

EARNINGS RELEASE

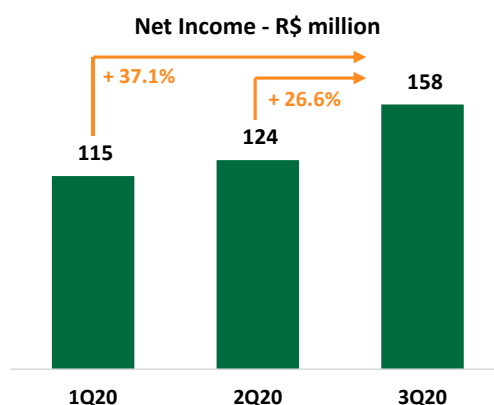
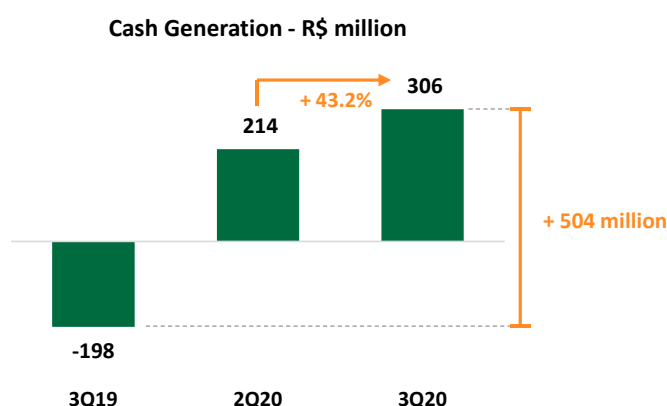
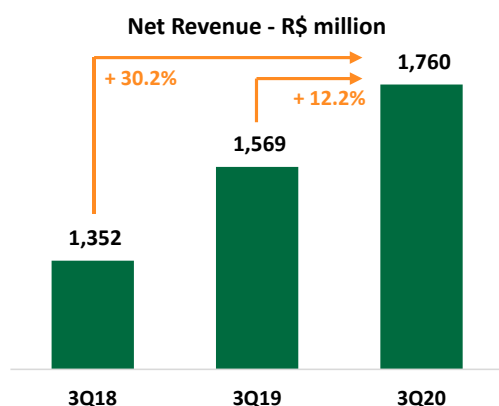
3rd Quarter 2020

3rd Quarter 2020 Results

Belo Horizonte, November 11, 2020 – MRV Engenharia e Participações S.A. (B3: MRVE3), the largest residential housing developer in Latin America posts its results for the third quarter of 2020 (3Q20). 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

- **Largest Cash Generation in the history of the Company, reaching R\$ 306 million in the 3Q20;**
- **Record Pre-Sales for the third consecutive quarter**, totaling R\$ 1.97 billion with 12,183 units sold, an increase of 41.1% compared with 3Q19 and 8.3% compared with the 2Q20;
- **Highest Net Revenue in the company's history, reaching R\$ 1.760 million in 3Q20**, representing a 12.2% increase as compared to 3Q19;
- **26.6% increase in Net Income as compared to 2Q20, reaching R\$ 158 million**
- **Resumption of Launches**, reaching a total of R\$ 1.87 billion launched, amounting in 11,106 units, an increase of 15.0% compared to the 3Q19 and 99.0% compared to the 2Q20;
- **Increase in Speed of Sales (SoS - Sales over Supply), reaching 21.2%**, the largest speed since 1Q14, equal to an increase of 6.3 p.p. compared with the 3Q19 and 1.5 p.p. compared to the 2Q20.



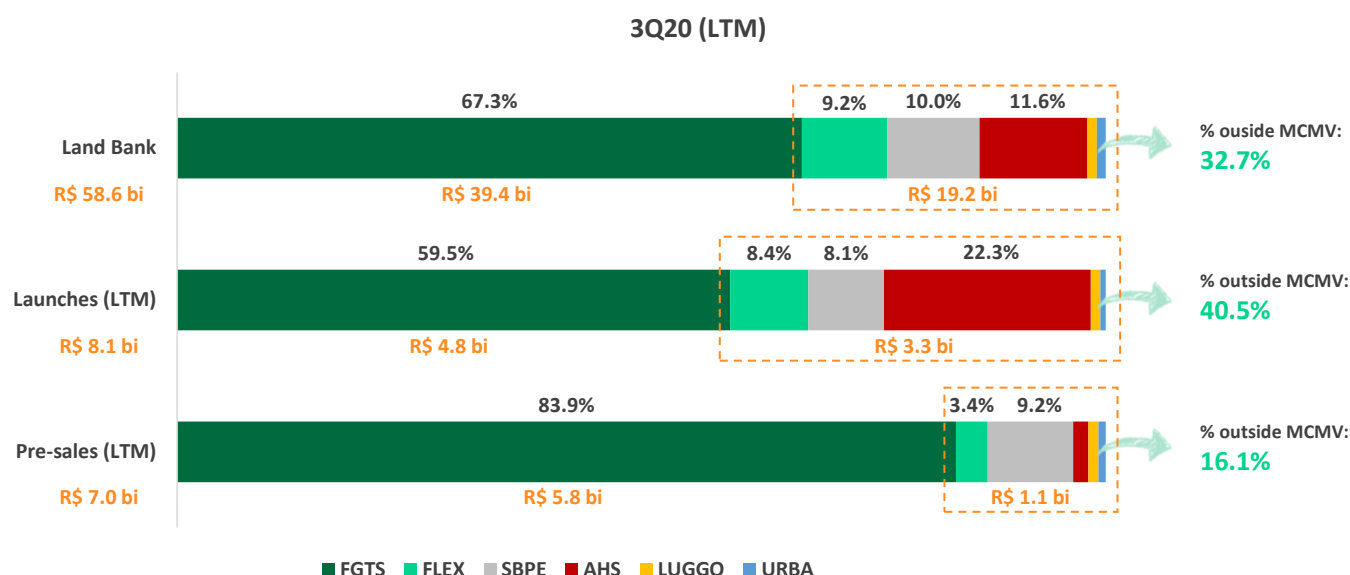
Message from the Board

A Multi-funding Housing Platform

3Q20 has once again strengthened MRV's assertive strategy of maintaining a winning commercial dynamic that has resulted **in record-breaking sales for the company, totaling R\$ 1.97 billion in Net Sales.**

MRV has continued to diversify both its business and product range, aiming to better absorb growing market demand. Fueled by its consolidated national presence, **the company's goal remains to offer products suited for families with incomes ranging from R\$ 2,000 – R\$ 11,000 Brazilian reais** per month, ranging from units targeting the Programa Casa Verde e Amarela (CVA), formerly known as the Minha Casa Minha Vida program (MCMV) the government-sponsored housing program, to units rental, land plots and projects targeting mid-income families that rely on SBPE funding.

MRV holds a land bank that is prepared to handle diversified growth including properties targeting the FGTS funding (CVA) government-sponsored housing programs, SBPE funding (Premium Line funding) and direct investors (LUGGO, Urba and AHS) as shown below:



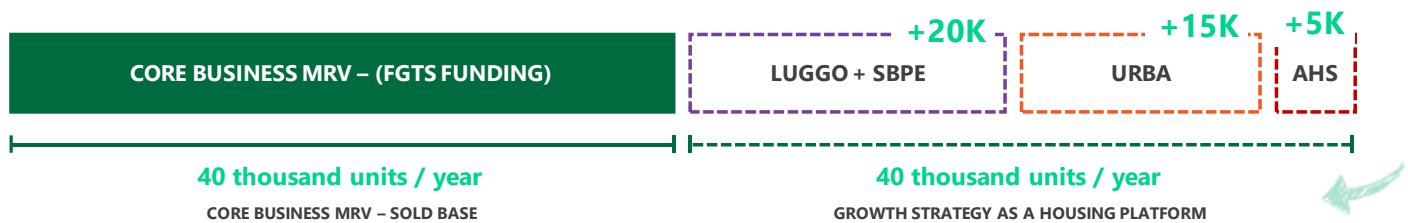
Note: The launch criteria for Luggo and AHS is the time when the projects are made available for sale.

MCMV bracket 3 clients and products are considered "Flex", that is, eligible for funding under the Casa Verde Amarela the government housing program (CVA), using FGTS, or by SBPE, depending on individual conditions and preferences of the client.

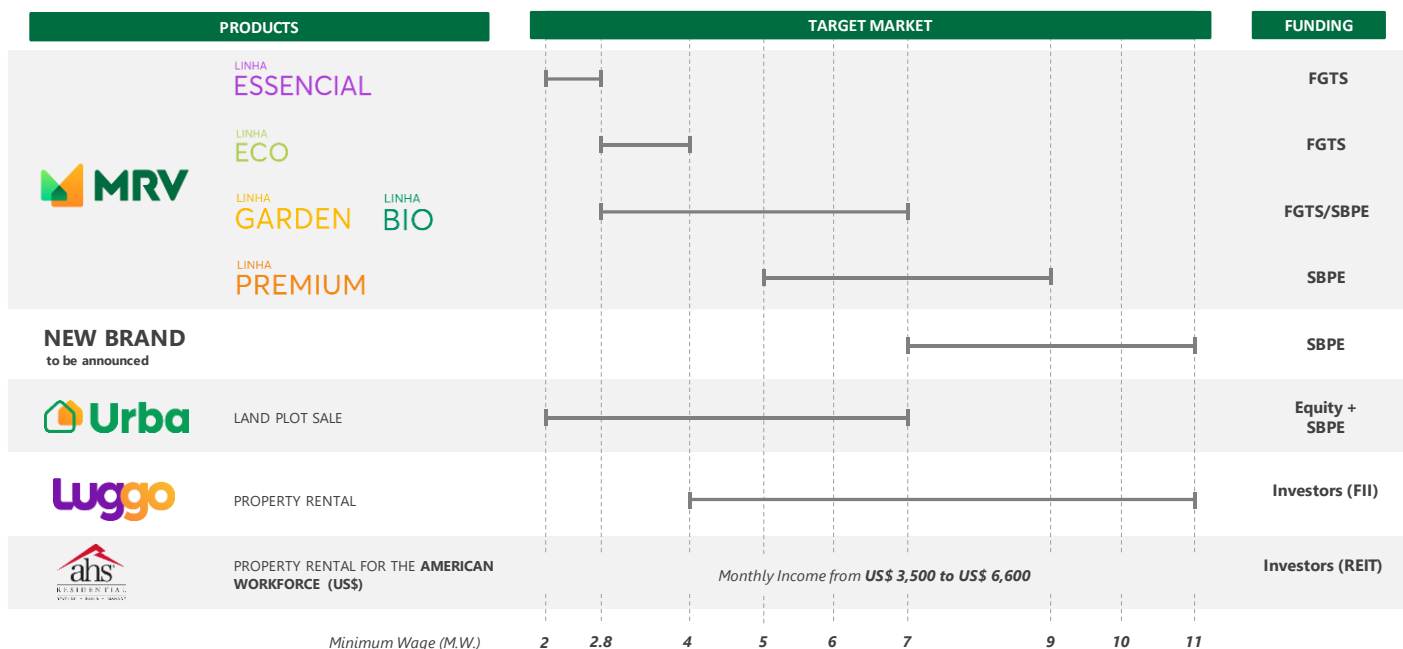
The diversification strategy seeks to **extend and broaden sources of funding, beyond FGTS** government-sponsored funding and the CVA housing program. **This has allowed MRV to remain its standing as a long-term major player in the government sponsored program**, while adding significant **expansion of its operation through products, targeting other sources of funding.**

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As a complete housing platform, **MRV no longer is restricted to the CVA affordable housing program**, and has been able to add its **Premium Line**, targeting families sitting immediately above the government sponsored program (financed by SBPE funding), the company's **URBA** land plot development branch and rental projects to be sold off to a REIT and investors such as **Luggo in Brazil** and **AHS in the United States** (Florida, Georgia and Texas).

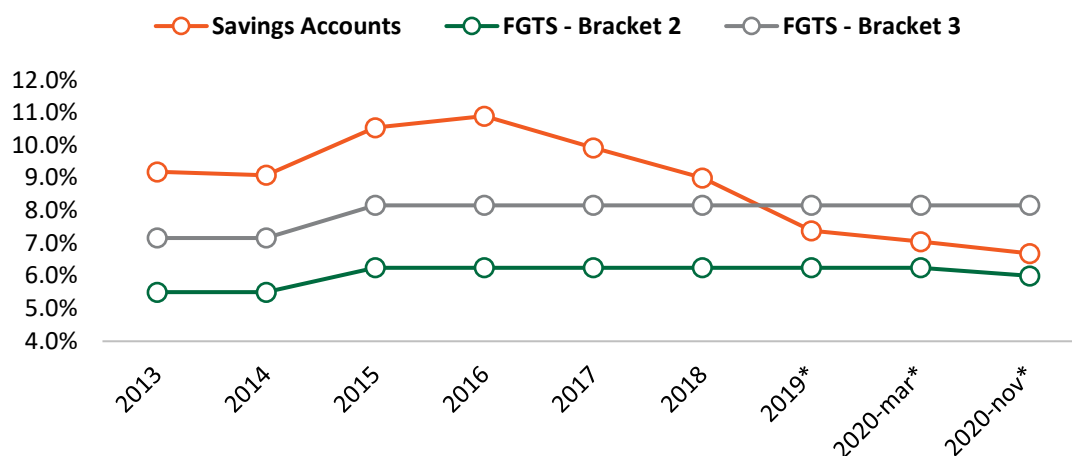


New Interest Rate Outlooks in Brazil

As a result of **the new interest rate outlook in Brazil**, interest rates for real estate financing continue to fall, not only in private banks but also Caixa Econômica Federal (CEF), but has also been boosted by the creation of new forms of financing such as the IPCA+ and Poupança+ programs, and **has resulted in a spike in consumer purchasing power and the expansion of MRV's target market**.

It is currently **more financially sound for individuals from the Level 3 CVA government housing program to finance the purchase of real estate through SBPE funding than financing through the program using FGTS funding**. These are referred to as flex products. This has been extremely important since it **allows families to finance the purchase of their home without depending on or overwhelming the CVA and FGTS government's housing program**.

Fixed Interest Rate - Savings Accounts x FGTS



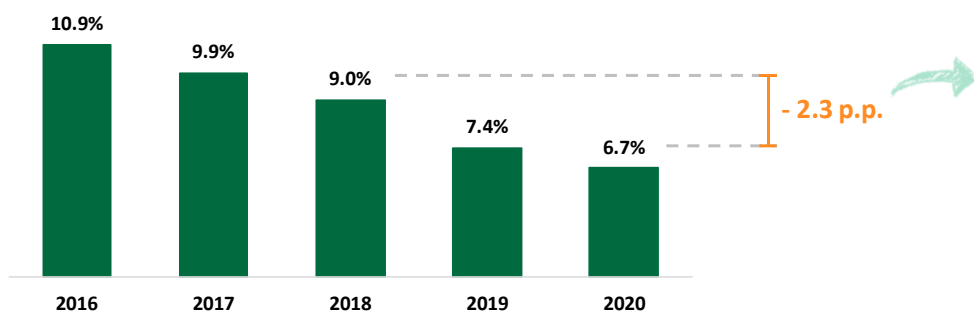
Source: SBPE - Individuals - Real estate financing with regulated rates.

* The lowest rates practiced by Bradesco, Itaú, Banco do Brasil, Caixa and Santander at SBPE were used

Falling interest rates have pointed towards increased affordability for clients of flex products since financing real estate through SBPE funding could result in lower monthly installments than the CVA government housing program.

Increases in affordability have also been significant for customers employing SBPE funding when compared to financing rates applied in 2018 as a result of the new interest rates outlook.

Fixed Interest Rate - Savings Accounts



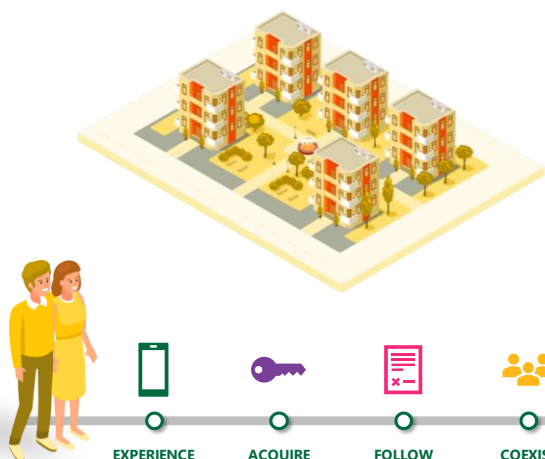
Every **1 p.p.** for falling interest rates results in **800.000*** new families and **10%*** less demand on income for real estate valued at **R\$ 300k.**

*) Source: FGV, Company

INNOVATION AND TECHNOLOGY

MRV's Digital Platform

The MRV Digital Platform is an environment in which customers are guided through their complete, customer experience from the first moment of contact with the company, up to the moment their keys have been delivered, and beyond. The entire platform is fully integrated and has been designed to provide a seamless experience.



Throughout the entire process the customer is assisted by a chat feature employing artificial intelligence (named MIA). **From the first contact with the company** (through chat and product awareness) **to the digital signing of contract** (handling credit analysis and payment plans), customers will remain connected to MRV's cutting-edge digital platform.

The platform is not limited to simply facilitating the sales experience; it plays an **essential role in enhancing the customer experience and the development of the after-sales experience** including real time worksite updates, marketplace and loyalty programs, financial education modules, preventative maintenance of real estate,

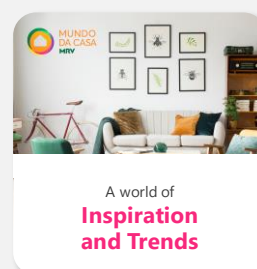
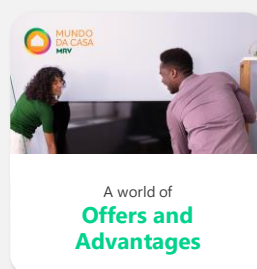
collaborative micro economic platforms, interactive development management tools and online building management assistance, among other features.

MRV World at Home

The MRV World at Home project is a unique initiative within the sector, aiming to offer MRV clients greater comfort from their homes. After purchasing an MRV home, customers are granted access to a host of opportunities full of helpful tips on products, personalized items, quality products, practical hints and special deals, in addition to other useful market information. The initiative is a **complete marketplace offering unique solutions, bringing special opportunities like planned cabinetry and closets, fine finishing's and services offered by partner companies**, exclusive to the MRV World at Home community.



"Your home is a world. The world is your home. And MRV brings a world of possibilities to transform your life, your home and your world."



MRV Center for Research and Development

The project aims to support the **development of new technologies and processes, innovative construction methods and the testing of materials** to increase the quality of products delivered to our consumers.

The project is located in Belo Horizonte (MG) and has partnered with the Center for Innovation and Technology – CIT at the SENAI FIEMG foundation and the company's main areas involved in innovation, quality, projects, supplies and engineering. In addition, partners involved in the production and supply chain in the construction area are also engaged in the project.



ESG

MRV has remained an unparalleled leader in the sector in the area of ESG and has been a benchmark for many other sectors in the country. Having been a long-time investor in important projects involving Sustainability, Corporate Governance and the Preservation of the Environment, the company has continued to strengthen these issues throughout 3Q20.

Environment



On August 10, **MRV officially announced its commitment to supporting the Amazon Council**, alongside 50 other major Brazilian companies. The goal is to **contribute solutions that focus on and include combating illegal deforestation of the Amazon Rainforest, minimizing the environmental impact in the use of natural resources and valuing and preserving biodiversity** as part of their company strategies.

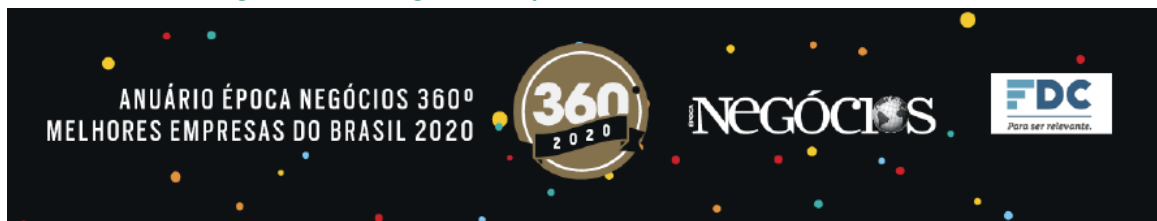
MRV guarantees the origin of all timber acquired for its worksites, as well as eliminating the purchase of any and all illegal timber.

These commitments have strengthened the company's engagement with SDG-12 and SDG-15, Sustainable Consumption and Production and Wildlife Preservation.



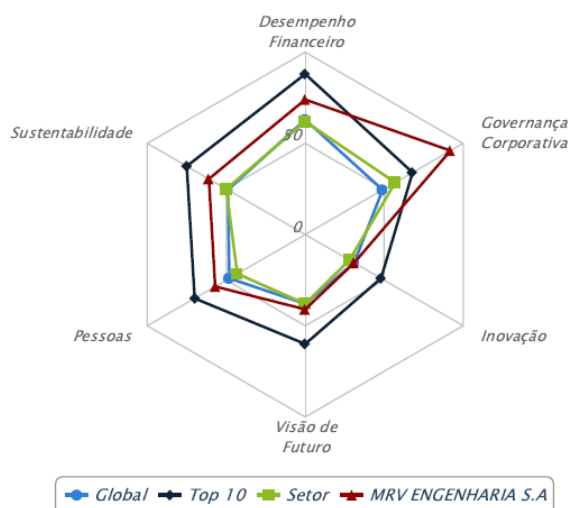
Corporate Governance

In recognition of the company's initiatives aiming to uphold ever-stronger Corporate Governance and Best Practices, in addition to highlighting the company's efforts in ESG engagement, **MRV received the Época 360 Award in Corporate Governance, coming in first among the companies evaluated over all sectors.**



PRINCIPAIS COMPARATIVOS

Aqui, você tem um radar para comparar o resultado da **MRV ENGENHARIA S.A** com a média das outras em cada uma das seis dimensões, a média do setor e a das Top 10 do ranking de cada dimensão.



UN Global Impact

MRV has joined Brazil's UN Global Compact campaign (#NãoVolte) supporting a sustainable return after the pandemic and the construction of a better world, based on Sustainable Development Goals (SDG). [Click here](#) to see the campaign video, with the participation of Eduardo Fischer, MRV's co-CEO, in addition to other business leaders engaged in the campaign.



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Financial Performance - MRV (ex. AHS)

Consolidated Financial Highlights (R\$ million)	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
Total Net Revenue	1,760	1,639	1,569	7.4% ↑	12.2% ↑	4,898	4,636	5.7% ↑
Financial Cost recorded under COGS	45	46	46	3.2% ↓	2.3% ↓	137	141	2.7% ↓
Gross Profit	497	465	462	7.0% ↑	7.5% ↑	1,385	1,422	2.6% ↓
Gross Margin (%)	28.3%	28.4%	29.5%	0.1 p.p. ↓	1.2 p.p. ↓	28.3%	30.7%	2.4 p.p. ↓
Gross Margin ex. financial cost (%)	30.8%	31.2%	32.4%	0.4 p.p. ↓	1.6 p.p. ↓	31.1%	33.7%	2.6 p.p. ↓
Selling expenses	(168)	(160)	(151)	4.6% ↑	11.1% ↑	(476)	(441)	7.8% ↑
Selling expenses / net revenues (%)	9.5%	9.8%	9.6%	0.2 p.p. ↓	0.1 p.p. ↓	9.7%	9.5%	0.2 p.p. ↑
Selling expenses / net pre-sales (%)	8.5%	8.8%	10.8%	0.3 p.p. ↓	2.3 p.p. ↓	8.7%	11.0%	2.2 p.p. ↓
General & Administrative Expenses	(99)	(92)	(89)	8.2% ↑	11.7% ↑	(284)	(269)	5.8% ↑
G&A expenses / net revenues (%)	5.6%	5.6%	5.7%	0.0 p.p. ↑	0.0 p.p. ↓	5.8%	5.8%	0.0 p.p. ↑
G&A expenses / net pre-sales (%)	5.0%	5.0%	6.4%	0.0 p.p. ↓	1.3 p.p. ↓	5.2%	6.7%	1.5 p.p. ↓
Equity Income	(13)	(15)	(16)	14.1% ↓	16.4% ↓	(39)	(48)	19.2% ↓
EBITDA	253	232	248	9.0% ↑	1.9% ↑	690	779	11.4% ↓
% EBITDA Margin	14.4%	14.2%	15.8%	0.2 p.p. ↑	1.5 p.p. ↓	14.1%	16.8%	2.7 p.p. ↓
Net Income	158	124	160	26.6% ↑	1.6% ↓	397	539	26.4% ↓
Net Margin (%)	9.0%	7.6%	10.2%	1.4 p.p. ↑	1.3 p.p. ↓	8.1%	11.6%	3.5 p.p. ↓
Earnings per share (R\$)	0.328	0.258	0.362	26.8% ↑	9.5% ↓	0.831	1.220	31.9% ↓
ROE (LTM)	11.0%	11.3%	14.7%	0.3 p.p. ↓	3.7 p.p. ↓	11.0%	14.7%	3.7 p.p. ↓
ROE (annualized)	12.3%	10.0%	13.4%	2.3 p.p. ↑	1.2 p.p. ↓	10.6%	15.1%	4.6 p.p. ↓
Unearned Gross Sales Revenues	2,340	2,077	1,693	12.6% ↑	38.2% ↑	2,340	1,693	38.2% ↑
Unearned Costs of Units Sold	(1,415)	(1,253)	(999)	12.9% ↑	41.6% ↑	(1,415)	(999)	41.6% ↑
Unearned Results	925	825	695	12.1% ↑	33.1% ↑	925	695	33.1% ↑
% Unearned Margin	39.5%	39.7%	41.0%	0.2 p.p. ↓	1.5 p.p. ↓	39.5%	41.0%	1.5 p.p. ↓
Cash Generation	306	214	(198)	43.2% ↑	-	339	(149)	-
Net Debt (Net Cash)	733	1,039	714	29.5% ↓	2.6% ↑	733	714	2.6% ↑
Net Debt/ Equity	13.3%	19.3%	14.0%	6.1 p.p. ↓	0.7 p.p. ↓	13.3%	14.0%	0.7 p.p. ↓
Net Debt/EBITDA LTM	0.80x	1.13x	0.68x	29.9% ↓	17.2% ↑	0.80x	0.68x	17.2% ↑

Operational Performance - MRV (ex. AHS)

Land Bank

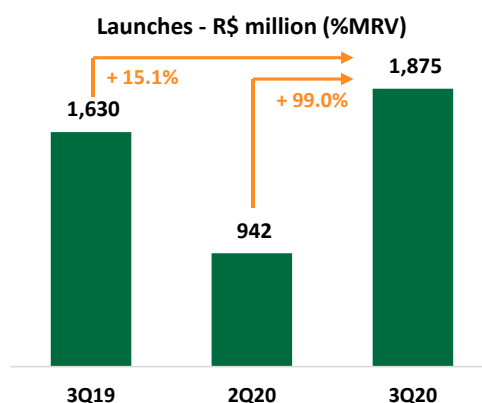
The Company has a robust land bank, with quality land plots, capable of sustaining the growth of its operation and is currently aware of new opportunities for purchasing new land plots, especially for projects with SBPE funding and Luggo.

Land bank	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
%MRV								
Land Bank (R\$ billion)*	51.8	52.6	50.1	1.6% ↓	3.2% ↑	51.8	50.1	3.2% ↑
Acquisitions/Adjustments (R\$ million)	1,011	1,470	2,763	31.2% ↓	63.4% ↓	3,200	4,972	35.6% ↓
Units	307,652	321,507	312,838	4.3% ↓	1.7% ↓	307,652	312,838	1.7% ↓
Average Price - R\$'000 / unit	166	162	159	2.7% ↑	4.9% ↑	166	159	4.9% ↑
% Swap - land bank	51%	51%	50%	0.0 p.p. ↓	1.1 p.p. ↑	51%	50%	1.1 p.p. ↑
% Swap - acquisitions in the period	48%	46%	61%	1.9 p.p. ↑	13.2 p.p. ↓	48%	50%	2.1 p.p. ↓

* Includes the residential, allotment segments and LUGGO projects

Launches

With the increasing return of operations of city halls and notaries around the country throughout 3Q20, the Company recorded a 99.0% growth in launches in the quarter, compared to 2Q20, corresponding to R\$ 1.87 billion, or 11,106 units.



Launches	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
%MRV								
Launches (R\$ million) *	1,875	942	1,630	99.0% ↑	15.1% ↑	3,900	4,531	13.9% ↓
Units **	11,106	5,349	9,679	107.6% ↑	14.7% ↑	23,174	27,607	16.1% ↓
Average Launching Size (units)	278	233	248	19.4% ↑	11.9% ↑	269	263	2.5% ↑
Average Price - R\$'000 / unit **	165	174	168	5.1% ↓	1.7% ↓	166	163	1.7% ↑

* Includes the residential, allotment segments and LUGGO projects

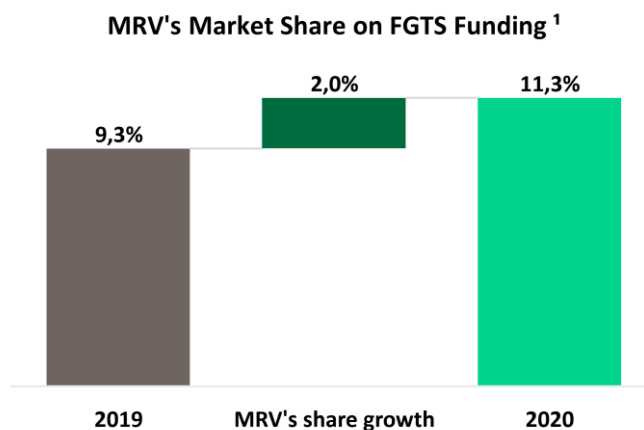
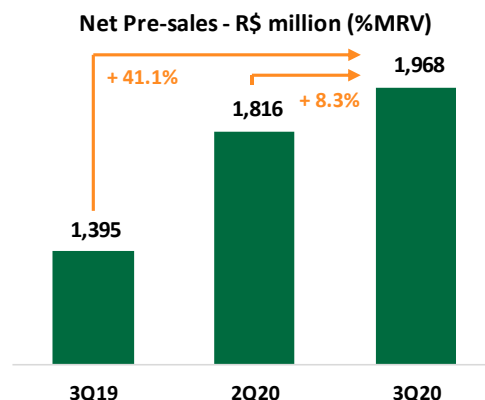
** Includes the residential and LUGGO projects

Net Sales

For the third consecutive quarter, MRV broke its historical sales record. In 3Q20, a total of **R\$ 1.97 billion was sold, corresponding to 12,183 units** (% MRV). Referred to an **increase of 41.1% compared to 3Q19 and 8.3% compared to 2Q20**.

