



Financial Statements

MRV Engenharia e Participações S.A.

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

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

MRV Engenharia e Participações S.A.**Interim Financial Statements (ITR)****June 30, 2020****Contents**

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Report on the quarterly information review - ITR

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

Introduction

We have reviewed the interim financial information, individual and consolidated, of MRV Engenharia e Participações S.A. ("Company"), contained in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2020, which comprise the balance sheet as of June 30, 2020 and the related income statements and the comprehensive income statements for the three and six-month period then ended and the statements of changes in equity and statements of cash flows for the six-month period then ended, including the explanatory notes.

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

Scope of review

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

**Conclusion about the individual interim information**

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

Conclusion about the consolidated interim information

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

Emphasis

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

Other matters – Statements of value added



The interim financial information referred to above includes the statements of value added (SVA), individual and consolidated, for the six-month period ended June 30, 2020, prepared under the responsibility of Company's management and presented as supplementary information for IAS 34 applicable to real estate entities in Brazil registered with the Brazilian Securities Commission ("CVM"). These statements have been subjected to review procedures performed in connection with the review of the interim financial statements to conclude that they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - Demonstração do Valor Adicionado. Based on our review nothing has come to our attention that causes us to believe that these interim statements of value added, were not prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and consistently with the individual and consolidated interim financial statements taken as a whole.

Belo Horizonte, August 12, 2020

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CRC SP-014428/O-6 F-MG

Original report in Portuguese signed by
Marco Túlio Fernandes Ferreira
Accountant CRC MG-058176/O-0

EARNINGS RELEASE

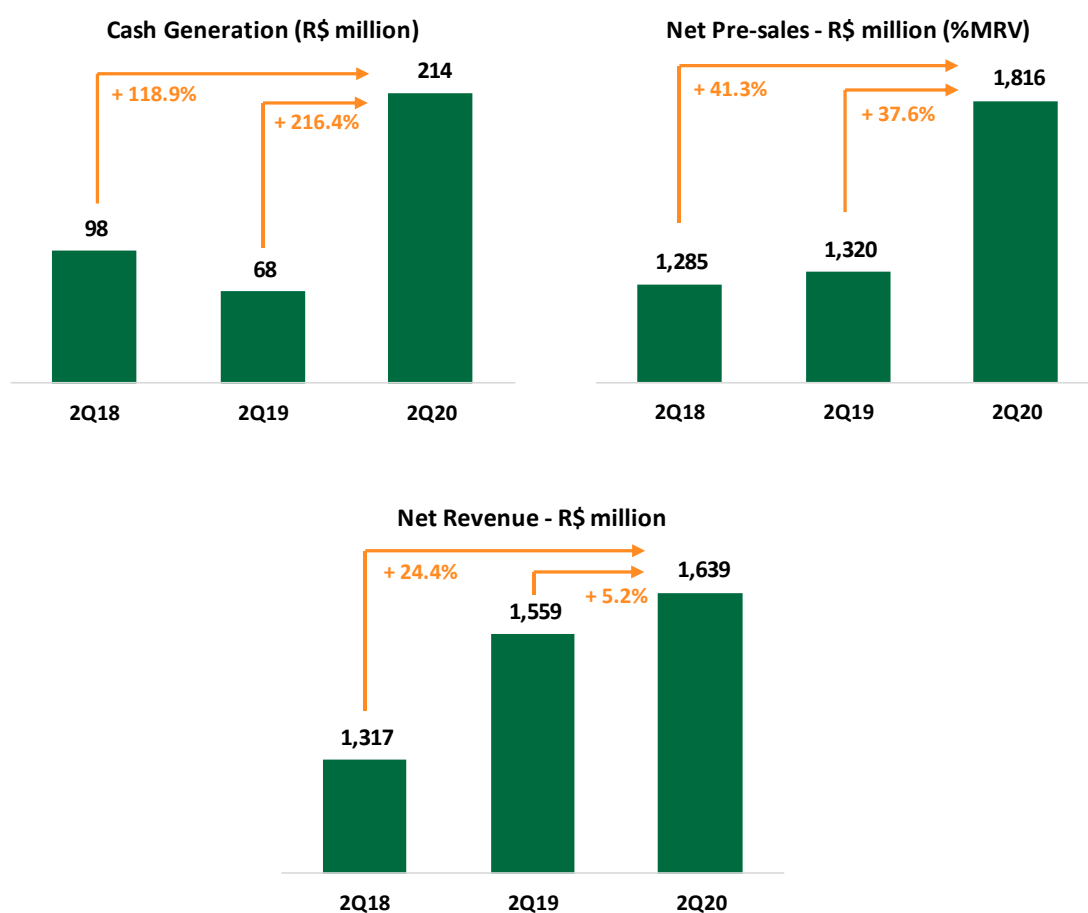
2nd Quarter 2020

2nd Quarter 2020 Results

Belo Horizonte, August 12, 2020 – MRV Engenharia e Participações S.A. (B3: MRVE3), the largest residential housing developer in Latin America posts its results for the second quarter of 2020 (2Q20). 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

- **Cash Generation totaling R\$ 213.9 million in 2Q20;**
- **Highest net sales volume in the Company's history**, totaling R\$ 1.82 billion and 11,479 units sold, an increase of 37.6% compared to 2Q19 and 8.5% compared to 1Q20;
- **All-time Record Net Revenue**, reaching R\$ 1.6 billion for the quarter, 9.3% growth compared to 1Q20;
- **Highest number of transfers issued in the company's history**, totaling 12,076 units in 2Q20, an increase of 20.1% compared to 2Q19 and 78.8% compared to 1Q20;
- **Significant increase in Speed of Sales (SoS - Sales over Supply), reaching 19.7%**, the highest figure since 4Q17, totaling an increase of 5.2 p.p. compared to 2Q19 and 3.1 p.p. compared to 1Q20.



Message from the Board

COVID-19

The second quarter of 2020 has been a quarter riddled with challenges resulting from the Covid-19 pandemic in Brazil, although the country has shown great resilience in rising up to face this global issue. MRV has adopted all of the necessary measures in order to contain the spread of the virus, as well as protect its employees, customers and their respective families.

Amid this difficult scenario, the resiliency of the affordable housing segment has been tried and proven true. Finishing the quarter with record net sales, MRV has proven once again that it is prepared to meet the current market demands through the use of a solid technological platform that has become a forerunner in the construction sector.

ESG

To reiterate its social commitment, which begins with the mission of building dreams that transform the world, as well as delivering quality housing to low-income families, MRV was committed to fighting the COVID-19 pandemic in 2Q20 and engaged in many solidarity campaigns in several locations

Overall, MRV Group, together with the Menin Family, Log CP and Banco Inter, have donated R\$ 18.5 million during the quarter, for this cause.



Keenly focused on ESG, the **company has released its 2019 Sustainability Report** (in its ninth consecutive edition), in which it has set out a detailed description to all of its stakeholders regarding the challenges, victories and results of the company's environmental, social and corporate governance practices have faced and overcome.

The following are some of the highlights released in the company's Sustainability Report ([link](#)):



Check below some of the highlights presented in the Sustainability Report:

2019 HIGHLIGHTS

Attended the 2019 UN Forum

on Business and Human Rights



Created the Institutional Relations and Sustainability Officer/Department

Part of the Corporate Sustainability Index for the Fourth Year Running

Attended the 25th edition of the UN Climate Change Conference COP-25



Awarded

by “Guia Exame Sustentabilidade” as the most developed Company in the sector, with the largest number of sustainable initiatives.



Application of Sustainable Initiatives

at the Real Estate Development Department

Invitation from Brazil UN Global Compact for our CEO, Mr. Eduardo

to become leader of the project ImPacto and ambassador of SDG-11 – Sustainable Cities and Communities.



Environmental Initiatives

MRV compensates 100% of its Greenhouse Gases referring to its direct emissions and energy emissions, through the purchase of carbon credits, carried out annually since 2015.



+ than 1.2 million

Trees planted since 2010

+ than 700 thousand

Tons of CO₂ removed from the atmosphere

Important Theme Projects environmental solutions



In the planning and construction stages of its projects, MRV has initiatives aimed at creating a positive environmental impact, such as the use of solar energy, the reduction of costs and use of energy and water, the generation of social and environmental benefits for customers, and digital transformation through investment in technology.

Connected with the Sustainable Development Goals (SDGs) and the UN 10 Global Compact

MRV's sustainability management is connected to the Sustainable Development Goals (SDGs) and the UN 10 Principles of the Global Compact. The SDGs are present in our team training process, in our activities carried out through our internal social network know as Workplace and our corporate TV screens, which are part of our sustainability strategy and our risk matrix, it's also part of our Sustainability Policy and in the goals of our Chief Officers (Bonus), senior management and selected operational positions.

MRV also develops other programs and initiatives linked to the SDGs and the 2030 Agenda goals, as detailed in our 2030 MRV View for the Sustainable Development Goals, briefing on our priority and secondary goals that are in line with our business goals, the view, beyond the milestones to reach the goal.

2030 Agenda



Our CEO, Eduardo Fischer, is the Leader of the project ImPacto from Brazilian UN Global Compact and ambassador of SDG 11 - Making cities and human settlements inclusive, safe, resilient and sustainable, where MRV can directly contribute to the goals:

11.1 - By 2030, ensure access for all to adequate, safe and affordable housing; provide basic services and urbanize dangerous settlements in accordance with the goals assumed in the National Housing Plan, with special attention to vulnerable groups;

11.3 - By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all states.

11.6 - By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management; and ensure that all cities with more than 500,000 inhabitants have implemented air quality monitoring systems and solid waste management method;

11.a - Support positive economic, social and environmental links between urban, pre-urban, rural areas and twin cities, considering territories of local communities, through different state cooperation by strengthening national and regional development planning.



The theme management is guided by our Sustainability and our Climate Change Policy and our Opportunities and Risk Matrix.

SUSTAINABILITY





360 Projects

Launched with solar panels,
equivalent to

113,481 Units

MRV is the pioneer of large-scale
photovoltaic energy use in Latin
America Real Estate Sector



Since 2016, MRV has been a signatory to the **UN Global Compact**, which aims to mobilize the international business community to adopt, in its business practices, essential and internationally accepted values in the areas of human rights, labor relations, the environment and fighting corruption.



MRV's Chief Institutional Relations and Sustainability Officer, Mr. Raphael Lafetá, took part in the panel "Corrupting the Human Rights Agenda: Private & Public Sector Voices", which took place on November 26th. **"We are very proud to be recognized by the UN as a model company in human rights practices. MRV is a company committed to building a more sustainable and fairer world, with practices that ensure respect for human rights and the fight against corruption"**, highlights Mr. Lafetá.

Sustainable Construction Method

Technological innovations and environmental solutions are part of MRV's projects. In our construction process, the Company constantly manages the use of energy, water, waste and Greenhouse Gas Emissions (GHG).

The company manage with strict control the use of materials, processes and procedures in its projects. All projects follow the rules of the Brazilian Association of Technical Standards (ABNT) and accessibility required by Brazilian law.

The company is ISO 9001 certified, granted by the Brazilian Habitat Quality and Productivity Program (PBQP-H). **GRI 103-2, 103-3 | 416, 416-1**

Internal Certifications

Further to these standards, the company created the MRV + Verde and Obra Verde MRV certificates. These are internal certifications that corroborate to the sustainability of our certified projects. They use strict standards and specific objectives that determine sustainable construction parameters for their projects. **GRI 103-2|307|419**

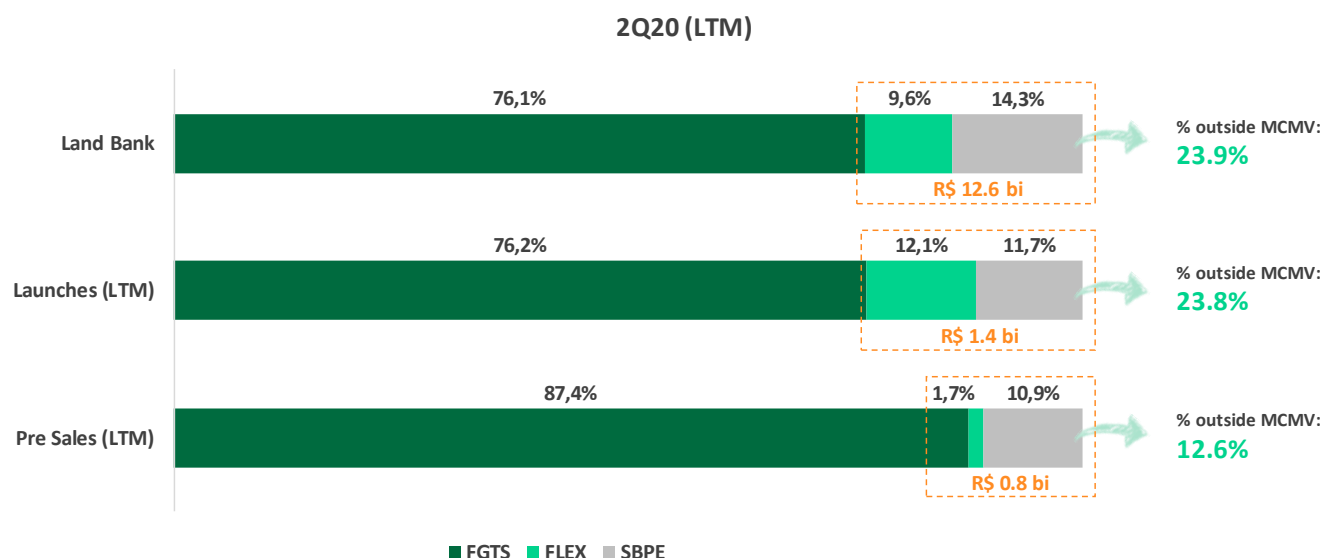
Concrete wall

The use of the concrete wall construction method makes the task more organized and cleaner as it reduces to less than 1/3 the volume of waste generated. Another benefit is the increase in productivity (from 32% in 2017 to 91%, in 2019).

Diversified funding Housing Platform

Advancing with the creation of a Multi-funding Housing Platform, the Company has been progressively increasing its land bank, launches and sales outside the Minha Casa Minha Vida program (MCMV).

When considering MCMV bracket 3 clients and our products as “Flexible”, that is to say, qualified for funding within the program or by SBPE, depending on individual condition and preferences, it is clear that the Company has improving its ability to operate independently from FGTS funding and the MCMV program grew significantly, as can be seen in the graph below.



Overall, MRV's Land bank oriented to products non-dependent of the MCMV program, like Premium Line, Luggo, Urba and the “Flexible” products, already stands at R\$ 12.6 billion.

EARNINGS RELEASE

2st Quarter 2020



Financial Performance – MRV (ex. AHS)

Consolidated Financial Highlights (R\$ million)	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
Total Net Revenue	1,639	1,499	1,559	9.3% ↑	5.2% ↑	3,138	3,067	2.3% ↑
Financial Cost recorded under COGS	46	45	47	2.4% ↑	0.1% ↓	92	95	2.8% ↓
Gross Profit	465	423	478	9.7% ↑	2.7% ↓	888	960	7.5% ↓
Gross Margin (%)	28.4%	28.2%	30.7%	0.1 p.p. ↑	2.3 p.p. ↓	28.3%	31.3%	3.0 p.p. ↓
Gross Margin ex. financial cost (%)	31.2%	31.3%	33.6%	0.1 p.p. ↓	2.5 p.p. ↓	31.2%	34.4%	3.2 p.p. ↓
Selling expenses	(160)	(148)	(143)	8.0% ↑	11.7% ↑	(308)	(291)	6.1% ↑
Selling expenses / net revenues (%)	9.8%	9.9%	9.2%	0.1 p.p. ↓	0.6 p.p. ↑	9.8%	9.5%	0.4 p.p. ↑
Selling expenses / net pre-sales (%)	8.8%	8.9%	10.9%	0.0 p.p. ↓	2.0 p.p. ↓	8.8%	11.1%	2.2 p.p. ↓
General & Administrative Expenses	(92)	(93)	(95)	1.8% ↓	3.8% ↓	(185)	(180)	2.9% ↑
G&A expenses / net revenues (%)	5.6%	6.2%	6.1%	0.6 p.p. ↓	0.5 p.p. ↓	5.9%	5.9%	0.0 p.p. ↑
G&A expenses / net pre-sales (%)	5.0%	5.6%	7.2%	0.5 p.p. ↓	2.2 p.p. ↓	5.3%	6.8%	1.5 p.p. ↓
Equity Income	(15)	(11)	(14)	43.6% ↓	6.8% ↓	(26)	(33)	20.6% ↑
EBITDA	232	205	257	13.1% ↑	9.9% ↓	437	531	17.6% ↓
% EBITDA Margin	14.2%	13.7%	16.5%	0.5 p.p. ↑	2.4 p.p. ↓	13.9%	17.3%	3.4 p.p. ↓
Net Income	124	115	190	8.2% ↑	34.6% ↓	239	379	36.8% ↓
Net Margin (%)	7.6%	7.7%	12.2%	0.1 p.p. ↓	4.6 p.p. ↓	7.6%	12.4%	4.7 p.p. ↓
Earnings per share (R\$)	0.258	0.245	0.431	5.5% ↑	40.0% ↓	0.503	0.858	41.4% ↓
ROE (LTM)	11.3%	12.8%	14.6%	1.5 p.p. ↓	3.3 p.p. ↓	11.3%	14.6%	3.3 p.p. ↓
ROE (annualized)	10.0%	9.4%	16.0%	0.5 p.p. ↑	6.1 p.p. ↓	9.7%	16.1%	6.4 p.p. ↓
Unearned Gross Sales Revenues	2,077	1,847	1,852	12.5% ↑	12.2% ↑	2,077	1,852	12.2% ↑
Unearned Costs of Units Sold	(1,253)	(1,112)	(1,082)	12.7% ↑	15.8% ↑	(1,253)	(1,082)	15.8% ↑
Unearned Results	825	735	770	12.2% ↑	7.2% ↑	825	770	7.2% ↑
% Unearned Margin	39.7%	39.8%	41.6%	0.1 p.p. ↓	1.9 p.p. ↓	39.7%	41.6%	1.9 p.p. ↓
Cash Generation	214	(182)	68	-	216.4% ↑	32	49	34.1% ↓
Net Debt (Net Cash)	1,039	1,252	522	17.0% ↓	99.1% ↑	1,039	522	99.1% ↑
Net Debt/ Equity	19.3%	23.9%	10.5%	4.5 p.p. ↓	8.8 p.p. ↑	19.3%	10.5%	8.8 p.p. ↑
Net Debt/EBITDA LTM	1.13x	1.33x	0.50x	14.7% ↓	126.3% ↑	1.13x	0.50x	126.3% ↑

Net Income

Bearing in mind the effects of donating a total of R\$ 7,5 million in 2Q20, in addition to the measures taken to combat the COVID-19 pandemic and the donations to the MRV Institute, net profits for the 2Q20 would have totaled R\$ 131,5 million.

Operational Performance - MRV (ex. AHS)

Land Bank

The Company has built a solid Multi-funding Land Bank of R\$ 52.6 billion, with quality land plots, strategically distributed throughout the country and capable of comfortably sustaining its operation for the next years. The current strategic target regarding land acquisition, is focused on products above MCMV program, with funding from SBPE, as well as Luggo.

Land bank	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
%MRV								
Land Bank (R\$ billion)*	52.6	52.1	49.0	1.0% ↑	7.4% ↑	52.6	49.0	7.4% ↑
Acquisitions/Adjustments (R\$ million)	1,470	720	1,992	104.2% ↑	26.2% ↓	2,189	2,209	0.9% ↓
Units	321,507	321,988	311,870	0.1% ↓	3.1% ↑	321,507	311,870	3.1% ↑
Average Price - R\$'000 / unit	162	160	155	1.3% ↑	4.3% ↑	162	155	4.3% ↑
% Swap - land bank	51%	54%	49%	3.0 p.p. ↓	2.2 p.p. ↑	51%	49%	2.2 p.p. ↑
% Swap - acquisitions in the period	46%	61%	18%	15.7 p.p. ↓	27.7 p.p. ↑	51%	39%	11.5 p.p. ↑

* Includes the residential, allotment segments and LUGGO projects

Launches

Aiming to take advantage of the elevated inventory levels the company held at the beginning of the year, a strategy to reduce the volume of releases over the quarter was implemented, prioritizing lesser supplied cities.

Another factor that has impacted releases were safety measures, such as social distancing, in light of the COVID-19 pandemic during 2Q20, in which a number of local governments and registry offices, essential in carrying out activities related to real estate, were forced to work remotely and/or attend customers by appointment only.

As a result, the total number of releases for the semester tallied out at 5,349 units, 20.4% lower than 1Q20 and 51.7% lower than 2Q19.

Nevertheless, the company has seen its inventory return to a healthy level and hopes that the local government offices and registry departments will soon stabilize and return to normal operations in the upcoming months; **based on the heightened sales registered in the last few quarters, the company plans to significantly step up the volume of releases over the second half of 2020.**

Launches	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
%MRV								
Launches (R\$ million) *	942	1,083	1,808	13.0% ↓	47.9% ↓	2,025	2,901	30.2% ↓
Units	5,349	6,719	11,083	20.4% ↓	51.7% ↓	12,068	17,929	32.7% ↓
Average Launching Size (units)	233	292	277	20.4% ↓	16.1% ↓	262	272	3.4% ↓
Average Price - R\$'000 / unit	174	161	161	8.2% ↑	8.0% ↑	167	161	3.9% ↑

* Includes the residential, allotment segments and LUGGO projects

** Includes the residential and LUGGO projects

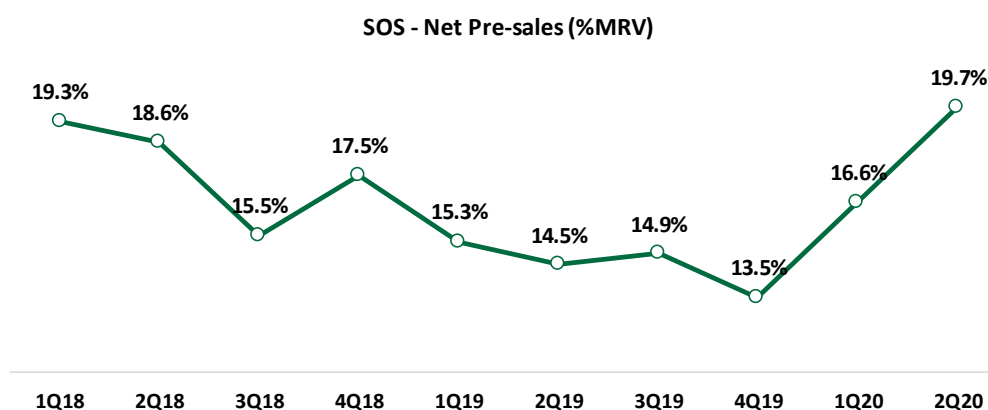
Net Sales

MRV has once again set an historical record for sales in 2Q20, totaling **R\$ 1.82 billion sold, for a total number of 11,479 units (%MRV)**. These figures represent **an increase of 37.6% as compared to 2Q19 and 8.5% as compared to 1Q20**.

Recording-breaking sales figures have solidified the company's successful strategy to diversify its product range and funding, thus positioning it as one of the true leaders in the sector offering a complete residential platform.

In the last twelve months ending in the 2Q20 (LTM), sales outside of the MCMV program hit R\$ 790.0 million, or 12.6% of total sales, representing an increase of 4.5 p.p. when compared to 2Q19 and 11.4 p.p. when compared to 2Q18.

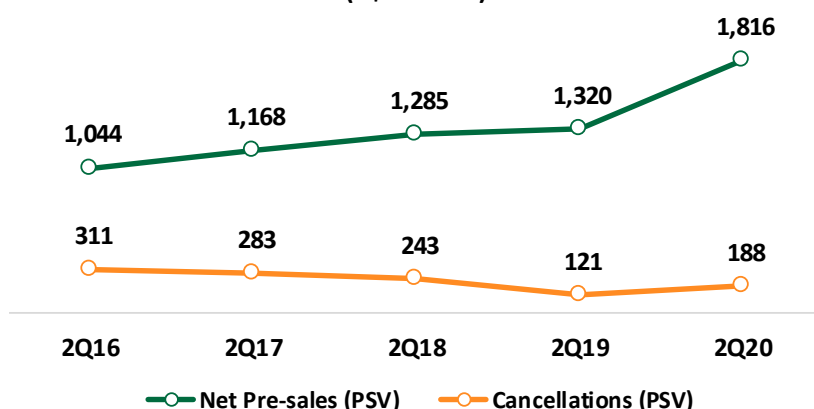
Mirroring the company's positive sales upturn, Speed of Sales (SoS – Sales over Supply) has risen sharply, reaching similar levels seen in 4Q17, for an increase of 5.2 p.p. as regards 2Q19 and 3.1 p.p. as regards 1Q20.



Throughout the quarter, customer interest remained high and a more aggressive commercial strategy has shown positive results. Noteworthy of this strategy, is that it does not increase credit concessions (pro soluto) to customers.

Once again, the company's solid technological structure has staved off and mitigated the negative effects of the COVID-19 pandemic as regards sales figures, thanks to our digital sales platform, which has proven itself as one of the most advanced platforms in the sector.

Cancellations Evolution
(R\$ Million)



Net Pre-sales Contracted	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
%MRV								
Net Pre-sales (R\$ million) *	1,816	1,673	1,320	8.5% ↑	37.6% ↑	3,489	2,628	32.7% ↑
Units **	11,479	10,493	8,587	9.4% ↑	33.7% ↑	21,973	17,252	27.4% ↑
Average Price - R\$'000 / unit **	155	159	150	2.3% ↓	3.4% ↑	157	150	4.5% ↑
By financing source - FGTS (PSV)	88%	90%	93%	1.7 p.p. ↓	4.4 p.p. ↓	89%	93%	4.1 p.p. ↓
By financing source - Savings accounts (PSV)	12%	10%	7%	1.7 p.p. ↑	4.4 p.p. ↑	11%	7%	4.1 p.p. ↑
By financing source - Individual Investors (PSV)	0%	0%	0%	0.0 p.p. ↑	0.0 p.p. ↑	0%	0%	0.0 p.p. ↑
Sales over supply (%) - net sales	20%	17%	15%	3.1 p.p. ↑	5.2 p.p. ↑	33%	26%	7.1 p.p. ↑

* Includes the residential, allotment segments and LUGGO projects

** Includes the residential and LUGGO projects

Real Estate Credit

With the stabilization of the transfers in the MCMV program, **the company transferred contracts on 12,076 units to Caixa Economica Federal throughout the quarter**, totaling an increase of 78.8% compared to 1Q20 and 20.1% compared to 2Q19.

These figures represent the highest volume of transfers in a quarter in the company's history; moreover, given the efficiency with which the bank, Caixa Economica Federal, has shown in June, expectations remain very high for the volume of transfers over the upcoming quarters.

This historic milestone for quarterly transfers, coupled with the record figures in net sales, **has driven the company's cash generation figures to R\$ 213.9 million in 2Q 20.**

Forecasts for the second half of the year are continued cash generation, with an outlook of continued, strong sales and high figures for transfers.

Real Estate Financing	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
%MRV								
Client Financing (units)	12,076	6,752	10,059	78.8% ↑	20.1% ↑	18,828	17,872	5.4% ↑
Construction Financing	14,053	8,186	9,481	71.7% ↑	48.2% ↑	22,239	15,845	40.4% ↑

Production

Due to the COVID-19 pandemic, the company has chosen to push back breaking ground on a large number of worksites scheduled to begin in 2Q20. In addition, as a result of legislative state and municipal ordinances, some of the company's worksites were temporarily put on hold throughout the quarter, as part of preventative measures to combat the pandemic.

These factors negatively impacted production throughout the quarter, which totaled 7,976 units, in line with figures from 1Q20, however resulting in a drop of 24.9% when compared to 2Q19.

