	12/31/19
Projects under construction				
(i) Unappropriated revenues from sold units				
<u>Projects under construction:</u>				
(a) Revenues from contracted sales	51,948,325	49,958,641	31,270,685	30,176,015
Appropriated revenues				
Appropriated revenues	(50,110,648)	(48,336,244)	(30,098,441)	(29,098,601)
Cancellations - Reversed revenues	9,077	6,809	4,312	3,373
(b) Appropriated revenues, net	(50,101,571)	(48,329,435)	(30,094,129)	(29,095,228)
Unappropriated revenues (a + b)	1,846,754	1,629,206	1,176,555	1,080,787
(ii) Indemnity revenue from cancellations	169	89	56	56 (*)
(iii) Unappropriated revenues from contracts from non-qualifying contracts for revenue recognition	1,868	791	655	555 (*)
(iv) Provision for cancellations				
Adjustments on appropriated revenues	9,077	6,809	4,312	3,373
Adjustments on receivables from real estate development	(8,230)	(6,363)	(4,033)	(3,093)
Indemnity revenue from cancellations	(169)	(89)	(56)	(56)
Liability - Rebates from cancellations	678	357	223	224
(v) Budgeted costs to be appropriated of sold units (**)				
Projects under construction				
(a) Budgeted cost	16,613,382	16,636,095	9,566,580	9,745,233
<u>Incurring cost:</u>				
Construction cost	(15,505,508)	(15,662,619)	(8,855,098)	(9,088,294)
Construction cost - cancellations	3,661	2,335	1,609	1,231
(b) Incurring cost, net	(15,501,847)	(15,660,284)	(8,853,489)	(9,087,063)
Costs to be incurred of sold units (a + b)	1,111,535	975,811	713,091	658,170
(vi) Budgeted costs to be appropriated of units in inventory (**)				
Projects under construction				
(a) Budgeted cost	5,223,746	5,509,129	3,015,870	3,263,301
(b) Incurring cost	(2,263,892)	(2,359,324)	(1,241,789)	(1,292,122)
Cost to be incurred of units in inventory (a + b)	2,959,854	3,149,805	1,774,081	1,971,179

(*) Amounts referring to contracts that comprise the provision for cancellations

(**) Does not consider financial cost

29. Insurance

The Group has an insurance policy that considers primarily risk concentration and their materiality, taking into consideration the nature of its business, and advice of the insurance brokers. As at March 31, 2020, insurance coverage is as follows:

Items	Type of coverage	Insured amount
Construction insurance (engineering risk)	Insures, during the project construction period, any compensation for damages caused to the construction, such as: fire, lightning, theft, and other specific coverage of facilities and assemblies of the insured site.	12,634,625
Professional liability for property damages	Insures the payment of indemnities from borrower or property owner claims against the builder and/or the engineer in charge, duly registered with the CREA/CAU (Regional Engineers and Architects professional Association), related to design errors, construction defects, and/or use of incorrect materials, over a five-year period after the issue of the occupancy permit.	267,354
Warranty insurance after delivery	Insures the maintenance and resolution of construction issues during up to five years, concerning damages provided for in the Consumer Bill of Rights.	390,221
Multi-peril insurance	Insures the completion of a project construction, compensation for damages caused by fire, lightning, windstorm, electrical damages, and glass shattering.	554,192
Civil liability civil (works under construction)	Insures payments, up to the insured ceiling amount, of compensation for which the Company is held liable for involuntary bodily injuries or property damages caused to third parties.	893,500
Builder guarantee insurance	Insures the project financier that construction will be completed in the event of technical and/or financial inability by the Company.	1,845,289
Sundry risks insurance	Insures the payment to the financial agent of compensation for property damages caused to financed/leased equipment.	7,253
Civil liability (officers)	Insures the coverage of pain and suffering payable by Company officers (D&O).	120,000
Auto	Insures payment to the Company of any amounts arising from damages to insured vehicles, such as theft, collision, property damages, and bodily injuries to passengers.	1,055
Lenders insurance	Insures that the Company will receive the outstanding balance of a property sold in case of lender's death.	27,945
Group life and personal injury insurance	Insures payment of compensation related to involuntary personal injuries to employees, contractors, interns, and officers.	773,325
Residential	Insures payment of compensation to the Company for covered events in leased residential properties, events such as electric damages, fire, lightning, windstorm, etc.	20,105
Corporate insurance	Insures payment of compensation to the Company for covered events occurring in leased commercial properties, events such as electric damages, fire, lightning, windstorm, etc.	99,825
Aircraft insurance	Insures payment of compensation to the Company for damages to aircraft hulls, covered risks, such as expense and liability payment reimbursements claimed from the Company due to the use of insured aircraft.	474,868
Legal guarantee insurance	Insures to the policyholder the payment of any disputed amount in full related to any lawsuit filed with any court or threatened. The contracted guarantee replaces escrow deposits.	137,439
Infrastructure insurance	Insures to City authorities the completion of any infrastructure works required under licensing procedures of the projects under construction.	27,085
Property delivery insurance	Insures to the barterers the delivery of the units subject matter of the Barter Instrument entered into by the parties.	202,825
Warranty insurance for Infrastructure	It guarantees the execution of infrastructure works in the project construction required by the financial institution to make the project feasible.	264,225
Rent Guarantee Insurance	It guarantees indemnification to the lessor the receipt of rent, property tax, condominium and ancillary expenses if they are not paid by the lessee.	113