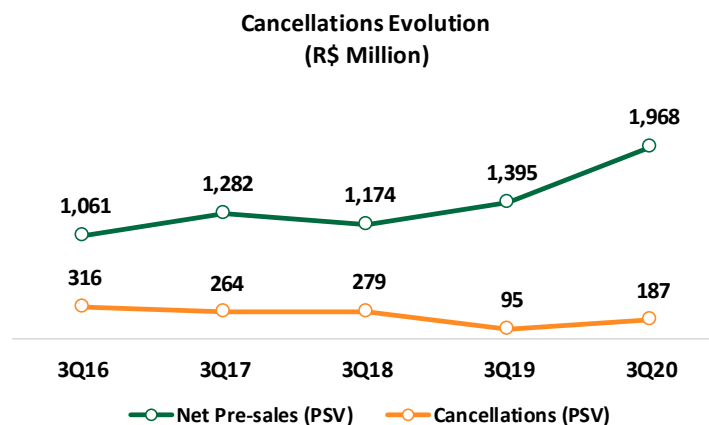
We also highlight that the Company resumed the Guaranteed Sales process in some cities in 3Q20.

This excellent result reaffirms the robustness of our Multifunding Housing Platform and the strength of the mid and low-income housing segment. **Throughout 2020, the Company's sales showed an increase, which reproduced gain of market share and in the consolidation of MRV as the largest and most complete homebuilder in the market.**



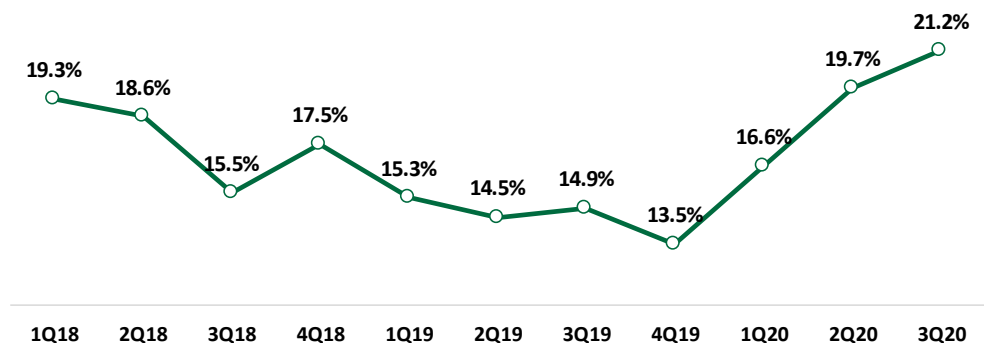
¹ Source: Abrainc, Ministério Regional e FGTS. Considers only Transferred Units through FGTS Funding.

With years of investment in a truly innovative technological structure, our digital sales platform proved to be a great advantage throughout the sensitive moment faced with the COVID-19 pandemic and allowed the Company to continue increasing its sales and gaining market share.



Sales of speed (SoS - Sales over Supply) registered another evolution in the quarter, reaching 21.2%, equivalent to an increase of 6.3 p.p. in relation to 3Q19 and 1.5 p.p. in comparison with 2Q20.

SOS - Net Pre-sales (%MRV)



Net Pre-sales Contracted	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
%MRV								
Net Pre-sales (R\$ million) *	1,968	1,816	1,395	8.3% ↑	41.1% ↑	5,457	4,023	35.6% ↑
Units **	12,183	11,479	8,988	6.1% ↑	35.5% ↑	34,156	26,240	30.2% ↑
Average Price - R\$'000 / unit **	161	155	155	3.3% ↑	3.7% ↑	158	152	4.3% ↑
Sales over supply (%) - net sales	21%	20%	15%	1.5 p.p. ↑	6.3 p.p. ↑	45%	33%	11.5 p.p. ↑

* Includes the residential, allotment segments and LUGGO projects

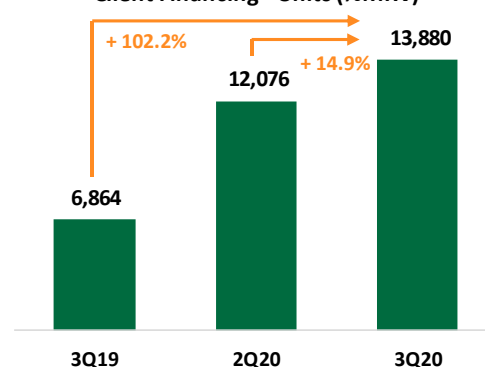
** Includes the residential and LUGGO projects

Real Estate Credit

The Company reported the record amount of **transfers of 13,880 units** in 3Q20, equivalent to an increase of 14.9% over the previous record, reported in 2Q20, and 102.2% compared to 3Q19.

This performance is largely due to the efficiency shown by Caixa Econômica Federal in transfer, which has been stable since the removal of the obligation of the Union's stake in payment of subsidies, which took place in 1Q20.

Client Financing - Units (%MRV)



Real Estate Financing	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
%MRV								
Client Financing (units)	13,880	12,076	6,864	14.9% ↑	102.2% ↑	32,708	24,736	32.2% ↑
Construction Financing	13,631	14,053	7,859	3.0% ↓	73.4% ↑	35,870	23,704	51.3% ↑

Production

The Company reported an **increase of 20.8% in the number of units produced in the quarter**, compared to 2Q20, **totaling 9,525 units**. With demand and sales at high levels since the beginning of the year, the Company started several projects in 3Q20 and already has a large number of other projects to start in 4Q20.

Production*	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
%MRV								
Built Units	9,525	7,887	10,004	20.8% ↑	4.8% ↓	25,297	30,364	16.7% ↓
Finished units	6,897	8,339	9,434	17.3% ↓	26.9% ↓	24,665	25,988	5.1% ↓

* Includes the residential and LUGGO

Inventory at Market Value

Inventory at Market Value	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19
%MRV					
Inventory at Market Value (R\$ billion)*	7.31	7.41	7.90	1.3% ↓	7.4% ↓
Inventory Duration **	3.7	4.1	5.7	9.0% ↓	34.4% ↓
By Construction phase (units)					
Not initiated	13%	7%	7%	6.3 p.p. ↑	6.2 p.p. ↑
Under construction	84%	90%	88%	6.1 p.p. ↓	3.9 p.p. ↓
Finished	3%	3%	5%	0.3 p.p. ↓	2.3 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

The increase in the volume of production recorded over the quarter, supported by solid sales results for the same period, has allowed the company to register record-breaking **Net Revenue, totaling R\$ 1.76 billion**, for a growth of 7.4% as compared to 2Q20 and 12.2% as compared to 3Q19.

(R\$ million)	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
Total Net Revenue	1,760	1,639	1,569	7.4% ↑	12.2% ↑	4,898	4,636	5.7% ↑
Cost of Real Estate Sales and Services	(1,263)	(1,174)	(1,107)	7.5% ↑	14.1% ↑	(3,513)	(3,214)	9.3% ↑
Gross Profit	497	465	462	7.0% ↑	7.5% ↑	1,385	1,422	2.6% ↓
Gross Margin (%)	28.3%	28.4%	29.5%	0.1 p.p. ↓	1.2 p.p. ↓	28.3%	30.7%	2.4 p.p. ↓

Financial Cost recorded under COGS

(R\$ million)	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
Financial Cost recorded under COGS	(45)	(46)	(46)	3.2% ↓	2.3% ↓	(137)	(141)	2.7% ↓
% of Net Revenue	2.6%	2.8%	2.9%	0.3 p.p. ↓	0.1 p.p. ↓	2.8%	3.0%	0.2 p.p. ↓
Gross profit with financial cost	497	465	462	7.0% ↑	7.5% ↑	1,385	1,422	2.6% ↓
Gross profit ex.h financial cost	542	511	508	6.1% ↑	6.6% ↑	1,522	1,563	2.6% ↓
Gross Margin ex. financial cost (%)	30.8%	31.2%	32.4%	0.4 p.p. ↓	1.6 p.p. ↓	31.1%	33.7%	2.6 p.p. ↓

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

(R\$ million)	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
Selling expenses	(168)	(160)	(151)	4.6% ↑	11.1% ↑	(476)	(441)	7.8% ↑
Selling expenses / net revenues (%)	9.5%	9.8%	9.6%	0.2 p.p. ↓	0.1 p.p. ↓	9.7%	9.5%	0.2 p.p. ↑
Selling expenses / net pre-sales (%)	8.5%	8.8%	10.8%	0.3 p.p. ↓	2.3 p.p. ↓	8.7%	11.0%	2.2 p.p. ↓
General & Administrative Expenses	(99)	(92)	(89)	8.2% ↑	11.7% ↑	(284)	(269)	5.8% ↑
G&A expenses / net revenues (%)	5.6%	5.6%	5.7%	0.0 p.p. ↑	0.0 p.p. ↓	5.8%	5.8%	0.0 p.p. ↑
G&A expenses / net pre-sales (%)	5.0%	5.0%	6.4%	0.0 p.p. ↓	1.3 p.p. ↓	5.2%	6.7%	1.5 p.p. ↓

MRV set aside a contribution of R\$ 1.5 million for the United Nations Development program (PNUD/UN) in 3Q20. It is a non-recurring expense that impacted the General and Administrative expenses for the quarter.

In addition, continuing the motion to include third-party service providers to handle part of the company's back office operations, a strategy that will enable future economic savings, registered a non-recurring expense of R\$ 1.1 million that impacted 3Q20 G&A.

With all the non-recurring costs, G&A expenses for the quarter increased by some 8.2% as compared to 2Q20, and 11.7% as compared to 3Q19. An item of note is G&A/Net Revenues expenses have remained in line with those from past quarters. The extraordinary R\$ 3 million in expenses notwithstanding, G&A for the quarter stood at R\$ 96 million.

(R\$ million)	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
Other operating (income) expenses	(33)	(31)	(32)	5.3% ↑	1.9% ↑	(95)	(91)	4.5% ↑

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Equity Income

(R\$ million)	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
Equity Income	(13)	(15)	(16)	14.1% ↓	16.4% ↓	(39)	(48)	19.2% ↓

PRIME and MRL (R\$ million)	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
Net Revenue	168	171	164	1.6% ↓	2.5% ↑	492	423	16.3% ↑
Gross Profit	50	51	52	2.9% ↓	4.3% ↓	146	126	16.1% ↑
Gross Margin (%)	29.6%	30.0%	31.8%	0.4 p.p. ↓	2.1 p.p. ↓	29.7%	29.7%	0.0 p.p. ↓
Net Income	23	20	20	16.9% ↑	15.0% ↑	56	31	81.0% ↑
Net Margin (%)	13.6%	11.4%	12.1%	2.1 p.p. ↑	1.5 p.p. ↑	11.5%	7.4%	4.1 p.p. ↑

Both **Prime and MRL subsidiaries continue to show improvement in their results, registering a combined Net Income of R\$ 23 million for the quarter**, for an increase of 16.9% when compared to 2Q20.

In 3Q20, both subsidiaries registered gains of 2.1 p.p. in Net Margin, when compared to 2Q20, and 1.5 p.p. when compared to 3Q19, reaching 13.6% in 3Q20.

Financial Results

(R\$ million)	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
Financial Expenses	(20)	(18)	(16)	10.1% ↑	27.1% ↑	(49)	(45)	9.1% ↑
Financial Income	17	18	33	2.4% ↓	48.3% ↓	48	94	48.5% ↓
Financial income from receivables	19	16	19	21.8% ↑	0.2% ↓	62	55	12.4% ↑
Total	17	15	37	7.9% ↑	54.8% ↓	62	104	40.9% ↓

(R\$ million)	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
Financial result	17	15	37	7.9% ↑	54.8% ↓	62	104	40.9% ↓
Financial Cost recorded under COGS	(45)	(46)	(46)	3.2% ↓	2.3% ↓	(137)	(141)	2.7% ↓
Adjusted Total	(28)	(31)	(9)	8.8% ↓	209.3% ↑	(75)	(36)	108.0% ↑

Financial income for 3Q20 continued in line with 2Q20 and saw a fall of 48.3% when compared to 3Q19. This result comes from a significant reduction in income from investments, resulting from declining interest rates and the decreasing market values of bonds, ultimately impacting the profitability of investment funds.

EBITDA

(R\$ million)	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
Income before Income Tax and Social Contribution	201	182	212	10.6% ↑	5.0% ↓	553	678	18.4% ↓
(+) Depreciation and Amortization	23	19	27	22.7% ↑	14.6% ↓	62	65	4.8% ↓
(-) Financial Results	(17)	(15)	(37)	7.9% ↑	54.8% ↓	(62)	(104)	40.9% ↓
(+) Financial Cost recorded under COGS	45	46	46	3.2% ↓	2.3% ↓	137	141	2.7% ↓
EBITDA	253	232	248	9.0% ↑	1.9% ↑	690	779	11.4% ↓
EBITDA Margin	14.4%	14.2%	15.8%	0.2 p.p. ↑	1.5 p.p. ↓	14.1%	16.8%	2.7 p.p. ↓

EARNINGS RELEASE

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Net Income

As a result of the increase in Net Revenue recorded in 3Q20, **the company's Net Income saw an increase of 26.6% as compared to 2Q20**, once again reaching the same level recorded in 3Q19.

(R\$ million)	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
Net Income	158	124	160	26.6% ↑	1.6% ↓	397	539	26.4% ↓
% Net margin	9.0%	7.6%	10.2%	1.4 p.p. ↑	1.3 p.p. ↓	8.1%	11.6%	3.5 p.p. ↓

Unearned Results

(R\$ million)	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19
Unearned Gross Sales Revenues	2,340	2,077	1,693	12.6% ↑	38.2% ↑
(-) Unearned Costs of Units Sold	(1,415)	(1,253)	(999)	12.9% ↑	41.6% ↑
Unearned Results	925	825	695	12.1% ↑	33.1% ↑
Unearned Results Margin	39.5%	39.7%	41.0%	0.2 p.p. ↓	1.5 p.p. ↓

EARNINGS RELEASE

3rd Quarter 2020



Balance Sheet - MRV (ex. AHS)

Cash and Cash Equivalents and Market Securities

(R\$ million)	Sep/20	Jun/20	Sep/19	Chg. Sep/20 x Jun/20	Chg. Sep/20 x Sep/19
Cash and cash equivalents	1,007	1,630	498	38.3% ↓	102.0% ↑
Marketable Securities	1,748	928	1,710	88.3% ↑	2.2% ↑
Total	2,754	2,558	2,208	7.7% ↑	24.7% ↑

Receivables from Real Estate Development

(R\$ million)	Sep/20	Jun/20	Sep/19	Chg. Sep/20 x Jun/20	Chg. Sep/20 x Sep/19
Clients	3,762	3,659	2,991	2.8% ↑	25.8% ↑
Fair value adjustment	(65)	(64)	(56)	1.7% ↑	15.8% ↑
Bad debt provision	(269)	(251)	(218)	7.0% ↑	23.1% ↑
Receivables from real estate development	3,428	3,344	2,716	2.5% ↑	26.2% ↑
Current	1,809	1,806	1,656	0.2% ↑	9.2% ↑
Noncurrent	1,619	1,538	1,060	5.3% ↑	52.8% ↑

MRV's Portfolio has seen growth in line with the growth in company sales. It is noteworthy to mention that the portfolio representing the percentage of sales, as well as installments issued, has fallen over the quarter.

Mortgage with MRV (R\$ million)	Sep/20	Jun/20	Sep/19	Chg.Sep/20 x Jun/20	Chg.Sep/20 x Sep/19
After Keys Delivery	1,062	979	772	8.4% ↑	37.5% ↑
Before Keys Delivery	1,135	986	830	15.1% ↑	36.8% ↑
Total	2,197	1,966	1,602	11.8% ↑	37.2% ↑

Advances from Customers

(R\$ million)	Sep/20	Jun/20	Sep/19	Chg. Sep/20 x Jun/20	Chg. Sep/20 x Sep/19
12 months	231	191	191	21.0% ↑	21.2% ↑
13 to 24 months	185	240	298	23.1% ↓	38.0% ↓
Over 24 months	140	168	240	16.4% ↓	41.5% ↓
Total	556	599	728	7.1% ↓	23.7% ↓
Advanced receivables	83	58	69	43.5% ↑	19.6% ↑
Advances for barters	473	541	659	12.5% ↓	28.2% ↓
Total	556	599	728	7.1% ↓	23.7% ↓

Inventories (Real Estate for Sale)

(R\$ million)	Sep/20	Jun/20	Sep/19	Chg. Sep/20 x Jun/20	Chg. Sep/20 x Sep/19
Properties under construction	2,407	2,517	2,659	4.4% ↓	9.5% ↓
Completed Units	144	145	258	0.5% ↓	44.1% ↓
Land bank	5,491	5,388	5,534	1.9% ↑	0.8% ↓
Advances to Suppliers	74	72	53	2.2% ↑	39.7% ↑
Inventories of supplies	0	0	0	21.1% ↓	19.6% ↑
Total	8,117	8,123	8,505	0.1% ↓	4.6% ↓
Current	3,722	3,721	3,963	0.0% ↑	6.1% ↓
Non-current	4,395	4,402	4,542	0.2% ↓	3.2% ↓

Debt Maturity Schedule

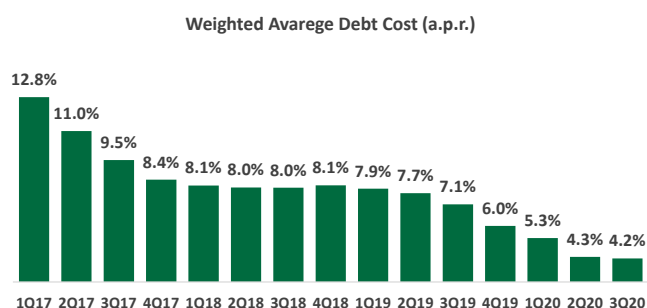
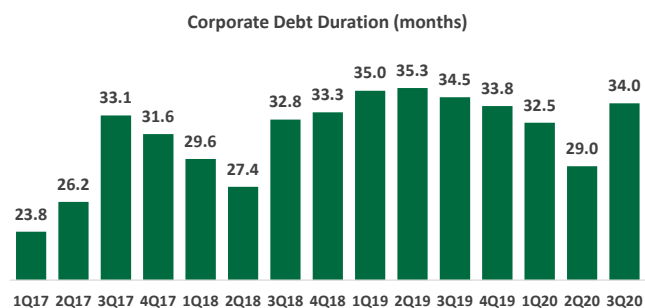
(R\$ million)	Construction Financing	Corporate Debt*	Total
12 months	42	558	600
13 to 24 months	74	443	517
25 to 36 months	49	815	864
37 to 48 months	2	836	838
Over 48 months	0	722	722
Total Debt	167	3,375	3,541

*Include leases and Finame

Weighted Average Debt Cost

(R\$ Million)	Debit Balance Sep/20	Balance Due / Total (%)	Average Cost
CDI	3,375	95.3%	CDI + 2,08%
TR	167	4.7%	TR + 8,11%
Total	3,541	100.0%	4.24%

Debt Breakdown



The company concluded a new debt issuance in the amount of R\$ 500 million in 3Q20, to mature over five years (bullet), offering semi-annual interest, thus pushing the duration of corporate debt from 29 to 34 months.

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(R\$ million)	Maturity	Contractual Rate (p.a)	Balance Due	
			Sep/20	Jun/20
Corporate Debt – CDI			3,375	3,336
Debentures - 2nd Issuance (Urba)	06/21 to 06/23	CDI + 1.22%	60	60
Debentures - 4nd Issuance (Urba)	04/2025	CDI + 1.50%	40	40
Debentures - 9th Issuance (2nd serie)	02/20 to 02/22	CDI + 2.30%	298	404
Debentures - 9th Issuance (3rd serie)	02/2022	132.2% CDI	98	99
Debentures - 11th Issuance (1st serie)	09/2020	CDI + 1.00%	-	287
Debentures - 11th Issuance (2nd serie)	09/21 to 09/22	CDI + 1.50%	214	216
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%	300	305
Debentures - 12th Issuance (2nd serie)	07/24 to 07/25	CDI + 1.70%	52	52
Debentures - 12th Issuance (3rd serie)	07/2023	CDI + 1.50%	110	111
Debentures - 12th Issuance (4th serie)	07/2023	CDI + 1.50%	83	85
Debentures - 15th Issuance	11/2025	CDI + 1.06%	302	300
Debentures - 16th Issuance	04/2025	CDI + 1.50%	101	100
Debentures - 17th Issuance	04/21 to 04/23	CDI + 3.00%	50	50
Debentures - 18th Issuance	08/2025	CDI + 2.40%	499	-
CCB which backed the CRI operation	06/20 to 06/21	CDI + 1.60%	-	57
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	292	291
14th issue of debentures that back CRI operations	05/2024	100.4% CDI	359	357
Working capital (MRV)	04/2022	CDI + 3.10%	202	202
1st Promissory note - 1st Series	11/2020	CDI + 2.50%	3	3
1st Promissory note - 2st Series	05/2021	CDI + 2.50%	98	97
Leasing	03/18 to 05/23	CDI + 2.00% to + 2.93%	11	13
Construction Finance - TR			167	324
Construction Financing	12/20 to 02/24	TR + 8.30%	162	318
Working capital (Urba) - TR	04/16 to 03/23	TR + 13.29%	5	5
Total			3,541	3,659

Net Debt (ex. AHS)

Strong cash generation for the period of 3Q20 has allowed the company to reduce its total debt by 3.2% as compared to 2Q20, falling from R\$ 3.66 billion in July 2020 to 3.54 billion in September of the same year.

(R\$ million)	Sep/20	Jun/20	Sep/19	Chg. Sep/20 x Jun/20	Chg. Sep/20 x Sep/19
Total debt	3,541	3,659	2,960	3.2% ↓	19.6% ↑
(-) Cash and cash equivalents and Marketable Securities	(2,754)	(2,558)	(2,208)	7.7% ↑	24.7% ↑
(-) Derivative Financial Instruments	(54)	(62)	(38)	11.9% ↓	43.9% ↑
Net Debt*	733	1,039	714	29.5% ↓	2.6% ↑
Total Shareholders' Equity	5,512	5,372	5,117	2.6% ↑	7.7% ↑
Net Debt / Total Shareholders' Equity	13.3%	19.3%	14.0%	6.1 p.p. ↓	0.7 p.p. ↓
EBITDA LTM	921	916	1,052	0.5% ↑	12.4% ↓
Net Debt / EBITDA LTM	0.80x	1.13x	0.68x	29.9% ↓	17.2% ↑

* Considering the Derivative Financial Instruments gains

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3rd Quarter 2020



Covenants & Corporate Risk

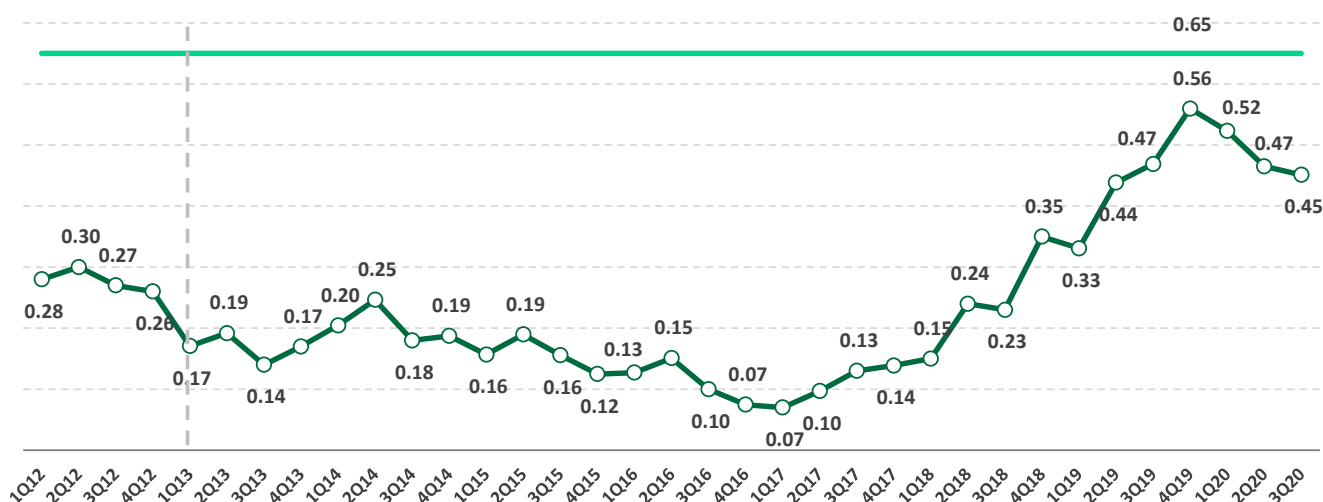


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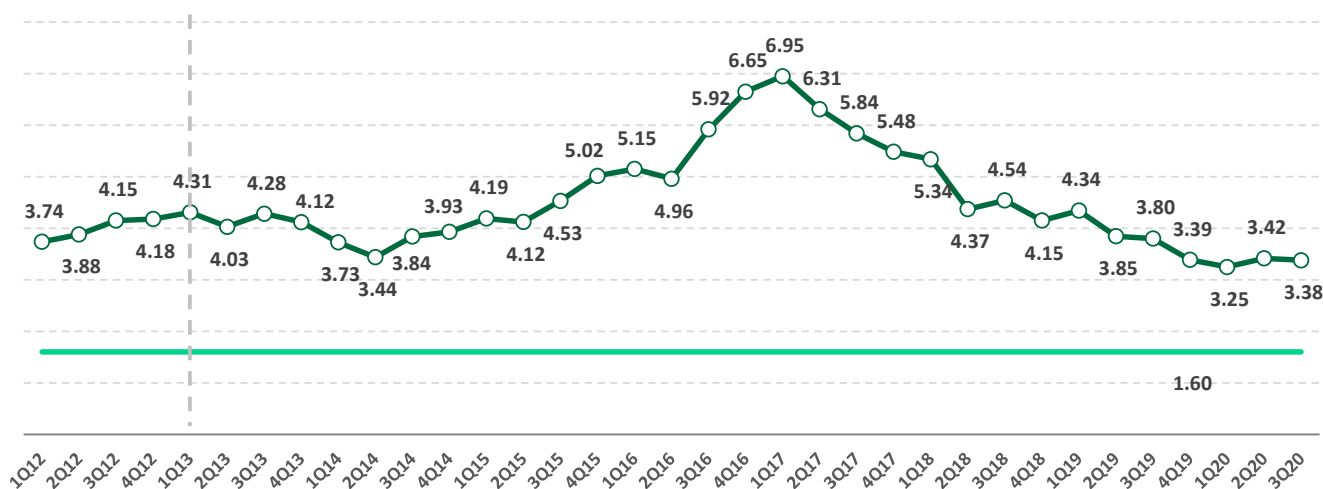
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Debt Covenant (Including AHS)



$$\frac{\text{Net Debt} + \text{Properties Payable}}{\text{Equity}} < 0.65$$

Receivables Covenant (Including AHS)



$$\frac{\text{Receivables} + \text{Unearned Income} + \text{Inventories}}{\text{Net Debt} + \text{Properties Payable} + \text{Unincurred Costs}} > 1.6$$

EARNINGS RELEASE

3rd Quarter 2020



URBA

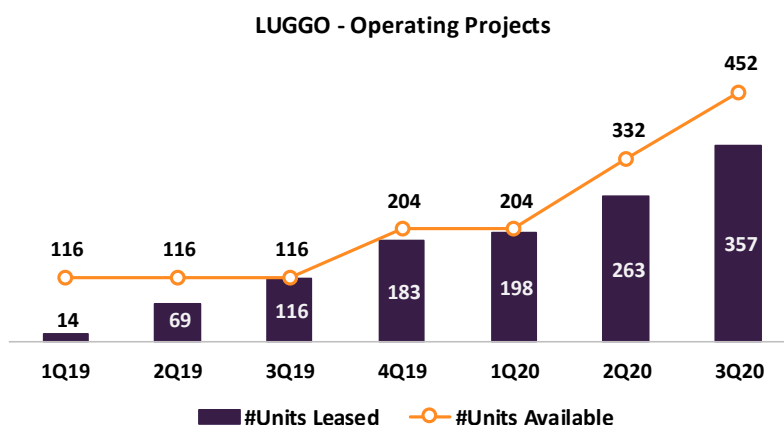
Urba Operation	3Q20	2Q20	3Q19	Var. 3Q20 x 2Q20	Var. 3Q20 x 3Q19	9M20	9M19	Var. 9M20 x 9M19
Land Bank *								
Land bank (R\$ million - %Urba)	1,961	1,053	952	86.2% ↑	105.9% ↑	1,961	952	105.9% ↑
Landbank Units (%Urba)	20,972	10,061	9,843	108.5% ↑	113.1% ↑	20,972	9,843	113.1% ↑
Land bank (R\$ million - 100%)	2,967	1,942	1,700	52.8% ↑	74.5% ↑	2,967	1,700	74.5% ↑
Landbank Units (100%)	29,671	16,709	17,042	77.6% ↑	74.1% ↑	29,671	17,042	74.1% ↑
Launches								
Launches (R\$ million - %Urba)	72	22	-	223.0% ↑	-	94	36	159.9% ↑
Launches Units (%Urba)	407	84	-	384.2% ↑	-	491	390	25.9% ↑
Launches (R\$ million - 100%)	218	40	-	448.3% ↑	-	258	52	391.7% ↑
Launches Units (100%)	1,233	150	-	722.0% ↑	-	1,383	564	145.2% ↑
Net Pre-sales								
Net Pre-sales (R\$ million - %Urba)	21	31	5	30.9% ↓	341.4% ↑	60	65	7.9% ↓
Net Pre-sales (Units - %Urba)	224	206	71	8.7% ↑	217.0% ↑	521	739	29.4% ↓
Net Pre-sales (R\$ million - 100%)	31	52	6	39.9% ↓	377.1% ↑	93	71	30.2% ↑
Net Pre-sales (Units - 100%)	324	344	93	5.8% ↓	248.4% ↑	819	797	2.8% ↑
Production								
Construction Sites	4	4	5	0.0% ↑	20.0% ↓	4	5	20.0% ↓
Built Units (%Urba)	107	172	54	37.9% ↓	97.8% ↑	360	332	8.4% ↑
Built Units (100%)	107	185	135	42.3% ↓	20.7% ↓	401	623	35.5% ↓
Finished Units (%Urba)	-	-	-	-	-	-	-	-
Finished Units (100%)	-	-	-	-	-	-	-	-

* 3Q20's Land bank includes option agreement

LUGGO

Luggo's operation has proved to be a great success, meeting the demand for quality apartments for rental, designed for a **specific audience, who wants convenience, technology, comfort, security and a unique and pleasing experience**, from the rental process to the day to day at home.