Most worksites had already resumed its operations by the end of the quarter and the company saw just 2% of worksites on hold at the end of the quarter. Therefore, production forecasts are expected to return to normal and activities are scheduled to return to fully operational shortly.

Effects of the pandemic notwithstanding, **the resilience of the affordable housing segment has been strengthened by booming sales reports throughout the first half of the year, which has fueled the company's confidence in stepping up production on worksites in the upcoming months** which are forecast to result in significant increases in overall production of units.

Production	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
%MRV								
Built Units*	7,976	7,927	10,624	0.6% ↑	24.9% ↓	15,903	20,505	22.4% ↓
Finished units	8,339	9,429	10,164	11.6% ↓	18.0% ↓	17,768	16,554	7.3% ↑

* Includes the residential, allotment segments and LUGGO

Inventory at Market Value

Inventory at Market Value	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19
%MRV					
Inventory at Market Value (R\$ billion)*	7.41	8.26	7.73	10.4% ↓	4.2% ↓
Inventory Duration **	4.1	4.9	5.9	17.3% ↓	30.3% ↓
By Construction phase (units)					
Not initiated	7%	9%	8%	2.6 p.p. ↓	1.4 p.p. ↓
Under construction	90%	87%	86%	2.8 p.p. ↑	4.6 p.p. ↑
Finished	3%	3%	6%	0.2 p.p. ↓	3.3 p.p. ↓

* Only launches. Does not include landbank.

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

In 2Q20, the Company presented a reduction in inventory at market value equivalent to 10.4% compared to 1Q20 and 4.2% compared to 2Q19.

Inventory Duration, on the other hand, decreased by 17.3% and 30.3% compared to 1Q20 and 2Q19, respectively.

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Financial Performance - MRV (ex. AHS)

Net Operational Revenue and Gross Profit

(R\$ million)	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
Total Net Revenue	1,639	1,499	1,559	9.3% ↑	5.2% ↑	3,138	3,067	2.3% ↑
Cost of Real Estate Sales and Services	(1,174)	(1,076)	(1,081)	9.2% ↑	8.7% ↑	(2,250)	(2,107)	6.8% ↑
Gross Profit	465	423	478	9.7% ↑	2.7% ↓	888	960	7.5% ↓
Gross Margin (%)	28.4%	28.2%	30.7%	0.1 p.p. ↑	2.3 p.p. ↓	28.3%	31.3%	3.0 p.p. ↓

As production has continued in line with 1Q20 and the company has recorded its highest net sales figures, **net operating revenue for 2Q20 has also reached peak numbers, registering R\$ 1.64 billion, or an increase of 9.3% as compared to 1Q20 and 5.2% as compared to 2Q19.**

Financial Cost recorded under COGS

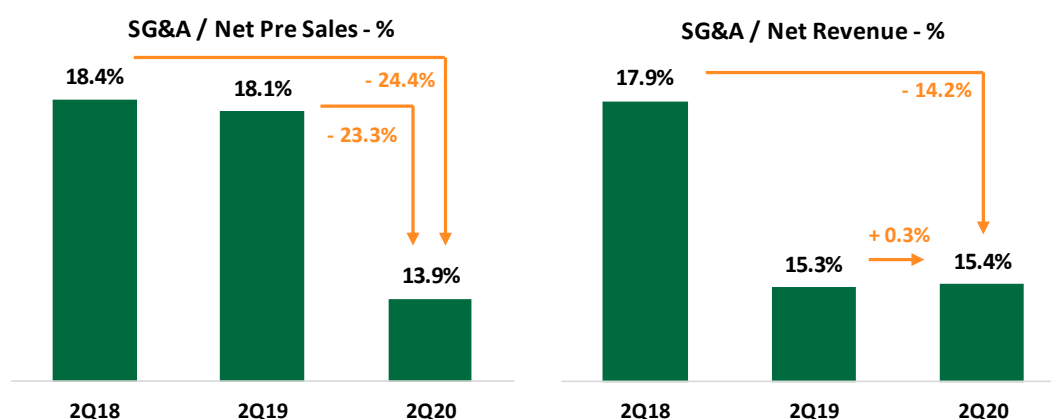
(R\$ million)	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
Financial Cost recorded under COGS	(46)	(45)	(47)	2.4% ↑	0.1% ↓	(92)	(95)	2.8% ↓
% of Net Revenue	2.8%	3.0%	3.0%	0.2 p.p. ↓	0.0 p.p. ↑	2.9%	3.1%	0.2 p.p. ↓
Gross profit with financial cost	465	423	478	9.7% ↑	2.7% ↓	888	960	7.5% ↓
Gross profit ex. financial cost	511	469	524	9.0% ↑	2.5% ↓	980	1,054	7.1% ↓
Gross Margin ex. financial cost (%)	31.2%	31.3%	33.6%	0.1 p.p. ↓	2.5 p.p. ↓	31.2%	34.4%	3.2 p.p. ↓

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

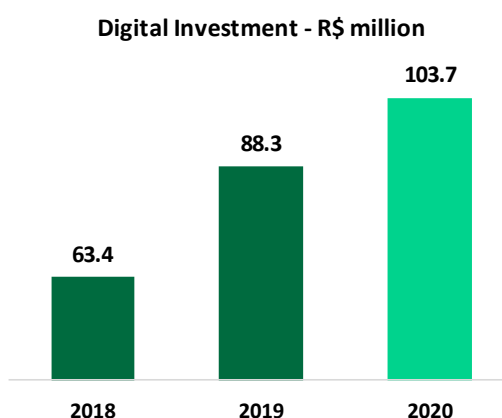
(R\$ million)	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
Selling expenses	(160)	(148)	(143)	8.0% ↑	11.7% ↑	(308)	(291)	6.1% ↑
Selling expenses / net revenues (%)	9.8%	9.9%	9.2%	0.1 p.p. ↓	0.6 p.p. ↑	9.8%	9.5%	0.4 p.p. ↑
Selling expenses / net pre-sales (%)	8.8%	8.9%	10.9%	0.0 p.p. ↓	2.0 p.p. ↓	8.8%	11.1%	2.2 p.p. ↓
General & Administrative Expenses	(92)	(93)	(95)	1.8% ↓	3.8% ↓	(185)	(180)	2.9% ↑
G&A expenses / net revenues (%)	5.6%	6.2%	6.1%	0.6 p.p. ↓	0.5 p.p. ↓	5.9%	5.9%	0.0 p.p. ↑
G&A expenses / net pre-sales (%)	5.0%	5.6%	7.2%	0.5 p.p. ↓	2.2 p.p. ↓	5.3%	6.8%	1.5 p.p. ↓

Due to high sales figures throughout the quarter, the company has registered elevated expenses. However, these expenses have been adequately diluted, as seen when analyzing commercial expenses over net operating income, registering expenses similar to those recorded in 1Q20 and 2Q19.

SG&A fell 1.8%, when compared to 1Q20 and 3.8% when compared to 2Q19, representing diluted expenses of SG&A over net operating income of 0.6 p.p and 0.5 p.p., respectively.



The Company continues to invest in technology fronts, in the 1H20 alone, it has already invested R\$ 50 million of an approved budget of R\$ 103,7 million for the year.



(R\$ million)	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
Other operating (income) expenses	(31)	(31)	(32)	0.8% ↓	2.5% ↑	(62)	(58)	6.0% ↓

Equity Income

(R\$ million)	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
Equity Income	(15)	(11)	(14)	43.6% ↓	6.8% ↓	(26)	(33)	20.6% ↑

The line of Equity Income was negatively impacted by contract cancellations and provisions distributed to work sites controlled by former company partners.

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PRIME and MRL (R\$ million)	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
Net Revenue	171	153	134	12.2% ↑	27.4% ↑	324	259	25.0% ↑
Gross Profit	51	45	39	14.9% ↑	33.0% ↑	96	74	30.6% ↑
Gross Margin (%)	30.0%	29.3%	28.8%	2.4% ↑	4.3% ↑	29.7%	28.4%	4.5% ↑
Net Income	20	14	8	39.4% ↑	155.7% ↑	34	11	196.9% ↑
Net Margin (%)	11.4%	9.2%	5.7%	24.2% ↑	100.6% ↑	10.4%	4.4%	137.6% ↑

The second quarter of 2020 again saw **significant operational improvements in the company's Prime and MRL subsidiaries, recording an increase of 25% in Net Revenue and 197% in net profits, when comparing 1H20 with 1H19.**

Financial Results

(R\$ million)	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
Financial Expenses	(18)	(11)	(16)	65.0% ↑	13.0% ↑	(29)	(29)	0.5% ↓
Financial Income	18	14	32	27.5% ↑	46.1% ↓	31	61	48.6% ↓
Financial income from receivables	16	27	27	40.2% ↓	41.9% ↓	43	36	19.3% ↑
Total	15	30	44	47.6% ↓	64.8% ↓	45	68	33.4% ↓

Increased financial expenses can be explained by bond issuance established by the company throughout the quarter, totaling R\$ 492 million.

Whereas financial revenue from customers was negatively impacted by low IPCA and IGPM rates over the same period.

(R\$ million)	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
Financial result	15	30	44	47.6% ↓	64.8% ↓	45	68	33.4% ↓
Financial Cost recorded under COGS	(46)	(45)	(47)	2.4% ↑	0.1% ↓	(92)	(95)	2.8% ↓
Adjusted Total	(31)	(16)	(3)	95.5% ↑	1117.1% ↑	(47)	(27)	73.6% ↑

EBITDA

(R\$ million)	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
Income before Income Tax and Social Contribution	182	170	237	7.1% ↑	23.2% ↓	352	466	24.5% ↓
Depreciation and Amortization	19	19	18	2.1% ↓	6.2% ↑	38	37	2.3% ↑
Financial Results	(15)	(30)	(44)	47.6% ↓	64.8% ↓	(45)	(68)	33.4% ↓
Financial Cost recorded under COGS	46	45	47	2.4% ↑	0.1% ↓	92	95	2.8% ↓
EBITDA	232	205	257	13.1% ↑	9.9% ↓	437	531	17.6% ↓
EBITDA Margin	14.2%	13.7%	16.5%	0.5 p.p. ↑	2.4 p.p. ↓	13.9%	17.3%	3.4 p.p. ↓

Net Income

(R\$ million)	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
Net Income	124	115	190	8.2% ↑	34.6% ↓	239	379	36.8% ↓
% Net margin	7.6%	7.7%	12.2%	0.1 p.p. ↓	4.6 p.p. ↓	7.6%	12.4%	4.7 p.p. ↓

EARNINGS RELEASE

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Not taking into consideration the non-recurring effect of the donations of R\$ 7.5 million, made in 2Q20, in order to battle the pandemic of COVID-19 and donations to the MRV Institute, the net profit obtained in the quarter would have totaled R\$ 131.5 million.

Unearned Results

(R\$ million)	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19
Unearned Gross Sales Revenues	2,077	1,847	1,852	12.5% ↑	12.2% ↑
(-) Unearned Costs of Units Sold	(1,253)	(1,112)	(1,082)	12.7% ↑	15.8% ↑
Unearned Results	825	735	770	12.2% ↑	7.2% ↑
Unearned Results Margin	39.7%	39.8%	41.6%	0.1 p.p. ↓	1.9 p.p. ↓

Balance Sheet - MRV (ex. AHS)

Cash and Cash Equivalents and Market Securities

(R\$ million)	Jun/20	Mar/20	Jun/19	Chg. Jun/20 x Mar/20	Chg. Jun/20 x Jun/19
Cash and cash equivalents	1,630	847	636	92.4% ↑	156.2% ↑
Marketable Securities	928	923	1,842	0.6% ↑	49.6% ↓
Total	2,558	1,770	2,478	44.5% ↑	3.2% ↑

Receivables from Real Estate Development

(R\$ million)	Jun/20	Mar/20	Jun/19	Chg. Jun/20 x Mar/20	Chg. Jun/20 x Jun/19
Clients	3,659	3,371	2,790	8.5% ↑	31.1% ↑
Fair value adjustment	(64)	(64)	(54)	0.6% ↑	18.0% ↑
Bad debt provision	(251)	(235)	(207)	6.8% ↑	21.0% ↑
Receivables from real estate development	3,344	3,072	2,529	8.8% ↑	32.2% ↑
Current	1,806	1,736	1,582	4.1% ↑	14.1% ↑
Noncurrent	1,538	1,336	946	15.1% ↑	62.5% ↑

Mortgage with MRV (R\$ million)	Jun/20	Mar/20	Jun/19	Chg. Jun/20 x Mar/20	Chg. Mar/20 x Jun/19
After Keys Delivery	979	933	715	5.0% ↑	37.0% ↑
Before Keys Delivery	986	822	849	19.9% ↑	16.2% ↑
Total	1,966	1,755	1,563	12.0% ↑	25.7% ↑

The increase noted on MRV Portfolio is due to the increase in sales volume for the period. The Company's strategy has been to reduce the percentage of *Pro Soluto* granted per unit, which has been reflected in the gradual reduction of total risk.

Advances from Customers

(R\$ million)	Jun/20	Mar/20	Jun/19	Chg. Jun/20 x Mar/20	Chg. Jun/20 x Jun/19
12 months	191	213	222	10.4% ↓	14.0% ↓
13 to 24 months	240	238	289	0.7% ↑	17.0% ↓
Over 24 months	168	183	217	8.1% ↓	22.8% ↓
Total	599	634	729	5.6% ↓	17.8% ↓
Advanced receivables	58	62	69	7.8% ↓	17.0% ↓
Advances for barbers	541	572	659	5.3% ↓	17.9% ↓
Total	599	634	729	5.6% ↓	17.8% ↓

EARNINGS RELEASE

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Inventories (Real Estate for Sale)

(R\$ million)	Jun/20	Mar/20	Jun/19	Chg. Jun/20 x Mar/20	Chg. Jun/20 x Jun/19
Properties under construction	2,517	2,719	2,585	7.4% ↓	2.6% ↓
Completed Units	145	181	264	19.9% ↓	45.1% ↓
Land bank	5,388	5,396	5,251	0.1% ↓	2.6% ↑
Advances to Suppliers	72	80	51	9.9% ↓	41.1% ↑
Inventories of supplies	0	0	0	13.6% ↑	72.8% ↑
Total	8,123	8,376	8,152	3.0% ↓	0.3% ↓
Current	3,721	3,891	3,828	4.4% ↓	2.8% ↓
Non-current	4,402	4,485	4,323	1.8% ↓	1.8% ↑

The company's successful sales strategy adopted in 2Q20 has resulted in decreased number of Completed Units, reducing 20% when compared to 1Q20 and 45% when compared to 2Q19.

Properties under construction has fallen by 7.4% and 2.6% when compared to 1Q20 and 2Q19, respectively.

Debt Maturity Schedule

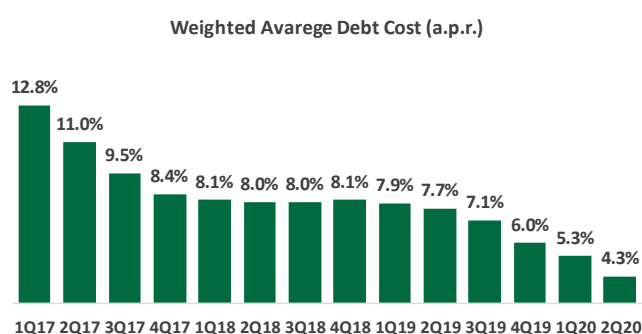
(R\$ million)	Construction Financing	Corporate Debt*	Total
12 months	72	807	879
13 to 24 months	155	542	698
25 to 36 months	94	267	360
37 to 48 months	3	1,301	1,303
Over 48 months	0	419	419
Total Debt	324	3,336	3,659

*Include leases and Finame

Weighted Average Debt Cost

(R\$ Million)	Debit Balance Jun/20	Balance Due / Total (%)	Average Cost
CDI	3,336	91.2%	CDI + 1,28%
TR	324	8.8%	TR + 8,34%
Total	3,659	100.0%	4.33%

Debt Breakdown



EARNINGS RELEASE

2st Quarter 2020



(R\$ million)	Maturity	Charges (p.a)	Balance Due	
			Jun/20	Mar/20
Corporate Debt – CDI			3,336	2,885
Debentures - 2nd Issuance (Urba)	06/21 to 06/23	CDI + 1.22%	60	61
Debentures - 4nd Issuance (Urba)	04/2025	CDI + 1.50%	40	-
Debentures - 9th Issuance (2nd serie)	02/20 to 02/22	CDI + 2.30%	404	398
Debentures - 9th Issuance (3rd serie)	02/2022	132.2% CDI	99	96
Debentures - 11th Issuance (1st serie)	09/2020	CDI + 1.00%	287	284
Debentures - 11th Issuance (2nd serie)	09/21 to 09/22	CDI + 1.50%	216	214
Debentures - 11th Issuance (3rd serie)	09/23 to 09/24	122.1% CDI	149	144
Debentures - 12th Issuance (1st serie)	07/2023	CDI + 1.40%	305	301
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%	111	110
Debentures - 12th Issuance (4th serie)	07/2023	CDI + 1.50%	85	84
Debentures - 15th Issuance	11/2025	CDI + 1.06%	300	304
Debentures - 16th Issuance	04/2025	CDI + 1.50%	100	-
Debentures - 17th Issuance	04/21 to 04/23	CDI + 3.00%	50	-
CCB which backed the CRI operation	06/20 to 06/21	CDI + 1.60%	57	115
3rd issue of Urba debentures that back CRI operations	03/2024	CDI + 0.20%	58	58
13th issue of debentures that back CRI operations	09/23 to 09/24	100% CDI	291	291
14th issue of debentures that back CRI operations	05/2024	100.4% CDI	357	361
Working capital (MRV)	04/2022	CDI + 3.10%	202	-
1st Promissory note - 1st Series	11/2020	CDI + 2.50%	3	-
1st Promissory note - 2st Series	05/2021	CDI + 2.50%	97	-
Leasing	03/18 to 05/23	CDI + 2.00% to + 2.93%	13	14
Construction Finance - TR			324	179
Construction Financing	12/20 to 02/24	TR + 8.30%	318	173
Working capital (Urba) - TR	04/16 to 03/23	TR + 13.29%	5	6
Total			3,659	3,065

Net Debt (ex. AHS)

(R\$ million)	Jun/20	Mar/20	Jun/19	Chg. Jun/20 x Mar/20	Chg. Jun/20 x Jun/19
Total debt	3,659	3,065	3,037	19.4% ↑	20.5% ↑
(-) Cash and cash equivalents and Marketable Securities	(2,558)	(1,770)	(2,478)	44.5% ↑	3.2% ↑
(-) Derivative Financial Instruments	(62)	(42)	(36)	45.0% ↑	70.1% ↑
Net Debt*	1,039	1,252	522	17.0% ↓	99.1% ↑
Total Shareholders' Equity	5,372	5,246	4,966	2.4% ↑	8.2% ↑
Net Debt / Total Shareholders' Equity	19.3%	23.9%	10.5%	4.5 p.p. ↓	8.8 p.p. ↑
EBITDA LTM	916	941	1,042	2.7% ↓	12.0% ↓
Net Debt / EBITDA LTM	1.13x	1.33x	0.50x	14.7% ↓	126.3% ↑

* Considering the Derivative Financial Instruments gains

Covenants & Corporate Risk

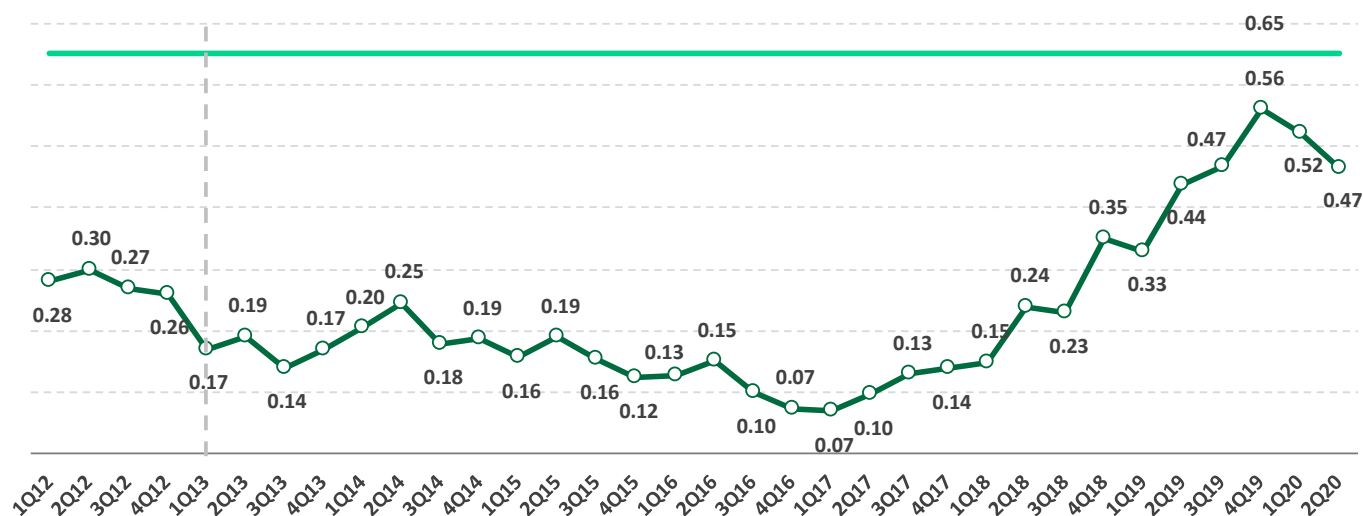


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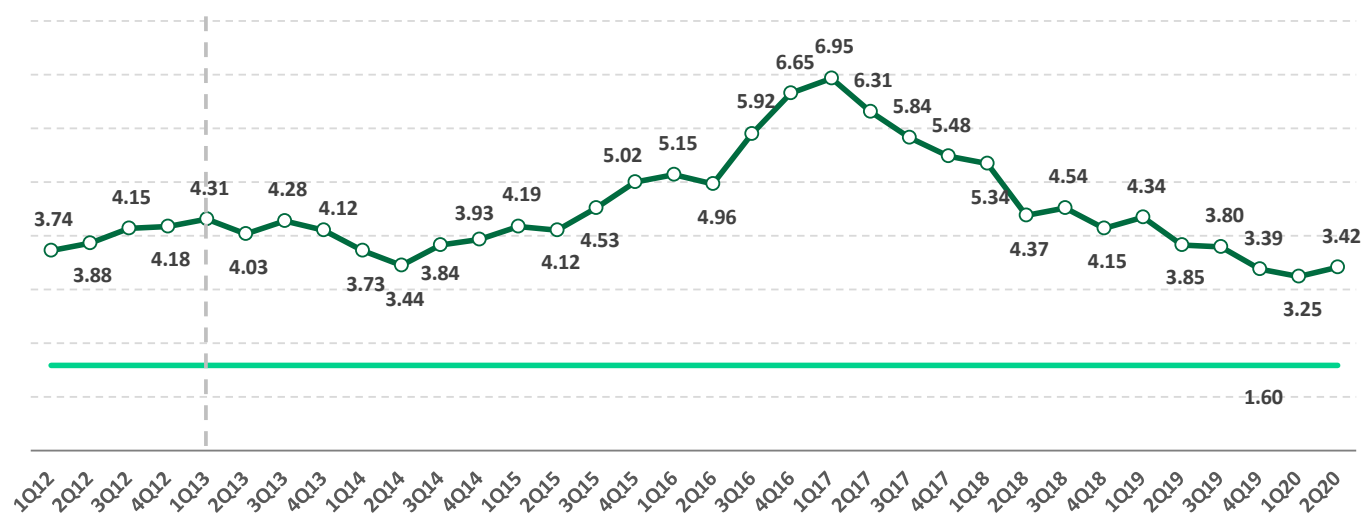
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Debt Covenant (Including AHS)



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

Receivables Covenant (Including AHS)



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

The debt covenant improved further in 2Q20, thanks to cash generation in the period.

URBA

MRV also witnessed strong sales results with its URBA operations over 2Q20. A total of R\$ 51.5 million (in net sales) was recorded, totaling 406.2% increase as compared to 1Q20.

Urba Operation	2Q20	1Q20	2Q19	Var. 2Q20 x 1Q20	Var. 2Q20 x 2Q19	1H20	1H19	Var. 1H20 x 1H19
Land Bank								
Land bank (R\$ million - %Urba)	1,053	1,148	1,077	8.3% ↓	2.2% ↓	1,053	1,077	2.2% ↓
Landbank Units (%Urba)	10,061	11,256	11,848	10.6% ↓	15.1% ↓	10,061	11,848	15.1% ↓
Land bank (R\$ million - 100%)	1,942	2,090	1,892	7.1% ↓	2.7% ↑	1,942	1,892	2.7% ↑
Landbank Units (100%)	16,709	18,473	20,130	9.5% ↓	17.0% ↓	16,709	20,130	17.0% ↓
Launches								
Launches (R\$ million - %Urba)	22.3	-	36.3	-	38.5% ↓	22.3	36.3	38.5% ↓
Launches Units (%Urba)	84	-	390	-	78.5% ↓	84	390	78.5% ↓
Launches (R\$ million - 100%)	39.8	-	52.5	-	24.2% ↓	39.8	52.5	24.2% ↓
Launches Units (100%)	150	-	564	-	73.4% ↓	150	564	73.4% ↓
Net Pre-sales								
Net Pre-sales (R\$ million - %Urba)	31.0	7.1	57.1	335.1% ↑	45.7% ↓	38.1	59.8	36.3% ↓
Net Pre-sales (Units - %Urba)	206	90	628	128.6% ↑	67.1% ↓	297	668	55.6% ↓
Net Pre-sales (R\$ million - 100%)	51.5	10.2	60.8	406.2% ↑	15.3% ↓	61.7	64.7	4.6% ↓
Net Pre-sales (Units - 100%)	344	151	656	127.8% ↑	47.6% ↓	495	704	29.7% ↓
Production								
Construction Sites	4	3	5	33.3% ↑	20.0% ↓	4	5	20.0% ↓
Built Units (%Urba)	172	81	162	112.5% ↑	6.2% ↑	253	278	9.0% ↓
Built Units (100%)	185	110	333	68.8% ↑	44.4% ↓	295	488	39.6% ↓
Finished Units (%Urba)	-	-	-	-	-	-	-	-
Finished Units (100%)	-	-	-	-	-	-	-	-

LUGGO

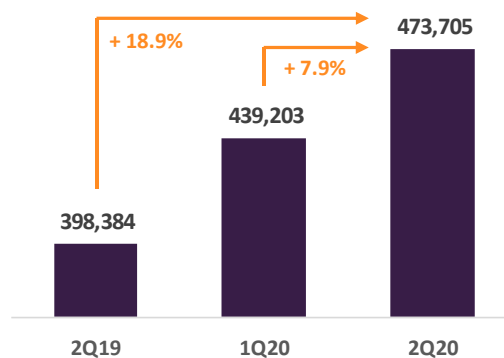
With 15 projects under development, 4 of which are under construction and the others in different stages of project approval, Luggo is already present in a total of 6 states and has 3,177 units in its production line, in addition to the 452 units of the 4 developments already sold to FII LUGG11 in the 4Q19.