30. AHS Residential acquisition

On January 31, 2020, the merger of MDI Desenvolvimento Imobiliário Ltda. ("MDI") was approved in Extraordinary Shareholders' Meeting, which held stake in AHS Residential LLC ("AHS Residential") through ASH Development LLC ("ASH Development"), a holding company domiciled in the United States. On the same date, the Company's investment in AHS Development (after the incorporation of MDI) was transferred to its wholly-owned subsidiary MRV (US) Holdings Corporation, domiciled in Delaware, United States.

AHS Residential is a limited liability company, incorporate in the State of Florida, United States, until then controlled by the Company's controlling shareholder, engaged in developing real estate projects and subsequent renting and, depending on market conditions, sale of the residential projects to investors and real estate funds in the United States.

This acquisition aims to consolidate the alignment of interests of the Company and AHS Residential's shareholders, as well as ensuring that future business opportunities are fully exploited by the Group. This transaction brings several benefits such as: expansion of shareholder value, through access to the profitable North American market; markets diversification in line with the Company's strategy in search of being a complete housing platform, reaching more customers and sources of funding; synergies between North American and Brazilian operations in properties management, including the exchange of technologies, headcount, processes and methods, among others.

As the mentioned acquisition involves entities under common control, the acquired assets and liabilities were incorporated considering the historical cost, as shown below:

	Book value
Assets	
Cash and cash equivalents	12,719
Investment properties	998,350
Other assets	52,327
Total assets	1,063,396
Liabilities	
Loans and financing	626,126
Other payables	40,680
Total liabilities	666,806
Net assets	396,590
(-) Non-controlling shareholders	(48,980)
Acquired net assets	347,610

For the control acquisition, on January 31, 2020, 37,286,595 new common shares of the Company were issued, registered, book-entry and without par value (note 20, item (a)) and a stock warrant for certain number of shares to be determined as follows:

- a) 8,882,794 common, registered, book-entry shares with no par value issued by the Company, equivalent to 2% of the Company's capital stock on December 26, 2019, if the internal rate of return (IRR) of the Company's investment in AHS Residential (in dollar) is greater than 15% per year, calculated in the period between the date of the merger and the date of calculation of AHS Residential's Net Asset Value (NAV), to be carried out during the year 2027; or
- b) 13,324,191 common, registered, book-entry shares with no par value of the Company, equivalent to 3% of the Company's capital stock on December 26, 2019, if the internal rate of return (IRR) of the Company's investment in AHS Residential (in dollar) is greater than 20% per year, calculated in the period between the date of the merger and the NAV calculation date of AHS Residential, to be carried out during the year 2027.