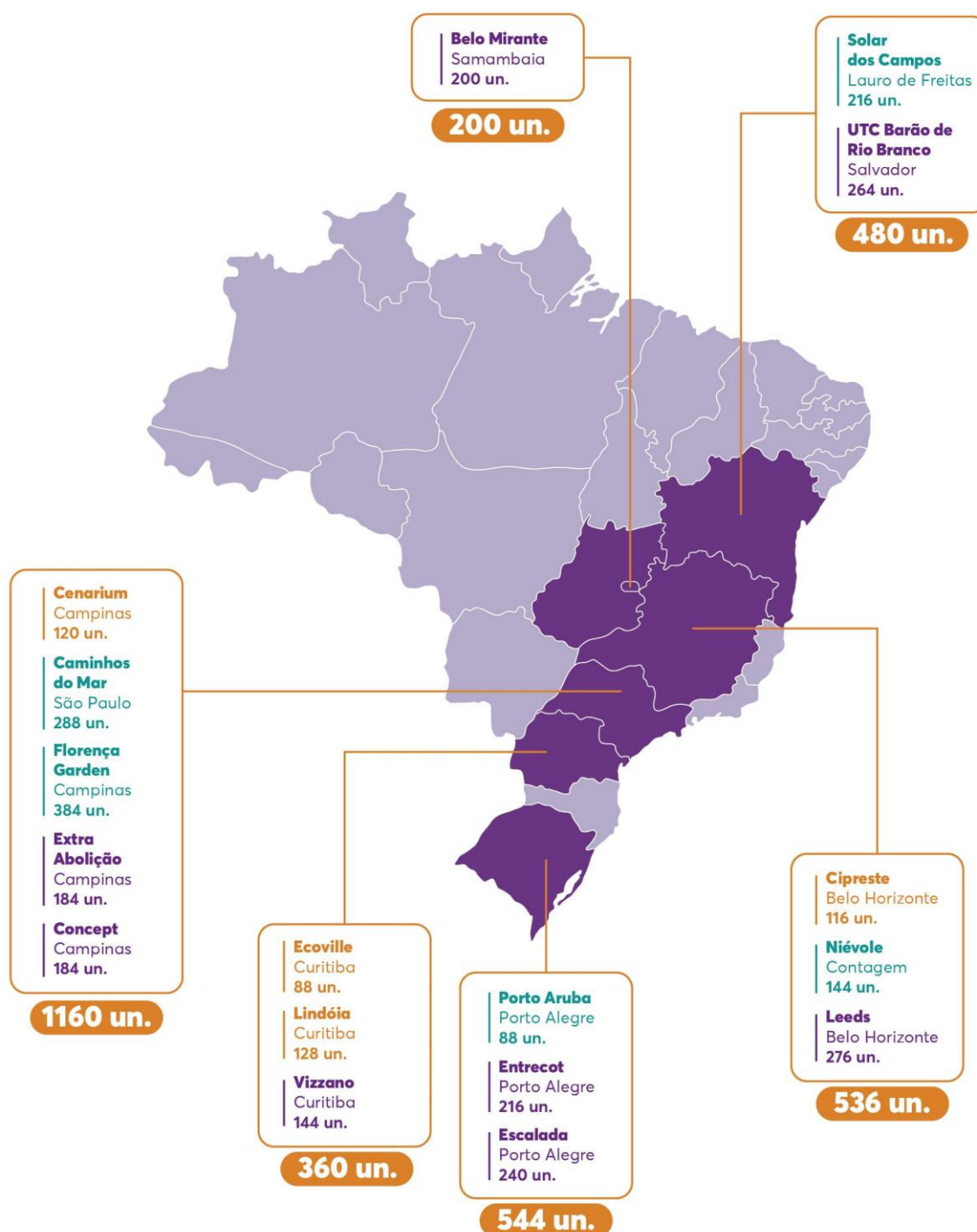
Between the end of 2Q20 and 3Q20, the third project sold was stabilized, in a process that **only took 5 months to reach 95% occupancy**. In September, the fourth and last project sold to FII LUGG11 was put on lease, which, by the end of September, totaled **31.7% of the leased units**.



LUGGO Operation	3Q20	2Q20	Var. 3Q20 x 2Q20
Land Bank			
Number of Projects	11	11	0.0% ↑
Units	2,089	2,129	1.9% ↓
Market Value at Stabilization (R\$ thousand)	455,203	473,705	3.9% ↓
Units under Construction			
Number of Projects	4	4	0.0% ↑
Units	1,032	1,032	0.0% ↑
% of Project Progression	14.3%	11.1%	3.2 p.p. ↑
Market Value at Stabilization (R\$ thousand)	210,223	210,223	0.0% ↑

Our Footprint

- LUGG11's sold projects
- Upcoming Launches
- Projects with Permit / Land Bank



AHS

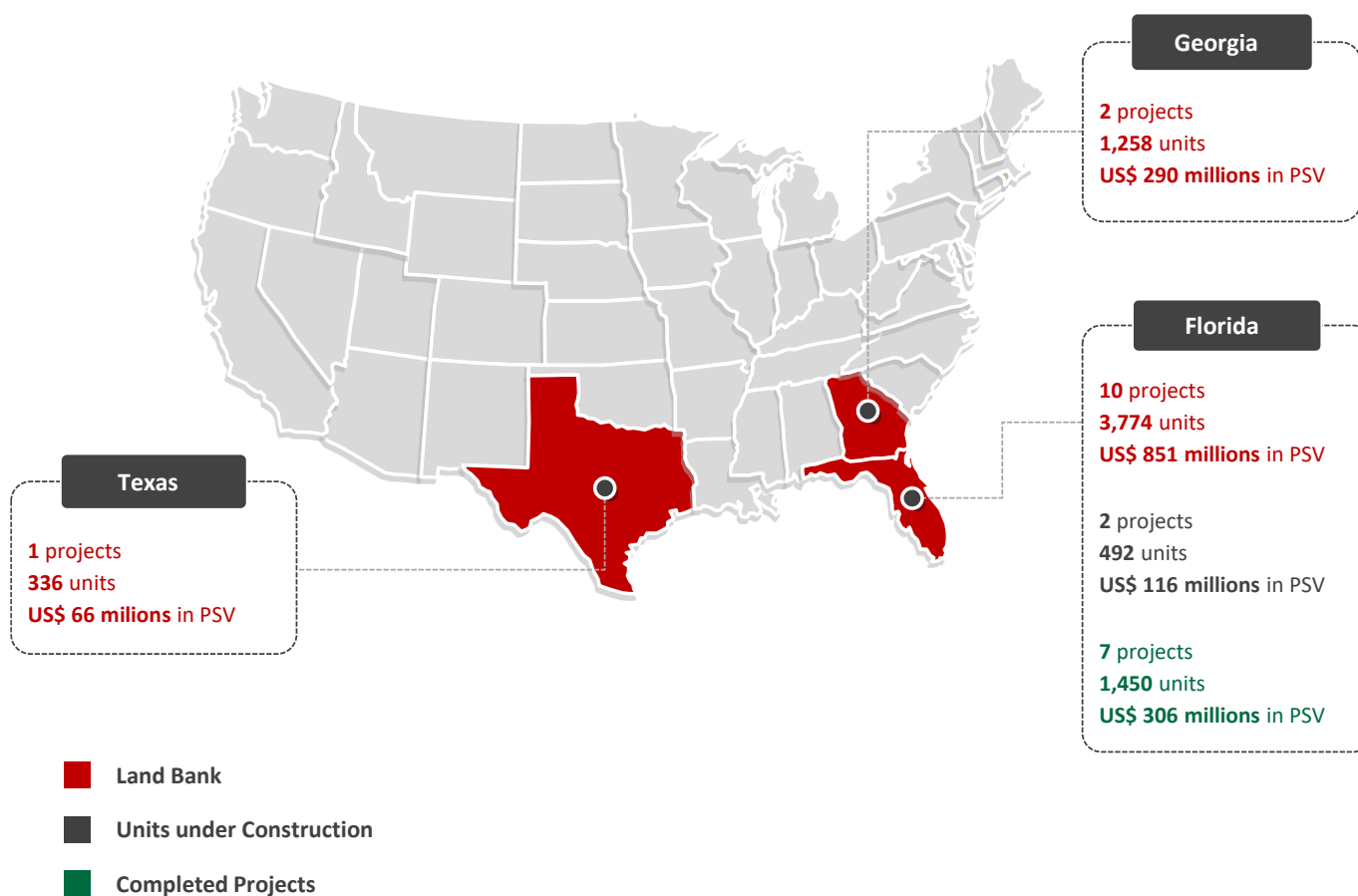
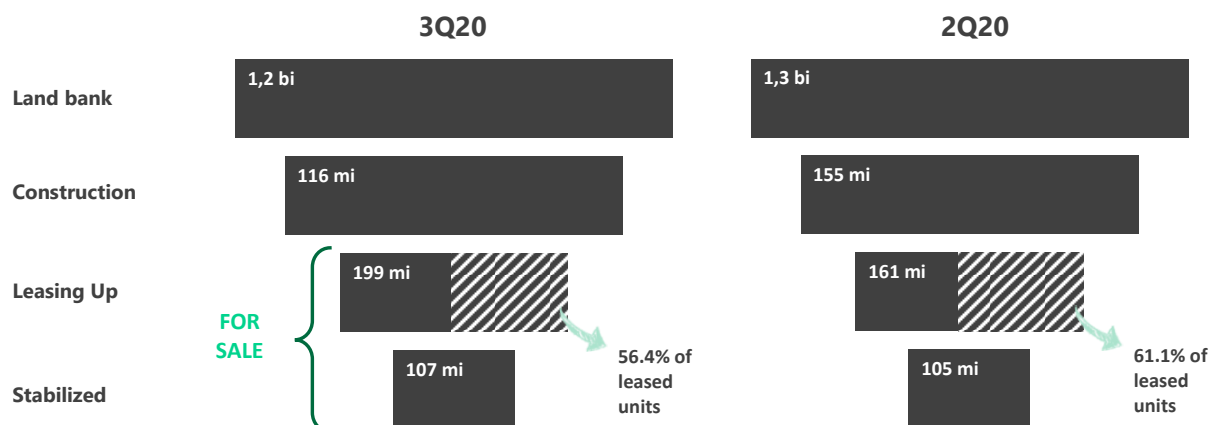
Throughout the 3Q20, one more project moved from the construction stage to the stabilization stage, totaling US\$ 199 million in PSV, in addition to the US\$ 107 million of the projects already stabilized. **As a result, AHS has a total of US\$ 306 million under negotiation.**

It is important to note that, even with the inclusion of another project into the stabilized stage in the 3Q20, the percentage of leased units remained very high, dropping from 61% to 56%, **which indicates that the speed of rental of the projects under stabilization continues strong.**

AHS Operation	3Q20	2Q20	Var. 3Q20 x 2Q20
Land Bank *			
Number of Projects	13	13	0.0% ↑
Units	5,368	5,539	3.1% ↓
Market Value at Stabilization (US\$ thousand)	1,207,223	1,258,604	4.1% ↓
Units under Construction			
Number of Projects	2	3	33.3% ↓
Units	492	696	29.3% ↓
% of Projects Progression	51.6%	40.7%	10.9 p.p. ↑
Market Value at Stabilization (US\$ thousand)	116,241	154,701	24.9% ↓
Completed Projects			
Leasing Up			
Number of Projects	4	3	33.3% ↑
Available Units	900	696	29.3% ↑
Leased Units	508	425	19.4% ↑
% Leased Units	56.4%	61.1%	4.7 p.p. ↓
Market Value at Stabilization (US\$ thousand)	198,500	160,897	23.4% ↑
Stabilized			
Number of Projects	3	3	0.0% ↑
Units Completed	550	550	0.0% ↑
Leased Units	530	544	2.5% ↓
% Leased Units	96.4%	98.9%	2.5 p.p. ↓
Market Value at Stabilization (US\$ thousand)	107,000	105,100	1.8% ↑

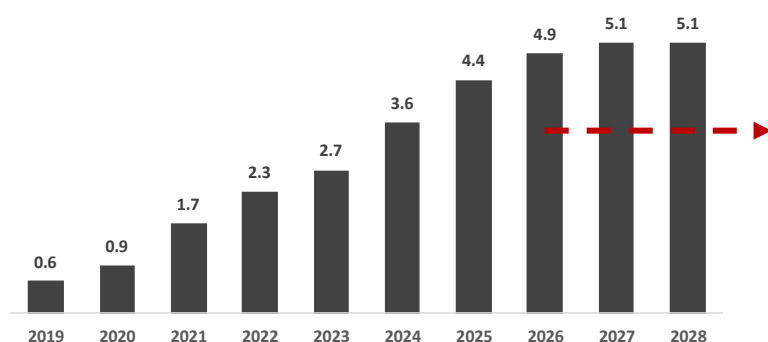
* Includes under contract

Operational Process



In accordance with the business plan set out and approved at the Extraordinary General Shareholders Meeting, the AHS operation aims to build and recycle **5,000 units annually**. The operation rests upon a solid strategy and continues as part of the company's plans.

Original Growth Plan (in thousands)



$$5,000 \text{ UNITS} \times \text{US\$ } 220\text{k} = \text{US\$ } 1.1 \text{ BI}$$

$$\times \text{R\$ } 5.66^1$$

R\$ 6,2 BI

¹ As of 11/04/2020

AHS Operation

The AHS operation displayed the expected resilience in a time of crisis and quickly recovered from the initial impact suffered in March, recovering its occupancy and default rates to the same pre-pandemic levels.

Valuation AHS (NAV)

Seeking to maximize transparency, AHS valuation will be periodically updated employing the same net asset valuation methods used by the company, as agreed upon and approved by the shareholders:

NAV AHS (values in US\$)	3Q20	2Q19
Operation	147,643,377	109,853,896
Construction	54,946,750	27,979,811
Land bank	48,331,377	19,850,000
	-	-
Holding	1,844,697	18,249,995
Additional Capital@jul/19	-	10,000,000
	-	-
Total	252,766,202	185,933,702

The method used individually evaluates each development, according to its condition as described below:

- Developments in operation and sold: NOI / Cap Rate - Debt
 - NOI takes vacancy rates, rentals and OPEX rates into consideration on the date of evaluation
 - Cap Rate should be based on real business and public materials on the date of evaluation
- **Developments for rent and construction:** (cash flow discounted from expected NOI on the date of evaluation) - (remaining construction costs)
- **Landbank**
 - **Recently Acquired:** book value
 - **If Licensed and Construction Approval:** evaluation at market value

Balance Sheet - MRV US

ASSETS (US\$ Thousands)	30/09/2020	30/06/2020	Var. Sep/20 x Jun/20
CURRENT ASSETS			
Cash and cash equivalents	13,033	17,125	23.9% ↓
Marketable Securities	3,045	3,134	2.8% ↓
Receivables from services provided	791	683	15.8% ↑
Prepaid expenses	901	919	2.0% ↓
Other assets	2,600	1,444	80.1% ↑
Total Current Assets	20,370	23,305	12.6% ↓
NONCURRENT ASSETS			
Other noncurrent assets	1,931	1,434	34.7% ↑
Investment property	310,479	285,280	8.8% ↑
Property and equipment	6,625	6,891	3.9% ↓
Intangible Assets	2,344	2,071	13.2% ↑
Total Noncurrent Assets	321,379	295,676	8.7% ↑
TOTAL ASSETS	341,749	318,981	7.1% ↑
LIABILITIES AND EQUITY (US\$ Thousands)	30/09/2020	30/06/2020	Var. Sep/20 x Jun/20
CURRENT LIABILITIES			
Suppliers	11,589	9,673	19.8% ↑
Loans, financing and debentures	6,090	6,358	4.2% ↓
Payroll and related liabilities	1,325	852	55.5% ↑
Other payables	6,895	5,482	25.8% ↑
Total Current Liabilities	25,899	22,365	15.8% ↑
NONCURRENT LIABILITIES			
Derivative Financial Instruments	3,285	3,479	5.6% ↓
Loans, financing and debentures	230,939	209,294	10.3% ↑
Other liabilities	438	381	15.0% ↑
Total Noncurrent Liabilities	234,662	213,154	10.1% ↑
EQUITY			
Equity attributable to Company' Shareholders	70,405	72,405	2.8% ↓
Noncontrolling Interests	10,783	11,057	2.5% ↓
Total Equity	81,188	83,462	2.7% ↓
TOTAL LIABILITIES AND TOTAL EQUITY	341,749	318,981	7.1% ↑

EARNINGS RELEASE

3rd Quarter 2020



P&L - MRV US

US\$ thousands	3Q20	2Q20	Chg. 3Q20 x 2Q20
NET REVENUE	3,631	3,138	15.7% ↑
COST OF REAL ESTATE SALES AND SERVICES	(3,142)	(2,542)	23.6% ↑
GROSS PROFIT	490	596	17.9% ↓
<i>Gross Margin</i>	13.5%	19.0%	5.5 p.p. ↓
OPERATING INCOME (EXPENSES)			
Selling expenses	(162)	(190)	14.7% ↓
General & Administrative Expenses	(2,201)	(2,355)	6.5% ↓
Other operating income (expenses), net	(241)	(16)	1418.0% ↓
Equity Income	-	-	-
INCOME BEFORE FINANCIAL INCOME (EXPENSES)	(2,115)	(1,964)	7.6% ↑
FINANCIAL RESULTS			
Financial expenses	(1,343)	(1,012)	32.7% ↑
Financial income	9	36	75.6% ↓
Financial income from receivables from real estate development	-	-	-
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(3,449)	(2,940)	17.3% ↓
Income Tax and Social Contribution	-	-	-
NET INCOME (LOSS)	(3,449)	(2,940)	17.3% ↓
NET INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(290)	(166)	74.4% ↓
NET INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	(3,159)	(2,774)	13.9% ↓
<i>Net Margin</i>	-87.0%	-88.4%	1.4 p.p. ↑

Debt Breakdown

(US\$ thousands)	Maturity	Contractual rate (p.a.)	Balance due Sep/20
Construction Financing (equivalent to Brazilian SFH)			184,098
Construction Loan			59,639
Coral Reef	February, 2022	LIBOR 1M + 2.00%	22,964
Pine Groves	April, 2022	LIBOR 1M + 2.25%	15,395
Tamiami Landings	September, 2022	LIBOR 1M + 2.25%	12,909
Banyan Ridge	March, 2022	LIBOR 1M + 2.15%	8,372
Permanent Loan			124,459
Mangonia Lake	May, 2023	LIBOR 1M + 2.25%	28,500
Princeton Groves	October, 2027	Fixed at 4.38%	24,395
Lake Worth	May, 2026	Fixed at 3.95%	23,532
Lake Osborne	December, 2027	Fixed at 4.63%	13,032
Deering Groves	November, 2029	Fixed at 3.15%	35,000
Corporate Debt			54,091
Credit Line	April, 2021	LIBOR 1M + 3.00%	5,000
Vehicle Loan	December, 2022	Fixed at 5.94%	32
Itau Bond Debt	February, 2025	Fixed at 4.00%	47,209
SBA CARES Loan	April, 2022	Fixed at 1.00%	1,850
Funding Costs			(1,160)
Total			237,030

Debt Maturity Schedule

(US\$ thousands)	Construction Loan	Permanent Loan	Corporate Debt	Funding Costs	Total
12 months	-	1,076	5,230	(216)	6,090
13 to 24 months	59,639	1,123	1,859	(216)	62,406
25 to 36 months	-	30,392	2	(194)	30,200
37 to 48 months	-	2,002	-	(150)	1,852
After 48 months	-	89,865	47,000	(383)	136,482
Total	59,639	124,459	54,091	(1,160)	237,030

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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	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
NET REVENUE	1,780	1,656	1,569	7.5% ↑	13.4% ↑	4,944	4,636	6.6% ↑
COST OF REAL ESTATE SALES AND SERVICES	(1,280)	(1,188)	(1,107)	7.7% ↑	15.7% ↑	(3,553)	(3,214)	10.5% ↑
GROSS PROFIT	500	468	462	6.9% ↑	8.1% ↑	1,392	1,422	2.2% ↓
<i>Gross Margin</i>	28.1%	28.2%	29.5%	0.2 p.p. ↓	1.4 p.p. ↓	28.1%	30.7%	2.5 p.p. ↓
OPERATING INCOME (EXPENSES)								
Selling expenses	(168)	(161)	(151)	4.5% ↑	11.7% ↑	(478)	(441)	8.4% ↑
General & Administrative Expenses	(111)	(104)	(89)	6.4% ↑	25.0% ↑	(315)	(269)	17.4% ↑
Other operating income (expenses), net	(34)	(31)	(32)	9.2% ↑	5.9% ↑	(96)	(91)	6.1% ↑
Equity Income	(13)	(15)	(16)	14.1% ↓	16.4% ↓	(39)	(48)	19.2% ↓
INCOME BEFORE FINANCIAL INCOME (EXPENSES)	173	156	175	11.2% ↑	1.0% ↓	463	574	19.3% ↓
FINANCIAL RESULTS								
Financial expenses	(27)	(24)	(16)	13.8% ↑	73.4% ↑	(67)	(45)	49.8% ↑
Financial income	17	18	33	3.2% ↓	48.2% ↓	49	94	48.2% ↓
Financial income from receivables from real estate development	19	16	19	21.8% ↑	0.2% ↓	62	55	12.4% ↑
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	183	166	212	10.3% ↑	13.7% ↓	507	678	25.3% ↓
Income Tax and Social Contribution	(37)	(35)	(33)	6.8% ↑	11.0% ↑	(104)	(99)	5.7% ↑
NET INCOME	146	131	179	11.3% ↑	18.3% ↓	403	579	30.5% ↓
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	5	22	18	76.3% ↓	71.8% ↓	48	40	20.3% ↑
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	141	109	160	28.8% ↑	12.2% ↓	354	539	34.3% ↓
<i>Net Margin</i>	7.9%	6.6%	10.2%	1.3 p.p. ↑	2.3 p.p. ↓	7.2%	11.6%	4.5 p.p. ↓
BASIC EARNINGS PER SHARE	0.292	0.226	0.362	29.1% ↑	19.3% ↓	0.741	1.220	39.3% ↓

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

ASSETS	30/09/2020	30/06/2020	30/09/2019	Var. Sep/20 x Jun/20	Var. Sep/20 x Sep/19
CURRENT ASSETS					
Cash and cash equivalents	1,080	1,724	498	37.3% ↓	116.7% ↑
Marketable Securities	1,742	901	1,676	93.3% ↑	4.0% ↑
Receivables from real estate development	1,809	1,806	1,656	0.2% ↑	9.2% ↑
Receivables from services provided	6	6	1	9.5% ↑	412.1% ↑
Inventories	3,722	3,721	3,963	0.0% ↑	6.1% ↓
Recoverable current taxes	84	94	88	10.2% ↓	4.5% ↓
Prepaid expenses	99	95	92	3.7% ↑	7.4% ↑
Derivative Financial Instruments	-	-	-	-	-
Other assets	116	104	59	11.4% ↑	94.2% ↑
Total Current Assets	8,658	8,451	8,034	2.5% ↑	7.8% ↑
NONCURRENT ASSETS					
Marketable Securities	22	44	34	48.8% ↓	33.7% ↓
Receivables from real estate development	1,619	1,538	1,060	5.3% ↑	52.8% ↑
Real estate for sale and development	4,395	4,402	4,542	0.2% ↓	3.2% ↓
Intercompany Expenses	47	42	53	12.9% ↑	10.8% ↓
Prepaid expenses	46	40	30	15.1% ↑	54.8% ↑
Derivative Financial Instruments	54	62	38	11.9% ↓	43.9% ↑
Other noncurrent assets	155	172	118	9.5% ↓	32.0% ↑
Equity Interest in investees	(1)	8	81	113.5% ↓	101.3% ↓
Investment property	1,866	1,664	86	12.1% ↑	2064.0% ↑
Property and equipment	545	544	471	0.3% ↑	15.7% ↑
Intangible Assets	158	148	110	6.5% ↑	43.3% ↑
Total Noncurrent Assets	8,908	8,663	6,622	2.8% ↑	34.5% ↑
TOTAL ASSETS	17,566	17,114	14,657	2.6% ↑	19.9% ↑

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

LIABILITIES AND EQUITY	30/09/2020	30/06/2020	30/09/2019	Var. Sep/20 x Jun/20	Var. Sep/20 x Sep/19
CURRENT LIABILITIES					
Suppliers	446	371	382	20.2% ↑	16.8% ↑
Payables for investment aquisition	6	7	5	20.2% ↓	5.8% ↑
Loans, financing and debentures	634	914	676	30.6% ↓	6.1% ↓
Land Payables	1,148	904	846	27.0% ↑	35.7% ↑
Advances from customers	231	191	191	21.0% ↑	21.2% ↑
Payroll and related liabilities	194	181	174	7.0% ↑	11.6% ↑
Tax payables	88	84	74	4.4% ↑	18.1% ↑
Provision for maintenance of real estate	41	42	34	2.7% ↓	21.5% ↑
Deferred tax liabilities	64	64	58	0.8% ↓	10.1% ↑
Proposed dividends	164	164	328	0.0% ↑	50.0% ↓
Net Capital deficiency liabilities - Investments	165	175	166	5.9% ↓	0.8% ↓
Other payables	259	245	219	5.7% ↑	18.3% ↑
Total Current Liabilities	3,439	3,343	3,153	2.9% ↑	9.1% ↑
NONCURRENT LIABILITIES					
Payables for investment aquisition	14	16	-	8.0% ↓	-
Derivative Financial Instruments	19	19	-	2.7% ↓	-
Loans, financing and debentures	4,244	3,926	2,284	8.1% ↑	85.8% ↑
Land Payables	3,151	3,172	3,227	0.7% ↓	2.4% ↓
Advances from customers	325	408	538	20.3% ↓	39.6% ↓
Provision for maintenance of real estate	114	106	107	7.5% ↑	7.2% ↑
Provision for civil, labor, and tax risks	106	106	108	0.5% ↑	1.6% ↓
Deferred tax liabilities	66	63	43	5.0% ↑	52.7% ↑
Other liabilities	118	126	79	6.7% ↓	48.2% ↑
Total Noncurrent Liabilities	8,157	7,942	6,387	2.7% ↑	27.7% ↑
EQUITY					
Equity attributable to Company' Shareholders	5,616	5,465	4,855	2.8% ↑	15.7% ↑
Noncontrolling Interests	353	364	262	2.8% ↓	34.7% ↑
Total Equity	5,970	5,829	5,117	2.4% ↑	16.7% ↑
TOTAL LIABILITIES AND TOTAL EQUITY	17,566	17,114	14,657	2.6% ↑	19.9% ↑

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

Consolidated (R\$ million)	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Var. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
CASH FLOWS FROM OPERATING ACTIVITIES								
NET INCOME	146	131	179	11.3% ↑	18.3% ↓	403	579	30.5% ↓
Adjustments to reconcile net income to cash used in operating activities	157	185	159	15.1% ↓	1.0% ↓	527	400	31.6% ↑
(Increase) decrease in operating assets	100	46	(258)	116.6% ↑	-	(253)	(667)	62.0% ↓
Increase (decrease) in operating liabilities	(67)	(60)	(172)	10.5% ↑	61.2% ↓	(206)	(375)	45.2% ↓
Net cash generated by (used in) operating activities	336	302	(92)	11.3% ↑	-	471	(62)	860.3% ↓
CASH FLOWS FROM INVESTING ACTIVITIES								
Decrease (increase) in marketable securities	(799)	(15)	155	5278.6% ↓	-	(310)	(16)	1894.9% ↑
Advances to related parties	(15)	(11)	(7)	34.8% ↑	128.6% ↑	(34)	(39)	12.5% ↓
Receipts from related parties	10	11	2	5.8% ↓	508.4% ↑	27	29	8.0% ↓
Decrease in (acquisition of/contribution to) investments	(15)	17	(38)	-	60.8% ↑	35	4	719.4% ↑
Payment for acquisition of subsidiary	(3)	14	(1)	-	93.9% ↑	7	(4)	265.8% ↓
Receipts for sale of investees	2	2	-	-	-	4	-	-
Acquisition of investment properties	(153)	(158)	-	3.0% ↑	-	(484)	-	-
Acquisition of fixed and intangible assets	(38)	(59)	(59)	35.9% ↓	35.8% ↓	(135)	(172)	21.1% ↓
Net cash generated by (used in) investing activities	(1,011)	(200)	52	405.5% ↓	-	(891)	(197)	352.2% ↑
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds from shares issuance	-	-	-	-	-	1	-	-
Proceeds from stock options' exercise	0	-	7	-	98% ↓	1	9	90.1% ↓
Loans from related parties	18	(7)	(34)	-	-	(5)	30	116.3% ↓
Treasury shares	-	-	-	-	-	-	-	-
Proceeds from loans, financing and debenture	748	1,054	390	29.1% ↓	91.9% ↑	2,280	1,708	33.5% ↑
Payment of loans, financing and debenture	(732)	(376)	(423)	94.8% ↓	73.2% ↓	(1,447)	(1,596)	9.3% ↓
Receive of financial instruments and derivatives	3	(0)	(1)	-	-	4	(1)	664.1% ↓
Capital transaction	(1)	2	2	-	-	3	9	-
Dividends payment	-	-	-	-	-	-	(164)	100.0% ↓
Net contributions (distributions) of noncontrolling interests	(4)	(32)	(38)	88.5% ↑	90.2% ↑	(17)	(32)	47.4% ↓
Net cash (used in) generated by financing activities	32	641	(97)	95.0% ↓	-	820	(38)	2282.8% ↓
effects of exchange rates on cash and cash equivalents	(1)	(9)	-	85.9% ↑	-	6	-	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	(644)	735	(138)	-	367.2% ↓	405	(296)	236.8% ↑
CASH AND CASH EQUIVALENTS								
Cash and cash equivalents at beginning of the period	1,724	989	636	74.3% ↑	171.0% ↑	675	795	15.1% ↓
Cash and cash equivalents at end of the period	1,080	1,724	498	37.3% ↓	116.7% ↑	1,080	498	116.7% ↑

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

R\$ million	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Chg. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
NET REVENUE	1,760	1,639	1,569	7.4% ↑	12.2% ↑	4,898	4,636	5.7% ↑
COST OF REAL ESTATE SALES AND SERVICES	(1,263)	(1,174)	(1,107)	7.5% ↑	14.1% ↑	(3,513)	(3,214)	9.3% ↑
GROSS PROFIT	497	465	462	7.0% ↑	7.5% ↑	1,385	1,422	2.6% ↓
<i>Gross Margin</i>	28.3%	28.4%	29.5%	0.1 p.p. ↓	1.2 p.p. ↓	28.3%	30.7%	2.4 p.p. ↓
OPERATING INCOME (EXPENSES)								
Selling expenses	(168)	(160)	(151)	4.6% ↑	11.1% ↑	(476)	(441)	7.8% ↑
General & Administrative Expenses	(99)	(92)	(89)	8.2% ↑	11.7% ↑	(284)	(269)	5.8% ↑
Other operating income (expenses), net	(33)	(31)	(32)	5.3% ↑	1.9% ↑	(95)	(91)	4.5% ↑
Equity Income	(13)	(15)	(16)	14.1% ↓	16.4% ↓	(39)	(48)	19.2% ↓
INCOME BEFORE FINANCIAL INCOME (EXPENSES)	185	167	175	10.9% ↑	5.5% ↑	492	574	14.3% ↓
FINANCIAL RESULTS								
Financial expenses	(20)	(18)	(16)	10.1% ↑	27.1% ↑	(49)	(45)	9.1% ↑
Financial income	17	18	33	2.4% ↓	48.3% ↓	48	94	48.5% ↓
Financial income from receivables from real estate development	19	16	19	21.8% ↑	0.2% ↓	62	55	12.4% ↑
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	201	182	212	10.6% ↑	5.0% ↓	553	678	18.4% ↓
Income Tax and Social Contribution	(37)	(35)	(33)	6.8% ↑	11.0% ↑	(104)	(99)	5.7% ↑
NET INCOME	164	147	179	11.6% ↑	7.9% ↓	449	579	22.5% ↓
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	7	23	18	70.4% ↓	63.3% ↓	52	40	29.7% ↑
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	158	124	160	26.6% ↑	1.6% ↓	397	539	26.4% ↓
<i>Net Margin</i>	9.0%	7.6%	10.2%	1.4 p.p. ↑	1.3 p.p. ↓	8.1%	11.6%	3.5 p.p. ↓
BASIC EARNINGS PER SHARE	0.328	0.258	0.362	26.8% ↑	9.5% ↓	0.831	1.220	31.9% ↓