LUGGO Operation	2T20	1T20	Var. 2T20 x 1T20
Land Bank			
Units	2,129	2,052	3.8% ↑
Number of Projects	11	9	22.2% ↑
Current Asset Value (R\$ thousand)	473,705	439,203	7.9% ↑
Units under Construction			
Units	1,032	432	138.9% ↑
Number of Projects	4	2	100.0% ↑
% of Project Progression	11.1%	13.7%	2.5 p.p. ↓
Current Asset Value (R\$ thousand)	210,223	86,813	142.2% ↑

Furthermore, to the consistent growth of its land bank, **new projects and projects waiting for approval, the operation of the projects already sold to FII LUGG11 remains a success, with the occupancy rate of the developments at stabilized levels. The Luggo Lindóia project, which was leased in April, continues to develop very well, with expectations to stabilize in the coming months.**

LUGGO - Sold Projects	2T20
Units under Construction / Waiting for permits	
Units	120
Number of Projects	1
% of Project Progression	100.0%
Completed Units	
Number of Projects	3
Available Units	332
Leased Units	263
% Leased Units	79.2%

Land Bank - PSV (R\$ thousands)

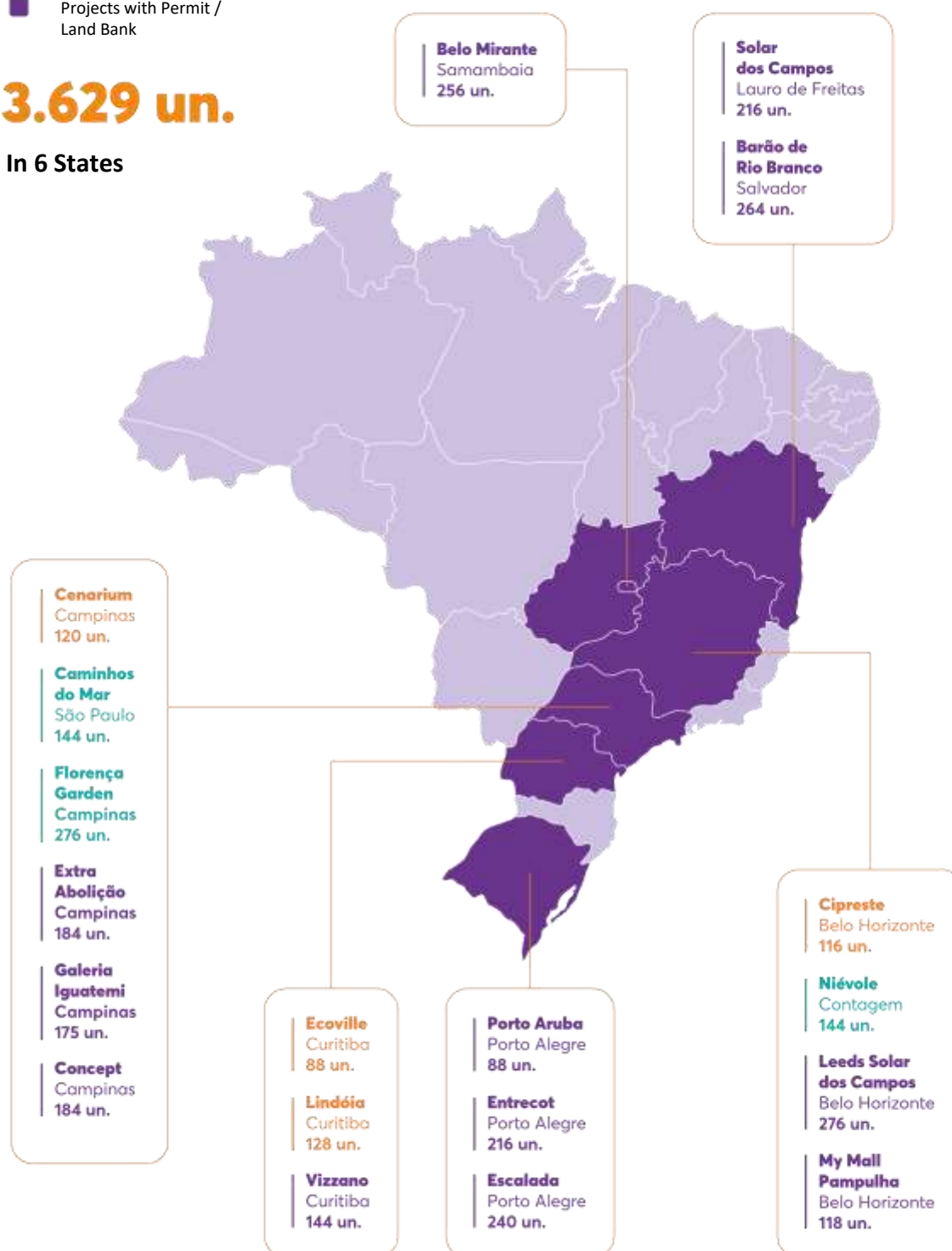


Our Footprint

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

3.629 un.

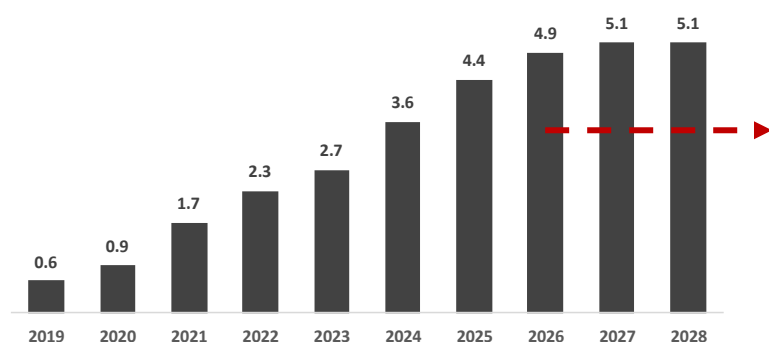
In 6 States



AHS

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)



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

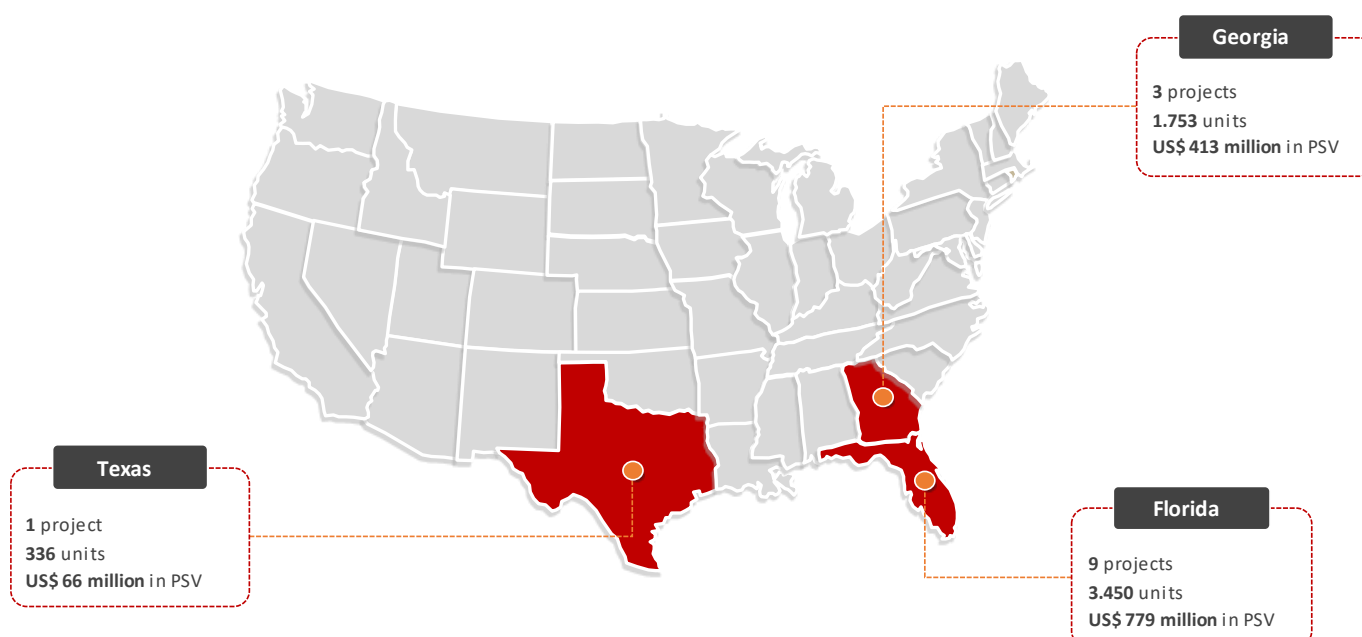
$$\times \text{R\$ } 5.46^1$$

R\$ 6 BI
¹ As of 08/11/2020

Land Bank

The company has already amassed a land bank totaling **5,539** units and is in the process of prospecting and negotiating new properties aligned with the company's projected plans for growth.

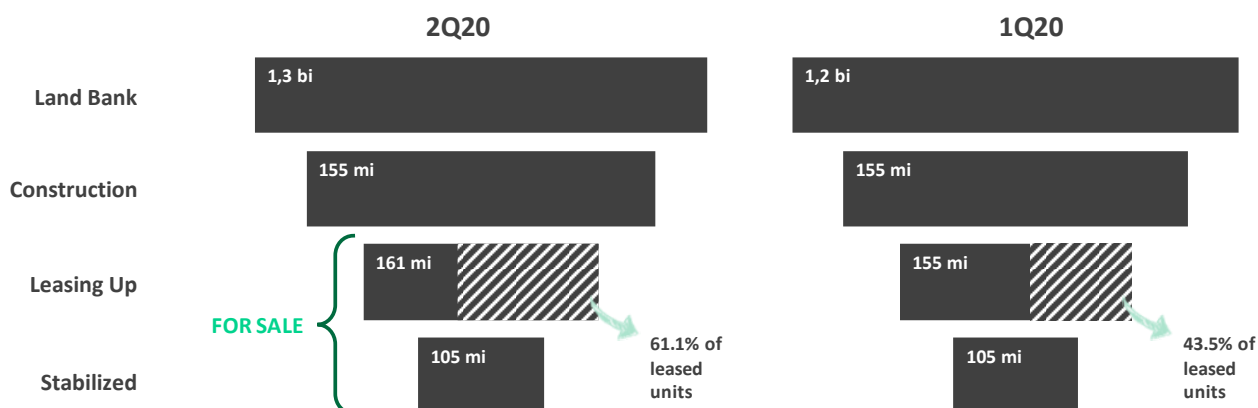
AHS Operation	2T20	1T20	Var. 2T20 x 1T20
Land Bank			
Units	5.539	5.235	5,8% ↑
Number of Projects	13	13	0,0% ↑
Current Asset Value (US\$ thousand)	1.258.604	1.166.199	7,9% ↑



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.

Operational Process



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\$)	2Q19*	2Q20
Operation	109.853.896	129.145.965
Construction	27.979.811	62.489.527
Land bank	19.850.000	40.062.845
Holding	18.249.995	3.575.936
Additional Capital@jul/19	10.000.000	-
Total	185.933.702	235.274.273

*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)	30/06/2020	31/03/2020	Var. Jun/20 x Mar/20
CURRENT ASSETS			
Cash and cash equivalents	17,125	27,307	37.3% ↓
Marketable Securities	3,134	2,603	20.4% ↑
Receivables from services provided	683	329	107.6% ↑
Prepaid expenses	919	870	5.6% ↑
Other assets	1,444	1,125	28.4% ↑
Total Current Assets	23,305	32,234	27.7% ↓
NONCURRENT ASSETS			
Other noncurrent assets	1,434	2,014	28.8% ↓
Investment property	285,280	265,088	7.6% ↑
Property and equipment	6,891	4,778	44.2% ↑
Intangible Assets	2,071	1,882	10.0% ↑
Total Noncurrent Assets	295,676	273,762	8.0% ↑
TOTAL ASSETS	318,981	305,996	4.2% ↑
LIABILITIES AND EQUITY (US\$ Thousands)	30/06/2020	31/03/2020	Var. Jun/20 x Mar/20
CURRENT LIABILITIES			
Suppliers	9,673	12,971	25.4% ↓
Loans, financing and debentures	6,358	27,746	77.1% ↓
Payroll and related liabilities	852	422	101.9% ↑
Other payables	5,482	2,797	96.0% ↑
Total Current Liabilities	22,365	43,936	49.1% ↓
NONCURRENT LIABILITIES			
Derivative Financial Instruments	3,479	-	-
Loans, financing and debentures	209,294	171,617	22.0% ↑
Other liabilities	381	3,525	89.2% ↓
Total Noncurrent Liabilities	213,154	175,142	21.7% ↑
EQUITY			
Equity attributable to Company' Shareholders	72,405	75,845	4.5% ↓
Noncontrolling Interests	11,057	11,073	0.1% ↓
Total Equity	83,462	86,918	4.0% ↓
TOTAL LIABILITIES AND TOTAL EQUITY	318,981	305,996	4.2% ↑

EARNINGS RELEASE

2st Quarter 2020



P&L - MRV US

US\$ thousands	2Q20	1Q20	Chg. 2Q20 x 1Q20
NET REVENUE	3,138	2,044	53.5% ↑
COST OF REAL ESTATE SALES AND SERVICES	(2,542)	(1,922)	32.3% ↑
GROSS PROFIT	596	122	386.8% ↑
<i>Gross Margin</i>	<i>19.0%</i>	<i>6.0%</i>	<i>13.0 p.p. ↑</i>
OPERATING INCOME (EXPENSES)			
Selling expenses	(190)	(114)	67.3% ↑
General & Administrative Expenses	(2,355)	(1,444)	63.1% ↑
Other operating income (expenses), net	(16)	(17)	5.1% ↑
Equity Income	-	-	-
INCOME BEFORE FINANCIAL INCOME (EXPENSES)	(1,964)	(1,452)	35.3% ↑
FINANCIAL RESULTS			
Financial expenses	(1,012)	(1,121)	9.7% ↓
Financial income	36	11	232.0% ↑
Financial income from receivables from real estate development	-	-	-
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(2,940)	(2,562)	14.8% ↓
Income Tax and Social Contribution	-	-	-
NET INCOME (LOSS)	(2,940)	(2,562)	14.8% ↓
NET INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(166)	(271)	38.7% ↑
NET INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	(2,774)	(2,291)	21.1% ↓
<i>Net Margin</i>	<i>-88.4%</i>	<i>-112.0%</i>	<i>23.6 p.p. ↑</i>

Debt Breakdown

(US\$ thousands)	Maturity	Contractual rate (p.a.)	Balance due Jun/20
Construction Financing (equivalent to Brazilian SFH)			162,472
Construction Loan			37,757
Coral Reef	February, 2022	LIBOR 1M + 2,00%	21,941
Pine Groves	April, 2022	LIBOR 1M + 2,25%	11,964
Tamiami Landings	September, 2022	LIBOR 1M + 2,25%	2,875
Banyan Ridge	March, 2022	LIBOR 1M + 2,15%	977
Permanent Loan			124,715
Mangonia Lake	May, 2023	LIBOR 1M + 2,25%	28,500
Princeton Groves	October, 2027	Fixed at 4,38%	24,492
Lake Worth	May, 2026	Fixed at 3,95%	23,642
Lake Osborne	December, 2027	Fixed at 4,63%	13,081
Deering Groves	November, 2029	Fixed at 3,15%	35,000
Corporate Debt			54,382
Credit Line	April, 2021	LIBOR 1M + 3,00%	5,500
Vehicle Loan	December, 2022	Fixed at 5,94%	32
Itau Bond Debt	February, 2025	Fixed at 4,00%	47,000
SBA CARES Loan	April, 2022	Fixed at 1,00%	1,850
Funding Costs			(1,203)
Total			215,652

Main Details of AHS Debt:

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

Notes on Permanent Loan:

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

Debt Maturity Schedule

(US\$ thousands)	Construction Loan	Permanent Loan	Corporate Debt	Funding Costs	Total
12 months	-	1,065	5,505	(212)	6,358
13 to 24 months	34,882	1,111	1,873	(212)	37,654
25 to 36 months	2,875	30,183	4	(207)	32,855
37 to 48 months	-	1,989	-	(151)	1,839
After 48 months	-	90,367	47,000	(421)	136,946
Total	37,757	124,715	54,382	(1,203)	215,652

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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	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
NET REVENUE	1,656	1,508	1,559	9.8% ↑	6.3% ↑	3,164	3,067	3.2% ↑
COST OF REAL ESTATE SALES AND SERVICES	(1,188)	(1,084)	(1,081)	9.6% ↑	10.0% ↑	(2,273)	(2,107)	7.9% ↑
GROSS PROFIT	468	424	478	10.3% ↑	2.1% ↓	892	960	7.1% ↓
<i>Gross Margin</i>	28.2%	28.1%	30.7%	0.1 p.p. ↑	2.4 p.p. ↓	28.2%	31.3%	3.1 p.p. ↓
OPERATING INCOME (EXPENSES)								
Selling expenses	(161)	(149)	(143)	8.4% ↑	12.4% ↑	(310)	(291)	6.6% ↑
General & Administrative Expenses	(104)	(100)	(95)	4.3% ↑	9.5% ↑	(204)	(180)	13.6% ↑
Other operating income (expenses), net	(31)	(31)	(32)	0.8% ↓	2.3% ↑	(62)	(58)	6.2% ↓
Equity Income	(15)	(11)	(14)	43.6% ↓	6.8% ↓	(26)	(33)	20.6% ↑
INCOME BEFORE FINANCIAL INCOME (EXPENSES)	156	134	193	16.5% ↑	19.2% ↓	290	399	27.3% ↓
FINANCIAL RESULTS								
Financial expenses	(24)	(16)	(16)	47.8% ↑	49.2% ↑	(40)	(29)	37.2% ↑
Financial income	18	14	32	28.5% ↑	45.5% ↓	31	61	48.2% ↓
Financial income from receivables from real estate development	16	27	27	40.2% ↓	41.9% ↓	43	36	19.3% ↑
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	166	158	237	4.8% ↑	30.1% ↓	324	466	30.5% ↓
Income Tax and Social Contribution	(35)	(32)	(33)	7.5% ↑	6.0% ↑	(67)	(65)	3.0% ↑
NET INCOME	131	126	204	4.1% ↑	35.8% ↓	257	401	36.0% ↓
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	22	21	14	2.2% ↑	58.8% ↑	43	22	97.6% ↑
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	109	104	190	4.5% ↑	42.7% ↓	214	379	43.7% ↓
<i>Net Margin</i>	6.6%	6.9%	12.2%	0.3 p.p. ↓	5.6 p.p. ↓	6.7%	12.4%	5.6 p.p. ↓
BASIC EARNINGS PER SHARE	0.226	0.222	0.431	1.8% ↑	47.4% ↓	0.449	0.858	47.7% ↓

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

ASSETS	30/06/2020	31/03/2020	30/06/2019	Var. Jun/20 x Mar/20	Var. Jun/20 x Jun/19
CURRENT ASSETS					
Cash and cash equivalents	1,724	989	636	74.3% ↑	171.0% ↑
Marketable Securities	901	882	1,809	2.2% ↑	50.2% ↓
Receivables from real estate development	1,806	1,736	1,582	4.1% ↑	14.1% ↑
Receivables from services provided	6	3	1	108.0% ↑	413.2% ↑
Inventories	3,721	3,891	3,828	4.4% ↓	2.8% ↓
Recoverable current taxes	94	97	93	3.7% ↓	0.8% ↑
Prepaid expenses	95	94	101	1.9% ↑	5.2% ↓
Derivative Financial Instruments	-	-	-	-	-
Other assets	104	158	66	34.3% ↓	56.6% ↑
Total Current Assets	8,451	7,850	8,117	7.7% ↑	4.1% ↑
NONCURRENT ASSETS					
Marketable Securities	44	54	33	18.9% ↓	30.5% ↑
Receivables from real estate development	1,538	1,336	946	15.1% ↑	62.5% ↑
Real estate for sale and development	4,402	4,485	4,323	1.8% ↓	1.8% ↑
Intercompany Expenses	42	41	48	2.0% ↑	12.4% ↓
Prepaid expenses	40	38	31	6.4% ↑	29.4% ↑
Derivative Financial Instruments	62	42	36	45.0% ↑	70.1% ↑
Other noncurrent assets	172	179	127	4.0% ↓	35.4% ↑
Equity Interest in investees	8	44	90	82.8% ↓	91.5% ↓
Investment property	1,664	1,436	-	15.9% ↑	-
Property and equipment	544	516	442	5.4% ↑	23.0% ↑
Intangible Assets	148	136	103	9.3% ↑	44.5% ↑
Total Noncurrent Assets	8,663	8,307	6,179	4.3% ↑	40.2% ↑
TOTAL ASSETS	17,114	16,157	14,295	5.9% ↑	19.7% ↑

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

LIABILITIES AND EQUITY	30/06/2020	31/03/2020	30/06/2019	Var. Jun/20 x Mar/20	Var. Jun/20 x Jun/19
CURRENT LIABILITIES					
Suppliers	371	391	439	5.3% ↓	15.5% ↓
Payables for investment aquisition	7	9	5	16.8% ↓	35.1% ↑
Loans, financing and debentures	914	751	439	21.6% ↑	108.2% ↑
Land Payables	904	888	866	1.8% ↑	4.4% ↑
Advances from customers	191	213	222	10.4% ↓	14.0% ↓
Payroll and related liabilities	181	155	157	16.6% ↑	15.0% ↑
Tax payables	84	74	72	13.2% ↑	17.0% ↑
Provision for maintenance of real estate	42	37	36	13.5% ↑	15.9% ↑
Deferred tax liabilities	64	62	55	4.3% ↑	17.5% ↑
Proposed dividends	164	164	328	0.0% ↑	50.0% ↓
Net Capital deficiency liabilities - Investments	175	180	198	2.6% ↓	11.4% ↓
Other payables	245	228	209	7.6% ↑	17.4% ↑
Total Current Liabilities	3,343	3,153	3,026	6.0% ↑	10.5% ↑
NONCURRENT LIABILITIES					
Payables for investment aquisition	16	16	1	0.0% ↓	1035.8% ↑
Derivative Financial Instruments	19	-	-	-	-
Loans, financing and debentures	3,926	3,350	2,598	17.2% ↑	51.1% ↑
Land Payables	3,172	3,125	2,877	1.5% ↑	10.2% ↑
Advances from customers	408	421	507	3.1% ↓	19.5% ↓
Provision for maintenance of real estate	106	108	103	1.5% ↓	3.5% ↑
Provision for civil, labor, and tax risks	106	98	102	8.5% ↑	3.5% ↑
Deferred tax liabilities	63	54	39	16.0% ↑	64.1% ↑
Other liabilities	126	136	76	7.4% ↓	65.2% ↑
Total Noncurrent Liabilities	7,942	7,307	6,303	8.7% ↑	26.0% ↑
EQUITY					
Equity attributable to Company' Shareholders	5,465	5,328	4,685	2.6% ↑	16.6% ↑
Noncontrolling Interests	364	370	281	1.8% ↓	29.6% ↑
Total Equity	5,829	5,698	4,966	2.3% ↑	17.4% ↑
TOTAL LIABILITIES AND TOTAL EQUITY	17,114	16,157	14,295	5.9% ↑	19.7% ↑

EARNINGS RELEASE

2st Quarter 2020



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

Consolidated (R\$ million)	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Var. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
CASH FLOWS FROM OPERATING ACTIVITIES								
NET INCOME	131	126	204	4.1% ↑	35.8% ↓	257	401	36.0% ↓
Adjustments to reconcile net income to cash used in operating activities	185	184	92	0.5% ↑	101.4% ↑	369	241	53.1% ↑
(Increase) decrease in operating assets	46	(399)	(135)	-	196.3% ↑	(353)	(408)	13.5% ↓
Increase (decrease) in operating liabilities	(60)	(79)	(130)	23.8% ↓	53.6% ↓	(139)	(203)	31.6% ↓
Net cash generated by (used in) operating activities	302	(168)	32	-	850.3% ↑	134	31	338.8% ↑
CASH FLOWS FROM INVESTING ACTIVITIES								
Decrease (increase) in marketable securities	(15)	504	6	-	-	489	(170)	387.4% ↓
Advances to related parties	(11)	(8)	(23)	35.7% ↑	52.2% ↓	(19)	(33)	40.9% ↓
Receipts from related parties	11	6	19	65.6% ↑	43.4% ↓	17	28	38.6% ↓
Decrease in (acquisition of/contribution to) investments	17	33	45	48.7% ↓	62.9% ↓	50	42	18.1% ↑
Payment for acquisition of subsidiary	14	(4)	(2)	-	-	10	(3)	447.8% ↓
Receipts for sale of investees	2	1	-	-	-	3	-	-
Acquisition of investment properties	(158)	(172)	-	8.1% ↑	-	(330)	-	-
Acquisition of fixed and intangible assets	(59)	(39)	(67)	50.1% ↑	12.4% ↓	(98)	(113)	13.4% ↓
Net cash generated by (used in) investing activities	(200)	321	(22)	-	829.7% ↓	121	(249)	148.5% ↓
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds from shares issuance	-	1	-	100.0% ↓	-	1	-	-
Proceeds from stock options' exercise	-	1	0	100.0% ↓	100% ↓	1	2	69.3% ↓
Loans from related parties	(7)	(16)	60	58.3% ↑	-	(23)	63	136.1% ↓
Treasury shares	-	-	-	-	-	-	-	-
Proceeds from loans, financing and debenture	1,054	478	714	120.5% ↑	47.7% ↑	1,533	1,318	16.3% ↑
Payment of loans, financing and debenture	(376)	(340)	(682)	10.7% ↓	44.9% ↑	(715)	(1,173)	39.0% ↓
Receive of financial instruments and derivatives	(0)	1	-	-	-	1	0	901.0% ↑
Capital transaction	2	2	7	0.3% ↓	72.2% ↓	4	7	100.0% ↓
Dividends payment	-	-	(164)	-	-	-	(164)	100.0% ↓
Net contributions (distributions) of noncontrolling interests	(32)	19	13	-	-	(13)	6	330.3% ↓
Net cash (used in) generated by financing activities	641	146	(52)	338.1% ↑	-	788	60	1217.9% ↑
effects of exchange rates on cash and cash equivalents	(9)	15	-	-	-	7	-	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	735	314	(42)	133.8% ↑	-	1,049	(159)	761.8% ↑
CASH AND CASH EQUIVALENTS								
Cash and cash equivalents at beginning of the period	989	675	678	46.6% ↑	45.9% ↑	675	795	15.1% ↓
Cash and cash equivalents at end of the period	1,724	989	636	74.3% ↑	171.0% ↑	1,724	636	171.0% ↑

EARNINGS RELEASE

2st Quarter 2020



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

R\$ million	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Chg. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
NET REVENUE	1,639	1,499	1,559	9.3% ↑	5.2% ↑	3,138	3,067	2.3% ↑
COST OF REAL ESTATE SALES AND SERVICES	(1,174)	(1,076)	(1,081)	9.2% ↑	8.7% ↑	(2,250)	(2,107)	6.8% ↑
GROSS PROFIT	465	423	478	9.7% ↑	2.7% ↓	888	960	7.5% ↓
<i>Gross Margin</i>	28.4%	28.2%	30.7%	0.1 p.p. ↑	2.3 p.p. ↓	28.3%	31.3%	3.0 p.p. ↓
OPERATING INCOME (EXPENSES)								
Selling expenses	(160)	(148)	(143)	8.0% ↑	11.7% ↑	(308)	(291)	6.1% ↑
General & Administrative Expenses	(92)	(93)	(95)	1.8% ↓	3.8% ↓	(185)	(180)	2.9% ↑
Other operating income (expenses), net	(31)	(31)	(32)	0.8% ↓	2.5% ↑	(62)	(58)	6.0% ↓
Equity Income	(15)	(11)	(14)	43.6% ↓	6.8% ↓	(26)	(33)	20.6% ↑
INCOME BEFORE FINANCIAL INCOME (EXPENSES)	167	140	193	18.6% ↑	13.7% ↓	307	399	23.0% ↓
FINANCIAL RESULTS								
Financial expenses	(18)	(11)	(16)	65.0% ↑	13.0% ↑	(29)	(29)	0.5% ↓
Financial income	18	14	32	27.5% ↑	46.1% ↓	31	61	48.6% ↓
Financial income from receivables from real estate development	16	27	27	40.2% ↓	41.9% ↓	43	36	19.3% ↑
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	182	170	237	7.1% ↑	23.2% ↓	352	466	24.5% ↓
Income Tax and Social Contribution	(35)	(32)	(33)	7.5% ↑	6.0% ↑	(67)	(65)	3.0% ↑
NET INCOME	147	138	204	7.0% ↑	27.9% ↓	285	401	28.9% ↓
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	23	23	14	0.9% ↑	65.9% ↑	46	22	107.7% ↑
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	124	115	190	8.2% ↑	34.6% ↓	239	379	36.8% ↓
<i>Net Margin</i>	7.6%	7.7%	12.2%	0.1 p.p. ↓	4.6 p.p. ↓	7.6%	12.4%	4.7 p.p. ↓
BASIC EARNINGS PER SHARE	0.258	0.245	0.431	5.5% ↑	40.0% ↓	0.503	0.858	41.4% ↓