The stock warrant was measured at fair value on the transaction date for R\$28,905 and, as of this date, changes in fair value are recognized in profit or loss.

31. Commitments

The Company usually makes marketing investments in clubs and activities related to sports. Currently, it is in negotiation phase for acquiring Clube Atlético Mineiro's new stadium naming rights, as well as contracting additional sports sponsorships, with the same club. Formalization of this transaction and consequent concretization of this investment will not be made before the conclusion of referred to negotiations and without all the procedures provided for in the Company's Bylaws and Policies for in the Company's Bylaws and Policies.

As result, no provision related to this transaction was recorded on these interim financial statements as of March 31, 2020.

32. COVID-19 impacts on quarterly information

In compliance with CVM's Circular Letter No. 02/2020 of March 10, 2020, which deals with the effects of COVID-19 on the Company's interim financial statements, Management assessed the impacts of the main risks and uncertainties that could affect the quarterly information presented herein, these being:

- Cash equivalents and marketable securities (Note 4 and 5): Changes in issuers' ratings may lead to the recognition of impairment adjustments on these assets.
- Trade receivables (Note 6): Eventually higher defaults due to credit risk increase.
- Inventories – Real estate for sale (Note 7): recognition of idleness of fixed production costs and possible risks related to selling inventories.

The Company's management assessed the items above and understood that, until the issuance date of this quarterly information, there are no material impacts that could affect them, as well as there was no indication that could compromise the continuity of the Group's business (going concern assumption). For "Receivables from real estate development", an additional allowance for credit risk was recorded in the amount of R\$8,867, in order to anticipate possible losses due to economic environment deterioration arising from COVID-19 pandemic.

Aiming to preserve and reinforce cash, the Company raised funds and rolled over debts, as described in Note 33 below.

33. Subsequent event

Funding

In April and May 2020, the Company raised R\$490,000, as follows:

Type	Serie	Funding date	Repayment of principal	Interest payment	Maturity of principal	Contractual rate (p.a.)	Funding amount
Debenture - 16 th Issue	Single	4/20	Annual	Semiannual	4/23 to 4/25	CDI + 1.50%	100,000
Debenture - 17 th Issue	Single	4/20	Quarterly	Quarterly	4/21 to 4/23	CDI + 3.00%	50,000
CRI (Bank Credit Notes)	-	4/20	Annual	Quarterly	4/21 to 4/22	CDI + 3.10%	200,000
Debenture - 4 th issue - Urba)	Single	4/20	Annual	Semiannual	4/23 to 4/25	CDI + 1.50%	40,000
Commercial promissory note - 1 st issue	-	5/20	Bullet payment	Semiannual	5/21	CDI + 2.50%	100,000
							<u>490,000</u>

Project Loan AHS rollover

In May 2020, AHS renegotiated the Mangonia Lake project loan in the amount of R\$139,117 (US\$26,760) with original maturity in September 2020 to May 2023.

Portaria ME 139, of April 3, 2020, amended by Portaria ME 150, of April 7, 2020 – Medidas Provisórias 927 and 932, of March 22 and 31, 2020, respectively

The Group opted for the term extension for payments of federal taxes related to March and April 2020, which will be paid in the maturity terms of July and September 2020, respectively, in accordance with Portaria ME 139 and 150. Thus, taxes that would be paid in April and May 2020 will be paid in August and October 2020, in the amounts of R\$8,946 and R\$9,286, respectively.

According to Medida Provisória 927, of March 22, 2020, the Group also opted for the term extension for FGTS payment by employers, referring to March, April and May 2020, maturing in April, May and June, respectively. Payments related to the above-mentioned months, in the approximate total amount of R\$11,110, will be paid in six monthly installments, starting in July 2020.

According to Medida Provisoria 932, of March 31, 2020, there was a reduction in the contributions rates to autonomous social services in months March to June 2020.

34. Approval of the Financial Statements

These interim financial statements were analyzed by the Fiscal Board and authorized for issue by the Board of Directors on May 28, 2020.