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

ASSETS	30/09/2020	30/06/2020	30/09/2019	Var. Sep/20 x Jun/20	Var. Sep/20 x Sep/19
CURRENT ASSETS					
Cash and cash equivalents	1,007	1,630	498	38.3% ↓	102.0% ↑
Marketable Securities	1,725	884	1,676	95.1% ↑	2.9% ↑
Receivables from real estate development	1,809	1,806	1,656	0.2% ↑	9.2% ↑
Receivables from services provided	2	2	1	11.1% ↓	33.9% ↑
Inventories	3,722	3,721	3,963	0.0% ↑	6.1% ↓
Recoverable current taxes	84	94	88	10.2% ↓	4.5% ↓
Prepaid expenses	94	90	92	3.9% ↑	1.9% ↑
Derivative Financial Instruments	-	-	-	-	-
Other assets	101	96	59	5.3% ↑	69.6% ↑
Total Current Assets	8,544	8,324	8,034	2.6% ↑	6.3% ↑
NONCURRENT ASSETS					
Marketable Securities	22	44	34	48.8% ↓	33.7% ↓
Receivables from real estate development	1,619	1,538	1,060	5.3% ↑	52.8% ↑
Real estate for sale and development	4,395	4,402	4,542	0.2% ↓	3.2% ↓
Intercompany Expenses	47	42	53	12.9% ↑	10.8% ↓
Prepaid expenses	46	40	30	15.1% ↑	54.8% ↑
Derivative Financial Instruments	54	62	38	11.9% ↓	43.9% ↑
Other noncurrent assets	145	164	118	11.8% ↓	22.8% ↑
Equity Interest in investees	(1)	8	81	113.5% ↓	101.3% ↓
Investment property	115	102	86	12.7% ↑	33.5% ↑
Property and equipment	508	506	471	0.4% ↑	7.8% ↑
Intangible Assets	145	137	110	5.6% ↑	31.3% ↑
Total Noncurrent Assets	7,095	7,044	6,622	0.7% ↑	7.1% ↑
TOTAL ASSETS	15,639	15,367	14,657	1.8% ↑	6.7% ↑

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

LIABILITIES AND EQUITY	30/09/2020	30/06/2020	30/09/2019	Var. Sep/20 x Jun/20	Var. Sep/20 x Sep/19
CURRENT LIABILITIES					
Suppliers	380	318	382	19.7% ↑	0.3% ↓
Payables for investment aquisition	6	7	5	20.2% ↓	5.8% ↑
Loans, financing and debentures	600	879	676	31.8% ↓	11.2% ↓
Land Payables	1,148	904	846	27.0% ↑	35.7% ↑
Advances from customers	231	191	191	21.0% ↑	21.2% ↑
Payroll and related liabilities	186	176	174	5.6% ↑	7.3% ↑
Tax payables	88	84	74	4.4% ↑	18.1% ↑
Provision for maintenance of real estate	41	42	34	2.7% ↓	21.5% ↑
Deferred tax liabilities	64	64	58	0.8% ↓	10.1% ↑
Proposed dividends	164	164	328	0.0% ↑	50.0% ↓
Net Capital deficiency liabilities - Investments	165	175	166	5.9% ↓	0.8% ↓
Other payables	220	215	219	2.3% ↑	0.5% ↑
Total Current Liabilities	3,293	3,220	3,153	2.3% ↑	4.5% ↑
NONCURRENT LIABILITIES					
Payables for investment aquisition	14	16	-	8.0% ↓	-
Derivative Financial Instruments	-	-	-	-	-
Loans, financing and debentures	2,941	2,780	2,284	5.8% ↑	28.8% ↑
Land Payables	3,151	3,172	3,227	0.7% ↓	2.4% ↓
Advances from customers	325	408	538	20.3% ↓	39.6% ↓
Provision for maintenance of real estate	114	106	107	7.5% ↑	7.2% ↑
Provision for civil, labor, and tax risks	106	106	108	0.5% ↑	1.6% ↓
Deferred tax liabilities	66	63	43	5.0% ↑	52.7% ↑
Other liabilities	115	124	79	7.1% ↓	45.1% ↑
Total Noncurrent Liabilities	6,834	6,775	6,387	0.9% ↑	7.0% ↑
EQUITY					
Equity attributable to Company' Shareholders	5,219	5,069	4,855	3.0% ↑	7.5% ↑
Noncontrolling Interests	293	303	262	3.5% ↓	11.5% ↑
Total Equity	5,512	5,372	5,117	2.6% ↑	7.7% ↑
TOTAL LIABILITIES AND TOTAL EQUITY	15,639	15,367	14,657	1.8% ↑	6.7% ↑

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

Consolidated ex. AHS (R\$ million)	3Q20	2Q20	3Q19	Chg. 3Q20 x 2Q20	Var. 3Q20 x 3Q19	9M20	9M19	Chg. 9M20 x 9M19
CASH FLOWS FROM OPERATING ACTIVITIES								
NET INCOME	164	147	179	11,6% ↑	7,9% ↓	449	579	22,5% ↓
Adjustments to reconcile net income to cash used in operating activities	150	185	159	18,8% ↓	5,5% ↓	510	400	27,3% ↑
(Increase) decrease in operating assets	102	46	(258)	122,3% ↑	-	(246)	(667)	63,2% ↓
Increase (decrease) in operating liabilities	(71)	(63)	(172)	13,0% ↑	58,5% ↓	(245)	(375)	34,7% ↓
Net cash generated by (used in) operating activities	346	315	(92)	9,6% ↑	-	468	(62)	856,7% ↓
CASH FLOWS FROM INVESTING ACTIVITIES								
Decrease (increase) in marketable securities	(810)	1	155	-	-	(317)	(16)	1939,5% ↑
Advances to related parties	(15)	(11)	(7)	34,8% ↑	128,6% ↑	(34)	(39)	12,5% ↓
Receipts from related parties	10	11	2	5,8% ↓	508,4% ↑	27	29	8,0% ↓
Decrease in (acquisition of/contribution to) investments	(20)	17	(38)	-	46,6% ↑	29	4	592,7% ↑
Payment for acquisition of subsidiary	(3)	(1)	(1)	112,6% ↑	117,9% ↑	(9)	(4)	105,7% ↑
Receipts for sale of investees	2	2	-	0,1% ↑	-	4	-	-
Acquisition of investment properties	(13)	(44)	-	70,7% ↓	-	(82)	-	-
Acquisition of fixed and intangible assets	(34)	(40)	(59)	15,6% ↓	42,2% ↓	(107)	(172)	37,7% ↓
Net cash generated by (used in) investing activities	(884)	(67)	52	1220,7% ↓	-	(488)	(197)	147,6% ↑
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds from shares issuance	-	-	-	-	-	1	-	-
Proceeds from stock options' exercise	0	-	7	-	98% ↓	1	9	90,1% ↓
Loans from related parties	18	(7)	(34)	-	-	(5)	30	116,3% ↓
Treasury shares	-	-	-	-	-	-	-	-
Proceeds from loans, financing and debenture	597	809	390	26,3% ↓	53,1% ↑	1.622	1.708	5,0% ↓
Payment of loans, financing and debenture	(699)	(237)	(423)	194,8% ↓	65,3% ↓	(1.258)	(1.596)	21,2% ↓
Receive of financial instruments and derivatives	3	(0)	(1)	-	-	4	(1)	664,1% ↓
Capital transaction	(1)	2	2	-	-	3	9	-
Dividends payment	-	-	-	-	-	-	(164)	100,0% ↓
Net contributions (distributions) of noncontrolling interests	(4)	(32)	(38)	88,5% ↑	90,2% ↑	(17)	(32)	47,4% ↓
Advanced payment from related companies	-	-	-	-	-	-	-	-
Net cash (used in) generated by financing activities	(86)	535	(97)	-	12,0% ↑	351	(38)	1035,0% ↓
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	(624)	783	(138)	-	352,5% ↓	332	(296)	212,0% ↑
CASH AND CASH EQUIVALENTS								
Cash and cash equivalents at beginning of the period	1.630	847	636	92,4% ↑	156,2% ↑	675	795	15,1% ↓
Cash and cash equivalents at end of the period	1.007	1.630	498	38,3% ↓	102,0% ↑	1.007	498	102,0% ↑

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, stricter, 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 landowner 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 nine months of 2020 other than those related to external auditing. 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 41 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.



Financial Statements

MRV Engenharia e Participações S.A.

**Interim Consolidated and Individual Financial Statements
for the Quarter Ended September 30, 2020 and
Report on Review of Interim Financial Statements**

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

Interim Financial Statements (ITR)

September 30, 2020

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

Code	Description	Current Quarter 9/30/2020	Previous year 12/31/2019
1	Total assets	13,865,171	12,959,300
1.01	Current assets	5,632,759	4,975,804
1.01.01	Cash and cash equivalents	465,989	403,876
1.01.01.01	Cash and banks	459,318	288,186
1.01.01.02	Short-term investments	6,671	115,690
1.01.03	Receivables	1,011,503	816,227
1.01.03.01	Trade accounts receivable	1,011,503	816,227
1.01.03.01.01	Receivables from real estate development	1,009,602	814,810
1.01.03.01.02	Receivables from services provided	1,901	1,417
1.01.04	Inventories	2,329,840	2,488,014
1.01.04.01	Real estate under construction	1,364,428	1,619,227
1.01.04.02	Completed units	68,540	96,352
1.01.04.03	Landbank	856,176	719,828
1.01.04.04	Advances to suppliers	40,600	52,405
1.01.04.05	Material inventories	96	202
1.01.06	Recoverable taxes	57,604	71,485
1.01.06.01	Recoverable current taxes	57,604	71,485
1.01.07	Prepaid expenses	59,079	54,122
1.01.08	Other current assets	1,708,744	1,142,080
1.01.08.03	Other	1,708,744	1,142,080
1.01.08.03.01	Other assets	111,581	103,436
1.01.08.03.02	Marketable securities	1,597,163	1,038,644
1.02	Noncurrent assets	8,232,412	7,983,496
1.02.01	Long-term assets	5,241,364	5,503,087
1.02.01.04	Receivables	804,505	558,433
1.02.01.04.01	Trade accounts receivable	804,505	558,433
1.02.01.05	Inventories	3,514,481	4,056,593
1.02.01.05.01	Landbank	3,514,481	4,056,593
1.02.01.08	Prepaid expenses	27,911	20,324
1.02.01.09	Intercompany receivables	706,989	677,640
1.02.01.09.04	Other related parties	706,989	677,640
1.02.01.10	Other noncurrent assets	187,478	190,097
1.02.01.10.03	Escrow deposits and other	111,291	116,101
1.02.01.10.04	Derivative financial instruments	53,860	44,297
1.02.01.10.05	Marketable securities	22,327	29,699
1.02.02	Investments	2,371,910	1,909,206
1.02.02.01	Investments	2,262,318	1,875,695
1.02.02.01.02	Investments in subsidiaries	2,263,352	1,800,020
1.02.02.01.03	Interests in jointly controlled	-1,034	75,675
1.02.02.02	Investment properties	109,592	33,511
1.02.03	Property and equipment	477,193	455,229
1.02.03.01	Operating property and equipment	463,483	443,297
1.02.03.03	Property and equipment under construction	13,710	11,932
1.02.04	Intangible assets	141,945	115,974
1.02.04.01	Intangible assets	141,945	115,974
1.02.04.01.02	Intangible assets	93,588	71,508
1.02.04.01.03	Intangible assets under development	48,357	44,466

Individual / Balance Sheets – Liabilities and Equity

(In thousands of Brazilian reais – R\$)

Code	Description	Current Quarter 9/30/2020	Previous year 12/31/2019
2	Total liabilities	13,865,171	12,959,300
2.01	Current Liabilities	2,518,390	2,166,837
2.01.01	Labor and social liabilities	113,701	80,918
2.01.01.01	Social liabilities	22,646	9,349
2.01.01.02	Labor liabilities	91,055	71,569
2.01.02	Suppliers	303,521	215,983
2.01.02.01	Domestic trade accounts payable	303,521	215,983
2.01.03	Tax liabilities	61,830	57,632
2.01.03.01	Federal taxes	58,856	54,055
2.01.03.01.01	Income taxes and social contribution	7,682	6,082
2.01.03.01.02	Other federal taxes	51,174	47,973
2.01.03.02	State taxes	-	19
2.01.03.03	Municipal taxes	2,974	3,558
2.01.04	Loans, financing and debentures	561,201	649,776
2.01.04.01	Loans, financing and debentures	233,033	73,996
2.01.04.01.01	Loans and financing in domestic currency	233,033	73,996
2.01.04.02	Debentures	328,168	575,780
2.01.05	Other liabilities	1,458,871	1,146,195
2.01.05.02	Other	1,458,871	1,146,195
2.01.05.02.02	Mandatory minimum dividend payable	163,933	163,933
2.01.05.02.04	Land payables	869,519	576,068
2.01.05.02.05	Advances from customers	160,057	151,771
2.01.05.02.06	Other payables	66,798	77,850
2.01.05.02.07	Deferred tax liabilities	34,639	27,303
2.01.05.02.09	Net capital deficiency liability - Investments	163,925	149,270
2.01.06	Accruals	19,266	16,333
2.01.06.02	Other accruals	19,266	16,333
2.01.06.02.04	Provision for maintenance of real estate	19,266	16,333
2.02	Noncurrent liabilities	5,730,592	5,950,693
2.02.01	Loans, financing and debentures	2,743,369	2,351,890
2.02.01.01	Loans, financing and debentures	821,173	757,599
2.02.01.01.01	Loans and financing in domestic currency	821,173	757,599
2.02.01.02	Debentures	1,922,196	1,594,291
2.02.02	Other liabilities	2,816,303	3,448,565
2.02.02.02	Other	2,816,303	3,448,565
2.02.02.02.03	Land payables	2,480,921	3,045,090
2.02.02.02.04	Advances from customers	230,127	327,150
2.02.02.02.05	Other payables	105,255	76,325
2.02.03	Deferred tax liabilities	31,191	21,332
2.02.03.01	Deferred income tax and social contribution	31,191	21,332
2.02.03.01.01	Deferred income tax and social contribution	14,870	10,111
2.02.03.01.02	Deferred taxes on revenue (PIS & COFINS)	16,321	11,221
2.02.04	Accruals	139,729	128,906
2.02.04.01	Provision for civil, labor and tax risks	74,527	72,053
2.02.04.01.01	Tax provisions	313	295
2.02.04.01.02	Labor Provisions	42,365	35,327

Code	Description	Current Quarter 9/30/2020	Previous year 12/31/2019
2.02.04.01.04	Civil provisions	31,804	36,413
2.02.04.01.05	Environment provisions	45	18
2.02.04.02	Other accruals	65,202	56,853
2.02.04.02.04	Provision for maintenance of real estate	65,202	56,853
2.03	Equity	5,616,189	4,841,770
2.03.01	Paid in capital	4,609,424	4,282,130
2.03.02	Capital reserves	56,522	49,555
2.03.02.04	Recognized options granted	82,831	75,864
2.03.02.07	Expenses on share issuance	(26,309)	(26,309)
2.03.04	Earnings reserve	497,345	510,085
2.03.04.01	Legal reserve	34,512	34,512
2.03.04.05	Retained profit reserve	463,953	480,359
2.03.04.09	Treasury shares	(1,120)	(4,786)
2.03.05	Earnings/losses accumulated	354,102	-
2.03.06	Equity Valuation Adjustments	98,796	-
2.03.06.01	Cash flow hedge reserve	(5,828)	-
2.03.06.02	Currency translation adjustments	104,624	-

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

Code	Description	7/1/2020 to 9/30/2020	1/1/2020 to 9/30/2020	7/1/2019 to 9/30/2019	1/1/2019 to 9/30/2019
3.01	Revenue from sales and services	990,669	2,737,807	821,104	2,455,956
3.01.01	Net operating revenue	990,669	2,737,807	821,104	2,455,956
3.02	Cost of sales and services	(703,361)	(1,947,784)	(585,940)	(1,725,237)
3.02.01	Cost of real estate sales and services	(703,361)	(1,947,784)	(585,940)	(1,725,237)
3.03	Gross profit	287,308	790,023	235,164	730,719
3.04	operating income (expenses)	(132,866)	(407,600)	(83,770)	(209,304)
3.04.01	Selling expenses	(111,474)	(308,510)	(95,631)	(274,666)
3.04.02	General and administrative expenses	(91,871)	(264,435)	(81,973)	(245,324)
3.04.04	Other operating incomes	4,205	7,562	3,204	11,520
3.04.05	Other operating expenses	(28,923)	(80,574)	(31,913)	(80,682)
3.04.06	Results from equity participation	95,197	238,357	122,543	379,848
3.05	Income before financial income and taxes	154,442	382,423	151,394	521,415
3.06	Financial income (expenses), net	6,445	28,082	25,388	67,810
3.06.01	Financial income	22,902	67,245	37,279	102,096
3.06.01.01	Financial income	14,632	39,123	27,443	74,209
3.06.01.02	Financial income from receivables from real estate development	8,270	28,122	9,836	27,887
3.06.02	Financial expenses	(16,457)	(39,163)	(11,891)	(34,286)
3.07	Income before taxes	160,887	410,505	176,782	589,225
3.08	Income tax and social contribution	(20,303)	(56,403)	(16,667)	(50,052)
3.08.01	Current	(19,366)	(48,120)	(14,692)	(44,034)
3.08.02	Deferred	(937)	(8,283)	(1,975)	(6,018)
3.09	Net income (loss) from continuing operations	140,584	354,102	160,115	539,173
3.11	Net income (loss) for the period	140,584	354,102	160,115	539,173
3.99	Earnings per share (In Reais - R\$):	-	-	-	-
3.99.01	Basic	-	-	-	-
3.99.01.01	ON	0.29170	0.74107	0.36211	1.22039
3.99.02	Diluted	-	-	-	-
3.99.02.01	ON	0.28988	0.73709	0.35923	1.21342

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 9/30/2020 - MRV Engenharia e Participações S.A.

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

Code	Description	7/2020 to 9/30/2020	1/1/2020 to 9/30/2020	7/1/2019 to 9/30/2019	1/1/2019 to 9/30/2019
4.01	Net income	140,584	354,102	160,115	539,173
4.02	Other components of comprehensive income	6,331	98,796	-	-
4.02.01	Currency translation adjustments	11,277	104,624	-	-
4.02.02	Cash flow hedge reserve	(4,946)	(5,828)	-	-
4.03	Comprehensive income for the period	146,915	452,898	160,115	539,173

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

Code	Description	1/1/2020 to 9/30/2020	1/1/2019 to 9/30/2019
6.01	Net cash used in operating activities	137,587	(438,918)
6.01.01	Cash provided by operating activities	399,691	367,922
6.01.01.01	Net income for the period	354,102	539,173
6.01.01.02	Depreciation and amortization	55,482	55,292
6.01.01.03	Recognized stock options granted	6,886	5,174
6.01.01.04	Property and equipment write off	525	728
6.01.01.05	Financial result	(10,163)	(9,496)
6.01.01.06	Results from equity participation	(238,357)	(379,848)
6.01.01.07	Results from equity interest variation in joint venture	-	(440)
6.01.01.08	Provision for maintenance of real estate	37,157	31,350
6.01.01.09	Provision for civil, labor and tax risks	62,318	56,283
6.01.01.10	Allowance for credit risk	58,324	11,080
6.01.01.11	Amortization of prepaid expenses	64,710	65,181
6.01.01.13	Results from derivative financial instruments	(8,488)	(18,991)
6.01.01.14	Deferred taxes on income (IRPJ and CSLL)	8,283	6,018
6.01.01.15	Deferred taxes on revenue (PIS and COFINS)	8,912	6,418
6.01.02	Increase (decrease) in assets and liabilities	(262,104)	(806,840)
6.01.02.01	(Increase) decrease in receivables from real estate development	(471,550)	(294,800)
6.01.02.02	(Increase) decrease in real estate for sale	370,179	(168,351)
6.01.02.03	(Increase) decrease in prepaid expenses	(77,254)	(67,378)
6.01.02.04	(Increase) decrease other assets	40,567	(30,931)
6.01.02.05	Increase (decrease) in trade payables	87,538	48,071
6.01.02.06	Increase (decrease) in payroll and related taxes	32,783	11,330
6.01.02.07	Increase (decrease) in taxes, fees and contributions	44,298	34,302
6.01.02.08	Increase (decrease) in advances from customers	29,046	(4,233)
6.01.02.09	Increase (decrease) in other payables	(4,725)	5,383
6.01.02.10	Interest paid	(161,960)	(208,332)
6.01.02.11	IRPJ and CSLL paid	(40,287)	(30,931)
6.01.02.12	Realization of accrual for maintenance of real estate	(41,638)	(46,337)
6.01.02.13	Amounts paid for civil, labor and tax risks	(69,101)	(54,633)
6.02	Net cash provided in investing activities	(405,147)	128,888
6.02.01	Increase in marketable securities	(2,760,937)	(2,702,395)
6.02.02	Decrease in marketable securities	2,228,190	2,574,320
6.02.03	Advances to related parties	(766,905)	(699,583)
6.02.04	Receipts from related parties	738,350	689,970
6.02.05	(Increase) decrease in investments	326,630	428,582
6.02.06	Acquisition of property and equipment and intangible assets	(98,813)	(162,006)
6.02.09	Receipts for sale of investees	4,419	-
6.02.10	Acquisition of investment properties	(76,081)	-
6.03	Net cash provided by (used in) financing activities	329,673	125,847
6.03.01	Proceeds from exercised stock options	956	-
6.03.02	Loans from (to) related parties	(5,212)	(4,895)
6.03.04	Proceeds from loans, financing and debentures	1,290,232	1,132,484
6.03.05	Repayment of loans, financing and debentures	(960,403)	(844,802)
6.03.07	Paid dividends	-	(163,948)
6.03.10	Proceeds from exercised stock options	894	9,073
6.03.11	Capital transaction	(878)	(1,341)

Code	Description	1/1/2020 to 9/30/2020	1/1/2019 to 9/30/2019
6.03.12	Contracted and redeemed derivative financial instruments	4,084	(724)
6.05	Net decrease in cash and cash equivalents	62,113	(184,183)
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	465,989	242,385

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR - 9/30/2020 - MRV Engenharia e Participações S.A.

Individual / Statement of Changes in Equity – 1/1/2020 to 9/30/2020
(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	44,769	514,871	-	-	4,841,770
5.03	Adjusted opening balance	4,282,130	44,769	514,871	-	-	4,841,770
5.04	Shareholders capital transaction	327,294	10,633	(16,406)	-	-	321,521
5.04.01	Capital increase	956	-	-	-	-	956
5.04.03	Recognized options granted	-	6,967	-	-	-	6,967
5.04.08	Effect of MDI incorporation	326,338	-	(5,609)	-	-	320,729
5.04.09	Transfers of treasury shares	-	2,772	(2,772)	-	-	-
5.04.10	Treasury shares disposed to beneficiaries of stock option plan	-	761	-	-	-	761
5.04.11	Reflection of transfers of shares in subsidiary's treasury	-	133	-	-	-	133
5.04.12	Capital transaction	-	-	(9,538)	-	-	(9,538)
5.04.13	Reflection of error correction in subsidiary	-	-	1,513	-	-	1,513
5.05	Comprehensive income	-	-	-	354,102	98,796	452,898
5.05.01	Net income (loss)	-	-	-	354,102	-	354,102
5.05.02	Other comprehensive income	-	-	-	-	98,796	98,796
5.05.02.04	Currency translation adjustments for the period	-	-	-	-	104,624	104,624
5.05.02.06	Cash flow hedge reserve	-	-	-	-	(5,828)	(5,828)
5.07	Closing balance	4,609,424	55,402	498,465	354,102	98,796	5,616,189

Individual / Statement of Changes in Equity – 1/1/2019 to 9/30/2019
(In thousands of Brazilian reais – R\$)

Code	Description	Capital reserves, recognized options		Earnings reserves	Earnings / losses accumulated	Other comprehensive income	Equity attributable to Company owners
		Paid-in capital	granted and treasury shares				
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	202,360	5,190	(522,525)	-	-	(314,975)
5.04.08	Capitalization of reserves	202,360	-	(202,360)	-	-	-
5.04.09	Stock Options	-	5,190	-	-	-	5,190
5.04.10	Capital transaction	-	-	(1,341)	-	-	(1,341)
5.04.11	Treasury shares disposed to beneficiaries of stock option plan	-	-	9,073	-	-	9,073
5.04.12	Extraordinary dividends	-	-	(327,897)	-	-	(327,897)
5.05	Comprehensive income	-	-	-	539,173	-	539,173
5.05.01	Net income (loss)	-	-	-	539,173	-	539,173
5.07	Closing balance	4,282,130	47,377	(14,037)	539,173	-	4,854,643

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR - 9/30/2020 - MRV Engenharia e Participações S.A.

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

Code	Description	1/1/2020 to 9/30/2020	1/1/2019 to 9/30/2019
7.01	Revenue	2,823,964	2,542,410
7.01.01	Gross operating revenue	2,841,779	2,521,025
7.01.02	Other revenue	5,551	5,121
7.01.03	Revenue related to construction of own assets	34,958	27,344
7.01.04	Allowance for credit risk	(58,324)	(11,080)
7.02	Inputs purchased from third parties	(1,969,136)	(1,728,552)
7.02.01	Inputs purchased from third parties	(1,969,136)	(1,728,552)
7.03	Gross value added	854,828	813,858
7.04	Retentions	(55,482)	(55,292)
7.04.01	Depreciation, amortization and depletion	(55,482)	(55,292)
7.05	Net value added generated	799,346	758,566
7.06	Value added received in transfer	318,283	485,473
7.06.01	Results from equity participation	238,357	379,848
7.06.02	Financial income	79,926	105,625
7.07	Total value added for distribution	1,117,629	1,244,039
7.08	Value added distributed	1,117,629	1,244,039
7.08.01	Personnel	285,730	276,987
7.08.01.01	Salaries and wages	202,756	195,301
7.08.01.02	Benefits	64,136	62,340
7.08.01.03	Severance Pay Fund (FGTS)	18,838	19,346
7.08.02	Taxes, charges and contributions	281,177	256,962
7.08.02.01	Federal	187,242	173,900
7.08.02.02	State	712	1,974
7.08.02.03	Municipal	93,223	81,088
7.08.03	Debt remuneration	196,620	170,917
7.08.03.01	Interest	136,810	116,411
7.08.03.02	Rentals	59,810	54,506
7.08.04	Shareholders	354,102	539,173
7.08.04.03	Earnings retained in the period	354,102	539,173

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

Code	Description	Current Quarter 9/30/2020	Previous year 12/31/2019
1	Total assets	17,566,329	14,686,323
1.01	Current assets	8,658,423	7,801,154
1.01.01	Cash and cash equivalents	1,080,295	674,919
1.01.01.01	Cash and banks	1,037,056	557,802
1.01.01.02	Short-term investments	43,239	117,117
1.01.03	Receivables	1,815,343	1,556,427
1.01.03.01	Trade accounts receivable	1,815,343	1,556,427
1.01.03.01.01	Receivables from real estate development	1,809,302	1,555,145
1.01.03.01.02	Receivables from services provided	6,041	1,282
1.01.04	Inventories	3,721,589	3,959,745
1.01.04.01	Real estate under construction	2,407,016	2,808,239
1.01.04.02	Completed units	144,210	213,534
1.01.04.03	Landbank	1,096,285	857,950
1.01.04.04	Advances to suppliers	73,810	79,641
1.01.04.05	Material inventories	268	381
1.01.06	Recoverable taxes	84,309	98,544
1.01.06.01	Recoverable current taxes	84,309	98,544
1.01.07	Prepaid expenses	98,899	81,814
1.01.08	Other current assets	1,857,988	1,429,705
1.01.08.03	Other	1,857,988	1,429,705
1.01.08.03.01	Other assets	115,517	98,932
1.01.08.03.02	Marketable securities	1,742,471	1,330,773
1.02	Noncurrent assets	8,907,906	6,885,169
1.02.01	Long-term assets	6,339,348	6,172,048
1.02.01.04	Receivables	1,619,129	1,153,277
1.02.01.04.01	Trade accounts receivable	1,619,129	1,153,277
1.02.01.05	Inventories	4,395,102	4,674,360
1.02.01.05.01	Landbank	4,395,102	4,674,360
1.02.01.08	Prepaid expenses	46,096	30,386
1.02.01.09	Intercompany receivables	47,028	38,518
1.02.01.09.04	Other related parties	47,028	38,518
1.02.01.10	Other noncurrent assets	231,993	275,507
1.02.01.10.03	Escrow deposits and other	155,403	151,281
1.02.01.10.04	Derivative financial instruments	54,263	44,805
1.02.01.10.05	Marketable securities	22,327	79,421
1.02.02	Investments	1,865,463	109,186
1.02.02.01	Investments	(1,034)	75,675
1.02.02.01.04	Interests in jointly controlled	(1,034)	75,675
1.02.02.02	Investment properties	1,866,497	33,511
1.02.03	Property and equipment	545,363	485,757
1.02.03.01	Operating property and equipment	527,198	467,663
1.02.03.03	Property and equipment under construction	18,165	18,094
1.02.04	Intangible assets	157,732	118,178
1.02.04.01	Intangible assets	157,732	118,178
1.02.04.01.02	Intangible assets	108,952	71,762
1.02.04.01.03	Intangible assets under development	48,780	46,416