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

ASSETS	30/06/2020	31/03/2020	30/06/2019	Var. Jun/20 x Mar/20	Var. Jun/20 x Jun/19
CURRENT ASSETS					
Cash and cash equivalents	1,630	847	636	92.4% ↑	156.2% ↑
Marketable Securities	884	869	1,809	1.8% ↑	51.1% ↓
Receivables from real estate development	1,806	1,736	1,582	4.1% ↑	14.1% ↑
Receivables from services provided	2	1	1	88.6% ↑	65.3% ↑
Inventories	3,721	3,891	3,828	4.4% ↓	2.8% ↓
Recoverable current taxes	94	97	93	3.7% ↓	0.8% ↑
Prepaid expenses	90	89	101	1.4% ↑	10.2% ↓
Derivative Financial Instruments	-	-	-	-	-
Other assets	96	152	66	37.0% ↓	44.6% ↑
Total Current Assets	8,324	7,683	8,117	8.3% ↑	2.6% ↑
NONCURRENT ASSETS					
Marketable Securities	44	54	33	18.9% ↓	30.5% ↑
Receivables from real estate development	1,538	1,336	946	15.1% ↑	62.5% ↑
Real estate for sale and development	4,402	4,485	4,323	1.8% ↓	1.8% ↑
Intercompany Expenses	42	41	48	2.0% ↑	12.4% ↓
Prepaid expenses	40	38	31	6.4% ↑	29.4% ↑
Derivative Financial Instruments	62	42	36	45.0% ↑	70.1% ↑
Other noncurrent assets	164	168	127	2.7% ↓	29.2% ↑
Equity Interest in investees	8	44	90	82.8% ↓	91.5% ↓
Investment property	102	58	-	76.4% ↑	-
Property and equipment	506	491	442	3.0% ↑	14.5% ↑
Intangible Assets	137	126	103	8.8% ↑	33.5% ↑
Total Noncurrent Assets	7,044	6,884	6,179	2.3% ↑	14.0% ↑
TOTAL ASSETS	15,367	14,567	14,295	5.5% ↑	7.5% ↑

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

LIABILITIES AND EQUITY	30/06/2020	31/03/2020	30/06/2019	Var. Jun/20 x Mar/20	Var. Jun/20 x Jun/19
CURRENT LIABILITIES					
Suppliers	318	324	439	1.9% ↓	27.6% ↓
Payables for investment aquisition	7	9	5	16.8% ↓	35.1% ↑
Loans, financing and debentures	879	607	439	44.8% ↑	100.3% ↑
Land Payables	904	888	866	1.8% ↑	4.4% ↑
Advances from customers	191	213	222	10.4% ↓	14.0% ↓
Payroll and related liabilities	176	153	157	15.2% ↑	12.1% ↑
Tax payables	84	74	72	13.2% ↑	17.0% ↑
Provision for maintenance of real estate	42	37	36	13.5% ↑	15.9% ↑
Deferred tax liabilities	64	62	55	4.3% ↑	17.5% ↑
Proposed dividends	164	164	328	0.0% ↑	50.0% ↓
Net Capital deficiency liabilities - Investments	175	180	198	2.6% ↓	11.4% ↓
Other payables	215	213	209	0.8% ↑	3.0% ↑
Total Current Liabilities	3,220	2,924	3,026	10.1% ↑	6.4% ↑
NONCURRENT LIABILITIES					
Payables for investment aquisition	16	16	1	0.0% ↓	1035.8% ↑
Derivative Financial Instruments	-	-	-	-	-
Loans, financing and debentures	2,780	2,457	2,598	13.1% ↑	7.0% ↑
Land Payables	3,172	3,125	2,877	1.5% ↑	10.2% ↑
Advances from customers	408	421	507	3.1% ↓	19.5% ↓
Provision for maintenance of real estate	106	108	103	1.5% ↓	3.5% ↑
Provision for civil, labor, and tax risks	106	98	102	8.5% ↑	3.5% ↑
Deferred tax liabilities	63	54	39	16.0% ↑	64.1% ↑
Other liabilities	124	118	76	5.3% ↑	62.4% ↑
Total Noncurrent Liabilities	6,775	6,396	6,303	5.9% ↑	7.5% ↑
EQUITY					
Equity attributable to Company' Shareholders	5,069	4,933	4,685	2.7% ↑	8.2% ↑
Noncontrolling Interests	303	313	281	3.0% ↓	8.0% ↑
Total Equity	5,372	5,246	4,966	2.4% ↑	8.2% ↑
TOTAL LIABILITIES AND TOTAL EQUITY	15,367	14,567	14,295	5.5% ↑	7.5% ↑

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

Consolidated (R\$ million)	2Q20	1Q20	2Q19	Chg. 2Q20 x 1Q20	Var. 2Q20 x 2Q19	1H20	1H19	Chg. 1H20 x 1H19
CASH FLOWS FROM OPERATING ACTIVITIES								
NET INCOME	147	138	204	7.0% ↑	27.9% ↓	285	401	28.9% ↓
Adjustments to reconcile net income to cash used in operating activities	185	185	92	0.2% ↓	101.0% ↑	360	241	49.0% ↑
(Increase) decrease in operating assets	46	(394)	(135)	-	192.4% ↑	(348)	(408)	14.8% ↓
Increase (decrease) in operating liabilities	(63)	(111)	(130)	43.1% ↓	51.4% ↓	(174)	(203)	14.5% ↓
Net cash generated by (used in) operating activities	315	(192)	32	-	891.1% ↑	123	31	301.7% ↑
CASH FLOWS FROM INVESTING ACTIVITIES								
Decrease (increase) in marketable securities	1	492	6	99.8% ↓	83.9% ↓	493	(170)	389.6% ↓
Advances to related parties	(11)	(8)	(23)	35.7% ↑	52.2% ↓	(19)	(33)	40.9% ↓
Receipts from related parties	11	6	19	65.6% ↑	43.4% ↓	17	28	38.6% ↓
Decrease in (acquisition of/contribution to) investments	17	33	45	48.7% ↓	62.9% ↓	50	42	18.1% ↑
Payment for acquisition of subsidiary	(1)	(4)	(2)	64.9% ↓	10.9% ↓	(6)	(3)	99.5% ↑
Receipts for sale of investees	-	-	-	-	-	-	-	-
Acquisition of investment properties	(44)	(24)	-	81.3% ↑	-	(69)	-	-
Acquisition of fixed and intangible assets	(40)	(33)	(67)	22.9% ↑	40.0% ↓	(73)	(113)	35.4% ↓
Net cash generated by (used in) investing activities	(67)	463	(22)	-	210.9% ↓	396	(249)	259.1% ↓
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds from shares issuance	-	1	-	100.0% ↓	-	1	-	-
Proceeds from stock options' exercise	-	1	0	100.0% ↓	100% ↓	1	2	69.3% ↓
Loans from related parties	(7)	(16)	60	58.3% ↑	-	(23)	63	136.1% ↓
Treasury shares	-	-	-	-	-	-	-	-
Proceeds from loans, financing and debenture	809	217	714	273.6% ↑	13.4% ↑	1,026	1,318	22.2% ↓
Payment of loans, financing and debenture	(237)	(322)	(682)	26.5% ↑	65.2% ↑	(559)	(1,173)	52.3% ↓
Receive of financial instruments and derivatives	(0)	1	-	-	-	1	0	901.0% ↑
Capital transaction	2	2	7	0.3% ↓	72.2% ↓	4	7	100.0% ↓
Dividends payment	-	-	(164)	-	-	-	(164)	100.0% ↓
Net contributions (distributions) of noncontrolling interests	(32)	19	13	-	-	(13)	6	330.3% ↓
Advanced payment from related companies	-	-	-	-	-	-	-	-
Net cash (used in) generated by financing activities	535	(98)	(52)	-	-	437	60	630.8% ↑
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	783	172	(42)	354.4% ↑	-	956	(159)	702.7% ↑
CASH AND CASH EQUIVALENTS								
Cash and cash equivalents at beginning of the period	847	675	678	25.5% ↑	25.0% ↑	675	795	15.1% ↓
Cash and cash equivalents at end of the period	1,630	847	636	92.4% ↑	156.2% ↑	1,630	636	156.2% ↑

Glossary

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

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

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

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

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

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

Duration – average term for debt expiration.

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

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

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

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

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

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

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

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

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

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

RET – Special Taxing Regimen

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

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

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

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

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

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

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

VSO – sales on offer.

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

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

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

Disclaimer

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

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

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

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

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

Relationship with Independent Auditors

Pursuant to CVM Instruction 381/03, we inform that the Company's independent auditors KPMG Auditores Independentes S/S ("KPMG") did not provide services during the first semester 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 40 years of experience, active in 162 cities, in 22 Brazilian states including the Federal District. MRV is listed on the Novo Mercado - B3 under the ticker MRVE3 and is included, among others, in the theoretical portfolio IBOV.

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

Code	Description	Current Quarter 6/30/2020	Previous year 12/31/2019
1	Total assets	13,555,316	12,959,300
1.01	Current assets	5,434,701	4,975,804
1.01.01	Cash and cash equivalents	449,820	288,186
1.01.02	Short-term investments	707,629	115,690
1.01.03	Receivables	986,195	816,227
1.01.03.01	Trade accounts receivable	986,195	816,227
1.01.03.01.01	Receivables from real estate development	984,284	814,810
1.01.03.01.02	Receivables from services provided	1,911	1,417
1.01.04	Inventories	2,300,598	2,488,014
1.01.04.01	Real estate under construction	1,442,233	1,619,227
1.01.04.02	Completed units	83,421	96,352
1.01.04.03	Landbank	738,614	719,828
1.01.04.04	Advances to suppliers	36,184	52,405
1.01.04.05	Material inventories	146	202
1.01.06	Recoverable taxes	68,858	71,485
1.01.06.01	Recoverable current taxes	68,858	71,485
1.01.07	Prepaid expenses	61,290	54,122
1.01.08	Other current assets	860,311	1,142,080
1.01.08.03	Other	860,311	1,142,080
1.01.08.03.01	Marketable securities	755,454	1,038,644
1.01.08.03.02	Other assets	104,857	103,436
1.02	Noncurrent assets	8,120,615	7,983,496
1.02.01	Long-term assets	5,136,305	5,503,087
1.02.01.04	Receivables	759,023	558,433
1.02.01.04.03	Receivables from real estate development	759,023	558,433
1.02.01.05	Inventories	3,495,322	4,056,593
1.02.01.05.01	Inventories	3,495,322	4,056,593
1.02.01.08	Prepaid expenses	24,448	20,324
1.02.01.09	Intercompany receivables	645,210	677,640
1.02.01.09.04	Other related parties	645,210	677,640
1.02.01.10	Other noncurrent assets	213,917	190,097
1.02.01.10.03	Marketable securities	26,994	29,699
1.02.01.10.04	Derivative financial instruments	61,052	44,297
1.02.01.10.05	Other assets	124,256	116,101
1.02.02	Investments	2,373,473	1,909,206
1.02.02.01	Investments	2,278,325	1,875,695
1.02.02.01.02	Investments in subsidiaries	2,270,677	1,800,020
1.02.02.01.03	Interests in jointly controlled	7,648	75,675
1.02.02.02	Investment properties	96,763	33,511
1.02.03	Property and equipment	474,840	455,229
1.02.03.01	Operating property and equipment	453,222	443,297
1.02.03.03	Property and equipment under construction	21,618	11,932
1.02.04	Intangible assets	134,382	115,974
1.02.04.01	Intangible assets	134,382	115,974

Individual / Balance Sheets – Liabilities and Equity

(In thousands of Brazilian reais – R\$)

Code	Description	Current Quarter 6/30/2020	Previous year 12/31/2019
2	Total liabilities	13,555,316	12,959,300
2.01	Current Liabilities	2,502,987	2,166,837
2.01.01	Labor and social liabilities	103,758	80,918
2.01.01.01	Social liabilities	29,709	9,349
2.01.01.02	Labor liabilities	74,049	71,569
2.01.02	Suppliers	258,014	215,983
2.01.02.01	Domestic trade accounts payable	258,014	215,983
2.01.03	Tax liabilities	59,530	57,632
2.01.03.01	Federal taxes	55,942	54,055
2.01.03.01.01	Income taxes and social contribution	5,240	6,082
2.01.03.01.02	Other federal taxes	50,702	47,973
2.01.03.02	State taxes	3	19
2.01.03.03	Municipal taxes	3,585	3,558
2.01.04	Loans, financing and debentures	825,275	649,776
2.01.04.01	Loans, financing and debentures	301,782	73,996
2.01.04.02	Debentures	523,493	575,780
2.01.05	Other liabilities	1,256,410	1,162,528
2.01.05.02	Other	1,256,410	1,162,528
2.01.05.02.02	Mandatory minimum dividend payable	163,933	163,933
2.01.05.02.04	Land payables	685,039	576,068
2.01.05.02.05	Advances from customers	115,929	151,771
2.01.05.02.06	Provision for maintenance of real estate	20,249	16,333
2.01.05.02.07	Deferred tax liabilities	34,235	27,303
2.01.05.02.08	Net capital deficiency liability - Investments	159,193	149,270
2.01.05.02.09	Other payables	77,832	77,850
2.02	Noncurrent liabilities	5,587,200	5,950,693
2.02.01	Loans, financing and debentures	2,530,168	2,351,890
2.02.01.01	Loans, financing and debentures	896,175	757,599
2.02.01.01.01	Loans and financing in domestic currency	896,175	757,599
2.02.01.02	Debentures	1,633,993	1,594,291
2.02.02	Other liabilities	2,954,695	3,505,418
2.02.02.02	Other	2,954,695	3,505,418
2.02.02.02.03	Land payables	2,525,809	3,045,090
2.02.02.02.04	Advances from customers	261,813	327,150
2.02.02.02.05	Provision for maintenance of real estate	59,488	56,853
2.02.02.02.06	Other payables	107,585	76,325
2.02.03	Deferred tax liabilities	29,649	21,332
2.02.03.01	Deferred income tax and social contribution	29,649	21,332
2.02.03.01.01	Deferred income tax and social contribution	14,121	10,111
2.02.03.01.02	Deferred taxes on revenue (PIS & COFINS)	15,528	11,221
2.02.04	Accruals	72,688	72,053
2.02.04.01	Provision for civil, labor and tax risks	72,688	72,053
2.02.04.01.01	Tax provisions	303	295
2.02.04.01.02	Labor Provisions	38,533	35,327
2.02.04.01.04	Civil provisions	33,809	36,413
2.02.04.01.05	Environment provisions	43	18

Code	Description	Current Quarter 6/30/2020	Previous year 12/31/2019
2.03	Equity	5,465,129	4,841,770
2.03.01	Paid in capital	4,609,424	4,282,130
2.03.02	Capital reserves	52,900	49,555
2.03.02.04	Recognized options granted	79,209	75,864
2.03.02.07	Expenses on share issuance	(26,309)	(26,309)
2.03.04	Earnings reserve	496,822	510,085
2.03.04.01	Legal reserve	34,512	34,512
2.03.04.05	Retained profit reserve	463,563	480,359
2.03.04.09	Treasury shares	(1,253)	(4,786)
2.03.05	Earnings/losses accumulated	213,518	-
2.03.06	Equity Valuation Adjustments	92,465	-
2.03.06.01	Cash flow hedge reserve	(882)	-
2.03.06.02	Currency translation adjustments	93,347	-

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

Code	Description	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020	4/1/2019 to 6/30/2019	1/1/2019 to 6/30/2019
3.01	Revenue from sales and services	935,839	1,747,138	849,564	1,634,852
3.01.01	Net operating revenue	935,839	1,747,138	849,564	1,634,852
3.02	Cost of sales and services	(660,277)	(1,244,423)	(589,550)	(1,139,297)
3.02.01	Cost of real estate sales and services	(660,277)	(1,244,423)	(589,550)	(1,139,297)
3.03	Gross profit	275,562	502,715	260,014	495,555
3.04	Operating income (expenses)	(154,189)	(274,734)	(80,556)	(125,534)
3.04.01	Selling expenses	(102,655)	(197,036)	(89,657)	(179,035)
3.04.02	General and administrative expenses	(85,786)	(172,564)	(85,653)	(163,351)
3.04.04	Other operating incomes	1,722	3,908	2,687	8,317
3.04.05	Other operating expenses	(26,965)	(52,202)	(26,126)	(48,770)
3.04.06	Results from equity participation	59,495	143,160	118,193	257,305
3.05	Income before financial income and taxes	121,373	227,981	179,458	370,021
3.06	Financial income (expenses), net	6,884	21,637	28,362	42,422
3.06.01	Financial income	21,643	44,343	40,420	64,817
3.06.01.01	Financial income	14,298	24,491	25,905	46,766
3.06.01.02	Financial income from receivables from real estate development	7,345	19,852	14,515	18,051
3.06.02	Financial expenses	(14,759)	(22,706)	(12,058)	(22,395)
3.07	Income before taxes	128,257	249,618	207,820	412,443
3.08	Income tax and social contribution	(19,144)	1,747,138	(17,415)	(33,385)
3.08.01	Current	(15,640)	1,747,138	(15,641)	(29,342)
3.08.02	Deferred	(3,504)	(1,244,423)	(1,774)	(4,043)
3.09	Net income (loss) from continuing operations	109,113	(1,244,423)	190,405	379,058
3.11	Net income (loss) for the period	109,113	502,715	190,405	379,058
3.99	Earnings per share (In Reais - R\$):	-	(274,734)	-	-
3.99.01	Basic	-	(197,036)	-	-
3.99.01.01	ON	0.22640	(172,564)	0.43092	0.85834
3.99.02	Diluted	-	3,908	-	-
3.99.02.01	ON	0.22570	(52,202)	0.42833	0.85400

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR - 6/30/2020 - MRV Engenharia e Participações S.A.

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

Code	Description	4/2020 to 6/30/2020	1/1/2020 to 6/30/2020	4/1/2019 to 6/30/2019	1/1/2019 to 6/30/2019
4.01	Net income	109,113	213,518	190,405	379,058
4.02	Other components of comprehensive income	31,529	92,465	-	-
4.02.01	Currency translation adjustments	19,064	93,347	-	-
4.02.02	Cash flow hedge reserve	12,465	(882)	-	-
4.03	Comprehensive income for the period	140,642	305,983	190,405	379,058

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

Code	Description	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
6.01	Net cash used in operating activities	(814)	(216,275)
6.01.01	Cash provided by operating activities	256,142	246,895
6.01.01.01	Net income for the period	213,518	379,058
6.01.01.02	Depreciation and amortization	34,672	36,130
6.01.01.03	Recognized stock options granted	3,298	2,969
6.01.01.04	Property and equipment write off	139	194
6.01.01.05	Financial result	(7,386)	(5,879)
6.01.01.06	Results from equity participation	(143,160)	(257,305)
6.01.01.07	Results from equity interest variation in joint venture	-	10
6.01.01.08	Provision for maintenance of real estate	23,682	20,804
6.01.01.09	Provision for civil, labor and tax risks	35,970	39,729
6.01.01.10	Allowance for credit risk	43,226	(1,408)
6.01.01.11	Amortization of prepaid expenses	41,989	42,579
6.01.01.13	Results from derivative financial instruments	(5,055)	(18,317)
6.01.01.14	Deferred taxes on income (IRPJ and CSLL)	7,346	4,043
6.01.01.15	Deferred taxes on revenue (PIS and COFINS)	7,903	4,288
6.01.02	Increase (decrease) in assets and liabilities	(256,956)	(463,170)
6.01.02.01	(Increase) decrease in receivables from real estate development	(396,586)	(186,008)
6.01.02.02	(Increase) decrease in real estate for sale	238,502	(113,695)
6.01.02.03	(Increase) decrease in prepaid expenses	(53,281)	(50,233)
6.01.02.04	(Increase) decrease other assets	46,477	(1,665)
6.01.02.05	Increase (decrease) in trade payables	42,031	69,089
6.01.02.06	Increase (decrease) in payroll and related taxes	22,840	(2,394)
6.01.02.07	Increase (decrease) in taxes, fees and contributions	29,952	17,604
6.01.02.08	Increase (decrease) in advances from customers	3,971	(10,921)
6.01.02.09	Increase (decrease) in other payables	6,663	(936)
6.01.02.10	Interest paid	(100,027)	(98,318)
6.01.02.11	IRPJ and CSLL paid	(28,173)	(17,664)
6.01.02.12	Realization of accrual for maintenance of real estate	(27,838)	(28,647)
6.01.02.13	Amounts paid for civil, labor and tax risks	(41,487)	(39,382)
6.02	Net cash provided in investing activities	391,568	(60,913)
6.02.01	Increase in marketable securities	(1,392,632)	(2,103,047)
6.02.02	Decrease in marketable securities	1,687,974	1,922,193
6.02.03	Advances to related parties	(515,029)	(465,574)
6.02.04	Receipts from related parties	548,018	452,942
6.02.05	(Increase) decrease in investments	191,789	239,816
6.02.06	Acquisition of property and equipment and intangible assets	(68,061)	(107,243)
6.02.08	Acquisition of investment properties	(63,252)	-
6.02.09	Receipts for sale of investees	2,761	-
6.03	Net cash provided by (used in) financing activities	362,819	178,604
6.03.01	Proceeds from exercised stock options	956	-
6.03.02	Loans from (to) related parties	(3,974)	(4,167)
6.03.04	Proceeds from loans, financing and debentures	756,925	937,836
6.03.05	Repayment of loans, financing and debentures	(393,075)	(592,095)
6.03.07	Paid dividends	-	(163,948)
6.03.10	Proceeds from exercised stock options	761	2,477
6.03.11	Capital transaction	245	(1,597)
6.03.12	Contracted and redeemed derivative financial instruments	981	98
6.05	Net decrease in cash and cash equivalents	753,573	(98,584)
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	1,157,449	327,984

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR - 6/30/2020 - MRV Engenharia e Participações S.A.

Individual / Statement of Changes in Equity – 1/1/2020 to 6/30/2020
(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	-	(14,024)	-	-	313,270
5.04.01	Capital increase	956	-	-	-	-	956
5.04.08	Business combination effects (MDI incorporation)	326,338	-	(5,609)	-	-	320,729
5.04.09	Capital transaction	-	-	(8,415)	-	-	(8,415)
5.05	Comprehensive income	-	6,878	(2,772)	213,518	92,465	310,089
5.05.01	Net income (loss)	-	-	-	213,518	-	213,518
5.05.02	Others comprehensive income	-	6,878	(2,772)	-	92,465	96,571
5.05.02.06	Treasury shares transfer	-	2,772	(2,772)	-	-	-
5.05.02.07	Treasury shares disposed to beneficiaries of stock option plan	-	761	-	-	-	761
5.05.02.08	Stock Options	-	3,345	-	-	-	3,345
5.05.02.09	Cash flow hedge reserve	-	-	-	-	(882)	(882)
5.05.02.10	Currency translation adjustments	-	-	-	-	93,347	93,347

Individual / Statement of Changes in Equity – 1/1/2019 to 6/30/2019
(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
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	2,979	(529,377)	-	-	(324,038)
5.04.08	Capitalization of reserves	202,360	-	(202,360)	-	-	-
5.04.09	Stock Options	-	2,979	-	-	-	2,979
5.04.10	Capital transaction	-	-	(1,597)	-	-	(1,597)
5.04.11	Treasury shares disposed to beneficiaries of stock option plan	-	-	2,477	-	-	2,477
5.04.12	Extraordinary dividends	-	-	(327,897)	-	-	(327,897)
5.05	Comprehensive income	-	-	-	379,058	-	379,058
5.05.01	Net income (loss)	-	-	-	379,058	-	379,058
5.07	Closing balance	4,282,130	45,166	(20,889)	379,058	-	4,685,465

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

Code	Description	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
7.01	Revenue	1,804,620	1,689,949
7.01.01	Gross operating revenue	1,817,979	1,669,777
7.01.02	Other revenue	1,616	3,547
7.01.03	Revenue related to construction of own assets	28,251	15,217
7.01.04	Allowance for credit risk	(43,226)	1,408
7.02	Inputs purchased from third parties	(1,284,209)	(1,127,893)
7.02.01	Inputs purchased from third parties	(1,284,209)	(1,127,893)
7.03	Gross value added	520,411	562,056
7.04	Retentions	(34,672)	(36,130)
7.04.01	Depreciation, amortization and depletion	(34,672)	(36,130)
7.05	Net value added generated	485,739	525,926
7.06	Value added received in transfer	197,382	324,338
7.06.01	Results from equity participation	143,160	257,305
7.06.02	Financial income	54,222	67,033
7.07	Total value added for distribution	683,121	850,264
7.08	Value added distributed	683,121	850,264
7.08.01	Personnel	185,159	183,371
7.08.01.01	Salaries and wages	132,521	130,126
7.08.01.02	Benefits	40,648	40,641
7.08.01.03	Severance Pay Fund (FGTS)	11,990	12,604
7.08.02	Taxes, charges and contributions	189,064	170,546
7.08.02.01	Federal	120,910	115,134
7.08.02.02	State	376	1,011
7.08.02.03	Municipal	67,778	54,401
7.08.03	Debt remuneration	95,380	117,289
7.08.03.01	Interest	56,763	80,900
7.08.03.02	Rentals	38,617	36,389
7.08.04	Shareholders	213,518	379,058
7.08.04.03	Earnings retained in the period	213,518	379,058

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

Code	Description	Current Quarter 6/30/2020	Previous year 12/31/2019
1	Total assets	17,113,901	14,686,323
1.01	Current assets	8,451,277	7,801,154
1.01.01	Cash and cash equivalents	946,091	557,802
1.01.02	Aplicações Financeiras de Curto Prazo	778,130	117,117
1.01.03	Receivables	1,811,762	1,556,427
1.01.03.01	Trade accounts receivable	1,811,762	1,556,427
1.01.03.01.01	Receivables from real estate development	1,806,244	1,555,145
1.01.03.01.02	Receivables from services provided	5,518	1,282
1.01.04	Inventories	3,720,943	3,959,745
1.01.04.01	Real estate under construction	2,517,350	2,808,239
1.01.04.02	Completed units	144,906	213,534
1.01.04.03	Landbank	986,105	857,950
1.01.04.04	Advances to suppliers	72,242	79,641
1.01.04.05	Material inventories	340	381
1.01.06	Recoverable taxes	93,839	98,544
1.01.07	Prepaid expenses	95,368	81,814
1.01.08	Other current assets	1,005,144	1,429,705
1.01.08.03	Other	1,005,144	1,429,705
1.01.08.03.01	Marketable securities	901,475	1,330,773
1.01.08.03.02	Others	103,669	98,932
1.02	Noncurrent assets	8,662,624	6,885,169
1.02.01	Long-term assets	6,298,586	6,172,048
1.02.01.04	Receivables	1,537,831	1,153,277
1.02.01.04.03	Receivables from real estate development	1,537,831	1,153,277
1.02.01.05	Inventories	4,402,258	4,674,360
1.02.01.05.01	Landbank	4,402,258	4,674,360
1.02.01.08	Prepaid expenses	40,036	30,386
1.02.01.09	Intercompany receivables	41,650	38,518
1.02.01.09.04	Other related parties	41,650	38,518
1.02.01.10	Other noncurrent assets	276,811	275,507
1.02.01.10.03	Marketable securities	43,579	79,421
1.02.01.10.04	Derivative financial instruments	61,565	44,805
1.02.01.10.05	Others	171,667	151,281
1.02.02	Investments	1,672,040	109,186
1.02.02.01	Investments	7,648	75,675
1.02.02.01.04	Interests in jointly controlled	7,648	75,675
1.02.02.02	Investment properties	1,664,392	33,511
1.02.03	Property and equipment	543,841	485,757
1.02.03.01	Operating property and equipment	522,223	467,663
1.02.03.03	Property and equipment under construction	21,618	18,094
1.02.04	Intangible assets	148,157	118,178
1.02.04.01	Intangible assets	148,157	118,178

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR - 6/30/2020 - MRV Engenharia e Participações S.A.