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

Code	Description	Current Quarter 9/30/2020	Previous year 12/31/2019
2	Total liabilities	17,566,329	14,686,323
2.01	Current Liabilities	3,439,275	2,806,114
2.01.01	Labor and social liabilities	193,845	139,919
2.01.01.01	Social liabilities	36,084	19,195
2.01.01.02	Labor liabilities	157,761	120,724
2.01.02	Suppliers	445,704	303,645
2.01.02.01	Domestic trade accounts payable	380,334	303,645
2.01.02.02	Foreign trade accounts payable	65,370	-
2.01.03	Tax liabilities	87,943	76,580
2.01.03.01	Federal taxes	82,700	70,988
2.01.03.01.01	Income taxes and social contribution	13,980	12,018
2.01.03.01.02	Other federal taxes	68,720	58,970
2.01.03.02	State taxes	-	36
2.01.03.03	Municipal taxes	5,243	5,556
2.01.04	Loans, financing and debentures	634,392	671,611
2.01.04.01	Loans, financing and debentures	285,057	95,757
2.01.04.01.01	Loans and financing in domestic currency	250,705	95,757
2.01.04.01.02	Loans and financing in foreign currency	34,352	-
2.01.04.02	Debentures	349,335	575,854
2.01.05	Other liabilities	2,036,430	1,581,897
2.01.05.02	Other	2,036,430	1,581,897
2.01.05.02.02	Mandatory minimum dividend payable	163,933	163,933
2.01.05.02.04	Land payables	1,148,017	742,216
2.01.05.02.05	Advances from customers	231,190	223,281
2.01.05.02.06	Other payables	258,892	220,441
2.01.05.02.07	Deferred tax liabilities	63,947	54,378
2.01.05.02.08	Payables for investment acquisition	5,749	9,977
2.01.05.02.09	Net capital deficiency liability - Investments	164,702	167,671
2.01.06	Accruals	40,961	32,462
2.01.06.02	Other accruals	40,961	32,462
2.01.06.02.04	Provision for maintenance of real estate	40,961	32,462
2.02	Noncurrent liabilities	8,157,447	6,771,420
2.02.01	Loans, financing and debentures	4,243,906	2,530,547
2.02.01.01	Loans, financing and debentures	2,242,159	876,608
2.02.01.01.01	Loans and financing in domestic currency	939,501	876,608
2.02.01.01.02	Loans and financing in foreign currency	1,302,658	-
2.02.01.02	Debentures	2,001,747	1,653,939
2.02.02	Other liabilities	3,626,361	3,985,410
2.02.02.02	Other	3,626,361	3,985,410
2.02.02.02.03	Land payables	3,150,739	3,393,498
2.02.02.02.04	Advances from customers	324,934	486,655
2.02.02.02.05	Payables for investment acquisition	14,481	17,942
2.02.02.02.06	Other payables	117,677	87,315
2.02.02.02.07	Derivative financial instruments	18,530	-
2.02.03	Deferred tax liabilities	66,358	46,516
2.02.03.01	Deferred income tax and social contribution	66,358	46,516
2.02.03.01.01	Deferred income tax and social contribution	31,691	22,237
2.02.03.01.02	Deferred taxes on revenue (PIS & COFINS)	34,667	24,279

Code	Description	Current Quarter 9/30/2020	Previous year 12/31/2019
2.02.04	Accruals	220,822	208,947
2.02.04.01	Provision for civil, labor and tax risks	106,378	101,572
2.02.04.01.01	Tax provisions	649	298
2.02.04.01.02	Labor Provisions	49,535	40,969
2.02.04.01.04	Civil provisions	56,138	60,285
2.02.04.01.05	Environment provisions	56	20
2.02.04.02	Other accruals	114,444	107,375
2.02.04.02.04	Provision for maintenance of real estate	114,444	107,375
2.03	Equity	5,969,607	5,108,789
2.03.01	Paid in capital	4,609,424	4,282,130
2.03.02	Capital reserves	56,522	49,555
2.03.02.04	Recognized options granted	82,831	75,864
2.03.02.07	Share issuance costs	(26,309)	(26,309)
2.03.04	Earnings reserve	497,345	510,085
2.03.04.01	Legal reserve	34,512	34,512
2.03.04.05	Retained profit reserve	463,953	480,359
2.03.04.09	Treasury shares	(1,120)	(4,786)
2.03.05	Earnings/losses accumulated	354,102	-
2.03.06	Equity Valuation Adjustments	98,796	-
2.03.06.01	Cash flow hedge reserve	(5,828)	-
2.03.06.02	Currency translation adjustments	104,624	-
2.03.09	Noncontrolling shareholders	353,418	267,019

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

Code	Description	7/1/2020 to 9/30/2020	1/1/2020 to 9/30/2020	7/1/2019 to 9/30/2019	1/1/2019 to 9/30/2019
3.01	Revenue from sales and services	1,779,840	4,944,239	1,568,986	4,636,085
3.01.01	Net operating revenue	1,779,840	4,944,239	1,568,986	4,636,085
3.02	Cost of sales and services	(1,279,876)	(3,552,574)	(1,106,541)	(3,213,713)
3.02.01	Cost of real estate sales and services	(1,279,876)	(3,552,574)	(1,106,541)	(3,213,713)
3.03	Gross profit	499,964	1,391,665	462,445	1,422,372
3.04	Operating income (expenses)	(326,601)	(928,709)	(287,418)	(848,778)
3.04.01	Selling expenses	(168,425)	(478,257)	(150,767)	(441,298)
3.04.02	General and administrative expenses	(111,032)	(315,375)	(88,839)	(268,688)
3.04.04	Other operating incomes	5,264	8,147	1,322	8,018
3.04.05	Other operating expenses	(39,339)	(104,345)	(33,499)	(98,667)
3.04.06	Results from equity participation	(13,069)	(38,879)	(15,635)	(48,143)
3.05	Income before financial income and taxes	173,363	462,956	175,027	573,594
3.06	Financial income (expenses), net	9,513	43,799	36,911	104,428
3.06.01	Financial income	36,546	110,655	52,498	149,046
3.06.01.01	Financial income	17,127	48,606	33,041	93,863
3.06.01.02	Financial income from receivables from real estate development	19,419	62,049	19,457	55,183
3.06.02	Financial expenses	(27,033)	(66,856)	(15,587)	(44,618)
3.07	Income before taxes	182,876	506,755	211,938	678,022
3.08	Income tax and social contribution	(37,096)	(104,157)	(33,424)	(98,534)
3.08.01	Current	(36,719)	(91,022)	(29,120)	(89,935)
3.08.02	Deferred	(377)	(13,135)	(4,304)	(8,599)
3.09	Net income (loss) from continuing operations	145,780	402,598	178,514	579,488
3.11	Net income (loss) for the period	145,780	402,598	178,514	579,488
3.11.01	Attributable to shareholders of the company	140,584	354,102	160,115	539,173
3.11.02	Non-controlling interests	5,196	48,496	18,399	40,315
3.99	Earnings per share (In Reais - R\$):	-	-	-	-
3.99.01	Basic	-	-	-	-
3.99.01.01	ON	0.29170	0.74107	0.36211	1.22039
3.99.02	Diluted	-	-	-	-
3.99.02.01	ON	0.28988	0.73709	0.35923	1.21342

(Convenience Translation into English from the Original Previously Issued in Portuguese)
 Quarterly information - ITR - 9/30/2020 - MRV Engenharia e Participações S.A.

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

Code	Description	7/1/2020 to 9/30/2020	1/1/2020 to 9/30/2020	7/1/2019 to 9/30/2019	1/1/2019 to 9/30/2019
4.01	Net income	145,780	402,598	178,514	579,488
4.02	Other components of comprehensive income	8,168	113,234	-	-
4.02.01	Currency translation adjustments	13,025	120,079	-	-
4.02.02	Cash flow hedge reserve	(4,857)	(6,845)	-	-
4.03	Comprehensive income for the period	153,948	515,832	178,514	579,488
4.03.01	Company owners	146,915	452,898	160,115	539,173
4.03.02	Noncontrolling interests	7,033	62,934	18,399	40,315

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

Code	Description	1/1/2020 to 9/30/2020	1/1/2019 to 9/30/2019
6.01	Net cash used in operating activities	470,502	(61,882)
6.01.01	Cash provided by operating activities	929,310	979,784
6.01.01.01	Net income for the period	402,598	579,488
6.01.01.02	Depreciation and amortization	78,451	62,731
6.01.01.03	Recognized stock options granted	6,997	5,174
6.01.01.04	Property and equipment write off	1,652	1,287
6.01.01.05	Financial result	(19,135)	(22,675)
6.01.01.06	Results from equity participation	38,879	48,143
6.01.01.07	Results from equity interest variation in joint venture	-	(440)
6.01.01.08	Provision for maintenance of real estate	68,198	59,905
6.01.01.09	Provision for civil, labor and tax risks	98,756	96,220
6.01.01.10	Allowance for credit risk	111,046	26,815
6.01.01.11	Amortization of prepaid expenses	122,560	124,601
6.01.01.13	Results from derivative financial instruments	(8,383)	(19,065)
6.01.01.14	Deferred taxes on income (IRPJ and CSLL)	13,135	8,599
6.01.01.15	Deferred taxes on revenue (PIS and COFINS)	14,556	9,001
6.01.02	Increase (decrease) in assets and liabilities	(458,808)	(1,041,666)
6.01.02.01	(Increase) decrease in receivables from real estate development	(772,071)	(410,632)
6.01.02.02	(Increase) decrease in real estate for sale	624,198	(67,388)
6.01.02.03	(Increase) decrease in prepaid expenses	(150,273)	(116,147)
6.01.02.04	(Increase) decrease other assets	45,043	(72,387)
6.01.02.05	Increase (decrease) in trade payables	142,323	1,598
6.01.02.06	Increase (decrease) in payroll and related taxes	46,452	33,403
6.01.02.07	Increase (decrease) in taxes, fees and contributions	94,337	77,057
6.01.02.08	Increase (decrease) in advances from customers	7,855	(12,508)
6.01.02.09	Increase (decrease) in other payables	(20,345)	12,125
6.01.02.10	Interest paid	(208,559)	(230,329)
6.01.02.11	IRPJ and CSLL paid	(81,441)	(75,860)
6.01.02.12	Realization of accrual for maintenance of real estate	(79,191)	(87,596)
6.01.02.13	Amounts paid for civil, labor and tax risks	(107,136)	(93,002)
6.02	Net cash provided in investing activities	(890,503)	(196,945)
6.02.01	Increase in marketable securities	(3,740,307)	(4,581,752)
6.02.02	Decrease in marketable securities	3,430,158	4,566,205
6.02.03	Advances to related parties	(34,237)	(39,148)
6.02.04	Receipts from related parties	26,941	29,297
6.02.05	(Increase) decrease in investments	34,864	4,255
6.02.06	Payment for acquisition of subsidiary/equity interest	6,916	(4,172)
6.02.07	Acquisition of property and equipment and intangible assets	(135,490)	(171,630)
6.02.10	Receipts for sale of investees	4,419	-
6.02.11	Acquisition of investment properties	(483,767)	-
6.03	Net cash provided by (used in) financing activities	819,865	(37,561)
6.03.01	Proceeds from exercised stock options	956	-
6.03.02	Proceeds from exercised stock options	894	9,073
6.03.04	Proceeds from loans, financing and debentures	2,280,147	1,707,713
6.03.05	Repayment of loans, financing and debentures	(1,447,480)	(1,595,873)
6.03.07	Paid dividends	-	(164,009)
6.03.08	Capital transaction	3,111	8,807

Code	Description	1/1/2020 to 9/30/2020	1/1/2019 to 9/30/2019
6.03.09	Loans from (to) related parties	(4,855)	29,734
6.03.10	Net distribution to noncontrolling shareholders	(16,992)	(32,282)
6.03.12	Contracted and redeemed derivative financial instruments	4,084	(724)
6.04	Effects of exchange rates on cash and cash equivalents	5,512	-
6.05	Net decrease in cash and cash equivalents	405,376	(296,388)
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	1,080,295	498,464

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR - 9/30/2020 - MRV Engenharia e Participações S.A.

Consolidated / Statement of Changes in Equity – 1/1/2020 to 9/30/2020
(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	44,769	514,871	-	-	4,841,770	267,019	5,108,789
5.03	Adjusted opening balance	4,282,130	44,769	514,871	-	-	4,841,770	267,019	5,108,789
5.04	Shareholders capital transaction	327,294	10,633	(16,406)	-	-	321,521	23,465	344,986
5.04.01	Capital increase	956	-	-	-	-	956	-	956
5.04.03	Recognized options granted	-	6,967	-	-	-	6,967	-	6,967
5.04.08	Effect of MDI incorporation	326,338	-	(5,609)	-	-	320,729	41,517	362,246
5.04.09	Transfers of treasury shares	-	2,772	(2,772)	-	-	-	-	-
5.04.10	Treasury shares disposed to beneficiaries of stock option plan	-	761	-	-	-	761	-	761
5.04.11	Reflection of transfers of shares in subsidiary's treasury	-	133	-	-	-	133	-	133
5.04.12	Capital transaction	-	-	(9,538)	-	-	(9,538)	12,649	3,111
5.04.13	Reflection of error correction in subsidiary	-	-	1,513	-	-	1,513	(13,709)	(12,196)
5.04.14	Net contributions from (distribution to) noncontrolling shareholders	-	-	-	-	-	-	(16,992)	(16,992)
5.05	Comprehensive income	-	-	-	354,102	98,796	452,898	62,934	515,832
5.05.01	Net income (loss)	-	-	-	354,102	-	354,102	48,496	402,598
5.05.02	Other comprehensive income	-	-	-	-	98,796	98,796	14,438	113,234
5.05.02.04	Currency translation adjustments for the period	-	-	-	-	104,624	104,624	15,455	120,079
5.05.02.06	Cash flow hedge reserve	-	-	-	-	(5,828)	(5,828)	(1,017)	(6,845)
5.07	Closing balance	4,609,424	55,402	498,465	354,102	98,796	5,616,189	353,418	5,969,607

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR - 9/30/2020 - MRV Engenharia e Participações S.A.

Consolidated / Statement of Changes in Equity – 1/1/2019 to 9/30/2019
(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	202,360	5,190	(522,525)	-	-	(314,975)	(22,134)	(337,109)
5.04.08	Capitalization of reserves	202,360	-	(202,360)	-	-	-	-	-
5.04.09	Stock Options	-	5,190	-	-	-	5,190	-	5,190
5.04.10	Capital transaction	-	-	(1,341)	-	-	(1,341)	10,148	8,807
5.04.11	Treasury shares disposed to beneficiaries of stock option plan	-	-	9,073	-	-	9,073	-	9,073
5.04.13	Net contributions from (distribution to) noncontrolling shareholders	-	-	-	-	-	-	(32,282)	(32,282)
5.04.14	Extraordinary dividends	-	-	(327,897)	-	-	(327,897)	-	(327,897)
5.05	Comprehensive income	-	-	-	539,173	-	539,173	40,315	579,488
5.05.01	Net income (loss)	-	-	-	539,173	-	539,173	40,315	579,488
5.07	Closing balance	4,282,130	47,377	(14,037)	539,173	-	4,854,643	262,322	5,116,965

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR - 9/30/2020 - MRV Engenharia e Participações S.A.

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

Code	Description	1/1/2020 to 9/30/2020	1/1/2019 to 9/30/2019
7.01	Revenue	5,071,466	4,772,168
7.01.01	Gross operating revenue	5,140,994	4,765,309
7.01.02	Other revenue	6,136	5,805
7.01.03	Revenue related to construction of own assets	35,382	27,869
7.01.04	Allowance for credit risk	(111,046)	(26,815)
7.02	Inputs purchased from third parties	(3,275,336)	(2,857,138)
7.02.01	Inputs purchased from third parties	(3,275,336)	(2,857,138)
7.03	Gross value added	1,796,130	1,915,030
7.04	Retentions	(78,451)	(62,731)
7.04.01	Depreciation, amortization and depletion	(78,451)	(62,731)
7.05	Net value added generated	1,717,679	1,852,299
7.06	Value added received in transfer	92,476	104,553
7.06.01	Results from equity participation	(38,879)	(48,143)
7.06.02	Financial income	131,355	152,696
7.07	Total value added for distribution	1,810,155	1,956,852
7.08	Value added distributed	1,810,155	1,956,852
7.08.01	Personnel	663,457	680,438
7.08.01.01	Salaries and wages	526,608	529,859
7.08.01.02	Benefits	103,547	112,887
7.08.01.03	Severance Pay Fund (FGTS)	33,302	37,692
7.08.02	Taxes, charges and contributions	451,084	427,036
7.08.02.01	Federal	313,752	293,455
7.08.02.02	State	1,135	3,982
7.08.02.03	Municipal	136,197	129,599
7.08.03	Debt remuneration	293,016	269,890
7.08.03.01	Interest	215,346	185,956
7.08.03.02	Rentals	77,670	83,934
7.08.04	Shareholders	402,598	579,488
7.08.04.03	Earnings retained in the period	354,102	539,173
7.08.04.04	Noncontrolling shareholders	48,496	40,315

MRV Engenharia e Participações S.A.

Notes to the Interim Financial Statements

September 30, 2020.

(In thousands of Brazilian reais - R\$, except if otherwise stated)

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, issued on March 2, 2020.

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 and accumulated in currency translation adjustments in equity. 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 least annually, 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, calculated by the difference between the net amount received on the sale and its book value, is recognized in profit or loss in the period in which the property is derecognized.

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	
	9/30/20	12/31/19	9/30/20	12/31/19
Cash	388	420	355	384
Bank accounts	1,036,668	557,382	458,963	287,802
	1,037,056	557,802	459,318	288,186
Short-term investments:				
Savings deposits	-	9	-	9
Unrestricted investment funds	707	-	288	-
Bank certificates of deposit (CDB)	28,439	117,108	6,383	115,681
Securities with repurchase agreement backed by	14,093	-	-	-
	43,239	117,117	6,671	115,690
Total	1,080,295	674,919	465,989	403,876

In the nine-month period ended September 30, 2020, short-term investments had yield equivalent to 90.48% of CDI in Consolidated and 91.46% 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	
		9/30/20	12/31/19	9/30/20	12/31/19
Restricted investment funds	(i)	1,652,817	1,139,288	1,573,539	855,371
Unrestricted investment funds	(ii)	1	6	-	6
Bank certificates of deposit (CDB)	(iii)	16,109	20,596	16,109	20,596
Savings deposits	(iv)	78,479	250,088	29,626	192,154
U.S. Treasuries		17,176	-	-	-
Real estate consortium		216	216	216	216
Total		1,764,798	1,410,194	1,619,490	1,068,343
Current		1,742,471	1,330,773	1,597,163	1,038,644
Noncurrent		22,327	79,421	22,327	29,699
		1,764,798	1,410,194	1,619,490	1,068,343

- 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. In the nine-month period ended September 30, 2020, the mentioned funds yielded average interest equivalent to 80.16% CDI in Consolidated and 80.22% of CDI in Individual (100.65% of CDI in Consolidated and 101.92% of CDI in Individual in the same period of 2019).
- 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.
- 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:	9/30/20					
	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	736	-	-	-	-	-
Infrastructure works	50,109	-	-	46,988	-	-
Other	26,630	1	16,109	25,775	-	16,109
Total	77,475	1	16,109	72,763	-	16,109

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
Company and subsidiaries' loans	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	
	9/30/20	12/31/19	9/30/20	12/31/19
Unrestricted investment funds	958,827	491,155	912,837	368,756
Private bonds	315,597	254,573	300,459	191,132
Securities with repurchase agreement	129,934	136,267	123,702	102,309
Financial treasury bills (LFTs)	156,051	78,989	148,566	59,304
Bank certificates of deposit (CDBs)	53,293	140,421	50,736	105,427
Debentures	39,115	37,883	37,239	28,443
Total	1,652,817	1,139,288	1,573,539	855,371

6. Trade accounts receivable

	Consolidated		Individual	
	9/30/20	12/31/19	9/30/20	12/31/19
<u>Receivables from real estate development</u>				
Receivables from real estate development	3,762,558	2,991,829	1,990,750	1,521,688
Present value discount	(65,054)	(60,116)	(34,083)	(29,671)
Allowance for credit risk	(269,073)	(223,291)	(142,560)	(118,774)
	3,428,431	2,708,422	1,814,107	1,373,243
Current	1,809,302	1,555,145	1,009,602	814,810
Noncurrent	1,619,129	1,153,277	804,505	558,433
	3,428,431	2,708,422	1,814,107	1,373,243
<u>Receivables from services provided and rents</u>				
Related parties	-	11	23	68
Other receivables	6,041	1,271	1,878	1,349
Total - current	6,041	1,282	1,901	1,417

The rates used to discount to present value for sales performed during the nine-month period ended September 30, 2020 ranged from 0.08616% per month to 0.27011% per month (0.24535% per month to 0.41648% in the same period of 2019).

The agreements entered and to be entered with Caixa Econômica Federal (CEF) and Banco do Brasil (BB) and Santander in “Crédito Associativo” modality correspond to approximately 58.3% of the balance of receivables from real estate development and unearned sales revenue, as at September 30, 2020 (56% at December 31, 2019). Of this same total, the agreements already entered with the financial institutions above mentioned, correspond to 36.8% for CEF and 0.01% for BB and Santander (33%, 0.1% and 0% as at December 31, 2019, respectively).

Changes in allowance for credit risk for the nine-month period ended September 30, 2020 and 2019 are as follows:

	Consolidated		Individual	
	Nine months of		Nine months of	
	2020	2019	2020	2019
Opening balance	(223,291)	(234,353)	(118,774)	(133,050)
Additions	(180,476)	(131,468)	(99,488)	(75,098)
Reversals	69,430	104,653	41,164	64,018
Write-offs	65,264	42,845	34,538	28,233
Closing balance	(269,073)	(218,323)	(142,560)	(115,897)
Current	(176,253)	(160,143)	(94,053)	(84,926)
Noncurrent	(92,820)	(58,180)	(48,507)	(30,971)
	(269,073)	(218,323)	(142,560)	(115,897)

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	
	9/30/20	12/31/19	9/30/20	12/31/19
Unearned gross sales revenue (*)	2,339,514	1,629,206	1,364,374	1,080,787
Costs to be Incurred (*)	(1,414,931)	(975,811)	(813,135)	(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	
	9/30/20	12/31/19	9/30/20	12/31/19
<u>Expectation of receipt</u>				
12 months	2,930,474	2,397,065	1,711,900	1,403,905
13 to 24 months	1,990,129	1,346,544	1,057,495	766,001
25 to 36 months	423,051	306,047	210,307	152,228
37 to 48 months	262,512	158,404	132,721	78,411
After 48 months	161,779	129,568	66,058	53,485
	5,767,945	4,337,628	3,178,481	2,454,030
Unearned sales revenue	2,339,514	1,629,206	1,364,374	1,080,787
Receivables from real estate development	3,428,431	2,708,422	1,814,107	1,373,243
	5,767,945	4,337,628	3,178,481	2,454,030

As at September 30, 2020, the Group has trade accounts receivable pledged as collateral of construction financing totaling R\$1,544,015 (R\$1,357,042 at December 31, 2019).

7. Inventories (real estate for sale)

	Consolidated		Individual	
	9/30/20	12/31/19	9/30/20	12/31/19
Real estate under construction	2,407,016	2,808,239	1,364,428	1,619,227
Completed units	144,210	213,534	68,540	96,352
Landbank	5,491,387	5,532,310	4,370,657	4,776,421
Advances to suppliers	73,810	79,641	40,600	52,405
Materials stock	268	381	96	202
Total	8,116,691	8,634,105	5,844,321	6,544,607
Current	3,721,589	3,959,745	2,329,840	2,488,014
Noncurrent	4,395,102	4,674,360	3,514,481	4,056,593
	8,116,691	8,634,105	5,844,321	6,544,607

As of September 30, 2020, of the total consolidated balance of real estate under construction and completed units, R\$1,998,007 refers to projects launched and R\$553,219 refers to projects started but not yet launched (R\$2,459,481 and R\$562,292 at December 31, 2019, respectively).

As at September 30, 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\$508,724 and R\$345,598 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 September 30, 2020, the Group has real estate under construction recognized in assets, used as collateral of loans and financing agreements, totaling R\$69,771 and R\$38,200 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:

	9/30/20			12/31/19		
	Equity interest	Equity	Investments	Equity interest	Equity	Investments
Joint ventures and associates:						
MRL Engenharia e Empreendimentos S.A.	51.03%	31,704	16,179	36.93%	14,410	5,322
PRIME Incorporações e Construções S.A.	59.51%	(22,611)	(13,456)	59.51%	(62,398)	(37,133)
MRV MD PE Mar De Espanha SPE Ltda.	50.00%	(7,654)	(3,827)	50.00%	25,930	12,965
MRV Patrimar Galeria Ltda.	50.00%	2,902	1,451	50.00%	21,805	10,903
Pq Castelo De Gibraltar SPE Ltda.	65.00%	20,487	13,317	65.00%	7,872	5,117
Urba 4 Loteamentos SPE Ltda.	57.50%	24,910	14,322	0.00%	-	-
SCPs (35)		7,740	4,306		16,491	9,501
SPEs (38)		32,245	55,808		740,731	75,445
Goodwill on the acquisition of control in the MRL group [1]		-	3,237		-	3,237
Capitalized interest		-	5,147		-	6,062
Total Joint ventures and associates		89,723	96,484		764,841	91,419
Elimination of indirect participations		-	(262,220)		-	(183,415)
Total Joint ventures and associates		89,723	(165,736)		764,841	(91,996)
Investments - Consolidated			(1,034)			75,675
Net capital deficiency liability - Investments - Consolidated			(164,702)			(167,671)
Total Joint ventures and associates			(165,736)			(91,996)
Subsidiaries:						
MRV (US) Holdings Corporation [2]	100.00%	457,958	397,134	0.00%	-	-
MRV Construções Ltda.	95.00%	31,436	29,864	95.00%	31,205	29,645
Urba Desenvolvimento Urbano S.A. [3]	51.44%	107,608	53,494	52.07%	95,610	48,120
SCP Area Varzea	80.00%	5,753	4,602	80.00%	1,517	1,214
SCP MRL MRV Adão 02	50.00%	5,721	2,861	50.00%	13,654	6,827
SCP MRV MRL Adão 3	50.00%	17,543	8,772	50.00%	14,558	7,278
SCP MRV MRL Rj Pedregoso	50.00%	4,360	2,180	50.00%	13,146	6,573
SCP MRV MRL Rio Decaminada 1	50.00%	25,817	12,909	50.00%	19,066	9,533
SCP MRV MRL Galpão Ccp 1	50.00%	47,521	23,761	50.00%	7,983	3,991
SCP MRV MRL Maxwell	50.00%	17,202	8,601	50.00%	202	101
SCP Porto Marabella	99.99%	23,605	23,603	100.00%	17,338	17,338
SCPs (242)		586,225	354,815		409,249	271,236
MRV MDI Nasbe Incorp. SPE Ltda.	100.00%	94,209	94,199	100.00%	185,917	185,917
Caminho das Orquideas SPE Ltda.	100.00%	5,957	5,957	100.00%	1,438	1,438
Campo Di Roma Incorporacoes SPE Ltda.	99.00%	3,705	3,668	99.00%	609	603
Jd das Mantiqueiras SPE Ltda.	50.00%	15,978	7,989	50.00%	6,634	3,317
MD MRV Polidoro SPE Ltda.	50.00%	17,688	8,844	90.00%	10,629	9,566
MRV MD Lagoa Do Nautico SPE Ltda.	100.00%	2,517	2,517	100.00%	11,776	11,776
MRV MD PE Lyra Const. SPE Ltda.	100.00%	2,158	2,158	100.00%	7,166	7,166
MRV MD PE Timbi Const SPE Ltda.	100.00%	1,237	1,237	100.00%	4,284	4,285
MRV MD Tododia Construcoes SPE Ltda.	100.00%	13,581	13,581	100.00%	11,999	11,999
MRV MD Vila Das Quaresmeiras SPE Ltda.	100.00%	6,038	6,038	100.00%	9,473	9,474
MRV MDI ES Vila Esmeralda Incorp. SPE Ltda.	75.00%	7,194	5,396	75.00%	7,667	5,750
MRV MDI Maraponga IV SPE Ltda.	100.00%	9,904	9,904	100.00%	14,854	14,854
MRV MDI Reserva Ouro Branco II SPE Ltda.	100.00%	28,206	28,206	100.00%	31,717	31,717
MRV MRL Baia Da Babitonga SPE Ltda.	100.00%	54,939	54,939	99.00%	28,663	28,373
MRV MRL LXXI Inc. SPE Ltda.	50.00%	23,189	11,595	50.00%	30,220	15,110
MRV MRL RJ SG4 SPE Ltda.	50.00%	22,224	11,112	50.00%	12,332	6,166
MRV MRL RJ5 SPE Ltda.	65.00%	27,010	17,557	65.00%	19,448	12,641
MRV PRIME II SPE Ltda.	99.00%	17,552	17,376	99.00%	20,202	20,001
MRV PRIME LX Incorporacoes SPE Ltda.	99.00%	10,734	10,627	99.00%	1,408	1,394
MRV PRIME LXX SPE Ltda.	99.00%	3,488	3,453	99.00%	4,526	4,481
MRV PRIME LXXI Inc SPE Ltda.	99.00%	1,150	1,139	99.00%	2,651	2,623
MRV PRIME LXXII Ltda SPE Ltda.	99.00%	2,823	2,795	99.00%	4,512	4,467
MRV PRIME LXXXIV SPE Ltda.	99.00%	10,799	10,691	99.00%	1,079	1,068
MRV PRIME LXXXVIII Inc. SPE Ltda.	99.00%	16,535	16,370	99.00%	3,079	3,048
MRV PRIME Projeto MT D Incorp. SPE Ltda.	50.00%	14,823	7,412	50.00%	10,845	5,423
MRV PRIME Projeto MT N Incorp. SPE Ltda.	40.00%	23,161	9,264	40.00%	32,019	12,807
MRV PRIME Projeto MT Q Incorp. SPE Ltda.	40.00%	5,669	2,268	40.00%	14,066	5,627
MRV PRIME Projeto Palmas A SPE Ltda.	40.00%	17,587	7,035	40.00%	26,863	10,746
MRV PRIMEXXVIII Inc SPE Ltda.	97.00%	7,195	6,979	97.00%	14,263	13,836
Parque Amabile SPE Ltda.	99.00%	4,286	4,243	99.00%	8,849	8,761
Parque Aspen SPE Ltda.	99.00%	10,153	10,051	99.00%	31,416	31,102
Parque dos Cantos SPE Ltda.	100.00%	8,107	8,107	99.00%	14,830	14,682
Parque Jardim das Tulipas SPE Ltda.	99.00%	1,814	1,796	99.00%	2,629	2,604
Parque Lagoa Do Ouro SPE Ltda.	100.00%	9,602	9,602	99.00%	7,984	7,904
Parque Paladino Inc. SPE Ltda.	99.00%	9,020	8,930	99.00%	3,155	3,123
Parque Piazza Verona SPE Ltda.	99.00%	5,429	5,375	99.00%	16,161	16,000
Parque Salém SPE Ltda.	99.00%	11,821	11,703	99.00%	11,759	11,642
Parque Serra Bonita Inc. SPE Ltda.	99.00%	25,255	25,001	99.00%	23,146	22,915
Parque Vila De Camburi SPE Ltda.	100.00%	3,033	3,033	100.00%	1,497	1,498
Piazza Fontanella Inc. SPE Ltda.	99.00%	2,802	2,774	99.00%	9,216	9,124
Porto Dos Vinhedos SPE Ltda.	99.00%	7,560	7,484	99.00%	1,654	1,637
Projeto Goiás I SPE Ltda.	65.00%	8,100	5,265	65.00%	12,115	7,875
Projeto Goiás II SPE Ltda.	55.00%	22,303	12,267	55.00%	25,278	13,903
Rec Pátio Maceió S.A. SPE Ltda.	100.00%	14,483	14,635	99.00%	13,126	13,603
Reserva Real Inc SPE Ltda.	99.00%	22,810	22,582	99.00%	55,397	54,843
Residencial Allegra Ltda SPE Ltda.	99.00%	2,739	2,712	99.00%	7,692	7,615
Vila Velha SPE Ltda.	100.00%	14,235	14,235	100.00%	12,756	12,756
SPEs (434)		565,797	381,632		564,584	384,792
Capitalized interest		-	147,580		-	161,098
Total subsidiaries		2,547,348	2,001,909		1,977,111	1,635,006
Total of subsidiaries, joint ventures and associates		2,637,071	2,098,393		2,741,952	1,726,425
Investments - Individual			2,262,318			1,875,695
Net capital deficiency liability - Investments - Individual			(163,925)			(149,270)
Total of subsidiaries, joint ventures and associates			2,098,393			1,726,425

	9/30/20	12/31/19	Net income				Results from equity interest in investees			
	Equity interest	Equity interest	3 rd quarter of		Nine months of		3 rd quarter of		Nine months of	
			2020	2019	2020	2019	2020	2019	2020	2019
Joint ventures and associates:										
MRL Engenharia e Empreendimentos S.A.	51.03%	36.93%	12,181	1,946	17,268	2,948	6,216	719	8,833	1,090
PRIME Incorporações e Construções S.A.	59.51%	59.51%	10,654	20,221	39,768	32,135	6,340	12,053	23,666	19,200
MRV MD PE Mar De Espanha SPE Ltda.	50.00%	50.00%	(3,476)	(2,510)	(9,682)	(3,314)	(1,738)	(1,255)	(5,033)	(1,657)
MRV Patrimar Galeria Ltda.	50.00%	50.00%	(722)	3,188	2,826	4,688	(684)	1,356	807	1,245
Pq Castelo De Gibraltar SPE Ltda.	65.00%	65.00%	3,595	585	12,601	673	2,337	380	8,191	437
Urba 4 Loteamentos SPE Ltda.	57.50%	0.00%	10,910	-	10,732	-	-	-	6,170	-
SCPs (35)			(5,095)	(8,851)	(17,518)	(16,792)	(2,956)	(4,954)	(10,632)	(9,914)
SPEs (38)			(3,959)	(1,992)	(13,341)	(11,409)	(2,842)	(665)	(12,916)	(9,487)
Capitalized interest			-	-	-	-	(319)	(439)	(915)	(1,108)
Total Joint ventures and associates			24,088	12,587	42,654	8,929	6,354	7,195	18,171	(194)
Elimination of indirect participations			-	-	-	-	(19,423)	(22,830)	(57,050)	(47,949)
Total Joint ventures and associates			24,088	12,587	42,654	8,929	(13,069)	(15,635)	(38,879)	(48,143)
Subsidiaries:										
MRV (US) Holdings Corporation [2]	100.00%	0.00%	(18,548)	-	(46,656)	-	(16,987)	-	(42,865)	-
MRV Construções Ltda.	95.00%	95.00%	(54)	52	230	78	(51)	49	219	74
Urba Desenvolvimento Urbano S.A. [3]	51.44%	52.07%	2,306	(2,589)	11,530	(5,240)	1,009	(1,348)	3,562	(3,638)
SCP Area Varzea	80.00%	80.00%	2,671	(44)	6,570	(8)	2,137	(35)	5,256	(6)
SCP MRL MRV Adão 02	50.00%	50.00%	(565)	6,382	(1,305)	14,128	(283)	3,191	(653)	7,920
SCP MRV MRL Adão 3	50.00%	50.00%	2,299	797	15,417	1,467	1,150	399	7,709	711
SCP MRV MRL Rj Pedregoso	50.00%	50.00%	(1,308)	4,588	(5,106)	10,704	(654)	2,294	(2,553)	5,352
SCP MRV MRL Rio Decaminada 1	50.00%	50.00%	3,571	1,297	10,835	1,961	1,786	649	5,418	1,029
SCP MRV MRL Galpão Ccp 1	50.00%	50.00%	10,378	86	19,808	62	5,189	43	9,904	31
SCP MRV MRL Maxwell	50.00%	50.00%	7,130	(1)	10,849	(1)	3,565	(1)	5,425	(1)
SCP Porto Marabella	99.99%	100.00%	5,211	1,321	10,847	3,036	5,211	1,308	10,846	3,006
SCPs (242)			23,430	2,233	49,873	13,620	10,433	(1,232)	22,461	4,230
MRV MDI Nasbe Incorp. SPE Ltda.	100.00%	100.00%	20,707	37,063	55,128	104,923	20,707	37,060	55,128	104,914
Caminho das Orquídeas SPE Ltda.	100.00%	100.00%	1,804	509	4,523	601	1,804	504	4,523	595
Campo Di Roma Incorporacoes SPE Ltda.	99.00%	99.00%	1,765	283	6,109	282	1,747	280	6,048	279
Jd das Mantiqueiras SPE Ltda.	50.00%	50.00%	4,017	2,244	9,344	3,320	2,008	1,122	4,672	1,660
MD MRV Polidoro SPE Ltda.	50.00%	90.00%	3,909	-	11,271	-	1,955	-	5,831	-
MRV MD Lagoa Do Nautico SPE Ltda.	100.00%	100.00%	(967)	3,365	(3,172)	7,599	(967)	3,331	(3,172)	7,523
MRV MD PE Lyra Const. SPE Ltda.	100.00%	100.00%	(642)	2,347	(2,354)	9,615	(642)	2,324	(2,354)	9,519
MRV MD PE Timbi Const SPE Ltda.	100.00%	100.00%	(139)	2,499	651	9,709	(139)	2,474	651	9,612
MRV MD Tododia Construcoes SPE Ltda.	100.00%	100.00%	(145)	5,678	1,887	8,703	(145)	5,621	1,887	8,616
MRV MD Vila Das Quaresmeiras SPE Ltda.	100.00%	100.00%	91	4,915	(748)	11,416	91	4,866	(748)	11,302
MRV MDI ES Vila Esmeralda Incorp. SPE Ltda.	75.00%	75.00%	1,390	1,897	1,729	6,509	1,043	1,423	1,297	4,882
MRV MDI Maraponga IV SPE Ltda.	100.00%	100.00%	(717)	1,394	(2,115)	18,864	(717)	1,389	(2,115)	18,771
MRV MDI Reserva Ouro Branco II SPE Ltda.	100.00%	100.00%	315	3,739	1,942	6,009	315	3,701	1,942	5,948
MRV MRL Baía Da Babilonga SPE Ltda.	100.00%	99.00%	14,969	3,427	34,528	4,898	14,901	3,394	34,265	4,850
MRV MRL LXXI Inc. SPE Ltda.	50.00%	50.00%	(110)	7,792	3,691	15,780	(55)	3,896	1,846	8,394
MRV MRL RJ SG4 SPE Ltda.	50.00%	50.00%	3,778	1,146	11,967	1,628	1,889	574	5,984	887
MRV MRL RJ5 SPE Ltda.	65.00%	65.00%	927	4,207	7,555	6,421	603	2,882	4,911	4,174
MRV PRIME II SPE Ltda.	99.00%	99.00%	531	3,101	2,089	14,732	526	3,070	2,068	14,585
MRV PRIME LX Incorporações SPE Ltda.	99.00%	99.00%	4,722	(1)	6,858	(1)	4,674	(1)	6,789	(1)
MRV PRIME LXX SPE Ltda.	99.00%	99.00%	(318)	238	(211)	4,637	(315)	236	(209)	4,591
MRV PRIME LXXI Inc SPE Ltda.	99.00%	99.00%	(175)	(291)	(855)	5,407	(174)	(288)	(847)	5,353
MRV PRIME LXXXII Ltda SPE Ltda.	99.00%	99.00%	(777)	992	4,561	2,503	(770)	982	4,515	2,478
MRV PRIME LXXXIV SPE Ltda.	99.00%	99.00%	5,537	355	10,080	500	5,481	351	9,979	495
MRV PRIME LXXXVIII Inc. SPE Ltda.	99.00%	99.00%	5,431	862	13,457	861	5,376	853	13,322	852
MRV PRIME Projeto MT D Incorp. SPE Ltda.	50.00%	50.00%	3,280	5,299	10,950	6,969	1,640	2,650	5,475	3,603
MRV PRIME Projeto MT N Incorp. SPE Ltda.	40.00%	40.00%	1,998	9,518	14,911	15,957	799	3,807	5,964	6,383
MRV PRIME Projeto MT Q Incorp. SPE Ltda.	40.00%	40.00%	76	5,786	(199)	12,984	30	2,315	(80)	5,194
MRV PRIME Projeto Palmas A SPE Ltda.	40.00%	40.00%	(251)	6,704	4,621	16,953	(101)	2,681	1,848	6,781
MRV PRIME XXVIII Inc SPE Ltda.	97.00%	97.00%	5	(3,212)	(612)	(7,910)	4	(3,116)	(594)	(7,673)
Parque Amabile SPE Ltda.	99.00%	99.00%	91	1,433	632	4,611	90	1,419	626	4,565
Parque Aspen SPE Ltda.	99.00%	99.00%	(295)	6,902	589	17,731	(292)	6,833	583	17,554
Parque dos Cantos SPE Ltda.	100.00%	99.00%	569	1,861	1,691	5,949	567	1,843	1,678	5,890
Parque Jardim das Tulipas SPE Ltda.	99.00%	99.00%	108	(712)	(549)	5,152	106	(705)	(544)	5,100
Parque Lagoa Do Ouro SPE Ltda.	100.00%	99.00%	1,270	1,859	1,645	6,098	1,267	1,840	1,638	6,037
Parque Paladino Inc. SPE Ltda.	99.00%	99.00%	4,118	261	5,865	240	4,076	259	5,806	238
Parque Piazza Verona SPE Ltda.	99.00%	99.00%	389	3,596	1,261	11,281	385	3,560	1,248	11,168
Parque Salém SPE Ltda.	99.00%	99.00%	169	431	62	5,077	167	426	61	5,026
Parque Serra Bonita Inc. SPE Ltda.	99.00%	99.00%	2,253	3,997	8,086	11,991	2,230	3,957	8,005	11,871
Parque Vila De Camburi SPE Ltda.	100.00%	100.00%	1,826	834	2,379	4,975	1,826	825	2,379	4,925
Piazza Fontanella Inc. SPE Ltda.	99.00%	99.00%	(273)	(747)	790	4,778	(270)	(740)	782	4,730
Porto Dos Vinhedos SPE Ltda.	99.00%	99.00%	1,117	103	5,907	(5)	1,106	102	5,848	(5)
Projeto Goiás I SPE Ltda.	65.00%	65.00%	80	2,359	1,177	7,853	52	1,533	765	5,104
Projeto Goiás II SPE Ltda.	55.00%	55.00%	38	4,381	2,899	11,476	20	2,410	1,594	6,312
Rec Pátio Maceió S.A. SPE Ltda.	100.00%	99.00%	5,106	2,706	10,937	12,955	4,979	2,376	10,434	12,056
Reserva Real Inc SPE Ltda.	99.00%	99.00%	(832)	10,071	(230)	32,860	(824)	9,970	(228)	32,531
Residencial Allegra Ltda SPE Ltda.	99.00%	99.00%	(101)	2,021	446	5,032	(100)	2,001	442	4,982
Vila Velha SPE Ltda.	100.00%	100.00%	(962)	4,287	1,479	6,761	(962)	4,244	1,479	6,693
SPEs (434)			15,704	(1,547)	29,134	17,461	13,202	(7,813)	21,368	4,720
Capitalized interest			-	-	-	-	(12,855)	(12,690)	(37,333)	(32,730)
Total subsidiaries			137,907	170,074	364,678	501,952	88,843	115,348	220,186	380,042
Total of subsidiaries, joint ventures and associates			161,995	182,661	407,332	510,881	95,197	122,543	238,357	379,848

[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 periods, 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 September 30, 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\$1,860 raised from sales of lots were eliminated (R\$1,664 at December 31, 2019).

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 September 30, 2020 the restricted amounts for distribution amounted to R\$12,633 (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 of 3 rd quarter	Results from equity interest in investees of 2 nd quarter	Results from equity interest in investees of 1 st quarter	Others	Closing balance
Nine-month period ended September 30, 2020:							
Joint ventures and associates:							
MRL Engenharia e Empreendimentos S.A.	5,322	2,032	6,216	2,673	(56)	(8)	16,179
PRIME Incorporações e Construções S.A.	(37,133)	-	6,340	9,228	8,098	11	(13,456)
MRV MD PE Mar De Espanha SPE Ltda.	12,965	(11,759)	(1,738)	(2,633)	(662)	-	(3,827)
MRV Patrimar Galeria Ltda.	10,903	(10,259)	(684)	(169)	1,660	-	1,451
SCPs (35)	9,501	5,437	(2,956)	(3,041)	(4,635)	-	4,306
SPEs (40)	80,562	1,440	(505)	(37)	1,987	-	83,447
Goodwill on the acquisition of control in the MRL group	3,237	-	-	-	-	-	3,237
Capitalized interest	6,062	-	(319)	(374)	(222)	-	5,147
Total Joint ventures and associates	91,419	(13,109)	6,354	5,647	6,170	3	96,484
Elimination of indirect participations	(183,415)	(21,755)	(19,423)	(20,859)	(16,768)	-	(262,220)
Total Joint ventures and associates	(91,996)	(34,864)	(13,069)	(15,212)	(10,598)	3	(165,736)
Total Joint ventures and associated companies - Consolidated	75,675	(28,079)	(10,958)	(22,964)	(14,711)	3	(1,034)
Net capital deficiency liability - Investments - Consolidated	(167,671)	(6,785)	(2,111)	7,752	4,113	-	(164,702)
Total Joint ventures and associates	(91,996)	(34,864)	(13,069)	(15,212)	(10,598)	3	(165,736)
Subsidiaries:							
MRV (US) Holdings Corporation [1]	-	5,388	(16,987)	(15,320)	(10,558)	434,611	397,134
MRV Construções Ltda.	29,645	-	(51)	278	(8)	-	29,864
Urba Desenvolvimento Urbano S.A.	48,120	-	1,009	3,345	(792)	1,812	53,494
MRV MDI Nasbe Incorp. SPE Ltda.	185,917	(146,846)	20,707	12,349	22,072	-	94,199
SCPs (250)	324,091	54,200	28,534	21,101	14,178	-	442,104
SPEs (479)	886,135	(226,263)	68,486	44,266	64,910	-	837,534
Capitalized interest	161,098	-	(12,855)	(12,171)	(12,307)	23,815	147,580
Total of subsidiaries	1,635,006	(313,521)	88,843	53,848	77,495	460,238	2,001,909
Total of subsidiaries, joint ventures and associates	1,726,425	(326,630)	95,197	59,495	83,665	460,241	2,098,393
Total of subsidiaries, joint ventures and associated companies - Individual	1,875,695	(333,814)	107,205	61,662	91,329	460,241	2,262,318
Net capital deficiency liability - Investments - Individual	(149,270)	7,184	(12,008)	(2,167)	(7,664)	-	(163,925)
Total of subsidiaries, joint ventures and associates	1,726,425	(326,630)	95,197	59,495	83,665	460,241	2,098,393
Nine-month period ended September 30, 2019:							
Total joint ventures - Consolidated	46,468	94,044	(26,686)	(13,435)	(20,275)	456	80,572
Net capital deficiency liability - Investments - Consolidated	(79,927)	(98,299)	11,051	(815)	2,017	-	(165,973)
Total Joint ventures and associates	(33,459)	(4,255)	(15,635)	(14,250)	(18,258)	456	(85,401)
Total Joint ventures and associated companies - Individual	1,966,483	(425,087)	124,406	119,185	146,712	36,075	1,967,774
Net capital deficiency liability - Investments - Individual	(133,434)	(3,495)	(1,863)	(992)	(7,600)	-	(147,384)
Total of subsidiaries, joint ventures and associates	1,833,049	(428,582)	122,543	118,193	139,112	36,075	1,820,390

[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:

	9/30/20						12/31/19					
	MRL	Prime	Mar de Espanha	Acqua Patrimar Galeria	Other SPEs (40)	Other SCPs (35)	MRL	Prime	Mar de Espanha	Acqua Patrimar Galeria	Other SPEs (40)	Other SCPs (35)
Current assets	43,562	77,269	59,017	3,509	114,959	10,264	25,695	46,756	97,377	26,589	80,635	17,080
Noncurrent assets	353,066	297,357	281	29,533	66,955	4,227	289,272	277,526	28,590	22,791	770,820	4,653
	396,628	374,626	59,298	33,042	181,914	14,491	314,967	324,282	125,967	49,380	851,455	21,733
Current liabilities	230,102	248,798	65,735	2,265	84,328	174	200,587	34,833	61,149	2,304	61,091	595
Noncurrent liabilities	134,822	148,439	1,217	27,875	19,944	6,577	99,970	351,847	38,910	25,271	41,739	4,647
Equity	31,704	(22,611)	(7,654)	2,902	77,642	7,740	14,410	(62,398)	25,908	21,805	748,625	16,491
	396,628	374,626	59,298	33,042	181,914	14,491	314,967	324,282	125,967	49,380	851,455	21,733

	Nine months of 2020						Nine months of 2019					
	MRL	Prime	Mar de Espanha	Acqua Patrimar Galeria	Other SPEs (40)	Other SCPs (35)	MRL	Prime	Mar de Espanha	Acqua Patrimar Galeria	Other SPEs (40)	Other SCPs (35)
Operating income	91	80	28,190	15,223	66,644	220	28	43	16,042	4,688	39,535	129
Cost of real estate sales and services	(3,104)	(2,145)	(16,555)	(9,514)	(45,015)	(6,761)	(1,325)	(1,515)	(4,191)	-	(40,535)	(6,365)
Operating income (expenses)	(10,282)	(11,118)	(20,976)	(2,991)	(11,844)	(11,327)	(7,148)	(9,438)	(3,913)	-	(11,461)	(10,986)
Results from equity interest in investees	37,599	62,434	-	-	-	-	22,311	60,152	-	-	-	-
Financial income (expenses)	(7,036)	(9,483)	(42)	332	1,964	349	(10,918)	(17,107)	(10,372)	-	2,855	377
Income tax and social contribution	-	-	(299)	(224)	(1,757)	1	-	-	(880)	-	(1,130)	53
Net income for the year	17,268	39,768	(9,682)	2,826	9,992	(17,518)	2,948	32,135	(3,314)	4,688	(10,736)	(16,792)
Total interest %	51.03	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 September 30, 2020 and December 31, 2019, are as follows:

	Consolidated			
	9/30/20		12/31/19	
Projects under Law 10931/04 (Earmarked Assets)	6,742,091	38.38%	6,397,658	43.56%
Silent partnerships (SCPs)	470,929	2.68%	176,388	1.20%
Special Purpose Entities (SPEs)	711,660	4.05%	629,342	4.29%
Other entities	805,960	4.59%	682,267	4.65%
Projects with segregation	8,730,640	49.70%	7,885,655	53.70%
Balances without segregation	8,835,689	50.30%	6,800,668	46.30%
Total Consolidated	17,566,329	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 9/30/20	Fair value with level measurement	Fair value	Net 12/31/19
Buildings	2.56%	1,238,721	(62,875)	1,175,846	3	1,723,234	-
Properties under construction		315,139	-	315,139	3	438,169	-
Landbank		260,334	-	260,334	3	277,599	-
Subtotal AHS Residential [1]		1,814,194	(62,875)	1,751,319		2,439,002	-
Landbank [2]		5,586	-	5,586		5,586	-
Subtotal Subsidiaries		1,819,780	(62,875)	1,756,905		2,444,588	-
Properties under construction		55,126	-	55,126	3	87,714	6,287
Landbank [2]		54,466	-	54,466		54,466	27,224
Subtotal Individual		109,592	-	109,592		142,180	33,511
Buildings	2.56%	1,238,721	(62,875)	1,175,846		1,723,234	-
Properties under construction		370,265	-	370,265		525,883	6,287
Landbank		320,386	-	320,386		337,651	27,224
Total Consolidated		1,929,372	(62,875)	1,866,497		2,586,768	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.

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

- Land: mainly maintained at book value as they refer to recent acquisitions;

- Projects under construction: calculated using the discounted cash flow technique, considering vacancy rates estimated between 4% and 5% p.a., discount rates between 5.3% and 10.6% p.a. and capitalization rate from 4.8% to 6.5% p.a. Inflation or rent adjustments during the period were not considered.
- Completed projects: calculated using the income capitalization approach technique, by dividing the net operating income (NOI) by the capitalization rate, considering rate of 4.8% to 5.3% p.a. Inflation or rent adjustments during the period were not considered.

Changes in balances of investment property for the nine-month ended September 30, 2020 and 2019 were as follows:

	Consolidated		Individual	
	Nine months of		Nine months of	
	2020	2019	2020	2019
Opening balance	33,511	-	33,511	-
Acquisition effects (Note 30)	998,350	-	-	-
Additions	483,767	-	76,081	-
Transfer	5,431	-	-	-
Capitalized interest	7,819	-	-	-
Depreciation	(16,601)	-	-	-
Currency translation adjustments	354,220	-	-	-
Closing balance	1,866,497	-	109,592	-

10. Property and equipment

Changes in property and equipment for the nine-month period ended September 30, 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
Nine-month period ended September 30, 2020:									
Cost:									
Right-of-use		89,707	-	1,881	5,785	-	-	650	98,023
Buildings, facilities and leasehold improvements		48,153	-	466	5,472	(1,018)	637	328	54,038
Aircraft and vehicles in use		23,654	-	941	122	(150)	-	302	24,869
Machinery and equipment		390,939	-	11,231	59,593	(905)	2,371	5,339	468,568
Furniture and fixtures		2,943	-	5,128	527	(64)	(5,431)	1,233	4,336
IT equipment and installations		7,340	-	1,182	899	(5)	-	428	9,844
Sales booths, stores and model apartments		78,072	-	-	7,856	(970)	9,869	-	94,827
Works in progress		18,094	-	-	13,044	(96)	(12,877)	-	18,165
Total cost		658,902	-	20,829	93,298	(3,208)	(5,431)	8,280	772,670
Accumulated depreciation:									
Right-of-use	Sundry	10,999	-	152	8,815	-	-	91	20,057
Buildings, facilities and leasehold improvements	15.09%	19,963	-	266	4,517	(441)	(527)	100	23,878
Aircraft and vehicles in use	10.02%	3,961	-	616	1,276	(22)	-	197	6,028
Machinery and equipment	10.00%	75,939	-	1,829	25,422	(523)	527	940	104,134
Furniture and fixtures	10.00%	2,533	-	1,142	240	(35)	(958)	299	3,221
IT equipment and installations	19.99%	6,501	-	481	593	-	-	181	7,756
Sales booths, stores and model apartments	25.19%	53,249	-	-	9,519	(535)	-	-	62,233
Total accumulated depreciation		173,145	-	4,486	50,382	(1,556)	(958)	1,808	227,307
Total property and equipment, net		485,757	-	16,343	42,916	(1,652)	(4,473)	6,472	545,363
Nine-month period ended September 30, 2019:									
Total property and equipment, net		300,854	70,971	-	100,790	(1,287)	-	-	471,328

Individual	Average annual depreciation	Opening balance	CPC 06 (R2) / IFRS 16 adoption	Addition	Write-off	Transfer	Closing balance
Nine-month period ended September 30, 2020:							
Cost:							
Right-of-use		87,528	-	4,865	-	-	92,393
Buildings, facilities and leasehold improvements		37,481	-	2,101	(99)	1,648	41,131
Aircraft and vehicles in use		23,504	-	122	-	-	23,626
Machinery and equipment		388,444	-	38,761	(687)	1,901	428,419
Furniture and fixtures		2,894	-	1	(40)	-	2,855
IT equipment and installations		7,312	-	324	-	-	7,636
Sales booths, stores and model apartments		43,270	-	6,388	(305)	3,647	53,000
Works in progress		11,932	-	8,606	(6)	(6,822)	13,710
Total cost		602,365	-	61,168	(1,137)	374	662,770
Accumulated depreciation:							
Right-of-use	Sundry	10,868	-	8,212	-	-	19,080
Buildings, facilities and leasehold improvements	15.09%	17,812	-	3,120	(24)	(283)	20,625
Aircraft and vehicles in use	10.02%	3,941	-	1,274	-	-	5,215
Machinery and equipment	10.00%	75,318	-	21,052	(384)	411	96,397
Furniture and fixtures	10.00%	2,496	-	69	(16)	-	2,549
IT equipment and installations	19.99%	6,490	-	271	-	-	6,761
Sales booths, stores and model apartments	25.19%	30,211	-	4,946	(188)	(19)	34,950
Total accumulated depreciation		147,136	-	38,944	(612)	109	185,577
Total property and equipment, net		455,229	-	22,224	(525)	265	477,193
Nine-month period ended September 30, 2019:							
Total property and equipment, net		272,919	70,971	96,876	(728)	(297)	439,741

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 September 30, 2020, the residual value of items pledged as collateral for liabilities amount R\$19,689 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 nine-month period ended September 30, 2020 and 2019 are as follows:

Consolidated	Opening balance	Acquisition effects	Addition	Transfer	Currency translation adjustments	Closing balance
Nine-month period ended September 30, 2020:						
Cost:						
Software development	125,644	7,856	11,694	33,018	2,888	181,100
Software license	55,795	-	349	-	-	56,144
Intangibles under development	46,416	-	35,382	(33,018)	-	48,780
Trademarks and patents	24,000	-	-	-	-	24,000
Total cost	251,855	7,856	47,425	-	2,888	310,024
Accumulated amortization:						
Software development	81,699	546	16,311	-	264	98,820
Software license	51,978	-	1,494	-	-	53,472
Total accumulated amortization	133,677	546	17,805	-	264	152,292
Total intangible assets	118,178	7,310	29,620	-	2,624	157,732
Nine-month period ended September 30, 2019:						
Total intangible assets	95,627	-	14,446	-	-	110,073

Individual	Opening balance	Addition	Transfer	Closing balance
<u>Nine-month period ended September 30, 2020:</u>				
<u>Cost:</u>				
Software development	125,084	7,202	31,067	163,353
Software license	55,791	349	-	56,140
Intangibles under development	44,466	34,958	(31,067)	48,357
Trademarks and patents	24,000	-	-	24,000
Total cost	<u>249,341</u>	<u>42,509</u>	<u>-</u>	<u>291,850</u>
<u>Accumulated amortization:</u>				
Software development	81,393	15,044	-	96,437
Software license	51,974	1,494	-	53,468
Total accumulated amortization	<u>133,367</u>	<u>16,538</u>	<u>-</u>	<u>149,905</u>
Total intangible assets	<u>115,974</u>	<u>25,971</u>	<u>-</u>	<u>141,945</u>
<u>Nine-month period ended September 30, 2019:</u>				
Total intangible assets	<u>94,074</u>	<u>13,996</u>	<u>-</u>	<u>108,070</u>

The average annual amortization rate for “Software development” and “Software license” is 20%.