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

Code	Description	Current Quarter 6/30/2020	Previous year 12/31/2019
2	Total liabilities	17,113,901	14,686,323
2.01	Current Liabilities	3,342,845	2,806,114
2.01.01	Labor and social liabilities	181,135	139,919
2.01.01.01	Social liabilities	78,154	19,195
2.01.01.02	Labor liabilities	102,981	120,724
2.01.02	Suppliers	370,815	303,645
2.01.03	Tax liabilities	84,214	76,580
2.01.03.01	Federal taxes	78,602	70,988
2.01.03.01.01	Income taxes and social contribution	7,227	12,018
2.01.03.01.02	Other federal taxes	71,375	58,970
2.01.03.02	State taxes	5	36
2.01.03.03	Municipal taxes	5,607	5,556
2.01.04	Loans, financing and debentures	914,004	671,611
2.01.04.01	Loans, financing and debentures	370,205	95,757
2.01.04.01.01	Loans and financing in domestic currency	370,205	95,757
2.01.04.02	Debentures	543,799	575,854
2.01.05	Other liabilities	1,792,677	1,614,359
2.01.05.02	Other	1,792,677	1,614,359
2.01.05.02.02	Mandatory minimum dividend payable	163,933	163,933
2.01.05.02.04	Payables for investment acquisition	7,205	9,977
2.01.05.02.05	Land payables	903,726	742,216
2.01.05.02.06	Advances from customers	191,105	223,281
2.01.05.02.07	Provision for maintenance of real estate	42,083	32,462
2.01.05.02.08	Deferred tax liabilities	64,495	54,378
2.01.05.02.09	Net capital deficiency liability - Investments	175,113	167,671
2.01.05.02.10	Others	245,017	220,441
2.02	Noncurrent liabilities	7,942,323	6,771,420
2.02.01	Loans, financing and debentures	3,926,195	2,530,547
2.02.01.01	Loans, financing and debentures	2,212,706	876,608
2.02.01.01.01	Loans and financing in domestic currency	2,212,706	876,608
2.02.01.02	Debentures	1,713,489	1,653,939
2.02.02	Other liabilities	3,847,048	4,092,785
2.02.02.02	Other	3,847,048	4,092,785
2.02.02.02.03	Payables for investment acquisition	15,733	17,942
2.02.02.02.04	Land payables	3,171,897	3,393,498
2.02.02.02.05	Advances from customers	407,841	486,655
2.02.02.02.06	Provision for maintenance of real estate	106,442	107,375
2.02.02.02.07	Derivative financial instruments	19,051	-
2.02.02.02.08	Others	126,084	87,315
2.02.03	Deferred tax liabilities	63,208	46,516
2.02.03.01	Deferred income tax and social contribution	63,208	46,516
2.02.03.01.01	Deferred income tax and social contribution	30,212	22,237
2.02.03.01.02	Deferred taxes on revenue (PIS & COFINS)	32,996	24,279
2.02.04	Accruals	105,872	101,572
2.02.04.01	Provision for civil, labor and tax risks	105,872	101,572
2.02.04.01.01	Tax provisions	305	298
2.02.04.01.02	Labor Provisions	46,111	40,969
2.02.04.01.04	Civil provisions	59,403	60,285
2.02.04.01.05	Environment provisions	53	20

Code	Description	Current Quarter 6/30/2020	Previous year 12/31/2019
2.03	Equity	5,828,733	5,108,789
2.03.01	Paid in capital	4,609,424	4,282,130
2.03.02	Capital reserves	52,900	49,555
2.03.02.04	Recognized options granted	79,209	75,864
2.03.02.07	Share issuance costs	(26,309)	(26,309)
2.03.04	Earnings reserve	496,822	510,085
2.03.04.01	Legal reserve	34,512	34,512
2.03.04.05	Retained profit reserve	463,563	480,359
2.03.04.09	Treasury shares	(1,253)	(4,786)
2.03.05	Earnings/losses accumulated	213,518	-
2.03.06	Equity Valuation Adjustments	92,465	-
2.03.06.01	Cash flow hedge reserve	(882)	-
2.03.06.02	Currency translation adjustments	93,347	-
2.03.09	Noncontrolling shareholders	363,604	267,019

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

Code	Description	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020	4/1/2019 to 6/30/2019	1/1/2019 to 6/30/2019
3.01	Revenue from sales and services	1,655,931	3,164,399	1,558,510	3,067,099
3.01.01	Net operating revenue	1,655,931	3,164,399	1,558,510	3,067,099
3.02	Cost of sales and services	(1,189,029)	(2,272,698)	(1,080,688)	(2,107,172)
3.02.01	Cost of real estate sales and services	(1,189,029)	(2,272,698)	(1,080,688)	(2,107,172)
3.03	Gross profit	466,902	891,701	477,822	959,927
3.04	Operating income (expenses)	(311,057)	(602,108)	(284,842)	(561,360)
3.04.01	Selling expenses	(161,126)	(309,832)	(143,399)	(290,531)
3.04.02	General and administrative expenses	(104,461)	(204,343)	(95,282)	(179,849)
3.04.04	Other operating incomes	542	4,307	2,930	6,696
3.04.05	Other operating expenses	(30,800)	(66,430)	(34,841)	(65,168)
3.04.06	Results from equity participation	(15,212)	(25,810)	(14,250)	(32,508)
3.05	Income before financial income and taxes	155,845	289,593	192,980	398,567
3.06	Financial income (expenses), net	9,897	34,286	43,974	67,517
3.06.01	Financial income	33,646	74,109	59,887	96,548
3.06.01.01	Financial income	17,701	31,479	32,463	60,822
3.06.01.02	Financial income from receivables from real estate development	15,945	42,630	27,424	35,726
3.06.02	Financial expenses	(23,749)	(39,823)	(15,913)	(29,031)
3.07	Income before taxes	165,742	323,879	236,954	466,084
3.08	Income tax and social contribution	(34,740)	(67,061)	(32,769)	(65,110)
3.08.01	Current	(29,271)	(54,303)	(32,134)	(60,815)
3.08.02	Deferred	(5,469)	(12,758)	(635)	(4,295)
3.09	Net income (loss) from continuing operations	131,002	256,818	204,185	400,974
3.11	Net income (loss) for the period	131,002	256,818	204,185	400,974
3.11.01	Attributable to shareholders of the company	109,113	213,518	190,405	379,058
3.11.02	Non-controlling interests	21,889	43,300	13,780	21,916
3.99	Earnings per share (In Reais - R\$):	-	-	-	-
3.99.01	Basic	-	-	-	-
3.99.01.01	ON	0.22640	0.44881	0.43092	0.85834
3.99.02	Diluted	-	-	-	-
3.99.02.01	ON	0.22570	0.44662	0.42833	0.85400

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

Code	Description	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020	4/1/2019 to 6/30/2019	1/1/2019 to 6/30/2019
4.01	Net income	131,002	256,818	204,185	400,974
4.02	Other components of comprehensive income	34,585	105,066	-	-
4.02.01	Currency translation adjustments	21,244	107,054	-	-
4.02.02	Cash flow hedge reserve	13,341	(1,988)	-	-
4.03	Comprehensive income for the period	165,587	361,884	204,185	400,974
4.03.01	Company owners	140,642	305,983	190,405	379,058
4.03.02	Noncontrolling interests	24,945	55,901	13,780	21,916

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

Code	Description	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
6.01	Net cash used in operating activities	134,026	30,552
6.01.01	Cash provided by operating activities	626,273	642,368
6.01.01.01	Net income for the period	256,818	400,974
6.01.01.02	Depreciation and amortization	48,130	41,439
6.01.01.03	Recognized stock options granted	3,298	2,969
6.01.01.04	Property and equipment write off	680	590
6.01.01.05	Financial result	5,543	(16,612)
6.01.01.06	Results from equity participation	25,810	32,508
6.01.01.07	Results from equity interest variation in joint venture	-	10
6.01.01.08	Provision for maintenance of real estate	43,595	39,435
6.01.01.09	Provision for civil, labor and tax risks	60,153	65,678
6.01.01.10	Allowance for credit risk	80,416	2,486
6.01.01.11	Amortization of prepaid expenses	80,080	81,800
6.01.01.13	Results from derivative financial instruments	(5,059)	(18,374)
6.01.01.14	Deferred taxes on income (IRPJ and CSLL)	12,758	4,295
6.01.01.15	Deferred taxes on revenue (PIS and COFINS)	14,051	5,170
6.01.02	Increase (decrease) in assets and liabilities	(492,247)	(611,816)
6.01.02.01	(Increase) decrease in receivables from real estate development	(679,456)	(216,215)
6.01.02.02	(Increase) decrease in real estate for sale	377,697	(102,316)
6.01.02.03	(Increase) decrease in prepaid expenses	(98,252)	(82,987)
6.01.02.04	(Increase) decrease other assets	46,948	(6,804)
6.01.02.05	Increase (decrease) in trade payables	58,515	58,992
6.01.02.06	Increase (decrease) in payroll and related taxes	36,550	17,203
6.01.02.07	Increase (decrease) in taxes, fees and contributions	60,429	46,969
6.01.02.08	Increase (decrease) in advances from customers	(16,742)	(13,181)
6.01.02.09	Increase (decrease) in other payables	12,967	(29,895)
6.01.02.10	Interest paid	(121,375)	(116,112)
6.01.02.11	IRPJ and CSLL paid	(52,914)	(48,216)
6.01.02.12	Realization of accrual for maintenance of real estate	(52,018)	(55,335)
6.01.02.13	Amounts paid for civil, labor and tax risks	(64,596)	(63,919)
6.02	Net cash provided in investing activities	120,771	(248,865)
6.02.01	Increase in marketable securities	(2,016,877)	(3,466,005)
6.02.02	Decrease in marketable securities	2,506,100	3,295,756
6.02.03	Advances to related parties	(19,275)	(32,602)
6.02.04	Receipts from related parties	16,970	27,658
6.02.05	(Increase) decrease in investments	49,683	42,064
6.02.06	Payment for acquisition of subsidiary/equity interest	9,635	(2,770)
6.02.07	Acquisition of property and equipment and intangible assets	(97,847)	(112,966)
6.02.10	Receipts for sale of investees	2,761	-
6.02.11	Acquisition of investment properties	(330,379)	-
6.03	Net cash provided by (used in) financing activities	787,790	59,775
6.03.01	Proceeds from exercised stock options	956	-
6.03.02	Proceeds from exercised stock options	761	2,477
6.03.04	Proceeds from loans, financing and debentures	1,532,577	1,318,120
6.03.05	Repayment of loans, financing and debentures	(715,386)	(1,173,124)
6.03.07	Paid dividends	-	(164,009)
6.03.08	Capital transaction	4,001	7,194
6.03.09	Loans from (to) related parties	(22,851)	63,267

Code	Description	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
6.03.10	Net contributions from (distribution to) noncontrolling shareholders	(13,249)	5,752
6.03.12	Contracted and redeemed derivative financial instruments	981	98
6.04	Effects of exchange rates on cash and cash equivalents	6,715	-
6.05	Net decrease in cash and cash equivalents	1,049,302	(158,538)
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	1,724,221	636,314

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR - 6/30/2020 - MRV Engenharia e Participações S.A.

Consolidated / Statement of Changes in Equity – 1/1/2020 to 6/30/2020
(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	-	(14,024)	-	-	313,270	40,684	353,954
5.04.01	Capital increase	956	-	-	-	-	956	-	956
5.04.08	Business combination effects (MDI incorporation)	326,338	-	(5,609)	-	-	320,729	41,517	362,246
5.04.09	Capital transaction	-	-	(8,415)	-	-	(8,415)	12,416	4,001
5.04.10	Net contributions from (distribution to) noncontrolling shareholders	-	-	-	-	-	-	(13,249)	(13,249)
5.05	Comprehensive income	-	6,878	(2,772)	213,518	92,465	310,089	55,901	365,990
5.05.01	Net income (loss)	-	-	-	213,518	-	213,518	43,300	256,818
5.05.02	Others comprehensive income	-	6,878	(2,772)	-	92,465	96,571	12,601	109,172
5.05.02.04	Currency translation adjustments	-	-	-	-	-	-	13,707	13,707
5.05.02.06	Recognition of legal reserve	-	2,772	(2,772)	-	-	-	-	-
5.05.02.07	Treasury shares disposed to beneficiaries of stock option plan	-	761	-	-	-	761	-	761
5.05.02.08	Stock Options	-	3,345	-	-	-	3,345	-	3,345
5.05.02.09	Cash flow hedge reserve	-	-	-	-	(882)	(882)	(1,106)	(1,988)
5.05.02.10	Currency translation adjustments	-	-	-	-	93,347	93,347	-	93,347
5.07	Closing balance	4,609,424	51,647	498,075	213,518	92,465	5,465,129	363,604	5,828,733

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR - 6/30/2020 - MRV Engenharia e Participações S.A.

Consolidated / Statement of Changes in Equity – 1/1/2019 to 6/30/2019
(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	2,979	(529,377)	-	-	(324,038)	14,543	(309,495)
5.04.08	Capitalization of reserves	202,360	-	(202,360)	-	-	-	-	-
5.04.09	Stock Options	-	2,979	-	-	-	2,979	-	2,979
5.04.10	Capital transaction	-	-	(1,597)	-	-	(1,597)	8,791	7,194
5.04.11	Treasury shares disposed to beneficiaries of stock option plan	-	-	2,477	-	-	2,477	-	2,477
5.04.13	Net contributions from noncontrolling shareholders	-	-	-	-	-	-	5,752	5,752
5.04.14	Extraordinary dividends	-	-	(327,897)	-	-	(327,897)	-	(327,897)
5.05	Comprehensive income	-	-	-	379,058	-	379,058	21,916	400,974
5.05.01	Net income (loss)	-	-	-	379,058	-	379,058	21,916	400,974
5.07	Closing balance	4,282,130	45,166	(20,889)	379,058	-	4,685,465	280,600	4,966,065

(Convenience Translation into English from the Original Previously Issued in Portuguese)
Quarterly information - ITR - 6/30/2020 - MRV Engenharia e Participações S.A.

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

Code	Description	1/1/2020 to 6/30/2020	1/1/2019 to 6/30/2019
7.01	Revenue	3,248,067	3,154,635
7.01.01	Gross operating revenue	3,298,047	3,137,370
7.01.02	Other revenue	2,015	4,192
7.01.03	Revenue related to construction of own assets	28,421	15,559
7.01.04	Allowance for credit risk	(80,416)	(2,486)
7.02	Inputs purchased from third parties	(2,156,985)	(1,851,705)
7.02.01	Inputs purchased from third parties	(2,156,985)	(1,851,705)
7.03	Gross value added	1,091,082	1,302,930
7.04	Retentions	(48,130)	(41,439)
7.04.01	Depreciation, amortization and depletion	(48,130)	(41,439)
7.05	Net value added generated	1,042,952	1,261,491
7.06	Value added received in transfer	64,041	66,357
7.06.01	Results from equity participation	(25,810)	(32,508)
7.06.02	Financial income	89,851	98,865
7.07	Total value added for distribution	1,106,993	1,327,848
7.08	Value added distributed	1,106,993	1,327,848
7.08.01	Personnel	420,484	458,385
7.08.01.01	Salaries and wages	334,622	357,085
7.08.01.02	Benefits	64,769	76,081
7.08.01.03	Severance Pay Fund (FGTS)	21,093	25,219
7.08.02	Taxes, charges and contributions	293,231	284,351
7.08.02.01	Federal	202,187	194,496
7.08.02.02	State	520	2,354
7.08.02.03	Municipal	90,524	87,501
7.08.03	Debt remuneration	136,463	184,138
7.08.03.01	Interest	88,494	127,725
7.08.03.02	Rentals	47,969	56,413
7.08.04	Shareholders	256,815	400,974
7.08.04.03	Earnings retained in the period	213,519	379,058
7.08.04.04	Noncontrolling shareholders	43,296	21,916

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., 1^o floor, Belo Horizonte city, Minas Gerais, with CNPJ (taxpayer identification number) 08.343.492/0001-20.

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

2. Presentation of quarterly information and significant accounting policies

2.1. Presentation of interim financial statements

The Company's interim financial statements comprise:

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

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

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

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

2.2. Significant accounting policies

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

Translation of financial statements of foreign operation to presentation currency

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

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

Functional and presentation currency

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

Cash flow hedge

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

Investment property

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

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

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

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

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

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

- Projects under construction: discounted cash flow, considering vacancy rates estimated between 4% and 5%, discount rates between 5.3% and 10.6% and capitalization rate from 4.8% to 6.5%. Inflation or rent adjustments during the period were not considered.
- Completed projects: discounted cash flow, considering vacancy rates estimated between 1.85% and 5%, discount rates of 5.3% and capitalization rate of 4.8% to 5.1%. Inflation or rent adjustments during the period were not considered.

3. New standards issued

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

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

4. Cash and cash equivalents

	Consolidated		Individual	
	6/30/20	12/31/19	6/30/20	12/31/19
Cash	416	420	380	384
Bank accounts	945,675	557,382	449,440	287,802
	946,091	557,802	449,820	288,186
Short-term investments:				
Savings deposits	-	9	-	9
Unrestricted investment funds	1,378	-	401	-
Bank certificates of deposit (CDB)	766,124	117,108	707,228	115,681
Securities with repurchase agreement backed by	10,628	-	-	-
	778,130	117,117	707,629	115,690
Total	1,724,221	674,919	1,157,449	403,876

In the six-month period ended June 30, 2020, short-term investments had yield equivalent to 85.97% of CDI in Consolidated and 86.92% 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	
		30/06/20	31/12/19	30/06/20	31/12/19
Restricted investment funds	(i)	772,857	1,139,288	676,626	855,371
Unrestricted investment funds	(ii)	6	6	6	6
Bank certificates of deposit (CDB)	(iii)	14,765	20,596	14,765	20,596
Savings deposits	(iv)	140,048	250,088	90,835	192,154
U.S. Treasuries		17,162	-	-	-
Real estate consortium		216	216	216	216
Total		945,054	1,410,194	782,448	1,068,343
Current		901,475	1,330,773	755,454	1,038,644
Noncurrent		43,579	79,421	26,994	29,699
		945,054	1,410,194	782,448	1,068,343

- (i) The Group established investment funds, restricted to the Group's companies, managed by first-rate banks, responsible for the custody of the assets and financial settlement of its transactions. The established funds aim at yielding interest equivalent to the Certificate of Interbank Deposit rate (CDI). The funds invest in government and other banks securities and in other unrestricted investment funds, which in turn invest primarily in fixed-income securities. The balance includes blocked amounts essentially resulting from collateral, as detailed in the table below. As at June 30, 2020, the mentioned funds yielded average interest equivalent to 64.78% CDI in Consolidated and 64.81% of CDI in Individual (99.6% of CDI in Consolidated and in Individual in the same period of 2019).
- (ii) Blocked amount in unrestricted investment fund arising from a judicial escrow deposit, as detailed in the table below. Refers to fixed-income security fund substantially yielding CDI variation.
- (iii) Bank certificated of deposits (CDB) held as collateral for loans, financing and debentures, infrastructure works, and others, as detailed in the table below.
- (iv) Savings deposits correspond to amounts contributed on the projects financed by the financial institution for contracting "Crédito Associativo" 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:	6/30/20					
	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	22,857	-	-	5,563	-	-
Infrastructure works	48,456	-	-	45,297	-	-
Other	23,372	6	14,765	23,371	6	14,765
Total	94,685	6	14,765	74,231	6	14,765

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

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

	Consolidated		Individual	
	6/30/20	12/31/19	6/30/20	12/31/19
Unrestricted investment funds	311,092	491,155	272,357	368,756
Private bonds	228,129	254,573	199,724	191,132
Securities with repurchase agreement	74,259	136,267	65,013	102,309
Financial treasury bills (LFTs)	59,138	78,989	51,774	59,304
Bank certificates of deposit (CDBs)	58,983	140,421	51,639	105,427
Debentures	41,256	37,883	36,119	28,443
Total	772,857	1,139,288	676,626	855,371

6. Trade accounts receivable

	Consolidated		Individual	
	6/30/20	12/31/19	6/30/20	12/31/19
Receivables from real estate development				
Receivables from real estate development	3,659,149	2,991,829	1,908,560	1,521,688
Present value discount	(63,965)	(60,116)	(32,325)	(29,671)
Allowance for credit risk	(251,109)	(223,291)	(132,928)	(118,774)
	3,344,075	2,708,422	1,743,307	1,373,243
Current	1,806,244	1,555,145	984,284	814,810
Noncurrent	1,537,831	1,153,277	759,023	558,433
	3,344,075	2,708,422	1,743,307	1,373,243
Receivables from services provided and rents				
Related parties	-	11	23	68
Other receivables	5,518	1,271	1,888	1,349
Total - current	5,518	1,282	1,911	1,417

The rates used to discount to present value for sales performed during the six-month period ended June 30, 2020 ranged from 0.12647% per month to 0.27011% per month (0.1763% per month to 0.41647% as at December 31, 2019).

The agreements entered and to be entered with Caixa Econômica Federal and Banco do Brasil in “Crédito Associativo” modality correspond to approximately 59.5% of the balance of receivables from real estate development and unearned sales revenue, as at June 30, 2020 (56% at December 31, 2019). Of this same total, the agreements already entered with the financial institutions above mentioned, correspond to 31.2% and 0.02% respectively (33% and 0.1% as at December 31, 2019 respectively).

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

	Consolidated		Individual	
	1 st half of		1 st half of	
	2020	2019	2020	2019
Opening balance	(223,291)	(234,353)	(118,774)	(133,050)
Additions	(131,300)	(76,177)	(73,625)	(42,147)
Reversals	50,884	73,691	30,401	43,555
Write-offs	52,598	29,389	29,070	18,525
Closing balance	(251,109)	(207,450)	(132,928)	(113,117)
Current	(167,852)	(155,099)	(89,272)	(84,835)
Noncurrent	(83,257)	(52,351)	(43,656)	(28,282)
	(251,109)	(207,450)	(132,928)	(113,117)

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	
	6/30/20	12/31/19	6/30/20	12/31/19
Unearned gross sales revenue (*)	2,077,354	1,629,206	1,258,169	1,080,787
Costs to be Incurred (*)	(1,252,779)	(975,811)	(759,375)	(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	
	6/30/20	12/31/19	6/30/20	12/31/19
<u>Expectation of receipt</u>				
12 months	2,790,016	2,397,065	1,615,766	1,403,905
13 to 24 months	1,829,804	1,346,544	998,935	766,001
25 to 36 months	394,261	306,047	196,709	152,228
37 to 48 months	238,697	158,404	120,554	78,411
After 48 months	168,651	129,568	69,512	53,485
	5,421,429	4,337,628	3,001,476	2,454,030
Unearned sales revenue	2,077,354	1,629,206	1,258,169	1,080,787
Receivables from real estate development	3,344,075	2,708,422	1,743,307	1,373,243
	5,421,429	4,337,628	3,001,476	2,454,030

As at June 30, 2020, the Group has trade accounts receivable pledged as collateral of construction financing totaling R\$1.623,396 (R\$1,357,042 at December 31, 2019).

7. Inventories (real estate for sale)

	Consolidated		Individual	
	6/30/20	12/31/19	6/30/20	12/31/19
Real estate under construction	2,517,350	2,808,239	1,442,233	1,619,227
Completed units	144,906	213,534	83,421	96,352
Landbank	5,388,363	5,532,310	4,233,936	4,776,421
Advances to suppliers	72,242	79,641	36,184	52,405
Materials stock	340	381	146	202
Total	8,123,201	8,634,105	5,795,920	6,544,607
Current	3,720,943	3,959,745	2,300,598	2,488,014
Noncurrent	4,402,258	4,674,360	3,495,322	4,056,593
	8,123,201	8,634,105	5,795,920	6,544,607

As of June 30, 2020, of the total consolidated balance of real estate under construction and completed units, R\$2,064,233 refers to projects launched and R\$598,024 refers to projects started but not yet launched (R\$2,459,481 and R\$562,292 at December 31, 2019, respectively).