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) Position

The position of loans, financing and debentures as at September 30, 2020 and December 31, 2019, is as follows:

Type	Currency	Maturity of principal	Effective rate p.a.	9/30/20			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%	200,437	99,445	299,882	511,475
Debenture - 9 th Issue - 3 rd series (*)	R\$	2/22	IPCA + 8.52%	877	97,120	97,997	100,660
Debenture - 11 th Issue - 1 st series	R\$	9/20	CDI + 1.17%	-	-	-	288,757
Debenture - 11 th Issue - 2 nd series	R\$	9/21 to 9/22	CDI + 1.56%	107,411	107,150	214,561	218,382
Debenture - 11 th Issue - 3 rd series (*)	R\$	9/23 and 9/24	IPCA + 6.47%	366	144,302	144,668	149,963
Debenture - 12 th Issue - 1 st series	R\$	7/23	CDI + 1.52%	2,443	298,700	301,143	308,830
Debenture - 12 th Issue - 2 nd series	R\$	7/24 and 7/25	CDI + 1.79%	456	51,302	51,758	53,118
Debenture - 12 th Issue - 3 rd series	R\$	7/23	CDI + 1.62%	919	109,130	110,049	112,886
Debenture - 12 th Issue - 4 th series	R\$	7/23	CDI + 1.62%	699	83,070	83,769	85,929
Debenture - 15 th Issue	R\$	11/22 to 11/25	CDI + 1.19%	3,466	300,000	303,466	301,604
Debenture - 16 th Issue	R\$	4/23 to 4/25	CDI + 1.69%	1,892	99,999	101,891	-
Debenture - 17 th Issue	R\$	4/21 to 4/23	CDI + 3.68%	11,569	38,889	50,458	-
Debenture - 18 th Issue	R\$	8/25	CDI + 2.54%	1,860	500,000	501,860	-
(-) Funding cost				(4,227)	(6,910)	(11,137)	(10,010)
Total debentures - Individual				328,168	1,922,197	2,250,365	2,170,070
CRI (Bank Credit Notes)	R\$	6/20 to 6/21	CDI + 2.21%	-	-	-	115,201
CRI (13 th debentures issue)	R\$	9/23 to 9/24	CDI + 0.83%	269	300,000	300,269	300,513
CRI (14 th debentures issue)	R\$	5/24	100.4% CDI + 0.28%	2,719	360,000	362,719	361,492
Construction financing	R\$	1/21 to 2/24	TR + 8.30%	23,667	65,245	88,912	53,866
Leasing	R\$	3/18 to 5/23	CDI + 2.00% to 2.93%	6,789	4,692	11,481	15,526
Working Capital	R\$	4/21 and 4/22	CDI + 3.10%	101,784	100,000	201,784	-
Promissory note (2 series)	R\$	11/20 and 5/21	CDI + 3.65% and 4.62%	101,926	-	101,926	-
(-) Funding cost				(4,121)	(8,765)	(12,886)	(15,002)
Total loans and financing - Individual				233,033	821,172	1,054,205	831,596
Total Individual				561,201	2,743,369	3,304,570	3,001,666
Subsidiaries:							
Debenture - 2 nd Issue - Urba	R\$	6/21 to 6/23	CDI + 1.73%	20,627	40,002	60,629	60,215
Debenture - 4 th Issue - Urba	R\$	4/23 to 4/25	CDI + 1.71%	756	39,999	40,755	-
(-) Funding cost				(218)	(451)	(669)	(493)
Total debentures - Subsidiaries				21,165	79,550	100,715	59,722
Project loans	US\$	2/22 to 5/23	Libor + 2.17% to 2.75%	-	497,161	497,161	-
Project loans	US\$	5/26 to 11/29	3.15% to 4.63%	6,069	535,207	541,276	-
Loan agreements	US\$	04/22 to 02/25	1,00% to 5,94%	1,297	275,610	276,907	-
Loan agreement / credit line	US\$	4/21	Libor + 3.17%	28,204	-	28,204	-
CRI (3 rd debentures issue - Urba)	R\$	3/24	CDI + 1.10%	10	60,000	60,010	60,021
Construction financing (**)	R\$	4/16 to 3/23	TR + 13.53%	2,064	2,871	4,935	6,425
Construction financing	R\$	12/20 to 6/24	TR + 8.30%	16,114	46,774	62,888	76,649
Construction financing	R\$	11/22	CDI + 2.50%	35	10,051	10,086	-
(-) Funding cost				(1,767)	(6,687)	(8,454)	(2,325)
Total loans and financing - Subsidiaries				52,026	1,420,987	1,473,013	140,770
Total subsidiaries				73,191	1,500,537	1,573,728	200,492
Total Consolidated				634,392	4,243,906	4,878,298	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 - 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 - 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	11/22 to 11/25	CDI + 1.06%	CDI + 1.19%
Debenture - 16 th Issue	Single	100,000	4/20	Annual	Semiannual	4/23 to 4/25	CDI + 1.50%	CDI + 1.69%
Debenture - 17 th Issue	Single	50,000	4/20	Quarterly	Quarterly	4/21 to 4/23	CDI + 3.00%	CDI + 3.68%
Debenture - 18 th Issue	Single	500,000	8/20	Bullet payment	Semiannual	8/25	CDI + 2.40%	CDI + 2.54%
Debenture - 2 nd Issue - Urba	Single	6,000	6/18	Annual	Semiannual	6/21 to 6/23	CDI + 1.22%	CDI + 1.73%
Debenture - 4 th Issue - Urba	Single	40,000	4/20	Annual	Semiannual	4/23 to 4/25	CDI + 1.50%	CDI + 1.71%
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	12/20 to 6/24	TR + 8.30%	TR + 8.30%
Construction financing	-	-	9/20	Bullet payment	Monthly	11/22	CDI + 2.50%	CDI + 2.50%
Leasing	-	-	Sundry	Monthly	Monthly	3/18 to 5/23	CDI + 2.00% to 2.93%	CDI + 2.00% to 2.93%
Working Capital	-	-	4/20	Annual	Quarterly	4/21 and 4/22	CDI + 3.10%	CDI + 3.10%
Promissory note (2 series)	-	-	5/20	Bullet payment	Bullet	11/20 and 5/21	CDI + 2.50%	CDI + 3.65 and 4.62%
Project loans	-	-	Sundry	Sundry	Monthly	2/22 to 5/23	Libor + 2.00% to 2.25%	Libor + 2.17% to 2.75%
Project loans	-	-	Sundry	Monthly	Monthly	5/26 to 11/29	3.15% to 4.63%	3.15% to 4.63%
Loan agreement	-	-	2/20	Bullet payment	Sundry	4/22 to 2/25	1.00% to 5.94%	1.00% to 5.94%
Credit line	-	-	3/20	Bullet payment	Monthly	4/21	Libor + 3.00%	Libor + 3.17%

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 nine-month period ended September 30, 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	1/21 to 3/24	TR + 8.30%	345,894
Leasing	R\$	-	5/20	Monthly	Monthly	6/20 to 5/23	CDI + 2.51%	90
Debenture - 16 th Issue	R\$	100,000	4/20	Annual	Semiannual	4/23 to 4/25	CDI + 1.50 %	100,000
Debenture - 17 th Issue	R\$	50,000	4/20	Quarterly	Quarterly	4/21 to 4/23	CDI + 3.00%	50,000
Debenture - 18 th Issue	R\$	500,000	8/20	Bullet payment	Semiannual	8/25	CDI + 2.40%	500,000
Working capital	R\$	-	4/20	Annual	Quarterly	4/21 and 4/22	CDI + 3.10%	200,000
Promissory note (2 series)	R\$	-	5/20	Bullet payment	Bullet payment	11/20 and 5/21	CDI + 2.50%	100,000
Total - Individual								1,295,984
Construction financing	R\$	-	Sundry	Sundry	Sundry	12/20 to 6/24	TR + 8.30%	279,231
Construction financing	R\$	-	9/20	Bullet payment	Monthly	11/22	CDI + 2.50%	13,087
Debenture - 4 th Issue - Urba	R\$	40,000	4/20	Annual	Semiannual	4/23 to 4/25	CDI + 1.50%	40,000
Project loans	US\$	-	Sundry	Bullet payment	Monthly	4/21 to 5/23	Libor + 2.00% to 2.75%	395,753
Loan agreements	US\$	-	Sundry	Bullet payment	Sundry	4/22 to 2/25	1.00% to 4.00%	254,141
Credit line	US\$	-	Sundry	Bullet payment	Monthly	4/21	Libor + 3.50%	10,405
Total - Subsidiaries								992,617
Total - Consolidated								2,288,601

(*) Gross of funding costs.

Changes in loans, financing and debentures are as follows:

	Consolidated		Individual	
	Nine months of		Nine months 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	2,288,601	1,337,923	1,295,984	955,054
Accrued financial charges	154,823	106,465	114,189	93,271
Fair value adjustment	(7,676)	13,691	(7,676)	13,691
Funding costs	(8,454)	(19,803)	(5,752)	(17,218)
Amortization of funding costs	7,713	5,081	6,741	4,753
Repayment of principal	(1,447,480)	(1,173,124)	(960,403)	(592,095)
Payment of financial charges	(178,208)	(96,452)	(140,179)	(81,526)
Currency translation adjustments	240,695	-	-	-
Closing balance	4,878,298	3,036,799	3,304,570	2,817,377

(b) Guarantees and surety

The types of guarantees for loans, financing and debentures as at September 30, 2020 are as follows:

	Consolidated								Total
	Debentures	Bank credit notes	Construction financing	Leasing	Working capital	Promissory note	Project loans	Loan agreements / credit line	
Collateral / surety	-	-	-	11,481	-	-	1,038,437	305,111	1,355,029
Collateral / receivables	-	-	166,821	-	-	-	-	-	166,821
No guarantees	2,362,886	722,998	-	-	201,784	101,926	-	-	3,389,594
Total (*)	2,362,886	722,998	166,821	11,481	201,784	101,926	1,038,437	305,111	4,911,444

(*) 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.	9/27/18	9/27/21	112,219
	4/8/20	4/1/25	61,135
	5/28/20	5/30/22	150,481
Prime Incorporações e Construções S.A.	9/27/18	3/27/21	4,484
	9/27/18	9/27/21	100,900
	9/27/18	3/28/22	123,441
	6/26/19	6/26/24	151,218
Urba Desenvolvimento Urbano S.A.	3/18/16	3/6/23	4,935
	6/13/18	6/6/23	60,629
	3/28/19	3/27/24	60,010
	4/8/20	4/1/25	40,755
MRV US Holdings Corporation	2/21/20	2/21/25	266,862
			1,137,069

(c) Aging

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

After the reporting period	Consolidated		Individual	
	9/30/20	12/31/19	9/30/20	12/31/19
12 months	634,392	671,611	561,201	649,776
13 to 24 months	869,418	443,199	466,966	388,033
25 to 36 months	1,034,396	435,888	803,976	394,231
37 to 48 months	848,471	758,378	764,053	736,366
After 48 months	1,491,621	893,082	708,374	833,260
Total	4,878,298	3,202,158	3,304,570	3,001,666

(d) Contractual commitments

As at September 30, 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			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Gross financial charges	44,995	153,318	61,689	179,788
Capitalized financial charges on:				
Real estate under construction and landbank	(28,085)	(99,343)	(52,602)	(155,314)
Equity interest in investees	-	-	-	-
Amounts recognized in financial result (Note 24)	16,910	53,975	9,087	24,474
Financial charges				
Opening balance	531,077	552,246	536,970	529,429
Capitalized financial charges	28,085	99,343	52,602	155,314
Charges allocated to profit or loss:				
Cost of real estate sold and services provided (Note 23)	(44,972)	(136,803)	(46,052)	(140,554)
Results from equity interest in investees	(319)	(915)	(439)	(1,108)
Closing balance	513,871	513,871	543,081	543,081
Capitalized financial charges related to:				
Real estate under construction and landbank (Note 7)	508,724	508,724	536,711	536,711
Equity interest in investees (Note 8)	5,147	5,147	6,370	6,370
	513,871	513,871	543,081	543,081

	Individual			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Gross financial charges	30,245	114,976	55,402	155,325
Capitalized financial charges on:				
Real estate under construction and landbank	(16,871)	(59,211)	(38,079)	(99,347)
Equity interest in investees	(4,872)	(23,815)	(9,737)	(35,619)
Amounts recognized in financial result (Note 24)	8,502	31,950	7,586	20,359
Financial charges				
Opening balance	515,980	534,156	516,457	507,191
Capitalized financial charges	21,743	83,026	47,816	134,966
Charges allocated to profit or loss:				
Cost of real estate sold and services provided (Note 23)	(26,224)	(80,609)	(26,551)	(83,726)
Results from equity interest in investees	(13,174)	(38,248)	(13,129)	(33,838)
Closing balance	498,325	498,325	524,593	524,593
Capitalized financial charges related to:				
Real estate under construction and landbank (Note 7)	345,598	345,598	356,656	356,656
Equity interest in investees (Note 8)	152,727	152,727	167,937	167,937
	498,325	498,325	524,593	524,593

During the nine-month period ended September 30, 2020, total financial charges capitalized on loans, financing and debentures represented an average charge rate of 4.82% p.a. (7.73% 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	
	9/30/20	12/31/19	9/30/20	12/31/19
INCC	539,178	681,806	358,949	551,181
IGP-M	249,394	279,798	186,372	245,250
IPCA	113,329	95,322	96,958	91,459
Other indexes	40,852	37,421	39,466	35,759
Non-interest bearing	3,455,140	3,182,952	2,749,609	2,825,024
Present value discount	(99,137)	(141,585)	(80,914)	(127,515)
Total	4,298,756	4,135,714	3,350,440	3,621,158
Current	1,148,017	742,216	869,519	576,068
Noncurrent	3,150,739	3,393,498	2,480,921	3,045,090
	4,298,756	4,135,714	3,350,440	3,621,158

As at September 30, 2020, 'Land payables' include financial barter in the amount of R\$2,526,789 in Consolidated and R\$1,944,327 in Individual (R\$2,357,258 and R\$2,044,701 as at December 31, 2019 in Consolidated and Individual, respectively).

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 September 30, 2020, R\$2,271,799 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	
	9/30/20	12/31/19	9/30/20	12/31/19
12 months	1,148,017	742,216	869,519	576,068
13 to 24 months	1,566,067	1,268,369	1,001,179	1,041,805
25 to 36 months	606,004	800,645	541,524	751,306
37 to 48 months	280,154	611,124	260,458	583,930
After 48 months	698,514	713,360	677,760	668,049
Total	4,298,756	4,135,714	3,350,440	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	
	9/30/20	12/31/19	9/30/20	12/31/19
Proceeds in advance	82,632	74,337	52,804	44,411
Advances for barter	473,492	635,599	337,380	434,510
	556,124	709,936	390,184	478,921
Current	231,190	223,281	160,057	151,771
Noncurrent	324,934	486,655	230,127	327,150
	556,124	709,936	390,184	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 September 30, 2020, R\$231,757 in Consolidated and Individual, of total 'Advance for barter', 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	
	9/30/20	12/31/19	9/30/20	12/31/19
12 months	231,190	223,281	160,057	151,771
13 to 24 months	184,589	272,746	126,845	176,421
After 24 months	140,345	213,909	103,282	150,729
Total	556,124	709,936	390,184	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	9/30/20	12/31/19
12 months	755,940	855,217
13 to 24 months	2,400	24,616
	758,340	879,833

Beside bank guarantees, advances for barter 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	
	9/30/20	12/31/19	9/30/20	12/31/19
Salaries and wages	33,002	22,969	13,289	11,152
Payroll benefits	36,084	19,195	22,646	9,349
Accrued vacation, 13 th salary and related benefits	105,424	69,765	59,855	34,853
Provision for employees and management profit sharing	17,752	25,286	17,280	24,703
Other	1,583	2,704	631	861
Total	193,845	139,919	113,701	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	
	9/30/20	12/31/19	9/30/20	12/31/19
Income tax and social contribution	13,980	12,018	7,682	6,082
Taxes on revenue (PIS and COFINS)	55,775	44,600	41,771	37,519
Withheld third parties taxes	11,731	11,584	7,415	7,387
Taxes withheld on interest on salaries	6,129	7,532	5,129	6,007
Other	328	846	(167)	637
Total	87,943	76,580	61,830	57,632

As at September 30, 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\$84,309 and R\$57,604 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	94,759	(79,191)	(7,069)	40,961
Noncurrent	107,375	-	-	7,069	114,444
Total - Nine months of 2020	139,837	94,759	(79,191)	-	155,405
Total - Nine months of 2019	137,247	90,859	(87,596)	-	140,510
Individual:					
Current	16,333	52,920	(41,638)	(8,349)	19,266
Noncurrent	56,853	-	-	8,349	65,202
Total - Nine months of 2020	73,186	52,920	(41,638)	-	84,468
Total - Nine months of 2019	70,090	51,080	(46,337)	-	74,833

As at September 30, 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	80,659	(11,760)	(80,424)	7,378	56,138
Labor	40,969	29,935	(3,426)	(23,704)	5,761	49,535
Tax	298	856	(15)	(531)	41	649
Environmental	20	2,548	(41)	(2,477)	6	56
Total - Nine months of 2020	101,572	113,998	(15,242)	(107,136)	13,186	106,378
Total - Nine months of of 2019	92,229	119,141	(22,921)	(93,002)	12,645	108,092
Individual						
Civil	36,413	47,437	(8,812)	(47,527)	4,293	31,804
Labor	35,327	25,504	(2,318)	(21,066)	4,918	42,365
Tax	295	437	(14)	(446)	41	313
Environmental	18	125	(41)	(62)	5	45
Total - Nine months of 2020	72,053	73,503	(11,185)	(69,101)	9,257	74,527
Total - Nine months of of 2019	66,782	73,207	(16,924)	(54,633)	9,345	77,777

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			
	9/30/20		12/31/19		9/30/20		12/31/19	
	Total lawsuits	Probable lawsuits	Total lawsuits	Probable lawsuits	Total lawsuits	Probable lawsuits	Total lawsuits	Probable lawsuits
Civil	23,365	4,260	28,141	5,594	13,105	2,599	16,388	3,589
Labor	2,762	709	3,073	758	1,841	473	2,042	523
Tax	894	13	855	25	704	12	682	24
Criminal	221	-	174	-	188	-	147	-
Environmental	232	9	216	4	165	6	151	3
Total	27,474	4,991	32,459	6,381	16,003	3,090	19,410	4,139

As shown above the main lawsuits as at September 30, 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, total R\$376,007 and R\$108,583 in Consolidated and Individual, respectively, as at September 30, 2020 (R\$232,502 and R\$130,334 as at December 31, 2019 in Consolidated and Individual, respectively). Said amount on September 30, 2020, includes two tax assessment notices for the collection of IRPJ and CSSL, related to fiscal years 2016 and 2017, in the total amount of R\$186,944, having as object the assumptions for determining the taxable profit. The Company's legal advisors, considering the assessments and applicable legislation on the matter, classified the probability of success as possible. Currently, the Company has an ongoing term for the pertinent defenses and understands that is probable that the tax authority accept the tax treatment adopted. 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	
		9/30/20	12/31/19	9/30/20	12/31/19	9/30/20	12/31/19	9/30/20	12/31/19
<u>Short-term investments and marketable securities</u>									
Other related parties									
Banco Inter S.A. (Inter)	[1]	116,296	263,622	-	-	116,296	263,622	-	-
<u>Dividends receivables</u>									
Joint ventures									
MRL Engenharia e Empreendimentos S.A. (MRL)		-	184	-	-	-	184	-	-
<u>Receivables from services provided</u>									
Subsidiaries									
Urba Desenvolvimento Urbano S.A.	[3]	-	-	-	-	23	57	-	-
Other related parties									
MRV Serviços de Engenharia Ltda.	[4]	-	7	-	-	-	7	-	-
Banco Inter S.A.	[5]	-	4	-	-	-	4	-	-
<u>Intercompany receivables</u>									
Investees									
SPEs	[6]	30,417	18,245	-	-	695,011	666,310	-	-
Joint ventures									
Prime Incorporações e Construções S.A.	[7]	45	87	-	-	26	83	-	-
MRL Engenharia e Empreendimentos S.A.	[7]	629	816	-	-	629	816	-	-
Reserva Macaúba Loteamento Ltda.	[7]	4,614	8,939	-	-	-	-	-	-
Other related parties									
Partners in real estate development projects	[7]	11,323	10,431	-	-	11,323	10,431	-	-
<u>Other assets</u>									
Subsidiaries									
Urba Desenvolvimento Urbano S.A.	[8]	-	-	-	-	234	52	-	-
SCPs e SPEs	[8]	1,855	1,056	-	-	19,876	15,858	-	-
Joint ventures									
Prime Incorporação e Construções S.A.	[8]	9,127	131	-	-	9,021	75	-	-
MRL Engenharia e Empreendimentos S.A.	[8]	25,885	986	-	-	25,819	951	-	-
Other related parties									
Partners in real estate development projects	[8]	19	2,572	-	-	-	232	-	-
Controlling shareholder	[9]	31,461	34,771	-	-	31,461	34,771	-	-
<u>Suppliers</u>									
Subsidiaries									
MRV Construções Ltda. (MC)	[2]	-	-	-	-	-	-	69,637	29,856
Other related parties									
T Lott Advocacia	[10]	-	-	14	78	-	-	8	76
<u>Payables for investment acquisition</u>									
Other related parties									
LOG Commercial Properties e Participações S.A. (LOG)	[11]	-	-	20,230	27,919	-	-	-	-
<u>Intercompany payables (Other payables)</u>									
Investees									
SPEs	[12]	-	-	26	17,583	-	-	6,848	17,583
Joint ventures									
Prime Incorporações e Construções S.A.	[13]	-	-	35,420	37,357	-	-	-	-
MRL Engenharia e Empreendimentos S.A.	[13]	-	-	58,186	62,540	-	-	-	-
Other related parties									
Partners in real estate development projects	[13]	-	-	34,483	15,490	-	-	5,523	-
Costellis International Limited	[17]	-	-	28,905	-	-	-	28,905	-
<u>Lease liability (Other payables)</u>									
Other related parties									
Conedi Participações Ltda e MA Cabaleiro Participações Ltda	[14]	-	-	62,854	60,428	-	-	61,393	58,314
Lakeside office, LLC	[16]	-	-	1,365	-	-	-	-	-

		Consolidated							
		Income				Expense			
		3 rd quarter of		Nine months of		3 rd quarter of		Nine months of	
		2020	2019	2020	2019	2020	2019	2020	2019
Net operating revenue									
Receivables from services provided									
Subsidiaries									
MRV Construções Ltda.	[2]	513	303	1,405	1,399	-	-	-	-
Financial income									
Short-term investments and marketable securities									
Other related parties									
Banco Inter S.A.	[1]	1,449	3,169	1,713	7,989	-	-	-	-
Intercompany receivables									
Joint ventures									
Prime Incorporações e Construções S.A.	[7]	3	6	16	18	-	-	-	-
MRL Engenharia e Empreendimentos S.A.	[7]	13	1	46	4	-	-	-	-
Reserva Macaúba Loteamento Ltda.	[7]	197	126	488	223	-	-	-	-
Other related parties									
Partners in real estate development projects	[7]	198	213	632	584	-	-	-	-
Other operating income (expenses), net									
Joint ventures									
Prime Incorporações e Construções S.A.	[3]	620	214	1,039	642	-	-	-	-
MRL Engenharia e Empreendimentos S.A.	[3]	645	212	1,099	646	-	-	-	-
Other related parties									
LOG Commercial Properties e Participações S.A.	[3]	411	552	1,242	1,317	-	-	-	-
MRV Serviços de Engenharia Ltda.	[4]	12	34	54	53	-	-	-	-
Banco Inter S.A.	[5]	155	181	454	530	-	-	-	-
Other		8	15	26	23	-	-	-	-
Sale of subsidiary									
Other related parties									
Controlling shareholder	[9]	357	-	1,110	-	-	-	-	-
Operating costs and expenses									
General and administrative expenses									
Other related parties									
T Lott Advocacia	[10]	-	-	-	-	1,374	1,122	3,921	3,119
Conedi Participações Ltda. e MA Cabaleiro Participações Ltda.	[14]	-	-	-	-	1,040	882	3,051	2,575
Luxemburgo Incorporadora SPE Ltda.	[15]	-	-	-	-	44	167	147	451
Lakeside office, LLC	[16]	-	-	-	-	31	-	83	-

		Individual							
		Income				Expense			
		3 rd quarter of		Nine months of		3 rd quarter of		Nine months of	
		2020	2019	2020	2019	2020	2019	2020	2019
<u>Financial income</u>									
Short-term investments and marketable securities									
Other related parties									
Banco Inter S.A.	[1]	1,449	3,169	1,713	7,989	-	-	-	-
Intercompany receivables									
Joint ventures									
Prime Incorporações e Construções S.A.	[7]	3	6	16	18	-	-	-	-
MRL Engenharia e Empreendimentos S.A.	[7]	13	1	46	4	-	-	-	-
Other related parties									
Partners in real estate development projects	[7]	198	213	632	584	-	-	-	-
<u>Other operating income (expenses), net</u>									
Subsidiaries									
Urba Desenvolvimento Urbano S.A.	[3]	171	76	321	205	-	-	-	-
Joint ventures									
Prime Incorporações e Construções S.A.	[3]	620	212	1,039	642	-	-	-	-
MRL Engenharia e Empreendimentos S.A.	[3]	645	213	1,099	646	-	-	-	-
Other related parties									
LOG Commercial Properties e Participações S.A.	[3]	411	552	1,242	1,317	-	-	-	-
MRV Serviços de Engenharia Ltda.	[4]	12	34	54	53	-	-	-	-
Banco Inter S.A.	[5]	155	181	454	530	-	-	-	-
Other		8	15	26	23	-	-	-	-
Sale of subsidiary									
Other related parties									
Controlling shareholder	[9]	357	-	1,110	-	-	-	-	-
<u>Operating costs and expenses</u>									
Cost of real estate sales and services									
Subsidiaries									
MRV Construções Ltda.	[2]	-	-	-	-	72,784	84,580	212,327	253,850
General and administrative expenses									
Other related parties									
T Lott Advocacia	[10]	-	-	-	-	1,247	1,122	3,491	3,119
Conedi Participações Ltda. e MA Cabaleiro Participações Ltda.	[14]	-	-	-	-	1,000	882	2,934	2,575
Luxemburgo Incorporadora SPE Ltda.	[15]	-	-	-	-	44	167	147	451

- [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 nine-month period ended in September 30, 2020, short-term investments generate yield by 55.44% of CDI in Consolidated and Individual (102.32% 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, in the three and nine-month period ended in September 30, 2020, which amount to R\$134,317 and R\$395,818, respectively, 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, to subsidiary Urba 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] Refers to the "preference premium" paid by the bank to the Company of 25% on the credit revenue obtained referring to invoices from suppliers discounted with 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 September 30, 2020, R\$18,077 in Consolidated and R\$13,463 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 2.80% to 7.42% 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 September 30, 2020 and December 31, 2019.
- [8] Refers to receivables 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 September 30, 2020, the balance receivable includes adjustment to present value of R\$3,902 (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 September 30, 2020 provides for monthly total payment (gross of taxes) of R\$597 (R\$579 as at December 31, 2019) .

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 adjustable by the General Market Price Index (IGP-M) and as at September 30, 2020 and December 31, 2019 provides for total monthly payment of R\$9. Related expenses, net of PIS/COFINS taxes, for the three and nine-month periods ended September 30, 2020 and 2019, was R\$23 and R\$70, respectively (R\$15 and R\$61 for the same periods of 2019, respectively).
- [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 Residencial's headquarters (note 30). This company has as partner the Company's controlling shareholder. The contract is effective until January 1, 2022. On September 30, 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			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Short-term benefits granted to management:				
Management compensation (*)	10,198	25,559	4,748	13,760
Profit sharing	2,193	5,565	3,037	7,062
Non-monetary benefits	126	387	129	374
Long-term benefits granted to management:				
Retirement private plan	197	520	158	469
Stock option plan	2,233	4,123	1,269	2,955
	14,947	36,154	9,341	24,620

	Individual			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Short-term benefits granted to management:				
Management compensation (*)	5,873	15,534	4,277	12,302
Profit sharing	2,103	5,342	2,971	6,857
Non-monetary benefits	120	355	109	313
Long-term benefits granted to management:				
Retirement private plan	183	484	146	436
Stock option plan	2,124	4,015	1,269	2,955
	10,403	25,730	8,772	22,863

(*) 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 Company's management annual compensation threshold to R\$40,000.

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 September 30, 2020, the Company's capital stock is R\$4,609,424 (R\$4,282,130 as at December 31, 2019), represented by 481,954 thousand common shares as shown below:

Shareholders	Number of shares in			
	9/30/20		12/31/19	
	Ordinary	%	Ordinary	%
Rubens Menin Teixeira de Souza (Controlling shareholder)	181,970	37.8	139,711	31.5
Officers	6,137	1.3	7,153	1.6
Fiscal council and executive committees	203	-	194	-
Treasury shares	1	-	318	0.1
Other shareholders	293,643	60.9	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 nine-month period ended September 30, 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
Nine-month period ended September 30, 2020:	(thousand)	R\$	R\$'000	R\$'000	(thousand)
1/31/20 MDI incorporation effects (*)	37,287	-	326,338	4,609,424	481,954
1/17/20 Capital increase	528	-	956	4,283,086	444,667
Nine-month period ended September 30, 2019:					
4/25/19 Capitalization of earning retention reserve and legal reserve	-	-	202,360	4,282,130	444,139

(*) 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) 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 million 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 nine-month period ended September 30, 2020, 317 thousand shares were transferred to beneficiaries of the Company's stock option plan (1,877 thousand in the same period of 2019) as shown below:

Type	Number (thousand)				Market value (*)
	Opening balance	Acquired	Transferred	Closing balance	
Nine months of 2020:					
Common shares	318	-	(317)	1	16
Nine months of 2019:					
Common shares	3,128	-	(1,877)	1,251	22,068

(*) Market value of shares remaining in treasury as at September 30, 2020 and 2019.

During the nine-month period ended September 30, 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\$11,832 in the same period of 2019).

In the quarter ended September 30, 2020, the subsidiary Urba Desenvolvimento Urbano S.A. transferred 258 thousand own shares kept in treasury to beneficiaries of the stock option program for the total amount of R\$258 (zero in the same period of 2019). The Company recorded the effect of this transaction under the caption "Treasury shares" in the statement of changes in equity, according to its interest.

(c) 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 (e) below. 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.

(d) Earnings reserves

Legal reserve

The constitution of the legal reserve is mandatory, up to the limits established by law, and its purpose is to ensure the integrity of the share capital, conditional on its use to absorb losses or increase the share capital. As at December 31, 2019, the Company recognized legal reserve in the amount of R\$34,512 (R\$34,515 as at December 31, 2018) equivalent to 5% of annual net income for the year, as prescribed by Article 193 of the Brazilian Corporate Law.

The Annual and Extraordinary Shareholders' Meeting held on April 25, 2019, approved the capitalization of R\$158,431, with no issuance of new shares.

Earnings retention reserve

According to article 33, paragraph 3, item (e) of the Company's bylaws, this reserve is intended to meet the funding requirements for future investments, mainly to meet working capital requirements, land purchases, investments in property and equipment and intangible assets, and payment of interest according to the capital budget to be submitted to and approved in Shareholders' Meeting.

The Annual and Extraordinary Shareholders' Meeting held on April 25, 2019 approved the capitalization of R\$43,929, with no issuance of new shares.

(e) Stock option plan

On April 30, 2020, the Company granted the Program 12 of the Company stock options plan. The grant limit for this program will be 2,348,218 options, whose exercise price will be R\$12.73.

On August 31, 2020, Program 1 of the Stock Option Plan was approved by the Board of Directors of Urba Desenvolvimento Urbano S.A. The grant limit for this Program is 2,996,697 options with exercise price by R\$1.34.

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
12	II	4/30/20	2,226	Up to 5 years	R\$ 12.73	Officers, managers, and key employees	12/27
1 - Urba	I	8/31/20	2,997	Up to 5 years	R\$ 1.34	Officers, managers, and key employees	12/27

Changes in stock options plan per program for the -month period ended September 30, 2020 and 2019 and supplemental information is as follows:

Program	Number of participants	Changes in nine months of 2020 (thousand shares)				
		Opening balance	Granted	Expired / forfeited	Exercised	Closing balance
6	11	492	-	-	-	492
7	18	639	-	-	-	639
8	58	1,325	-	(33)	-	1,292
9	70	1,411	-	(37)	-	1,374
10	78	1,790	-	(23)	-	1,767
11	81	2,338	-	(20)	-	2,318
12	72	-	2,226	-	-	2,226
		7,995	2,226	(113)	-	10,108
Weighted average price of options		13.07	12.73	13.59	-	12.99

Program	Number of participants	Changes in nine months of 2019 (thousand shares)				
		Opening balance	Granted	Expired / forfeited	Exercised	Closing balance
4	89	1,122	-	(36)	(1,086)	-
5	15	837	-	-	(237)	600
6	32	1,325	-	(3)	(509)	813
7	70	1,303	-	(22)	(64)	1,217
8	61	1,504	-	(14)	(74)	1,416
9	73	1,488	-	(20)	(1)	1,467
10	81	1,834	-	(23)	(1)	1,810
11	83	-	2,302	-	-	2,302
		9,413	2,302	(118)	(1,972)	9,625
Weighted average price of options		10.60	15.51	11.55	9.38	12.01

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	-	-	-	-	0.1
6	492	-	-	-	1.2
7	639	-	-	-	2.2
8	175	778	259	0.3	3.3
9	191	1,019	1,598	1.3	4.3
10	162	1,296	3,452	2.3	5.3
11	108	1,854	6,511	3.3	6.3
12	-	1,939	12,938	4.3	7.3
1 - Urba	-	111	3,135	4.3	7.3
2020	1,767	6,997	27,893	3.6	5.7
2019	2,024	5,174	18,955	3.5	5.0

Stock options costs arising from joint ventures and recognized by the Company totaled R\$81 for the nine-month period ended September 30, 2020 (R\$16 for the same period of 2019).

As at September 30, 2020, had all options currently granted been exercised, the Company would have issued 10,108 thousand shares, which would represent a 2.05% 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 September 30, 2020, 87.61% and 98.78% 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 nine-month period ended September 30, 2020, the Company received R\$761 (R\$9,073 for the same period of 2019) in proceeds related to 317 thousand stock options exercised in 2020 (1,887 thousand in 2019), and were delivered 317 thousand common shares (1,887 thousand common shares in the same period of 2019) held in treasury, as explained in (c) above.

(f) 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 paid October 23, 2020 and are equivalent to R\$0.34014373 per share, net of inflation adjustment, as per the shareholding position effective on October 13, 2020.

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.