As at June 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\$525,611 and R\$354,951 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 June 30, 2020, the Group has real estate under construction recognized in assets, used as collateral of loans and financing agreements, totaling R\$123,832 and R\$68,588 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:

	6/30/20			12/31/19		
	Equity interest	Equity	Investments	Equity interest	Equity	Investments
Joint ventures and associates:						
MRL Engenharia e Empreendimentos S.A.	51.03%	19,567	9,985	36.93%	14,410	5,322
Prime Incorporações e Construções S.A.	59.51%	(33,266)	(19,797)	59.51%	(62,398)	(37,133)
MRV MD PE Mar De Espanha SPE Ltda.	50.00%	(8,947)	(4,474)	50.00%	25,930	12,965
MRV Patrimar Galeria Ltda.	50.00%	8,633	4,475	50.00%	21,805	10,903
Pq Castelo De Gibraltar SPE LTDA.	65.00%	16,889	10,978	65.00%	7,872	5,117
Urba 4 Loteamentos SPE LTDA.	57.50%	24,910	14,322	0.00%	-	-
SCPs (35)		9,772	5,297		16,491	9,501
SPEs (38)		31,337	57,932		740,731	75,445
Goodwill on the acquisition of control in the MRL group [1]		-	3,237		-	3,237
Capitalized interest		-	5,466		-	6,062
Total Joint ventures and associates		68,895	87,421		764,841	91,419
Elimination of indirect participations		-	(254,886)		-	(183,415)
Total Joint ventures and associates		68,895	(167,465)		764,841	(91,996)
Investments - Consolidated			7,648			75,675
Net capital deficiency liability - Investments - Consolidated			(175,113)			(167,671)
Total Joint ventures and associates			(167,465)			(91,996)
Subsidiaries:						
MRV (US) Holdings Corporation [2]	100.00%	457,039	396,491	0.00%	-	-
MRV Construções Ltda.	95.00%	31,489	29,914	95.00%	31,206	29,645
Urba Desenvolvimento Urbano S.A. [3]	52.07%	100,511	50,673	52.07%	95,610	48,120
SCP MRV MRL Rj Pedregoso	50.00%	4,201	2,101	50.00%	13,146	6,573
SCP MRV MRL Rio Decaminada 1	50.00%	29,042	14,521	50.00%	19,066	9,533
SCP MRV MRL Galpão Ccp 1	50.00%	28,083	14,041	50.00%	7,982	3,991
SCP MRL MRV Adão 02	50.00%	8,611	4,305	50.00%	13,654	6,827
SCP MRV MRL Adão 3	50.00%	14,858	7,430	50.00%	14,557	7,278
SCP Area Varzea	80.00%	3,681	2,946	80.00%	1,517	1,214
SCP Porto Marabella	99.99%	22,061	22,059	100.00%	17,338	17,338
SCP Porto Trindade	99.99%	120	120	100.00%	491	491
SCP Bela Alvorada	70.00%	14,576	10,203	70.00%	10,943	7,660
SCPs (230)		546,297	335,494		398,018	263,186
MRV MDI Nasbe Incorp. SPE Ltda.	100.00%	123,187	123,187	100.00%	185,917	185,917
Campo Di Roma Incorporacoes SPE LTDA.	99.00%	4,953	4,903	99.00%	609	603
MD MRV Polidoro SPE LTDA.	50.00%	13,779	6,890	90.00%	10,629	9,566
MRV MD Lagoa Do Nautico SPE Ltda.	100.00%	4,422	4,422	100.00%	11,776	11,776
MRV MD Pe Lyra Const. SPE Ltda.	100.00%	3,229	3,229	100.00%	7,166	7,166
MRV MD Pe Timbi Const SPE Ltda.	100.00%	5,074	5,074	100.00%	4,285	4,285
MRV MD Vila Das Quaresmeiras SPE Ltda.	100.00%	7,234	7,234	100.00%	9,474	9,474
MRV MDI ES Vila Esmeralda Incorp. SPE Ltda.	75.00%	6,218	4,664	75.00%	7,666	5,750
MRV MDI Maraponga IV SPE Ltda.	100.00%	12,123	12,123	100.00%	14,854	14,854
MRV MRL Baía Da Babitonga SPE LTDA.	99.00%	42,086	41,668	99.00%	28,663	28,373
MRV MRL Rj Sg4 SPE LTDA.	50.00%	20,632	10,316	50.00%	12,332	6,166
MRV MD Vila Das Videiras Inc SPE LTDA.	100.00%	4,620	4,620	100.00%	8,280	8,280
MRV MRL Rj Sg3 SPE LTDA.	40.00%	2,621	1,048	40.00%	5,689	2,276
MRV MRL LXXI Inc. SPE Ltda.	50.00%	30,154	15,077	50.00%	30,221	15,110
MRV MRL RJ5 SPE Ltda.	65.00%	26,081	16,953	65.00%	19,448	12,641
MRV MRL XXI Inc SPE LTDA.	99.00%	14,109	13,968	99.00%	10,841	10,733
MRV PRIME II SPE Ltda.	99.00%	18,156	17,974	99.00%	20,203	20,001
MRV PRIME Lxx SPE Ltda.	99.00%	4,046	4,006	99.00%	4,526	4,481
MRV PRIME Lxxi Inc SPE Ltda.	99.00%	1,313	1,300	99.00%	2,651	2,624
MRV PRIME Lxxxii Ltda SPE LTDA.	99.00%	5,547	5,492	99.00%	4,512	4,467
MRV PRIME Lxxxviii Inc. SPE LTDA.	99.00%	11,104	10,993	99.00%	3,079	3,048
MRV PRIME Projeto MT D Incorp. SPE LTDA.	50.00%	13,226	6,613	50.00%	10,845	5,423
MRV PRIME Lxxxiv SPE LTDA.	99.00%	5,622	5,566	99.00%	1,079	1,068
MRV PRIME Projeto MT M Incorp. SPE LTDA.	40.00%	16,455	6,582	40.00%	11,687	4,675
MRV PRIME Projeto MT N Inc. SPE Ltda.	40.00%	27,895	11,158	40.00%	32,019	12,808
MRV PRIME Projeto Palmas A SPE Ltda.	40.00%	26,957	10,783	40.00%	26,863	10,745
MRV PRIME XXVIII Inc SPE Ltda.	97.00%	8,916	8,649	97.00%	14,264	13,836
Parque Aspen SPE Ltda.	99.00%	21,891	21,672	99.00%	31,416	31,102
Parque dos Cantos SPE Ltda.	99.00%	11,128	11,017	99.00%	14,831	14,683
Parque Jardim das Tulipas SPE Ltda.	99.00%	1,973	1,953	99.00%	2,630	2,604
Parque Lagoa Do Ouro SPE Ltda.	99.00%	8,359	8,275	99.00%	7,984	7,904
Parque Piazza Verona SPE Ltda.	99.00%	11,364	11,250	99.00%	16,162	16,000
Parque Piazza Bellini SPE LTDA.	99.00%	80	79	99.00%	1,765	1,747
Parque Amabile SPE LTDA.	99.00%	5,771	5,713	99.00%	8,850	8,761
Parque Costa Azul SPE LTDA.	99.00%	3,761	3,723	99.00%	5,193	5,141
Parque Salém SPE Ltda.	99.00%	11,652	11,535	99.00%	11,759	11,641
Parque Serra Bonita Inc. SPE Ltda.	99.00%	24,050	23,809	99.00%	23,146	22,915
Piazza Fontanella Inc. SPE Ltda.	99.00%	9,500	9,405	99.00%	9,216	9,124
Projeto Goiás I SPE LTDA.	65.00%	9,356	6,081	65.00%	12,116	7,875
Projeto Goiás II SPE LTDA.	55.00%	22,264	12,245	55.00%	25,278	13,903
Rec Pátio Maceió S.A. SPE LTda.	100.00%	12,983	13,261	99.00%	13,126	13,603
Parque Vila De Camburi SPE LTDA.	100.00%	1,221	1,221	100.00%	1,498	1,498
Reserva Real Inc SPE Ltda.	99.00%	36,339	35,976	99.00%	55,396	54,842
Porto Dos Vinhedos SPE LTDA.	99.00%	6,444	6,380	99.00%	1,654	1,637
SPEs (436)		628,731	437,763		611,985	430,926
Capitalized interest		-	155,563		-	161,098
Total subsidiaries		2,547,195	2,031,711		1,977,111	1,635,006
Total of subsidiaries, joint ventures and associates		2,616,090	2,119,132		2,741,952	1,726,425
Investments - Individual			2,278,325			1,875,695
Net capital deficiency liability - Investments - Individual			(159,193)			(149,270)
Total Joint ventures and associates			2,119,132			1,726,425

	6/30/20	12/31/19	Net income				Results from equity interest in investees			
	Equity interest	Equity interest	2 nd quarter of		1 st half of		2 nd quarter of		1 st half of	
			2020	2019	2020	2019	2020	2019	2020	2019
Joint ventures and associates:										
MRL Engenharia e Empreendimentos S.A.	51.03%	36.93%	5,238	3,909	5,087	1,002	2,673	1,450	2,617	371
Prime Incorporações e Construções S.A.	59.51%	59.51%	15,507	5,347	29,114	11,914	9,228	3,207	17,326	7,147
MRV MD PE Mar De Espanha SPE Ltda.	50.00%	50.00%	(5,266)	(2,286)	(6,206)	(804)	(2,633)	(1,143)	(3,295)	(402)
MRV Patrimar Galeria Ltda.	50.00%	50.00%	(339)	-	3,548	1,500	(170)	-	1,491	(111)
Pq Castelo De Gibraltar SPE LTDA.	65.00%	65.00%	4,661	166	9,006	88	3,030	108	5,854	57
Urba 4 Loteamentos SPE LTDA.	57.50%	0.00%	10,910	-	10,732	-	6,273	-	6,171	-
SCPs (35)			(4,770)	(5,685)	(12,423)	(7,941)	(3,041)	(3,846)	(7,677)	(4,960)
SPes (38)			(7,498)	(752)	(9,382)	(9,417)	(9,339)	(1,050)	(10,074)	(8,822)
Goodwill on the acquisition of control in the MRL group [1]			-	-	-	-	-	-	-	-
Capitalized interest			-	-	-	-	(374)	(490)	(596)	(666)
Total Joint ventures and associates			18,443	699	29,476	(3,658)	5,647	(1,764)	11,817	(7,389)
Elimination of indirect participations			-	-	-	-	(20,859)	(12,486)	(37,627)	(25,119)
Total Joint ventures and associates			18,443	699	29,476	(3,658)	(15,212)	(14,250)	(25,810)	(32,508)
Investments - Consolidated										
Net capital deficiency liability - Investments - Consolidated										
Total Joint ventures and associates										
Subsidiaries:										
MRV (US) Holdings Corporation [2]	100.00%	0.00%	(16,298)	-	(28,108)	-	(15,320)	-	(25,878)	-
MRV Construções Ltda.	95.00%	95.00%	292	73	284	26	278	70	270	25
Urba Desenvolvimento Urbano S.A. [3]	52.07%	52.07%	6,424	2,712	9,224	(2,651)	3,345	1,413	2,553	(2,290)
SCP MRV MRL Rj Pedregoso	50.00%	50.00%	(2,313)	3,552	(3,798)	6,116	(1,157)	1,776	(1,899)	3,058
SCP MRV MRL Rio Decaminada 1	50.00%	50.00%	4,398	346	7,264	664	2,199	173	3,632	380
SCP MRV MRL Galpão Ccp 1	50.00%	50.00%	6,455	(10)	9,430	(24)	3,228	(5)	4,715	(12)
SCP MRL MRV Adão 02	50.00%	50.00%	(220)	4,426	(740)	7,746	(110)	2,571	(370)	4,729
SCP MRV MRL Adão 3	50.00%	50.00%	7,384	481	13,118	670	3,692	189	6,559	312
SCP Area Varzea	80.00%	80.00%	2,919	36	3,899	36	2,335	29	3,119	29
SCP Porto Marabella	99.99%	100.00%	3,828	1,029	5,636	1,715	3,828	1,019	5,635	1,698
SCP Porto Trindade	99.99%	100.00%	(285)	791	(532)	3,572	(285)	783	(532)	3,536
SCP Bela Alvorada	70.00%	70.00%	3,811	(208)	5,451	(166)	2,668	(145)	3,816	(116)
SCPs (230)			13,959	1,188	25,243	7,981	4,704	(379)	10,604	2,042
MRV MDI Nasbe Incorp. SPE Ltda.	100.00%	100.00%	12,349	24,888	34,421	67,860	12,349	24,883	34,421	67,854
Campo Di Roma Incorporacoes SPE LTDA.	99.00%	99.00%	(7,324)	-	4,344	(1)	(7,251)	-	4,301	(1)
MD MRV Polidoro SPE LTDA.	50.00%	0.00%	1,960	-	7,362	-	1,175	-	3,876	-
MRV MD Lagoa Do Nautico SPE Ltda.	100.00%	100.00%	(807)	2,705	(2,205)	4,234	(807)	2,678	(2,205)	4,192
MRV MD Pe Lyra Const. SPE Ltda.	100.00%	100.00%	(646)	4,184	(1,712)	7,268	(646)	4,142	(1,712)	7,195
MRV MD Pe Timbi Const SPE Ltda.	100.00%	100.00%	603	2,489	790	7,210	603	2,464	790	7,138
MRV MD Vila Das Quaresmeiras SPE Ltda.	100.00%	100.00%	(237)	3,113	(839)	6,501	(237)	3,082	(839)	6,436
MRV MDI ES Vila Esmeralda Incorp. SPE Ltda.	75.00%	75.00%	(78)	2,375	339	4,612	(59)	1,781	254	3,459
MRV MDI Maraponga IV SPE Ltda.	100.00%	100.00%	(422)	8,796	(1,398)	17,470	(422)	8,751	(1,398)	17,382
MRV MRL Baia Da Babitonga SPE LTDA.	99.00%	99.00%	7,981	1,567	19,559	1,471	7,901	1,552	19,363	1,456
MRV MRL Rj Sg4 SPE LTDA.	50.00%	50.00%	4,404	319	8,189	482	2,202	207	4,095	313
MRV MD Vila Das Videiras Inc SPE LTDA.	100.00%	100.00%	(102)	2,534	117	3,075	(102)	2,508	117	3,044
MRV MRL Rj Sg3 SPE LTDA.	40.00%	40.00%	(705)	4,640	(2,195)	7,684	(282)	1,856	(878)	3,074
MRV MRL LXXI Inc. SPE Ltda.	50.00%	50.00%	1,827	4,627	3,801	7,988	914	2,313	1,901	4,498
MRV MRL RJ5 SPE Ltda.	65.00%	65.00%	4,061	1,433	6,628	2,214	2,640	784	4,308	1,292
MRV MRL XXI Inc SPE LTDA.	99.00%	99.00%	2,013	425	3,269	1,205	1,993	420	3,236	1,193
MRV PRIME II SPE Ltda.	99.00%	99.00%	735	6,248	1,558	11,631	728	6,186	1,542	11,515
MRV PRIME Lxx SPE Ltda.	99.00%	99.00%	(89)	(559)	107	4,399	(88)	(553)	106	4,355
MRV PRIME Lxxi Inc SPE Ltda.	99.00%	99.00%	(125)	1,394	(680)	5,698	(124)	1,380	(673)	5,641
MRV PRIME Lxxxii Ltda SPE LTDA.	99.00%	99.00%	2,846	1,374	5,338	1,511	2,818	1,360	5,285	1,496
MRV PRIME Lxxxviii Inc. SPE LTDA.	99.00%	99.00%	4,616	(1)	8,026	(1)	4,570	(1)	7,946	(1)
MRV PRIME Projeto MT D Incorp. SPE LTDA.	50.00%	50.00%	3,794	1,205	7,670	1,670	1,897	674	3,835	953
MRV PRIME Lxxxiv SPE LTDA.	99.00%	99.00%	3,683	145	4,543	145	3,646	144	4,498	144
MRV PRIME Projeto MT M Incorp. SPE LTDA.	40.00%	40.00%	5,673	1,453	9,956	2,063	2,269	581	3,982	825
MRV PRIME Projeto MT N Inc. SPE Ltda.	40.00%	40.00%	7,100	4,378	12,913	6,439	2,840	1,752	5,165	2,576
MRV PRIME Projeto Palmas A SPE Ltda.	40.00%	40.00%	2,253	5,529	4,872	10,249	901	2,212	1,949	4,100
MRV PRIME XXXVIII Inc SPE Ltda.	97.00%	97.00%	(29)	(3,069)	(617)	(4,698)	(28)	(2,977)	(598)	(4,557)
Parque Aspen SPE Ltda.	99.00%	99.00%	(1,075)	5,827	884	10,829	(1,064)	5,769	875	10,721
Parque dos Cantos SPE Ltda.	99.00%	99.00%	866	2,108	1,122	4,088	857	2,087	1,111	4,047
Parque Jardim das Tulipas SPE Ltda.	99.00%	99.00%	(298)	1,680	(657)	5,864	(295)	1,663	(650)	5,805
Parque Lagoa Do Ouro SPE LTDA.	99.00%	99.00%	(380)	2,251	375	4,239	(376)	2,229	371	4,197
Parque Piazza Verona SPE Ltda.	99.00%	99.00%	650	4,022	872	7,685	644	3,982	863	7,608
Parque Piazza Bellini SPE LTDA.	99.00%	99.00%	(847)	1,857	(763)	3,168	(839)	1,838	(755)	3,136
Parque Amabile SPE LTDA.	99.00%	99.00%	58	2,035	541	3,178	57	2,014	536	3,146
Parque Costa Azul SPE LTDA.	99.00%	99.00%	(280)	961	(1,432)	4,299	(277)	951	(1,418)	4,256
Parque Salém SPE Ltda.	99.00%	99.00%	(59)	2,131	(107)	4,646	(58)	2,110	(106)	4,600
Parque Serra Bonita Inc. SPE Ltda.	99.00%	99.00%	3,168	3,754	5,833	7,994	3,136	3,716	5,775	7,914
Piazza Fontanella Inc. SPE Ltda.	99.00%	99.00%	171	2,441	1,063	5,525	169	2,417	1,052	5,470
Projeto Goiás I SPE LTDA.	65.00%	65.00%	74	3,803	1,097	5,494	48	2,472	713	3,571
Projeto Goiás II SPE LTDA.	55.00%	55.00%	145	3,745	2,861	7,095	80	2,059	1,574	3,902
Rec Pátio Maceió S.A. SPE Ltda.	100.00%	99.00%	2,389	5,380	5,831	10,249	2,235	5,030	5,455	9,680
Parque Vila De Camburi SPE LTDA.	100.00%	100.00%	133	2,660	553	4,141	133	2,634	553	4,100
Reserva Real Inc SPE Ltda.	99.00%	99.00%	(858)	11,475	602	22,789	(849)	11,360	596	22,561
Porto Dos Vinhedos SPE LTDA.	99.00%	99.00%	3,182	52	4,790	(108)	3,149	51	4,742	(107)
SPes (436)			7,558	3,970	22,779	16,638	10,464	2,063	19,643	11,164
Capitalized interest			-	-	-	-	(12,171)	(10,161)	(24,478)	(20,040)
Total subsidiaries			100,285	156,760	226,771	331,877	53,848	119,957	131,343	264,694
Total of subsidiaries, joint ventures and associates			118,728	157,459	256,247	328,219	59,495	118,193	143,160	257,305

[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 June 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\$1,664 raised from sales of lots were eliminated (R\$1,348 at December 31, 2018).

Some subsidiaries have restrictions on transferring cash to the Company, based on their option for the equity segregation called "Patrimônio de afetação" (Earmarked assets) that establishes the permanence of amounts in cash accounts that ensure the continuity and delivery of uncompleted units to future customers. At June 30, 2020 the restricted amounts for distribution amounted to R\$12,583 (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 2 nd quarter	Results from equity interest in investees of 1 st quarter	Others	Closing balance
Six-month period ended June 30, 2020:						
Joint ventures and associates:						
MRL Engenharia e Empreendimentos S.A.	5,322	2,032	2,673	(56)	14	9,985
Prime Incorporações e Construções S.A.	(37,133)	-	9,228	8,098	10	(19,797)
MRV MD PE Mar De Espanha SPE Ltda.	12,965	(14,144)	(2,633)	(662)	-	(4,474)
MRV Patrimar Galeria Ltda.	10,903	(7,919)	(169)	1,660	-	4,475
SCPs (35)	9,501	3,472	(3,041)	(4,635)	-	5,297
SPEs (40)	80,562	720	(37)	1,987	-	83,232
Goodwill on the acquisition of control in the MRL group	3,237	-	-	-	-	3,237
Capitalized interest	6,062	-	(374)	(222)	-	5,466
Total Joint ventures and associates	91,419	(15,839)	5,647	6,170	24	87,421
Elimination of indirect participations	(183,415)	(33,844)	(20,859)	(16,768)	-	(254,886)
Total Joint ventures and associates	(91,996)	(49,683)	(15,212)	(10,598)	24	(167,465)
Total Joint ventures and associated companies - Consolidated	75,675	(30,376)	(22,964)	(14,711)	24	7,648
Net capital deficiency liability - Investments - Consolidated	(167,671)	(19,307)	7,752	4,113	-	(175,113)
Total Joint ventures and associates	(91,996)	(49,683)	(15,212)	(10,598)	24	(167,465)
Subsidiaries:						
MRV (US) Holdings Corporation [1]	-	-	(15,320)	(10,558)	422,369	396,491
MRV Construções Ltda.	29,645	(1)	278	(8)	-	29,914
Urba Desenvolvimento Urbano S.A.	48,120	-	3,345	(792)	-	50,673
MRV MDI Nasbe Incorp. SPE Ltda.	185,917	(97,151)	12,349	22,072	-	123,187
SCPs (239)	324,091	53,847	21,101	14,178	-	413,217
SPEs (477)	886,135	(132,645)	44,266	64,910	-	862,666
Capitalized interest	161,098	-	(12,171)	(12,307)	18,943	155,563
Total of subsidiaries	1,635,006	(175,950)	53,848	77,495	441,312	2,031,711
Total of subsidiaries, joint ventures and associates	1,726,425	(191,789)	59,495	83,665	441,336	2,119,132
Total of subsidiaries, joint ventures and associated companies - Individual	1,875,695	(193,729)	61,662	91,329	443,368	2,278,325
Net capital deficiency liability - Investments - Individual	(149,270)	(92)	(2,167)	(7,664)	-	(159,193)
Total of subsidiaries, joint ventures and associates	1,726,425	(193,821)	59,495	83,665	443,368	2,119,132
Six-month period ended June 30, 2019:						
Total joint ventures - Consolidated	46,468	76,787	(13,435)	(20,275)	-	89,545
Net capital deficiency liability - Investments - Consolidated	(79,927)	(118,851)	(815)	2,017	-	(197,576)
Total Joint ventures and associates	(33,459)	(42,064)	(14,250)	(18,258)	-	(108,031)
Total Joint ventures and associated companies - Individual	1,966,483	(229,699)	119,185	146,712	25,882	2,028,563
Net capital deficiency liability - Investments - Individual	(133,434)	(10,117)	(992)	(7,600)	-	(152,143)
Total of subsidiaries, joint ventures and associates	1,833,049	(239,816)	118,193	139,112	25,882	1,876,420

[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:

	6/30/20						12/31/19					
	MRL	Prime	Mar de Espanha	Acqua Patrimar Galeria	Other SPEs (40)	Other SCPs (36)	MRL	Prime	Mar de Espanha	Acqua Patrimar Galeria	Other SPEs (40)	Other SCPs (36)
Current assets	64,482	74,835	75,646	12,739	115,334	11,965	25,695	46,756	97,377	26,589	80,635	17,080
Noncurrent assets	329,101	293,412	335	25,277	66,080	4,669	289,272	277,526	28,590	22,791	770,820	4,653
	393,583	368,247	75,981	38,016	181,414	16,634	314,967	324,282	125,967	49,380	851,455	21,733
Current liabilities	139,251	53,273	84,905	1,493	65,825	(36)	200,587	34,833	61,149	2,304	61,091	595
Noncurrent liabilities	234,765	348,240	23	27,890	42,453	6,898	99,970	351,847	38,910	25,271	41,739	4,647
Equity	19,567	(33,266)	(8,947)	8,633	73,136	9,772	14,410	(62,398)	25,908	21,805	748,625	16,491
	393,583	368,247	75,981	38,016	181,414	16,634	314,967	324,282	125,967	49,380	851,455	21,733

	2020						2019					
	MRL	Prime	Mar de Espanha	Acqua Patrimar Galeria	Other SPEs (40)	Other SCPs (36)	MRL	Prime	Mar de Espanha	Acqua Patrimar Galeria	Other SPEs (39)	Other SCPs (36)
Operating income	25	54	6,075	11,780	49,682	161	24	22	16,816	1,500	26,045	(236)
Cost of real estate sales and services	(1,924)	(1,543)	(5,821)	(6,541)	(31,981)	(5,580)	(676)	(731)	(8,785)	-	(27,979)	(4,295)
Operating income (expenses)	(7,865)	(7,693)	(1,340)	(1,609)	(7,378)	(7,185)	(3,994)	(6,236)	(3,489)	-	(8,576)	(3,603)
Results from equity interest in investees	20,241	45,765	-	-	-	-	12,908	30,131	-	-	-	-
Financial income (expenses)	(5,390)	(7,469)	(5,251)	43	1,410	223	(7,260)	(11,272)	(5,099)	-	1,978	226
Income tax and social contribution	-	-	131	(125)	(1,377)	(42)	-	-	(247)	-	(797)	(33)
Net income for the year	5,087	29,114	(6,206)	3,548	10,356	(12,423)	1,002	11,914	(804)	1,500	(9,329)	(7,941)
Total participation %	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 June 30, 2020 and December 31, 2019, are as follows:

	Consolidated			
	6/30/20		12/31/19	
Projects under Law 10931/04 (Earmarked Assets)	6,778,116	39.61%	6,397,658	43.56%
Silent partnerships (SCPs)	489,363	2.86%	176,388	1.20%
Special Purpose Entities (SPEs)	682,675	3.99%	629,342	4.29%
Other entities	772,217	4.51%	682,267	4.65%
Projects with segregation	8,722,371	50.97%	7,885,655	53.70%
Balances without segregation	8,391,530	49.03%	6,800,668	46.30%
Total Consolidated	17,113,901	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 6/30/20	Fair value with level measurement	Fair value	Net 12/31/19
Buildings	2.56%	803,746	(53,942)	749,804	3	1,059,529	-
Real estate under construction		459,395	-	459,395	3	536,813	-
Landbank		352,994	-	352,994	3	459,395	-
Subtotal AHS Residential [1]		1,616,135	(53,942)	1,562,193		2,055,737	-
Landbank [2]		5,436	-	5,436		-	-
Subtotal Subsidiaries		1,621,571	(53,942)	1,567,629		2,055,737	-
Real estate under construction		38,242	-	38,242	3	63,318	6,287
Landbank [2]		58,521	-	58,521	-	58,521	27,224
Subtotal Individual		96,763	-	96,763		121,839	33,511
Buildings	2.56%	803,746	(53,942)	749,804		1,059,529	-
Real estate under construction		497,637	-	497,637		600,131	6,287
Landbank		416,951	-	416,951		517,916	27,224
Total Consolidated		1,718,334	(53,942)	1,664,392		2,177,576	33,511

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

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

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

	Consolidated		Individual	
	1 st half of		1 st half of	
	2020	2019	2020	2019
Opening balance	33,511	-	33,511	-
Acquisition effects (Note 30)	998,350	-	-	-
Additions	330,381	-	63,252	-
Transfer	5,294	-	-	-
Capitalized interest	4,525	-	-	-
Depreciation	(9,646)	-	-	-
Currency translation adjustments	301,977	-	-	-
Closing balance	1,664,392	-	96,763	-

10. Property and equipment

Changes in property and equipment for the six-month period ended June 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
Six-month period ended June 30, 2020:									
Cost:									
Right-of-use		89,707	-	1,881	5,439	-	-	547	97,574
Buildings, facilities and leasehold improvements		48,153	-	466	3,811	(316)	2,657	284	55,055
Aircraft and vehicles in use		23,654	-	941	122	(150)	-	266	24,833
Machinery and equipment		390,939	-	11,231	47,536	(197)	-	4,651	454,160
Furniture and fixtures		2,943	-	5,128	407	-	(5,294)	1,080	4,264
IT equipment and installations		7,340	-	1,182	679	-	-	361	9,562
Sales booths, stores and model apartments		78,072	-	-	1,458	(443)	5,409	-	84,496
Works in progress		18,094	-	-	11,609	(19)	(8,066)	-	21,618
Total cost		658,902	-	20,829	71,061	(1,125)	(5,294)	7,189	751,562
Accumulated depreciation:									
Right-of-use	Sundry	10,999	-	152	5,941	-	-	77	17,169
Buildings, facilities and leasehold improvements	15.09%	19,963	-	266	2,944	(135)	-	82	23,120
Aircraft and vehicles in use	10.02%	3,961	-	616	850	(22)	-	174	5,579
Machinery and equipment	10.00%	75,939	-	1,829	14,252	(76)	-	646	92,590
Furniture and fixtures	10.00%	2,533	-	1,142	38	-	(870)	259	3,102
IT equipment and installations	19.99%	6,501	-	481	435	-	-	152	7,569
Sales booths, stores and model apartments	25.19%	53,249	-	-	5,555	(212)	-	-	58,592
Total accumulated depreciation		173,145	-	4,486	30,015	(445)	(870)	1,390	207,721
Total property and equipment, net		485,757	-	16,343	41,046	(680)	(4,424)	5,799	543,841
Six-month period ended June 30, 2019:									
Total property and equipment, net		300,854	70,971	-	70,811	(590)	-	-	442,046

Individual	Average annual depreciation rates	Opening balance	CPC 06 (R2) / IFRS 16 adoption	Addition	Write-off	Transfer	Closing balance
Six-month period ended June 30, 2020:							
Cost:							
Right-of-use		87,528	-	4,865	-	-	92,393
Buildings, facilities and leasehold improvements		37,481	-	1,060	-	2,657	41,198
Aircraft and vehicles in use		23,504	-	122	-	-	23,626
Machinery and equipment		388,444	-	27,774	(192)	-	416,026
Furniture and fixtures		2,894	-	-	-	-	2,894
IT equipment and installations		7,312	-	324	-	-	7,636
Sales booths, stores and model apartments		43,270	-	1,144	(68)	2,223	46,569
Works in progress		11,932	-	8,412	-	(4,983)	15,361
Total cost		602,365	-	43,701	(260)	(103)	645,703
Accumulated depreciation:							
Right-of-use	Sundry	10,868	-	5,430	-	-	16,298
Buildings, facilities and leasehold improvements	15.09%	17,812	-	1,997	-	-	19,809
Aircraft and vehicles in use	10.02%	3,941	-	849	-	-	4,790
Machinery and equipment	10.00%	75,318	-	12,384	(71)	-	87,631
Furniture and fixtures	10.00%	2,496	-	22	-	-	2,518
IT equipment and installations	19.99%	6,490	-	222	-	-	6,712
Sales booths, stores and model apartments	25.19%	30,211	-	2,952	(50)	(8)	33,105
Total accumulated depreciation		147,136	-	23,856	(121)	(8)	170,863
Total property and equipment, net		455,229	-	19,845	(139)	(95)	474,840
Six-month period ended June 30, 2019:							
Total property and equipment, net		272,919	70,971	68,666	(194)	(107)	412,255

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 June 30, 2020, the residual value of items pledged as collateral for liabilities amount R\$20,073 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 six-month period ended June 30, 2020 and 2019 are as follows:

Consolidated	Opening balance	Acquisition effects	Addition	Transfer	Currency translation adjustments	Closing balance
Six-month period ended June 30, 2020:						
Cost:						
Software development	125,644	7,856	3,297	13,922	2,407	153,126
Software license	55,795	-	298	-	-	56,093
Intangibles under development	46,416	-	28,421	(13,922)	-	60,915
Trademarks and patents	24,000	-	-	-	-	24,000
Total cost	251,855	7,856	32,016	-	2,407	294,134
Accumulated amortization:						
Software development	81,699	546	10,470	-	203	92,918
Software license	51,978	-	1,081	-	-	53,059
Total accumulated amortization	133,677	546	11,551	-	203	145,977
Total intangible assets	118,178	7,310	20,465	-	2,204	148,157
Six-month period ended June 30, 2019:						
Total intangible assets	95,627	-	6,889	-	-	102,516

Individual	Opening balance	Addition	Transfer	Closing balance
Six-month period ended June 30, 2020:				
Cost:				
Software development	125,084	675	11,971	137,730
Software license	55,791	298	-	56,089
Intangibles under development	44,466	28,251	(11,971)	60,746
Trademarks and patents	24,000	-	-	24,000
Total cost	249,341	29,224	-	278,565
Accumulated amortization:				
Software development	81,393	9,736	-	91,129
Software license	51,974	1,080	-	53,054
Total accumulated amortization	133,367	10,816	-	144,183
Total intangible assets	115,974	18,408	-	134,382
Six-month period ended June 30, 2019:				
Total intangible assets	94,074	6,605	-	100,679

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

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

12. Loans, financing and debentures

(a) Loans, financing and debentures:

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

Type	Currency	Maturity of principal	Effective rate p.a.	6/30/20			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%	206,955	198,908	405,863	511,475
Debenture - 9 th Issue - 3 rd series (*)	R\$	2/22	IPCA + 8.52%	2,543	96,533	99,076	100,660
Debenture - 11 th Issue - 1 st series	R\$	9/20	CDI + 1.17%	287,151	-	287,151	288,757
Debenture - 11 th Issue - 2 nd series	R\$	9/21 to 9/22	CDI + 1.56%	2,860	214,300	217,160	218,382
Debenture - 11 th Issue - 3 rd series (*)	R\$	9/23 and 9/24	IPCA + 6.47%	6,592	142,942	149,534	149,963
Debenture - 12 th Issue - 1 st series	R\$	7/23	CDI + 1.52%	7,129	298,700	305,829	308,830
Debenture - 12 th Issue - 2 nd series	R\$	7/24 and 7/25	CDI + 1.79%	1,298	51,300	52,598	53,118
Debenture - 12 th Issue - 3 rd series	R\$	7/23	CDI + 1.62%	2,657	109,130	111,787	112,886
Debenture - 12 th Issue - 4 th series	R\$	7/23	CDI + 1.62%	2,022	83,070	85,092	85,929
Debenture - 15 th Issue	R\$	11/22 to 11/25	CDI + 1.19%	1,097	300,000	301,097	301,604
Debenture - 16 th Issue	R\$	4/23 to 4/25	CDI + 1.69%	983	99,999	100,982	-
Debenture - 17 th Issue	R\$	4/21 to 4/23	CDI + 3.68%	6,078	44,444	50,522	-
(-) Funding cost				(3,873)	(5,332)	(9,205)	(10,010)
Total debentures - Individual				523,492	1,633,994	2,157,486	2,170,070
CRI (Bank Credit Notes)	R\$	6/20 to 6/21	CDI + 2.21%	57,570	-	57,570	115,201
CRI (13 th debentures issue)	R\$	9/23 to 9/24	CDI + 0.83%	305	300,000	300,305	300,513
CRI (14 th debentures issue)	R\$	5/24	100.4% CDI + 0.28%	850	360,000	360,850	361,492
Construction financing	R\$	1/21 to 2/24	TR + 8.30%	37,783	139,946	177,729	53,866
Leasing	R\$	3/18 to 5/23	CDI + 2.00% to 2.93%	7,091	5,846	12,937	15,526
Working Capital	R\$	4/21 and 4/22	CDI + 3.10%	102,016	100,000	202,016	-
Promissory note	R\$	11/20 to 5/21	CDI + 3.65% to 4.62%	100,762	-	100,762	-
(-) Funding cost				(4,594)	(9,618)	(14,212)	(15,002)
Total loans and financing - Individual				301,783	896,174	1,197,957	831,596
Total Individual				825,275	2,530,168	3,355,443	3,001,666
Subsidiaries:							
Debenture - 2 nd Issue - Urba	R\$	6/21 to 6/23	CDI + 1.73%	20,130	40,002	60,132	60,215
Debenture - 4 th Issue - Urba	R\$	4/23 to 4/25	CDI + 1.71%	393	40,000	40,393	-
(-) Funding cost				(217)	(506)	(723)	(493)
Total debentures - Subsidiaries				20,306	79,496	99,802	59,722
Project loans	US\$	2/22 to 5/23	Libor + 2.17% to 2.75%	-	362,824	362,824	-
Project loans	US\$	5/26 to 11/29	3.15% to 4.63%	5,832	521,047	526,879	-
Loan agreements	US\$	04/22 to 02/25	1,00% to 5,94%	27	267,650	267,677	-
Loan agreement / credit line	US\$	4/21	Libor + 3.17%	30,118	-	30,118	-
CRI (3 rd debentures issue - Urba)	R\$	3/24	CDI + 1.10%	6	60,000	60,006	60,021
Construction financing (**)	R\$	4/16 to 3/23	TR + 13.53%	2,085	3,350	5,435	6,425
Construction financing	R\$	12/20 to 7/23	TR + 8.30%	32,065	108,592	140,657	76,649
(-) Funding cost				(1,710)	(6,932)	(8,642)	(2,325)
Total loans and financing - Subsidiaries				68,423	1,316,531	1,384,954	140,770
Total subsidiaries				88,729	1,396,027	1,484,756	200,492
Total Consolidated				914,004	3,926,195	4,840,199	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	Semiannual	2/22	IPCA + 8.25%	IPCA + 8.52%
Debenture - 11 th Issue - 1 st series	Single	36,450	9/17	Bullet	Semiannual	9/20	CDI + 1.00%	CDI + 1.17%
Debenture - 11 th Issue - 2 nd series	Single	21,430	9/17	Annual	Semiannual	9/21 to 9/22	CDI + 1.50%	CDI + 1.56%
Debenture - 11 th Issue - 3 rd series	Single	12,120	9/17	Annual	Annual	9/23 to 9/24	IPCA + 6.45%	IPCA + 6.47%
Debenture - 12 th Issue - 1 st series	Single	29,870	8/18	Bullet	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	Semiannual	7/23	CDI + 1.50%	CDI + 1.62%
Debenture - 12 th Issue - 4 th series	Single	8,307	8/18	Bullet	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	04/20	Annual	Semiannual	04/23 to 04/25	CDI + 1.50 %	CDI + 1.69%
Debenture - 17 th Issue	Single	50,000	04/20	Quarterly	Quarterly	4/21 to 4/23	CDI + 3.00%	CDI + 3.68%
Debenture - 2 nd Issue - Urba	Single	10,000	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	04/23 to 04/25	CDI + 1.50%	CDI + 1.71%
CRI (Bank Credit Notes)	-	-	6/16	Semiannual	Monthly	6/20 to 6/21	CDI + 1.60%	CDI + 2.21%
CRI (13 th debentures issue)	-	-	3/19	Semiannual	Quarterly	9/23 to 9/24	100% CDI	CDI + 0.83%
CRI (14 th debentures issue)	-	-	6/19	Bullet payment	Semiannual	04/23 to 04/25	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 2/24	TR + 8.30%	TR + 8.30%
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	-	-	5/20	Bullet	Bullet payment	11/20 to 5/21	CDI + 2.50%	CDI + 3.65 a 4.62%
Project loans	-	-	Sundry	Sundry	Monthly	2/22 to 5/23	Libor + 2.00% to 2.30%	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	Monthly	4/21	Libor + 3.50%	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 six-month period ended June 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 2/24	TR + 8.30%	309,404
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	4/03 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
Working capital	R\$	-	4/20	Annual	Quarterly	4/21 and 4/22	CDI + 3.10%	200,000
Promissory note	R\$	-	5/20	Bullet payment	Bullet payment	11/20 to 5/21	CDI + 2.50%	100,000
Total - Individual								759,494
Construction financing	R\$	-	Sundry	Sundry	Sundry	12/20 to 8/23	TR + 8.30%	229,109
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	2/22 to 5/23	Libor + 2.00% to 2.30%	250,368
Loan agreements	US\$	-	Sundry	Bullet payment	Sundry	4/22 to 2/25	1.00% to 4.00%	248,647
Credit line	US\$	-	Sundry	Bullet payment	Monthly	4/21	Libor + 3.50%	10,180
Total - Subsidiaries								778,304
Total - Consolidated								1,537,798

(*) Gross of funding costs.

Changes in loans, financing and debentures are as follows:

	Consolidated		Individual	
	1 st half of		1 st half 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	1,537,798	1,337,923	759,494	955,054
Accrued financial charges	95,482	106,465	78,695	93,271
Fair value adjustment	(7,251)	13,691	(7,251)	13,691
Funding costs	(5,219)	(19,803)	(2,569)	(17,218)
Amortization of funding costs	4,763	5,081	4,164	4,753
Repayment of principal	(715,386)	(1,173,124)	(393,075)	(592,095)
Payment of financial charges	(101,842)	(96,452)	(85,681)	(81,526)
Currency translation adjustments	203,570	-	-	-
Closing balance	4,840,199	3,036,799	3,355,443	2,817,377

(b) Guarantees and surety

The types of guarantees for loans, financing and debentures as at June 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	-	57,570	-	12,937	-	-	889,703	297,795	1,258,005
Collateral / receivables	-	-	323,821	-	-	-	-	-	323,821
No guarantees	2,267,216	721,161	-	-	202,016	100,762	-	-	3,291,155
Total (*)	2,267,216	778,731	323,821	12,937	202,016	100,762	889,703	297,795	4,872,981

(*) 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.	5/28/20	5/30/22	150,574
	12/19/17	11/24/20	60,589
	9/27/18	9/27/21	111,532
Prime Incorporações e Construções S.A.	9/27/18	9/28/20	4,457
	9/27/18	3/27/21	4,457
	9/27/18	9/27/21	100,287
	9/27/18	3/28/22	122,685
Urba Desenvolvimento Urbano S.A.	6/26/19	6/26/24	150,038
	3/18/16	3/6/23	5,435
	6/13/18	6/6/23	60,132
	3/28/19	3/27/24	60,006
MRV US Holdings Corporation	4/8/20	4/1/25	40,393
	2/21/20	2/21/25	259,449
			1,130,035

(c) Aging

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

After the reporting period	Consolidated		Individual	
	6/30/20	12/31/19	6/30/20	12/31/19
12 months	914,004	671,611	825,275	649,776
13 to 24 months	903,735	443,199	609,026	388,033
25 to 36 months	540,097	435,888	285,481	394,231
37 to 48 months	1,313,424	758,378	1,229,952	736,366
After 48 months	1,168,939	893,082	405,709	833,260
Total	4,840,199	3,202,158	3,355,443	3,001,666

(d) Contractual commitments

As at June 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	
	2 nd quarter	1 st half	2 nd quarter	1 st half
Gross financial charges	54,695	108,323	61,353	118,099
Capitalized financial charges on:				
Real estate under construction and landbank	(32,867)	(71,258)	(52,687)	(102,712)
Equity interest in investees	-	-	-	-
Amounts recognized in financial result (Note 24)	21,828	37,065	8,666	15,387
<u>Financial charges</u>				
Opening balance	545,047	552,246	531,293	529,429
Capitalized financial charges	32,867	71,258	52,687	102,712
Charges allocated to profit or loss:				
Cost of real estate sold and services provided (Note 23)	(46,463)	(91,831)	(46,520)	(94,502)
Results from equity interest in investees	(374)	(596)	(490)	(669)
Closing balance	531,077	531,077	536,970	536,970
Capitalized financial charges related to:				
Real estate under construction and landbank (Note 7)	525,611	525,611	530,161	530,161
Equity interest in investees (Note 8)	5,466	5,466	6,809	6,809
	531,077	531,077	536,970	536,970

	Individual			
	2020		2019	
	2 nd quarter	1 st half	2 nd quarter	1 st half
Gross financial charges	41,397	84,731	52,106	99,923
Capitalized financial charges on:				
Real estate under construction and landbank	(17,720)	(42,340)	(32,004)	(61,268)
Equity interest in investees	(9,315)	(18,943)	(13,301)	(25,882)
Amounts recognized in financial result (Note 24)	14,362	23,448	6,801	12,773
<u>Financial charges</u>				
Opening balance	528,932	534,156	509,674	507,191
Capitalized financial charges	27,035	61,283	45,305	87,150
Charges allocated to profit or loss:				
Cost of real estate sold and services provided (Note 23)	(27,442)	(54,385)	(27,871)	(57,175)
Results from equity interest in investees	(12,545)	(25,074)	(10,651)	(20,709)
Closing balance	515,980	515,980	516,457	516,457
Capitalized financial charges related to:				
Real estate under construction and landbank (Note 7)	354,951	354,951	345,128	345,128
Equity interest in investees (Note 8)	161,029	161,029	171,329	171,329
	515,980	515,980	516,457	516,457

During the six-month period ended June 30, 2020, total financial charges capitalized on loans, financing and debentures represented an average charge rate of 5.18% p.a. (7.94% 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	
	6/30/20	12/31/19	6/30/20	12/31/19
INCC	528,261	681,806	340,961	551,181
IGP-M	234,818	279,798	206,899	245,250
IPCA	77,048	95,322	71,270	91,459
Other indexes	48,761	37,421	44,152	35,759
Non-interest bearing	3,290,371	3,182,952	2,635,000	2,825,024
Discount to present value	(103,636)	(141,585)	(87,434)	(127,515)
Total	<u>4,075,623</u>	<u>4,135,714</u>	<u>3,210,848</u>	<u>3,621,158</u>
Current	903,726	742,216	685,039	576,068
Noncurrent	<u>3,171,897</u>	<u>3,393,498</u>	<u>2,525,809</u>	<u>3,045,090</u>
	<u>4,075,623</u>	<u>4,135,714</u>	<u>3,210,848</u>	<u>3,621,158</u>

As at June 30, 2020, 'Land payables' include financial barter in the amount of R\$2,408,288 in Consolidated and R\$1,895,553 in Individual (R\$2,357,258 and R\$2,044,701 as at December 31, 2019).

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

As at June 30, 2020, R\$1,998,284 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	
	6/30/20	12/31/19	6/30/20	12/31/19
12 months	903,726	742,216	685,039	576,068
13 to 24 months	1,689,226	1,268,369	1,145,073	1,041,805
25 to 36 months	578,672	800,645	524,834	751,306
37 to 48 months	714,447	611,124	694,727	583,930
After 48 months	189,552	713,360	161,175	668,049
Total	<u>4,075,623</u>	<u>4,135,714</u>	<u>3,210,848</u>	<u>3,621,158</u>

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	
	6/30/20	12/31/19	6/30/20	12/31/19
Proceeds in advance	57,595	74,337	33,812	44,411
Advances for barter	541,351	635,599	343,930	434,510
	<u>598,946</u>	<u>709,936</u>	<u>377,742</u>	<u>478,921</u>
Current	191,105	223,281	115,929	151,771
Noncurrent	<u>407,841</u>	<u>486,655</u>	<u>261,813</u>	<u>327,150</u>
	<u>598,946</u>	<u>709,936</u>	<u>377,742</u>	<u>478,921</u>

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 June 30, 2020, R\$226,247 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:

Período após a data do balanço	Consolidado		Individual	
	30/06/20	31/12/19	30/06/20	31/12/19
12 meses	191,105	223,281	115,929	151,771
13 a 24 meses	240,038	272,746	153,859	176,421
Após 24 meses	167,803	213,909	107,954	150,729
Total	598,946	709,936	377,742	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	6/30/20	12/31/19
12 months	800,280	855,217
13 to 24 months	18,413	24,616
	818,693	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	
	6/30/20	12/31/19	6/30/20	12/31/19
Salaries and wages	29,405	22,969	13,031	11,152
Payroll benefits	48,749	19,195	29,170	9,349
Accrued vacation, 13 th salary and related benefits	88,954	69,765	49,212	34,853
Provision for employees and management profit sharing	11,694	25,286	11,413	24,703
Other	2,333	2,704	932	861
Total	181,135	139,919	103,758	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	
	6/30/20	12/31/19	6/30/20	12/31/19
Income tax and social contribution	12,958	12,018	6,574	6,082
Taxes on revenue (PIS and COFINS)	52,979	44,600	39,971	37,519
Withheld third parties taxes	10,867	11,584	7,040	7,387
Taxes withheld on interest on salaries	6,160	7,532	5,248	6,007
Other	1,250	846	697	637
Total	84,214	76,580	59,530	57,632

As at June 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\$98,839 and R\$68,858 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	60,706	(52,018)	933	42,083
Noncurrent	107,375	-	-	(933)	106,442
Total - 1st half of 2020	139,837	60,706	(52,018)	-	148,525
Total - 1 st half of 2019	137,247	57,268	(55,335)	-	139,180
Individual:					
Current	16,333	34,389	(27,838)	(2,635)	20,249
Noncurrent	56,853	-	-	2,635	59,488
Total - 1st half of 2020	73,186	34,389	(27,838)	-	79,737
Total - 1 st half of 2019	70,090	31,852	(28,648)	-	73,294

As at June 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	50,174	(6,837)	(49,239)	5,020	59,403
Labor	40,969	18,253	(2,235)	(14,569)	3,693	46,111
Tax	298	225	(7)	(238)	27	305
Environmental	20	621	(41)	(550)	3	53
Total - 1st half of 2020	101,572	69,273	(9,120)	(64,596)	8,743	105,872
Total - 1 st half of 2019	92,229	81,865	(16,187)	(63,919)	8,283	102,271
Individual						
Civil	36,413	28,077	(5,027)	(28,618)	2,964	33,809
Labor	35,327	14,340	(1,652)	(12,640)	3,158	38,533
Tax	295	181	(6)	(194)	27	303
Environmental	18	98	(41)	(35)	3	43
Total - 1st half of 2020	72,053	42,696	(6,726)	(41,487)	6,152	72,688
Total - 1 st half of 2019	66,782	52,071	(12,342)	(39,382)	6,174	73,303

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			
	6/30/20		12/31/19		6/30/20		12/31/19	
	Total lawsuits	Probable lawsuits	Total lawsuits	Probable lawsuits	Total lawsuits	Probable lawsuits	Total lawsuits	Probable lawsuits
Civil	25,695	4,934	28,141	5,594	14,617	3,056	16,388	3,589
Labor	2,919	759	3,073	758	1,954	497	2,042	523
Tax	877	17	855	25	696	17	682	24
Criminal	214	-	174	-	183	-	147	-
Environmental	230	9	216	4	164	6	151	3
Total	29,935	5,719	32,459	6,381	17,614	3,576	19,410	4,139

As shown above the main lawsuits as at June 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, which have essentially the same nature as those described above, total R\$228,578 and R\$125,906 in Consolidated and Individual, respectively, as at June 30, 2020 (R\$232,502 and R\$130,334 as at December 31, 2019 in Consolidated and Individual, respectively). In accordance with international accounting standards, accounting practices adopted in Brazil and applicable legislation, no provision was recognized for these contingent liabilities.

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

19. Related parties

		Consolidated				Individual			
		Asset		Liability		Asset		Liability	
		6/30/20	12/31/19	6/30/20	12/31/19	6/30/20	12/31/19	6/30/20	12/31/19
Short-term investments and marketable securities									
Other related parties									
Banco Inter S.A. (Inter)	[1]	96,569	263,622	-	-	96,569	263,622	-	-
Dividends receivables									
Joint ventures									
MRL Engenharia e Empreendimentos S.A. (MRL)		-	184	-	-	-	184	-	-
Receivables from services provided									
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	-	-
Intercompany receivables									
Investees									
SPEs	[6]	14,120	18,245	-	-	627,180	666,310	-	-
Joint ventures									
Prime Incorporações e Construções S.A.	[7]	167	87	-	-	148	83	-	-
MRL Engenharia e Empreendimentos S.A.	[7]	1,236	816	-	-	1,236	816	-	-
Reserva Macaúba Loteamento Ltda.	[7]	9,482	8,939	-	-	-	-	-	-
Other related parties									
Partners in real estate development projects	[7]	16,645	10,431	-	-	16,646	10,431	-	-
Other assets									
Subsidiaries									
Urba Desenvolvimento Urbano S.A.	[8]	-	-	-	-	36	52	-	-
SCPs e SPEs	[8]	2,735	1,056	-	-	20,779	15,858	-	-
Joint ventures									
Prime Incorporação e Construções S.A.	[8]	11,915	131	-	-	11,667	75	-	-
MRL Engenharia e Empreendimentos S.A.	[8]	35,015	986	-	-	34,448	951	-	-
Other related parties									
Partners in real estate development projects	[8]	983	2,572	-	-	-	232	-	-
Controlling shareholder	[9]	32,762	34,771	-	-	32,762	34,771	-	-
Suppliers									
Subsidiaries									
MRV Construções Ltda	[2]	-	-	-	-	-	-	56,702	29,856
Other related parties									
T Lott Advocacia	[10]	-	-	40	78	-	-	31	76
Payables for investment acquisition									
Other related parties									
LOG Commercial Properties e Participações S.A. (LOG)	[11]	-	-	22,938	27,919	-	-	-	-
Intercompany payables (Other payables)									
Investees									
SPEs	[12]	-	-	25	17,583	-	-	13,609	17,583
Joint ventures									
Prime Incorporações e Construções S.A.	[13]	-	-	26,824	37,357	-	-	-	-
MRL Engenharia e Empreendimentos S.A.	[13]	-	-	54,192	62,540	-	-	-	-
Other related parties									
Partners in real estate development projects	[13]	-	-	29,078	15,490	-	-	-	-
Costellis International Limited	[17]	-	-	28,905	-	-	-	28,905	-
Lease liability (Other payables)									
Other related parties									
Conedi Participações Ltda e MA Cabaleiro Participações Ltda	[14]	-	-	63,837	60,428	-	-	61,393	58,314
Lakeside office, LLC	[16]	-	-	1,817	-	-	-	-	-

		Consolidated							
		Income				Expense			
		2 nd quarter of		1 st half of		2 nd quarter of		1 st half of	
		2020	2019	2020	2019	2020	2019	2020	2019
Net operating revenue									
Receivables from services provided									
Subsidiaries									
MRV Construções Ltda.	[2]	353	410	892	1,096	-	-	-	-
Financial income									
Short-term investments and marketable securities									
Other related parties									
Banco Inter S.A.	[1]	1,403	2,449	264	4,820	-	-	-	-
Intercompany receivables									
Joint ventures									
Prime Incorporações e Construções S.A.	[7]	6	4	12	12	-	-	-	-
MRL Engenharia e Empreendimentos S.A.	[7]	17	3	33	3	-	-	-	-
Reserva Macaúba Loteamento Ltda.	[7]	105	32	291	97	-	-	-	-
Other related parties									
Partners in real estate development projects	[7]	202	228	434	371	-	-	-	-
Other operating income (expenses), net									
Joint ventures									
Prime Incorporações e Construções S.A.	[3]	232	231	419	429	-	-	-	-
MRL Engenharia e Empreendimentos S.A.	[3]	237	223	454	433	-	-	-	-
Other related parties									
LOG Commercial Properties e Participações S.A.	[3]	416	306	831	765	-	-	-	-
MRV Serviços de Engenharia Ltda.	[4]	18	-	42	19	-	-	-	-
Banco Inter S.A.	[5]	171	190	299	349	-	-	-	-
Other		8	30	18	38	-	-	-	-
Sale of subsidiary									
Other related parties									
Controlling shareholder	[9]	370	-	753	-	-	-	-	-
Operating costs and expenses									
General and administrative expenses									
Other related parties									
T Lott Advocacia	[10]	-	-	-	-	1,298	1,077	2,547	1,997
Conedi Participações Ltda. e MA Cabaleiro Participações Ltda.	[14]	-	-	-	-	1,040	1,138	2,011	2,200
Luxemburgo Incorporadora SPE Ltda.	[15]	-	-	-	-	6	117	103	283
Lakeside office, LLC	[16]	-	-	-	-	32	-	51	-

		Individual							
		Income				Expense			
		2 nd quarter of		1 st half of		2 nd quarter of		1 st half of	
		2020	2019	2020	2019	2020	2019	2020	2019
Financial income									
Short-term investments and marketable securities									
Other related parties									
Banco Inter S.A.	[1]	1,403	2,449	264	4,820	-	-	-	-
Intercompany receivables									
Joint ventures									
Prime Incorporações e Construções S.A.	[7]	6	4	12	12	-	-	-	-
MRL Engenharia e Empreendimentos S.A.	[7]	17	3	33	13	-	-	-	-
Other related parties									
Partners in real estate development projects	[7]	202	195	434	361	-	-	-	-
Other operating income (expenses), net									
Subsidiaries									
Urba Desenvolvimento Urbano S.A.	[3]	75	70	150	130	-	-	-	-
Joint ventures									
Prime Incorporações e Construções S.A.	[3]	232	231	419	429	-	-	-	-
MRL Engenharia e Empreendimentos S.A.	[3]	237	223	454	433	-	-	-	-
Other related parties									
LOG Commercial Properties e Participações S.A.	[3]	416	306	831	765	-	-	-	-
MRV Serviços de Engenharia Ltda.	[4]	18	-	42	19	-	-	-	-
Banco Inter S.A.	[5]	171	190	299	349	-	-	-	-
Other		8	30	18	38	-	-	-	-
Sale of subsidiary									
Other related parties									
Controlling shareholder	[9]	370	-	753	-	-	-	-	-
Operating costs and expenses									
Cost of real estate sales and services									
Subsidiaries									
MRV Construções Ltda.	[2]	-	-	-	-	69,798	88,380	139,543	169,270
General and administrative expenses									
Other related parties									
T Lott Advocacia	[10]	-	-	-	-	1,138	1,077	2,244	1,997
Conedi Participações Ltda. e MA Cabaleiro Participações Ltda.	[14]	-	-	-	-	1,000	1,138	1,934	2,200
Luxemburgo Incorporadora SPE Ltda.	[15]	-	-	-	-	6	117	103	283

- [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 six-month period ended in June 30, 2020, short-term investments generate yield by 9.88% of CDI in Consolidated and Individual (103.18% 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 six-month period ended in June 30, 2020, which amount to R\$131,031 and R\$261,051, 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 and to subsidiary Urba with monthly payment of R\$5 per project and for the joint ventures MRL and Prime, based on the quantity of transactions (receipt of invoices and payments).
- [4] The Company provides building services to this related party. Revenue from services rendered is equivalent to 15% of incurred cost.
- [5] Refer to 0.15% on invoices of the Company's suppliers discounted in the bank.
- [6] Refers to the Company's operating contributions in investees, proportional to its interest in each project, to make feasible the projects and will be refunded as the projects reach cash surpluses for allowing the distribution of the amounts priorly contributed. In Consolidated, the remaining balances refer to contributions in associates. These balances do not have pre-determined maturities and does not generate interest.
- [7] Intercompany receivables refers mainly to transactions conducted to fund the initial stage of projects in view of the business relationships with these parties for the development of real estate construction operations. No maturities have been defined for these transactions and as at June 30, 2020, R\$17,829 in Consolidated and R\$12,820 in Individual (R\$20,047 in Consolidated and R\$11,108 in Individual as at December 31, 2019) are subject to interest pegged to interbank deposit rate (CDI), plus a spread of 1.64% to 4% p.a. in Consolidated and Individual (same percentage as at December 31, 2019). Receivable balances from partners in real estate development projects include allowance for credit risk in the amount of R\$14,077 as at June 30, 2020 and December 31, 2019.
- [8] Refers to balances receivable from capital contributions and other transactions between group companies and other related parties. These balances do not generate interest and are receivable immediately after the Company request.
- [9] On December 27, 2019, the Company sold its entire interest in MRV PRIME LII INCORPORAÇÕES SPE LTDA. for the controlling shareholder for R\$39,783, to be paid in seventy-two consecutive monthly installments, in the amount of R\$553 each, starting February 2020. The referred SPE hold a plot land where the Clube Atlético Mineiro's multipurpose arena will be built. As of June 30, 2020, the balance receivable includes adjustment to present value of R\$4,258 (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 June 30, 2020 provides for monthly total payment (gross of taxes) of R\$495 (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 effective until August 31, 2020, adjustable by the General Market Price Index (IGP-M) and as at June 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 six-month periods ended June 30, 2020 and 2019, was R\$23 and R\$46, respectively (the same amounts for the same periods of 2019).
- [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 June 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	
	2 nd quarter	1 st half	2 nd quarter	1 st half
Short-term benefits granted to management:				
Management compensation (*)	9,214	15,364	4,704	9,012
Profit sharing	300	3,372	754	4,025
Non-monetary benefits	131	261	129	245
Long-term benefits granted to management:				
Retirement private plan	179	323	158	311
Stock option plan	951	1,890	920	1,686
	10,775	21,210	6,665	15,279

	Individual			
	2020		2019	
	2 nd quarter	1 st half	2 nd quarter	1 st half
Short-term benefits granted to management:				
Management compensation (*)	5,637	9,661	4,233	8,025
Profit sharing	231	3,239	686	3,886
Non-monetary benefits	120	235	109	204
Long-term benefits granted to management:				
Retirement private plan	165	301	147	290
Stock option plan	951	1,891	920	1,686
	7,104	15,327	6,095	14,091

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

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

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

20. Equity

(a) Capital stock

On June 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			
	6/30/20		12/31/19	
	Ordinary	%	Ordinary	%
Rubens Menin Teixeira de Souza (controller)	181,843	37.7	139,711	31.5
Administrators	5,758	1.2	7,153	1.6
Fiscal council and executive committees	219	-	194	-
Treasury shares	1	-	318	0.1
Other shareholders	294,133	61.1	296,763	66.8
Total	481,954	100.0	444,139	100.0

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

During the six-month period ended June 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
Six-month period ended June 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
Six-month period ended June 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 15,000 thousand shares of the Company's total shares, without a capital reduction, using funds from the available earnings or capital reserve, aiming to maximize the generation of value for shareholders, and / or transfer to beneficiaries of the Company's stock option plans.