(g) Noncontrolling interests

	Consolidated	
	Nine months of	
	2020	2019
Opening balance	267,019	244,141
Acquisition effects (Note 30)	41,517	-
Capital transactions	12,649	10,148
Net distributions to noncontrolling interests	(16,992)	(32,282)
Currency translation adjustments	15,455	-
Cash flow hedge reserve	(1,017)	-
Reflection of error correction in subsidiary	(13,709)	-
Interest in net income for the period	48,496	40,315
Closing balance	353,418	262,322

In the nine-month period ended September 30, 2020, changes in the Company's equity interests in subsidiaries generated an increase in noncontrolling interests of R\$12,649 and a net loss of R\$9,538 for the Company owners, directly recorded in equity.

(h) 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			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Basic earnings per share:				
Net income for the period	140,584	354,102	160,115	539,173
Weighted average number of outstanding common shares (thousand)	481,953	477,828	442,173	441,805
Basic earnings per share - in R\$	0.29170	0.74107	0.36211	1.22039
Diluted earnings per share:				
Net income for the period	140,584	354,102	160,115	539,173
Weighted average number of outstanding common shares (thousand)	481,953	477,828	442,173	441,805
Dilutive effect of stock options (thousands of shares)	3,024	2,579	3,543	2,536
Total shares after dilutive effect (thousand)	484,977	480,407	445,716	444,341
Diluted earnings per share - in R\$	0.28988	0.73709	0.35923	1.21342

(i) Currency translation adjustments

The balances are essentially due to translation of the financial statement of the foreign subsidiary MRV (US) Holdings Corporation, whose functional currency is the US dollar, to the Group's presentation currency.

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.

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 September 30, 2020 and results for the nine-month period ended September 30, 2020, split in its operating segments, are as follows:

	9/30/20					12/31/19			
	Real estate development	Rental of residential properties		Land subdivisions	Consolidated	Real estate development	Rental of residential properties Brazil	Land subdivisions	Consolidated
		USA	Brazil						
Assets									
Cash, cash equivalents and marketable securities	2,703,375	90,691	8,511	42,516	2,845,093	2,020,361	25,534	39,218	2,085,113
Trade accounts receivable	3,265,682	4,462	-	164,328	3,434,472	2,606,820	-	102,884	2,709,704
Inventories	7,808,175	-	975	307,541	8,116,691	8,419,460	339	214,306	8,634,105
Investment properties	-	1,751,319	115,178	-	1,866,497	-	33,511	-	33,511
Other assets	1,179,202	81,232	5,192	37,950	1,303,576	1,184,509	263	39,118	1,223,890
Total assets	14,956,434	1,927,704	129,856	552,335	17,566,329	14,231,150	59,647	395,526	14,686,323
Liabilities and equity									
Loans, financing and debentures	3,377,542	1,337,010	-	163,746	4,878,298	3,078,315	-	123,843	3,202,158
Land payables	4,049,731	-	3,302	245,723	4,298,756	4,027,809	-	107,905	4,135,714
Advances from customers	554,536	-	-	1,588	556,124	662,840	2,300	44,796	709,936
Other payables	1,692,358	132,736	7,951	30,499	1,863,544	1,500,449	7,319	21,958	1,529,726
Total liabilities	9,674,167	1,469,746	11,253	441,556	11,596,722	9,269,413	9,619	298,502	9,577,534
Operating segment net assets	5,282,267	457,958	118,603	110,779	5,969,607	4,961,737	50,028	97,024	5,108,789
Total liabilities and equity	14,956,434	1,927,704	129,856	552,335	17,566,329	14,231,150	59,647	395,526	14,686,323

	Nine months of 2020					Nine months of 2019			
	Real estate development	Rental of residential properties		Land subdivisions	Consolidated	Real estate development	Rental of residential properties	Land subdivisions	Consolidated
		USA	Brazil				Brazil		
Net operating revenue	4,826,088	45,827	-	72,324	4,944,239	4,606,316	358	29,411	4,636,085
Cost of real estate sales and services	(3,469,528)	(39,610)	-	(43,436)	(3,552,574)	(3,198,997)	-	(14,716)	(3,213,713)
Gross profit	1,356,560	6,217	-	28,888	1,391,665	1,407,319	358	14,695	1,422,372
Operating income (expenses):									
Selling, general and administrative expenses	(743,452)	(33,543)	(299)	(16,338)	(793,632)	(695,666)	(561)	(13,759)	(709,986)
Other operating income (expenses), net	(92,636)	(1,457)	(1,959)	(146)	(96,198)	(86,534)	-	(4,115)	(90,649)
Results from equity interest in investees	(40,013)	-	-	1,134	(38,879)	(47,787)	-	(356)	(48,143)
Income before financial income	480,459	(28,783)	(2,258)	13,538	462,956	577,332	(203)	(3,535)	573,594
Financial result	61,245	(17,873)	50	377	43,799	101,771	(6)	2,663	104,428
Income before taxes	541,704	(46,656)	(2,208)	13,915	506,755	679,103	(209)	(872)	678,022
Income tax and social contribution	(101,771)	-	-	(2,386)	(104,157)	(96,470)	-	(2,064)	(98,534)
Net income for the period	439,933	(46,656)	(2,208)	11,529	402,598	582,633	(209)	(2,936)	579,488

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 and nine-month period ended September 30, 2020 and 2019:

	Consolidated			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Gross operating revenue				
Real estate development	1,983,586	5,516,097	1,709,713	5,057,612
Bartered real estate units	12,137	27,070	18,022	45,995
Rental revenue	19,538	45,827	-	-
Cancellations	(172,832)	(449,411)	(87,097)	(326,694)
Allowance for credit risk	(26,044)	(90,202)	(37,803)	(41,083)
Revenue from construction services	513	1,405	303	1,399
	1,816,898	5,050,786	1,603,138	4,737,229
Taxes on sales	(37,058)	(106,547)	(34,152)	(101,144)
Net operating revenue	1,779,840	4,944,239	1,568,986	4,636,085

	Individual			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Gross operating revenue				
Real estate development	1,100,925	3,051,392	888,589	2,648,094
Bartered real estate units	4,728	10,068	7,156	15,327
Cancellations	(81,852)	(219,681)	(35,651)	(133,554)
Allowance for credit risk	(12,929)	(46,620)	(21,525)	(21,383)
Revenue from construction services	-	-	-	-
	1,010,872	2,795,159	838,569	2,508,484
Taxes on sales	(20,203)	(57,352)	(17,465)	(52,528)
Net operating revenue	990,669	2,737,807	821,104	2,455,956

Amounts related to units under construction recognized in consolidated for the nine-month period ended September 30, 2020 and 2019 are as follows:

	Consolidated			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Net revenue from units under construction	1,455,883	4,229,581	1,376,329	4,112,713
Costs of real estate sold under construction	(1,038,116)	(3,020,612)	(955,931)	(2,806,457)
Recognized profits	417,767	1,208,969	420,398	1,306,256

The amounts of received advances regarding contracts in progress as at September 30, 2020 and 2019 are R\$132,585 and R\$119,112 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			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Cost of real estate sold and services:				
Financial charges (Note 12 (e))	(44,972)	(136,803)	(46,052)	(140,554)
Cost of rental operations	(16,912)	(39,610)	-	-
Land, construction and maintenance costs	(1,217,992)	(3,376,161)	(1,060,489)	(3,073,159)
Total cost of real estate sold and services	<u>(1,279,876)</u>	<u>(3,552,574)</u>	<u>(1,106,541)</u>	<u>(3,213,713)</u>
Selling, general and administrative expenses:				
Salaries, charges and benefits	(90,806)	(261,548)	(72,256)	(223,262)
Management compensation	(10,198)	(25,559)	(4,569)	(13,230)
Management and employees profit sharing	(8,157)	(23,282)	(8,101)	(22,217)
Stock option plan expenses	(3,699)	(6,997)	(2,205)	(5,174)
Commissions and brokers' fees	(40,544)	(113,592)	(38,176)	(108,347)
Outside services	(23,070)	(70,715)	(20,237)	(58,058)
Marketing and advertising expenses	(36,979)	(105,035)	(37,588)	(100,011)
Utilities	(2,647)	(8,650)	(3,509)	(10,362)
Depreciation and amortization	(13,971)	(37,967)	(11,796)	(35,732)
Training	(381)	(1,622)	(659)	(1,923)
Other expenses	(49,005)	(138,665)	(40,510)	(131,670)
Total selling, general and administrative expenses	<u>(279,457)</u>	<u>(793,632)</u>	<u>(239,606)</u>	<u>(709,986)</u>
Classified as:				
Selling expenses	(168,425)	(478,257)	(150,767)	(441,298)
General and administrative expenses	<u>(111,032)</u>	<u>(315,375)</u>	<u>(88,839)</u>	<u>(268,688)</u>
	<u>(279,457)</u>	<u>(793,632)</u>	<u>(239,606)</u>	<u>(709,986)</u>

	Individual			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Cost of real estate sold and services:				
Financial charges (Note 12 (e))	(26,224)	(80,609)	(26,551)	(83,726)
Land, construction and maintenance costs	(677,137)	(1,867,175)	(559,389)	(1,641,511)
Total cost of real estate sold and services	<u>(703,361)</u>	<u>(1,947,784)</u>	<u>(585,940)</u>	<u>(1,725,237)</u>
Selling, general and administrative expenses:				
Salaries, charges and benefits	(64,145)	(189,992)	(56,604)	(173,550)
Management compensation	(5,873)	(15,534)	(4,098)	(11,771)
Management and employees profit sharing	(6,158)	(18,490)	(8,099)	(22,209)
Stock option plan expenses	(3,588)	(6,886)	(2,205)	(5,174)
Commissions and brokers' fees	(21,864)	(60,571)	(20,281)	(57,669)
Outside services	(19,270)	(58,714)	(15,808)	(43,096)
Marketing and advertising expenses	(25,202)	(69,955)	(24,687)	(64,122)
Utilities	(2,000)	(6,789)	(2,849)	(8,130)
Depreciation and amortization	(11,156)	(31,167)	(10,191)	(29,654)
Training	(358)	(1,185)	(595)	(1,497)
Other expenses	(43,731)	(113,662)	(32,187)	(103,118)
Total selling, general and administrative expenses	<u>(203,345)</u>	<u>(572,945)</u>	<u>(177,604)</u>	<u>(519,990)</u>
Classified as:				
Selling expenses	(111,474)	(308,510)	(95,631)	(274,666)
General and administrative expenses	<u>(91,871)</u>	<u>(264,435)</u>	<u>(81,973)</u>	<u>(245,324)</u>
	<u>(203,345)</u>	<u>(572,945)</u>	<u>(177,604)</u>	<u>(519,990)</u>

	Consolidated			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Other operating income (expenses), net				
Provision for civil, labor and tax risks	(15,933)	(37,386)	(12,831)	(38,494)
Real estate credit department	-	-	(10,625)	(32,711)
Results on the sale of property and equipment	513	216	(68)	(311)
Donatives - Instituto MRV	(1,979)	(5,266)	(2,817)	(4,519)
Other:				
Income	3,346	6,826	1,331	4,662
Expenses	(20,022)	(60,588)	(7,167)	(19,276)
Total other operating income (expenses), net	(34,075)	(96,198)	(32,177)	(90,649)

	Individual			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Other operating income (expenses), net				
Provision for civil, labor and tax risks	(12,048)	(25,525)	(12,009)	(26,490)
Real estate credit department	-	-	(10,211)	(29,185)
Results on the sale of property and equipment	28	(128)	(65)	(163)
Donatives - Instituto MRV	(1,979)	(5,266)	(2,817)	(4,519)
Other:				
Income	3,160	6,222	1,302	3,925
Expenses	(13,879)	(48,315)	(4,909)	(12,730)
Total other operating income (expenses), net	(24,718)	(73,012)	(28,709)	(69,162)

24. Financial expenses and income

	Consolidated			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Financial expenses:				
Interest on loans, financing and debentures (Note 12 (e))	(16,910)	(53,975)	(9,087)	(24,474)
Fees and taxes	(3,243)	(8,364)	(2,967)	(8,568)
Other financial expenses	(6,880)	(4,517)	(3,533)	(11,576)
	(27,033)	(66,856)	(15,587)	(44,618)
Financial income:				
Short-term investments	10,862	28,904	24,373	69,130
Interest on intercompany loans (Note 19, item 7)	411	1,182	346	829
Other financial income	5,854	18,520	8,322	23,904
	17,127	48,606	33,041	93,863
Income from real estate development receivables	19,419	62,049	19,457	55,183
	36,546	110,655	52,498	149,046
Financial result	9,513	43,799	36,911	104,428

	Individual			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Financial expenses:				
Interest on loans, financing and debentures (Note 12 (e))	(8,502)	(31,950)	(7,586)	(20,359)
Fees and taxes	(1,824)	(4,644)	(1,495)	(4,395)
Other financial expenses (*)	(6,131)	(2,569)	(2,810)	(9,532)
	(16,457)	(39,163)	(11,891)	(34,286)
Financial income:				
Short-term investments	9,656	24,819	21,657	59,540
Interest on intercompany loans (Note 19, item 7)	214	694	220	606
Other financial income	4,762	13,610	5,566	14,063
	14,632	39,123	27,443	74,209
Income from real estate development receivables	8,270	28,122	9,836	27,887
	22,902	67,245	37,279	102,096
Financial result	6,445	28,082	25,388	67,810

25. Financial instruments and risk management

(a) Capital risk management

As at September 30, 2020 and December 31, 2019, the consolidated debt-to-equity ratio is as follows:

	Consolidated		Individual	
	9/30/20	12/31/19	9/30/20	12/31/19
Loans, financing and debentures	4,878,298	3,202,158	3,304,570	3,001,666
Cash, cash equivalents and marketable securities	(2,845,093)	(2,085,113)	(2,085,479)	(1,472,219)
Net debt	2,033,205	1,117,045	1,219,091	1,529,447
Equity	5,969,607	5,108,789	5,616,189	4,841,770
Net debt-to-equity ratio	34.1%	21.9%	21.7%	31.6%

(b) Financial instruments categories and fair value

Consolidated	Note	9/30/20		12/31/19	
		Book value	Fair value	Book value	Fair value
Financial assets:					
Amortized cost		4,518,556	4,518,556	3,306,024	3,306,024
Receivables from real estate development	6	3,428,431	3,428,431	2,708,422	2,708,422
Intercompany receivables		47,028	47,028	38,518	38,518
Cash and bank accounts	4	1,037,056	1,037,056	557,802	557,802
Receivables from services provided	6	6,041	6,041	1,282	1,282
Fair value through profit or loss (mandatorily measured) (*)		1,862,300	1,862,300	1,572,116	1,572,116
Restricted investment funds	5	1,652,817	1,652,817	1,139,288	1,139,288
Unrestricted investment funds	4 and 5	708	708	6	6
Bank Certificates of Deposit (CDB)	4 and 5	44,548	44,548	137,713	137,713
Short-term investments	4	14,093	14,093	-	-
U.S. Treasuries	5	17,176	17,176	-	-
Savings deposits	5	78,479	78,479	250,088	250,088
Real estate consortium	5	216	216	216	216
Derivative financial instruments	25 (b)	54,263	54,263	44,805	44,805
Financial liabilities:					
Amortized cost		9,776,892	9,769,571	7,726,569	7,759,288
Loans, financing and debentures	12	4,635,633	4,628,312	2,951,535	2,984,254
Land payables	13	4,298,756	4,298,756	4,135,714	4,135,714
Suppliers		445,704	445,704	303,645	303,645
Payables for investment acquisition	19	20,230	20,230	27,919	27,919
Other payables		376,569	376,569	307,756	307,756
Fair value through profit or loss (hedge accounting) (**)		261,195	261,195	250,623	250,623
Loans, financing and debentures	12	242,665	242,665	250,623	250,623
Derivative financial instruments	25 (b)	18,530	18,530	-	-

(*) 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 September 30, 2020, the swap contracts position is as follows:

Type of transaction	Currency	Hiring	Asset / Liability	Maturity	Notional amount	Long position	Short position	9/30/20	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	4,786	4,936	4,799	403	137	266	-
Swap (*)	R\$	3/17	IPCA + 8.25% / 132.2% CDI	2/22	80,000	90,385	80,245	19,178	10,140	9,038	-
Swap (*)	R\$	9/17	IPCA + 6.45% / 122.1% CDI	9/24	121,200	134,578	121,322	26,401	13,256	13,145	-
Swap	US\$	2/20	Dollar + 4% / 76% CDI	2/25	47,000	5,493	2,371	8,281	3,122	-	5,159
Swap	US\$	11/19	Dollar libor / 1,60%	11/29	35,000	-	-	(18,530)	-	-	(12,004)
								35,733	26,655	22,449	(6,845)
								Consolidated		Individual	
								Noncurrent assets		54,263	
								Noncurrent liabilities		(18,530)	

(*) 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
3rd quarter of 2020:						
Effect on results	3,248	(3,030)	218	3,248	(2,937)	311
Other comprehensive results	-	(4,857)	(4,857)	-	(4,946)	(4,946)
Nine month of 2020:						
Effect on results	10,708	(2,325)	8,383	10,746	(2,258)	8,488
Other comprehensive results	-	(6,845)	(6,845)	-	(5,828)	(5,828)

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
3 rd quarter of 2019	684	180	864	674	173	847
Nine months of 2019	5,412	13,826	19,238	5,374	13,790	19,164

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 September 30, 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
		9 th issue (3 rd series)		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
	Long position	Short position	Long position	Short position
Rates	IPCA + 8.25%	132.20% CDI	IPCA + 6.45%	122.10% CDI
				IPCA + 6.45%

	Hedging instrument (swap)	Hedged item (*)	Hedging instrument (swap)	Hedged item (*)
		Interest in dollars		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
	Long position	Short position	Long position	Short position
Rates	Dollar + 4%	76% CDI	Dollar + 4%	Dollar + 4%
			Dollar + 4%	Dollar + 4%

(*) 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
			9/30/20	Nine months of 2020	12/31/19	Nine months of 2019
9 th issue (3 rd series)	80,000	IPCA + 8.25%	(97,997)	(2,271)	(100,660)	(3,538)
11 th issue (3 rd series)	121,000	IPCA + 6.45%	(144,668)	(5,405)	(149,963)	(10,153)
Loans, financing and debentures (Hedged items)	201,000		(242,665)	(7,676)	(250,623)	(13,691)
		Long position				
Swap	80,000	IPCA + 8.25%	97,997	2,271	100,660	3,538
Swap	121,000	IPCA + 6.45%	144,668	5,405	149,963	10,153
Derivative financial instruments (Hedging instruments)	201,000		242,665	7,676	250,623	13,691
		Short position				
		132.20% CDI	(78,819)	(1,591)	(82,245)	(858)
		122.10% CDI	(118,267)	(3,827)	(124,081)	957
			(197,086)	(5,418)	(206,326)	99
		Swap net position	45,579	2,258	44,297	13,790
		Total net position	(197,086)	(5,418)	(206,326)	99

Cash flow hedge	Notional value	Rates	Fair value	Other comprehensive results	Fair value	Other comprehensive results
			9/30/20	Nine months of 2020	12/31/19	Nine months of 2019
Swap		Long position				
Derivative financial instruments (Hedging instruments)	US\$ 47,000	Dólar + 4%	47,092	3,970	-	-
		Short position				
		76% CDI	(38,811)	1,189	-	-
		Swap net position	8,281	5,159	-	-
Swap		Long position				
Derivative financial instruments (Hedging instruments)	US\$ 35,000	Libor dólar	8,833	(13,921)	-	-
		Short position				
		1.60%	(27,363)	1,917	-	-
		Swap net position	(18,530)	(12,004)	-	-
					-	-
		Total net effect	(10,249)	(6,845)	-	-

(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 September 30, 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 September 30, 2020, multiplied by the exposed net balance as at September 30, 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 period ended 9/30/20	Annual rate estimated for 2020 (*)	Rates changes for each scenario	Total estimated financial impact	Estimated impact on net income and equity
<u>Probable scenario</u>								
CDI	1,747,419	(3,383,438)	(1,636,019)	3.54%	1.97% (i)	-1.57%	25,685	14,032
IGP-M	123,075	(249,394)	(126,319)	17.94%	16.91% (i)	-1.03%	1,301	711
INCC	1,210,599	(539,178)	671,421	5.03%	5.68% (i)	0.65%	4,364	4,364
TR	83,265	(188,631)	(105,366)	0.00%	0.01% (i)	0.01%	(11)	(6)
IPCA	384,557	(355,994)	28,563	3.14%	2.39% (i)	-0.74%	(211)	(115)
							<u>31,128</u>	<u>18,986</u>
<u>Scenario I</u>								
CDI	1,747,419	(3,383,438)	(1,636,019)	3.54%	2.46%	-1.08%	17,669	9,652
IGP-M	123,075	(249,394)	(126,319)	17.94%	21.14%	3.20%	(4,042)	(2,208)
INCC	1,210,599	(539,178)	671,421	5.03%	4.26%	-0.77%	(5,170)	(5,170)
TR	83,265	(188,631)	(105,366)	0.00%	0.01%	0.01%	(11)	(6)
IPCA	384,557	(355,994)	28,563	3.14%	1.79%	-1.35%	(386)	(211)
							<u>8,060</u>	<u>2,057</u>
<u>Scenario II</u>								
CDI	1,747,419	(3,383,438)	(1,636,019)	3.54%	2.96%	-0.58%	9,489	5,184
IGP-M	123,075	(249,394)	(126,319)	17.94%	25.37%	7.43%	(9,385)	(5,127)
INCC	1,210,599	(539,178)	671,421	5.03%	2.84%	-2.19%	(14,704)	(14,704)
TR	83,265	(188,631)	(105,366)	0.00%	0.02%	0.02%	(21)	(11)
IPCA	384,557	(355,994)	28,563	3.14%	1.20%	-1.94%	(554)	(303)
							<u>(15,175)</u>	<u>(14,961)</u>

(i) Data obtained on B3's website.

(*) Effective change for the first nine months of 2020 plus a projection for the next three 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 September 30, 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	1,204,887	1,246,935	1,310,367	2,117,060	5,879,249
Fixed rates liabilities	48,670	56,869	49,659	957,636	1,112,834
Non-interest bearing liabilities	816,482	1,336,492	481,545	807,026	3,441,545
Total	2,070,039	2,640,296	1,841,571	3,881,722	10,433,628
Individual:					
Floating rates liabilities	998,806	816,265	1,075,871	2,043,944	4,934,886
Fixed rates liabilities	11,565	9,510	8,721	84,258	114,054
Non-interest bearing liabilities	591,733	821,380	456,701	798,881	2,668,695
Total	1,602,104	1,647,155	1,541,293	2,927,083	7,717,635

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\$5.92, this is 5% above the closing exchange rate of September 30, 2020 (R\$5.6407) 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\$5.64	R\$5.92	R\$7.40	R\$8.88
Loans and financing	(237,029)	(1,337,009)	(1,403,860)	(1,754,825)	(2,105,790)
Suppliers	(11,589)	(65,370)	(68,639)	(85,798)	(102,958)
(-) Cash, cash equivalents and marketable securities	16,078	90,691	95,226	119,032	142,839
Exposed net liabilities	(232,540)	(1,311,688)	(1,377,273)	(1,721,591)	(2,065,909)
Net effect on income			-	-	-
Net effect on equity			(65,585)	(409,903)	(754,221)

(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	
	9/30/20	12/31/19	9/30/20	12/31/19
Income tax (IRPJ)	40,852	31,742	20,698	15,262
Social contribution (CSLL)	21,465	16,653	10,816	7,969
Total - IRPJ and CSLL	62,317	48,395	31,514	23,231
Tax on revenue (PIS)	12,077	9,328	6,113	4,481
Tax on revenue (COFINS)	55,911	43,171	28,203	20,923
Total - PIS and COFINS	67,988	52,499	34,316	25,404
Total	130,305	100,894	65,830	48,635
Current	63,947	54,378	34,639	27,303
Noncurrent	66,358	46,516	31,191	21,332
	130,305	100,894	65,830	48,635

Changes in deferred income tax (IRPJ) and social contribution (CSLL) liabilities for the nine-month period ended September 30, 2020 and 2019 are as follows:

	Consolidated		Individual	
	Nine months of		Nine months of	
	2020	2019	2020	2019
Opening balance	(48,395)	(40,426)	(23,231)	(17,012)
Effect of deferred IRPJ and CSLL recognized in:				
Equity	(787)	-	-	-
Net income	(13,135)	(8,599)	(8,283)	(6,018)
Closing balance	(62,317)	(49,025)	(31,514)	(23,030)

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

	Consolidated		Individual	
	9/30/20	12/31/19	9/30/20	12/31/19
Effects of IRPJ and CSLL on:				
Portion not received for real estate development	(64,079)	(49,972)	(32,687)	(24,237)
(-) Advances from customers	1,762	1,577	1,173	1,006
Net amount	(62,317)	(48,395)	(31,514)	(23,231)

Reconciliation of income tax and social contribution expenses at the statutory and effective rates for the nine-month period ended September 30, 2020 and 2019 is as follows:

	Consolidated			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Revenue from real estate development - subsidiaries	778,566	2,191,393	753,400	2,196,678
Nominal tax rate (*)	1.92%	1.92%	1.92%	1.92%
IRPJ and CSLL tax expenses on:				
Real estate development	(14,948)	(42,075)	(14,465)	(42,176)
Financial income - subsidiaries (**)	(832)	(3,224)	(1,903)	(6,682)
IRPJ and CSLL in subsidiaries	(15,780)	(45,299)	(16,368)	(48,858)
IRPJ and CSLL in Individual	(20,303)	(56,403)	(16,667)	(50,052)
Other	(1,013)	(2,455)	(389)	376
Expenses in profit or loss	(37,096)	(104,157)	(33,424)	(98,534)
Breakdown of expense in profit or loss - Consolidated:				
Current	(36,719)	(91,022)	(29,120)	(89,935)
Deferred	(377)	(13,135)	(4,304)	(8,599)
	(37,096)	(104,157)	(33,424)	(98,534)

(*) 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			
	2020		2019	
	3 rd quarter	Nine months	3 rd quarter	Nine months
Income before income tax and social contribution	160,887	410,505	176,782	589,225
Tax rate - IRPJ and CSLL	34%	34%	34%	34%
Nominal expense	(54,702)	(139,572)	(60,106)	(200,337)
Effects of IRPJ and CSLL on:				
Results from equity participation	36,846	94,046	28,428	115,912
Earmarked assets	(1,086)	(8,630)	7,948	36,579
Other permanent add-back	(1,361)	(2,247)	7,063	(2,206)
Expenses in profit or loss	(20,303)	(56,403)	(16,667)	(50,052)
Breakdown of expense in profit or loss - Individual:				
Current	(19,366)	(48,120)	(14,692)	(44,034)
Deferred	(937)	(8,283)	(1,975)	(6,018)
	(20,303)	(56,403)	(16,667)	(50,052)

27. Noncash transactions

During the nine-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	
	Nine months of		Nine months of	
	2020	2019	2020	2019
Capitalized financial charges (Note 12 (e))	99,343	155,314	83,026	134,966
Right-of-use (Initial adoption and remeasurement of CPC 06 (R2)) (Note 10)	5,785	77,308	4,865	75,129
Acquisition of AHS Residential	378,432	-	349,634	-
Constitution of extraordinary dividend	-	327,897	-	327,897
Capital increase arising from capitalization of reserve (Note 20) ⁽²⁾	-	202,360	-	202,360

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.

	Consolidated		Individual	
	9/30/20	12/31/19	9/30/20	12/31/19
Projects under construction				
(i) Unappropriated revenues from sold units				
<u>Projects under construction:</u>				
(a) Revenues from contracted sales	56,084,295	49,958,641	33,498,460	30,176,015
<u>Appropriated revenues:</u>				
Appropriated revenues	(53,756,135)	(48,336,244)	(32,137,339)	(29,098,601)
Cancellations - Reversed revenues	11,354	6,809	3,253	3,373
(b) Appropriated revenues, net	(53,744,781)	(48,329,435)	(32,134,086)	(29,095,228)
Unappropriated revenues (a + b)	2,339,514	1,629,206	1,364,374	1,080,787
(ii) Indemnity revenue from cancellations				
	384	89	42	56 (*)
(iii) Unappropriated revenues from contracts from non-qualifying contracts for revenue recognition				
	1,010	791	410	555 (*)
(iv) Provision for cancellations				
Adjustments on appropriated revenues	11,354	6,809	3,253	3,373
Adjustments on receivables from real estate development	(9,907)	(6,363)	(3,045)	(3,093)
Indemnity revenue from cancellations	(384)	(89)	(42)	(56)
Liability - Rebates from cancellations	1,063	357	166	224
(v) Budgeted costs to be appropriated of sold units (**)				
<u>Projects under construction:</u>				
(a) Budgeted cost	18,191,449	16,636,095	10,614,383	9,745,233
<u>Incurred cost:</u>				
Construction cost	(16,780,780)	(15,662,619)	(9,802,528)	(9,088,294)
Construction cost - cancellations	4,262	2,335	1,280	1,231
(b) Incurred cost, net	(16,776,518)	(15,660,284)	(9,801,248)	(9,087,063)
Costs to be incurred of sold units (a + b)	1,414,931	975,811	813,135	658,170
(vi) Budgeted costs to be appropriated of units in inventory (**)				
<u>Projects under construction</u>				
(a) Budgeted cost	4,580,288	5,509,129	2,392,601	3,263,301
(b) Incurred cost	(1,962,817)	(2,359,324)	(1,006,121)	(1,292,122)
Cost to be incurred of units in inventory (a + b)	2,617,471	3,149,805	1,386,480	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 September 30, 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.	10,182,549
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.	261,567
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.	429,808
Multi-peril insurance	Insures the completion of a project construction, compensation for damages caused by fire, lightning, windstorm, electrical damages, and glass shattering.	607,914
Civil liability (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.	1,324,500
Builder guarantee insurance	Insures the project financier that construction will be completed in the event of technical and/or financial inability by the Company.	1,617,355
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).	130,000
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.	26,988
Group life and personal injury insurance	Insures payment of compensation related to involuntary personal injuries to employees, contractors, interns, and officers.	808,603
Residential	Insures payment of compensation to the Company for covered events in leased residential properties, events such as electric damages, fire, lightning, windstorm, etc.	20,489
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.	103,665
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.	511,134
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.	168,738
Infrastructure insurance	Insures to City authorities the completion of any infrastructure works required under licensing procedures of the projects under construction.	78,172
Property delivery insurance	Insures to the barterers the delivery of the units subject matter of the Barter Instrument entered into by the parties.	184,005
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.	290,172
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
Financial guarantee insurance	It guarantees the indemnity to the seller of the land by means of payment in cash in case of impossibility or insolvency of the Borrower.	65,474

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	47,024
Total assets	1,058,093
Liabilities	
Loans and financing	626,126
Other payables	40,816
Total liabilities	666,942
Net assets	391,151
(-) Non-controlling shareholders	(41,517)
Acquired net assets	349,634

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:

- 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
- 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 September 30, 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 reflect possible losses due to economic environment deterioration arising from COVID-19 pandemic.

33. Subsequent event

On October 23, 2020, the Company paid the minimum mandatory dividend for fiscal year 2019, in the amount of R\$163,933, as detailed in note 20 (f).

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 November 11, 2020.