In the -month period ended June 30, 2020, 317 thousand shares were transferred to beneficiaries of the Company's stock option plan (880 thousand in the same period of 2019) as shown below:

Type	Number (thousand)				Market value (*)
	Opening balance	Acquired	Transferred	Closing balance	
1st half of 2020:					
Common shares	318	-	(317)	1	18
1st half of 2019:					
Common shares	3,128	-	(880)	2,248	43,993

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

During the -month period ended June 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\$7,327 in the same period of 2019).

(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) bellow. In accordance with art. 200 of the Brazilian Corporation Law and considering the Company's Bylaws, it may use the capital reserves to absorb losses, redemption, redemption or purchase of shares and incorporation into the capital stock.

(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.

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	12/25

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

Program	Number of participants	Changes in 1 st half of 2020 (thousand shares)				
		Opening balance	Granted	Expired / forfeited	Exercised	Closing balance
6	11	492	-	-	-	492
7	18	639	-	-	-	639
8	60	1,325	-	(33)	-	1,292
9	72	1,411	-	(37)	-	1,374
10	80	1,790	-	(23)	-	1,767
11	83	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 1 st half of 2019 (thousand shares)				
		Opening balance	Granted	Expired / forfeited	Exercised	Closing balance
4	90	1,122	-	(9)	-	1,113
5	15	837	-	-	(237)	600
6	33	1,325	-	-	(509)	816
7	73	1,303	-	(9)	(64)	1,230
8	63	1,504	-	(5)	(74)	1,425
9	75	1,488	-	(9)	(1)	1,478
10	84	1,834	-	(10)	(1)	1,823
11	86	-	2,194	-	-	2,194
		9,413	2,194	(42)	(886)	10,679
Weighted average price of options		10.60	15.51	11.84	6.70	11.93

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	-	-	-	-	0.4
6	492	-	-	-	1.5
7	639	-	-	-	2.5
8	175	519	519	0.5	3.5
9	191	679	1,937	1.5	4.5
10	162	864	3,884	2.5	5.5
11	108	1,236	7,129	3.6	6.6
12	-	-	16,187	4.6	7.6
2020	1,767	3,298	29,656	3.8	5.4
2019	3,143	2,969	20,678	3.6	4.7

Stock options costs arising from joint ventures and recognized by the Company totaled R\$47 for the six-month period ended June 30, 2020 (R\$10 for the same period of 2019).

As at June 30, 2020, had all options currently granted been exercised, the Company would have issued 7,972 thousand shares, which would represent a 1.63% dilution in relation to total Company shares of 481,954 thousand.

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

Up to June 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 -month period ended June 30, 2020, the Company received R\$761 (R\$2,477 for the same period of 2019) in proceeds related to 317 thousand stock options exercised in 2020 (880 thousand in 2019), and were delivered 317 thousand common shares (785 thousand common shares in the same period of 2019) held in treasury, as explained in (c) above.

(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 will be paid on a date to be defined by the Management, within the fiscal year 2020, and are equivalent to R\$0.34014373 per share, net of inflation adjustment.

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

Extraordinary

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

(g) Noncontrolling interests

	Consolidated	
	1 st half of	
	2020	2019
Opening balance	267,019	244,141
Acquisition effects (Note 30)	41,517	-
Capital transactions	12,416	8,791
Net distributions to noncontrolling interests	(13,249)	5,752
Currency translation adjustments	13,707	-
Cash flow hedge reserve	(1,106)	-
Interest in net income for the period	43,300	21,916
Closing balance	<u>363,604</u>	<u>280,600</u>

In the six-month period ended June 30, 2020, changes in the Company's equity interests in subsidiaries generated an increase in noncontrolling interests of R\$12,416 and a net loss of R\$8,415 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	
	2 nd quarter	1 st half	2 nd quarter	1 st half
Basic earnings per share:				
Net income for the period	109,113	213,518	190,405	379,058
Weighted average number of outstanding common shares (thousand)	481,953	475,743	441,858	441,617
Basic earnings per share - in R\$	<u>0.22640</u>	<u>0.44881</u>	<u>0.43092</u>	<u>0.85834</u>
Diluted earnings per share:				
Net income for the period	109,113	213,518	190,405	379,058
Weighted average number of outstanding common shares (thousand)	481,953	475,743	441,858	441,617
Dilutive effect of stock options (thousands of shares)	1,488	2,334	2,675	2,246
Total shares after dilutive effect (thousand)	483,441	478,077	444,533	443,863
Diluted earnings per share - in R\$	<u>0.22570</u>	<u>0.44662</u>	<u>0.42833</u>	<u>0.85400</u>

(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, and

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

The Group's financial position as at June 30, 2020 and results for the -month period ended June 30, 2020, split in its operating segments, are as follows:

	6/30/20					12/31/19			
	Real estate development	Rental of residential properties		Land subdivisions	Consolidated	Real estate development	Rental of residential properties	Land subdivisions	Consolidated
		USA	Brazil				Brazil		
Assets									
Cash, cash equivalents and marketable securities	2,478,919	110,939	2,527	76,890	2,669,275	2,020,361	25,534	39,218	2,085,113
Trade accounts receivable	3,212,295	3,740	-	133,558	3,349,593	2,606,820	-	102,884	2,709,704
Inventories	7,860,420	-	790	261,991	8,123,201	8,419,460	339	214,306	8,634,105
Investment properties	-	1,562,193	102,199	-	1,664,392	-	33,511	-	33,511
Other assets	1,203,950	69,868	799	32,823	1,307,440	1,184,509	263	39,118	1,223,890
Total assets	14,755,584	1,746,740	106,315	505,262	17,113,901	14,231,150	59,647	395,526	14,686,323
Liabilities and equity									
Loans, financing and debentures	3,496,101	1,180,910	-	163,188	4,840,199	3,078,315	-	123,843	3,202,158
Land payables	3,925,162	-	3,436	147,025	4,075,623	4,027,809	-	107,905	4,135,714
Advances from customers	552,849	-	373	45,724	598,946	662,840	2,300	44,796	709,936
Other payables	1,621,942	108,791	7,020	32,647	1,770,400	1,500,449	7,319	21,958	1,529,726
Total liabilities	9,596,054	1,289,701	10,829	388,584	11,285,168	9,269,413	9,619	298,502	9,577,534
Operating segment net assets	5,159,530	457,039	95,486	116,678	5,828,733	4,961,737	50,028	97,024	5,108,789
Total liabilities and equity	14,755,584	1,746,740	106,315	505,262	17,113,901	14,231,150	59,647	395,526	14,686,323

	1 st half of 2020					1 st half 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	3,087,748	26,289	-	50,362	3,164,399	3,047,822	104	19,173	3,067,099
Cost of real estate sales and services	(2,230,507)	(22,698)	-	(19,493)	(2,272,698)	(2,098,122)	-	(9,050)	(2,107,172)
Gross profit	857,241	3,591	-	30,869	891,701	949,700	104	10,123	959,927
Operating income (expenses):									
Selling, general and administrative expenses	(483,452)	(20,853)	(194)	(9,676)	(514,175)	(460,787)	(103)	(9,490)	(470,380)
Other operating income (expenses), net	(59,786)	(154)	(1,942)	(241)	(62,123)	(56,215)	1	(2,258)	(58,472)
Results from equity interest in investees	(21,971)	-	-	(3,839)	(25,810)	(31,924)	-	(584)	(32,508)
Income before financial income	292,032	(17,416)	(2,136)	17,113	289,593	400,774	2	(2,209)	398,567
Financial result	44,487	(10,692)	51	440	34,286	66,957	(6)	566	67,517
Income before taxes	336,519	(28,108)	(2,085)	17,553	323,879	467,731	(4)	(1,643)	466,084
Income tax and social contribution	(65,230)	-	-	(1,831)	(67,061)	(64,270)	(1)	(839)	(65,110)
Net income for the period	271,289	(28,108)	(2,085)	15,722	256,818	403,461	(5)	(2,482)	400,974

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 six-month period ended June 30, 2020 and 2019:

	Consolidated			
	2020		2019	
	2 nd quarter	1 st half	2 nd quarter	1 st half
Gross operating revenue				
Real estate development	1,862,877	3,532,511	1,648,914	3,347,899
Bartered real estate units	7,748	14,932	18,511	27,973
Rental revenue	16,847	26,289	-	-
Cancellations	(163,272)	(276,578)	(96,801)	(239,597)
Allowance for credit risk	(32,410)	(64,158)	21,762	(3,280)
Revenue from construction services	353	892	410	1,096
	1,692,143	3,233,888	1,592,796	3,134,091
Taxes on sales	(36,212)	(69,489)	(34,286)	(66,992)
Net operating revenue	1,655,931	3,164,399	1,558,510	3,067,099

	Individual			
	2020		1 st quarter of	
	2 nd quarter	1 st half	2 nd quarter	1 st half
Gross operating revenue				
Real estate development	1,043,560	1,950,469	883,397	1,759,505
Bartered real estate units	3,547	5,340	9,151	8,171
Rental revenue	-	-	-	-
Cancellations	(78,571)	(137,830)	(36,964)	(97,903)
Allowance for credit risk	(12,827)	(33,692)	12,355	142
Revenue from construction services	-	-	-	-
	955,709	1,784,287	867,939	1,669,915
Taxes on sales	(19,870)	(37,149)	(18,375)	(35,063)
Net operating revenue	935,839	1,747,138	849,564	1,634,852

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

	Consolidated			
	2020		2019	
	2 nd quarter	1 st half	2 nd quarter	1 st half
Net revenue from units under construction	1,475,855	2,773,698	1,370,520	2,736,384
Costs of real estate sold under construction	(1,043,716)	(1,982,497)	(937,813)	(1,850,526)
Recognized profits	432,139	791,201	432,707	885,858

The amounts of received advances regarding contracts in progress as at June 30, 2020 and 2019 are R\$109,004 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	
	2 nd quarter	1 st half	2 nd quarter	1 st half
Cost of real estate sold and services:				
Financial charges (Note 12 (e))	(46,463)	(91,831)	(46,520)	(94,502)
Cost of rental operations	(14,637)	(22,698)	-	-
Land, construction and maintenance costs	(1,127,929)	(2,158,169)	(1,034,168)	(2,012,670)
Total cost of real estate sold and services	<u>(1,189,029)</u>	<u>(2,272,698)</u>	<u>(1,080,688)</u>	<u>(2,107,172)</u>
Selling, general and administrative expenses:				
Salaries, charges and benefits	(90,369)	(170,743)	(80,356)	(151,006)
Management compensation	(9,214)	(15,364)	(4,527)	(8,661)
Management and employees profit sharing	(6,056)	(15,128)	(5,764)	(14,116)
Stock option plan expenses	(1,649)	(3,298)	(1,616)	(2,969)
Commissions and brokers' fees	(36,081)	(73,048)	(34,647)	(70,171)
Outside services	(23,625)	(47,645)	(21,525)	(37,821)
Marketing and advertising expenses	(33,862)	(68,051)	(33,047)	(62,423)
Utilities	(2,614)	(6,005)	(3,278)	(6,853)
Depreciation and amortization	(12,260)	(23,993)	(11,825)	(23,936)
Training	(335)	(1,239)	(465)	(1,264)
Other expenses	(49,522)	(89,661)	(41,631)	(91,160)
Total selling, general and administrative expenses	<u>(265,587)</u>	<u>(514,175)</u>	<u>(238,681)</u>	<u>(470,380)</u>
Classified as:				
Selling expenses	(161,126)	(309,832)	(143,399)	(290,531)
General and administrative expenses	<u>(104,461)</u>	<u>(204,343)</u>	<u>(95,282)</u>	<u>(179,849)</u>
	<u>(265,587)</u>	<u>(514,175)</u>	<u>(238,681)</u>	<u>(470,380)</u>

	Individual			
	2020		2019	
	2 nd quarter	1 st half	2 nd quarter	1 st half
Cost of real estate sold and services:				
Financial charges (Note 12 (e))	(27,442)	(54,385)	(27,871)	(57,175)
Land, construction and maintenance costs	(632,835)	(1,190,038)	(561,679)	(1,082,122)
Total cost of real estate sold and services	<u>(660,277)</u>	<u>(1,244,423)</u>	<u>(589,550)</u>	<u>(1,139,297)</u>
Selling, general and administrative expenses:				
Salaries, charges and benefits	(65,687)	(125,847)	(63,646)	(116,946)
Management compensation	(5,637)	(9,661)	(4,056)	(7,673)
Management and employees profit sharing	(4,511)	(12,332)	(5,761)	(14,110)
Stock option plan expenses	(1,649)	(3,298)	(1,616)	(2,969)
Commissions and brokers' fees	(19,608)	(38,707)	(18,975)	(37,388)
Outside services	(19,725)	(39,443)	(14,773)	(27,288)
Marketing and advertising expenses	(21,349)	(44,753)	(21,066)	(39,435)
Utilities	(2,044)	(4,789)	(2,551)	(5,281)
Depreciation and amortization	(10,171)	(20,011)	(9,688)	(19,463)
Training	(275)	(827)	(417)	(902)
Other expenses	(37,785)	(69,932)	(32,761)	(70,931)
Total selling, general and administrative expenses	<u>(188,441)</u>	<u>(369,600)</u>	<u>(175,310)</u>	<u>(342,386)</u>
Classified as:				
Selling expenses	(102,655)	(197,036)	(89,657)	(179,035)
General and administrative expenses	<u>(85,786)</u>	<u>(172,564)</u>	<u>(85,653)</u>	<u>(163,351)</u>
	<u>(188,441)</u>	<u>(369,600)</u>	<u>(175,310)</u>	<u>(342,386)</u>

	Consolidated			
	2020		2019	
	2 nd quarter	1 st half	2 nd quarter	1 st half
Other operating income (expenses), net				
Provision for civil, labor and tax risks	(11,195)	(21,454)	(14,451)	(25,663)
Real estate credit department	-	-	(12,179)	(22,086)
Results on the sale of property and equipment	(122)	(297)	(194)	(243)
Donatives - Instituto MRV	(1,504)	(3,287)	(792)	(1,702)
Other:				
Income	2,316	3,480	1,561	3,331
Expenses	<u>(19,753)</u>	<u>(40,565)</u>	<u>(5,856)</u>	<u>(12,109)</u>
Total other operating income (expenses), net	<u>(30,258)</u>	<u>(62,123)</u>	<u>(31,911)</u>	<u>(58,472)</u>

	Individual			
	2020		2019	
	2 nd quarter	1 st half	2 nd quarter	1 st half
Other operating income (expenses), net				
Provision for civil, labor and tax risks	(7,356)	(13,478)	(7,558)	(14,481)
Real estate credit department	-	-	(10,699)	(18,974)
Results on the sale of property and equipment	(150)	(156)	(81)	(98)
Donatives - Instituto MRV	(1,504)	(3,287)	(792)	(1,702)
Other:				
Income	2,016	3,062	1,398	2,623
Expenses	(18,249)	(34,435)	(5,707)	(7,821)
Total other operating income (expenses), net	(25,243)	(48,294)	(23,439)	(40,453)

24. Financial expenses and income

	Consolidated			
	2020		2019	
	2 nd quarter	1 st half	2 nd quarter	1 st half
Financial expenses:				
Interest on loans, financing and debentures (Note 12 (e))	(21,828)	(37,065)	(8,666)	(15,387)
Fees and taxes	(2,542)	(5,121)	(2,837)	(5,601)
Other financial expenses	621	2,363	(4,410)	(8,043)
	(23,749)	(39,823)	(15,913)	(29,031)
Financial income:				
Short-term investments	11,483	18,042	24,935	44,757
Interest on intercompany loans (Note 19, item 7)	330	770	267	483
Other financial income	5,888	12,667	7,261	15,582
	17,701	31,479	32,463	60,822
Income from real estate development receivables	15,945	42,630	27,424	35,726
	33,646	74,109	59,887	96,548
Financial result	9,897	34,286	43,974	67,517

	Individual			
	2020		2019	
	2 nd quarter	1 st half	2 nd quarter	1 st half
Financial expenses:				
Interest on loans, financing and debentures (Note 12 (e))	(14,362)	(23,448)	(6,801)	(12,773)
Fees and taxes	(1,446)	(2,820)	(1,451)	(2,900)
Other financial expenses (*)	1,049	3,562	(3,806)	(6,722)
	(14,759)	(22,706)	(12,058)	(22,395)
Financial income:				
Short-term investments	9,867	15,163	22,115	37,883
Interest on intercompany loans (Note 19, item 7)	225	479	202	386
Other financial income	4,206	8,849	3,588	8,497
	14,298	24,491	25,905	46,766
Income from real estate development receivables	7,345	19,852	14,515	18,051
	21,643	44,343	40,420	64,817
Financial result	6,884	21,637	28,362	42,422

25. Financial instruments and risk management

(a) Capital risk management

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

	Consolidated		Individual	
	6/30/20	12/31/19	6/30/20	12/31/19
Loans, financing and debentures	4,840,199	3,202,158	3,355,443	3,001,666
Cash, cash equivalents and marketable securities	(2,669,275)	(2,085,113)	(1,939,897)	(1,472,219)
Net debt	2,170,924	1,117,045	1,415,546	1,529,447
Equity	5,828,733	5,108,789	5,465,129	4,841,770
Net debt-to-equity ratio	37.2%	21.9%	25.9%	31.6%

(b) Financial instruments categories and fair value

Consolidated	Note	6/30/20		12/31/19	
		Book value	Fair value	Book value	Fair value
Financial assets:					
Amortized cost		4,337,334	4,337,334	3,306,024	3,306,024
Receivables from real estate development	6	3,344,075	3,344,075	2,708,422	2,708,422
Intercompany receivables	19	41,650	41,650	38,518	38,518
Cash and bank accounts	4	946,091	946,091	557,802	557,802
Receivables from services provided	6	5,518	5,518	1,282	1,282
Fair value through profit or loss (mandatorily measured) (*)		1,784,749	1,784,749	1,572,116	1,572,116
Restricted investment funds	5	772,857	772,857	1,139,288	1,139,288
Unrestricted investment funds	5	6	6	6	6
Bank Certificates of Deposit (CDB)	4 and 5	14,765	14,765	137,713	137,713
Short-term investments	4	778,130	778,130	-	-
U.S. Treasuries	5	17,162	17,162	-	-
Savings deposits	5	140,048	140,048	250,088	250,088
Real estate consortium	5	216	216	216	216
Derivative financial instruments	25 (b)	61,565	61,565	44,805	44,805
Financial liabilities:					
Amortized cost		9,451,117	8,263,905	7,726,569	7,759,288
Loans, financing and debentures	12	4,591,589	3,404,377	2,951,535	2,984,254
Land payables	13	4,075,623	4,075,623	4,135,714	4,135,714
Suppliers		370,815	370,815	303,645	303,645
Payables for investment acquisition	19	22,938	22,938	27,919	27,919
Other payables		390,152	390,152	307,756	307,756
Fair value through profit or loss (hedge accounting) (**)		248,610	248,610	250,623	250,623
Loans, financing and debentures	12	248,610	248,610	250,623	250,623

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

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

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

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

As at June 30, 2020, the swap contracts position is as follows:

Type of transaction	Currency	Hiring	Asset / Liability	Maturity	Notional amount	Long position	Short position	6/30/20	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	5,264	5,435	5,281	513	154	359	-
Swap (*)	R\$	3/17	IPCA + 8.25% / 132.2% CDI	2/22	80,000	91,105	81,269	19,437	9,836	9,601	-
Swap (*)	R\$	9/17	IPCA + 6.45% / 122.1% CDI	9/24	121,200	139,440	126,026	28,935	13,414	15,521	-
Swap	US\$	2/20	Dollar + 4% / 76% CDI	2/25	47,000	3,356	1,740	12,680	1,615	-	11,065
Swap	US\$	11/19	Dollar libor / 1,60%	11/29	35,000	-	-	(19,051)	-	-	(13,053)
								42,514	25,019	25,481	(1,988)
								Consolidated		Individual	
								Noncurrent assets		61,565	61,052
								Noncurrent liabilities		(19,051)	-

(*) 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
2nd quarter of 2020:						
Effect on results	697	9,305	10,002	705	9,295	10,001
Other comprehensive results	-	13,341	13,341	-	12,465	12,465
Six month of 2020:						
Effect on results	4,355	704	5,059	4,376	679	5,055
Other comprehensive results	-	(1,988)	(1,988)	-	(882)	(882)

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
2 nd quarter of 2019	2,208	16,263	18,471	2,218	16,347	18,565
Six month of 2019	4,700	13,617	18,317	4,728	13,646	18,374

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 June 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

	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 libor	1.60%

(*) 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
			6/30/20	1 st half of 2020	12/31/19	1 st half of 2019
9 th issue (3 rd series)	80,000	IPCA + 8.25%	(99,076)	(1,903)	(100,660)	(3,538)
11 th issue (3 rd series)	121,000	IPCA + 6.45%	(149,534)	(5,348)	(149,963)	(10,153)
Loans, financing and debentures (Hedged items)	201,000		(248,610)	(7,251)	(250,623)	(13,691)
Long position						
Swap	80,000	IPCA + 8.25%	99,076	1,903	100,660	3,538
Swap	121,000	IPCA + 6.45%	149,534	5,348	149,963	10,153
Derivative financial instruments (Hedging instruments)	201,000		248,610	7,251	250,623	13,691
Short position						
		132.20% CDI	(79,648)	(1,785)	(82,245)	(778)
		122.10% CDI	(120,590)	(6,145)	(124,081)	(3,707)
			(200,238)	(7,930)	(206,326)	(4,485)
		Swap net position	48,372	(679)	44,297	9,206
		Total net position	(200,238)	(7,930)	(206,326)	(4,485)

Cash flow hedge	Notional value	Rates	Fair value	Other comprehensive results	Fair value	Other comprehensive results
			6/30/20	1 st half of 2020	12/31/19	1 st half of 2019
Swap		Long position				
Derivative financial instruments (Hedging instruments)	US\$ 47,000	Dólar + 4%	50,592	8,977	-	-
		Short position				
		76% CDI	(37,912)	2,088	-	-
		Swap net position	12,680	11,065	-	-
Swap		Long position				
Derivative financial instruments (Hedging instruments)	US\$ 35,000	Libor dólar	8,307	(14,264)	-	-
		Short position				
		1.60%	(27,358)	1,211	-	-
		Swap net position	(19,051)	(13,053)	-	-
		Total net position	(6,371)	(1,988)	-	-

(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 June 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 June 30, 2020, multiplied by the exposed net balance as at June 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 year ended 12/31/19	Annual rate estimated for 2020 (*)		Rates changes for each scenario	Total estimated financial impact	Estimated impact on net income and equity
Probable scenario									
CDI	1,600,749	(3,332,805)	(1,732,056)	4.59%	2.07%	(i)	-2.52%	43,648	25,069
IGP-M	125,111	(234,818)	(109,707)	7.31%	6.43%	(i)	-0.88%	965	554
INCC	1,038,846	(528,261)	510,585	4.03%	3.34%	(i)	-0.69%	(3,523)	(3,523)
TR	145,312	(359,293)	(213,981)	0.00%	0.01%	(i)	0.01%	(21)	(12)
IPCA	385,440	(325,658)	59,782	2.13%	1.70%	(i)	-0.43%	(257)	(148)
								40,812	21,940
Scenario I									
CDI	1,600,749	(3,332,805)	(1,732,056)	4.59%	2.59%		-2.00%	34,641	19,896
IGP-M	125,111	(234,818)	(109,707)	7.31%	8.04%		0.73%	(801)	(460)
INCC	1,038,846	(528,261)	510,585	4.03%	2.50%		-1.53%	(7,812)	(7,812)
TR	145,312	(359,293)	(213,981)	0.00%	0.01%		0.01%	(21)	(12)
IPCA	385,440	(325,658)	59,782	2.13%	1.27%		-0.86%	(514)	(295)
								25,493	11,317
Scenario II									
CDI	1,600,749	(3,332,805)	(1,732,056)	4.59%	3.11%		-1.48%	25,634	14,723
IGP-M	125,111	(234,818)	(109,707)	7.31%	9.65%		2.34%	(2,567)	(1,474)
INCC	1,038,846	(528,261)	510,585	4.03%	1.67%		-2.36%	(12,050)	(12,050)
TR	145,312	(359,293)	(213,981)	0.00%	0.02%		0.02%	(43)	(25)
IPCA	385,440	(325,658)	59,782	2.13%	0.85%		-1.28%	(765)	(439)
								10,209	735

(i) Data obtained on B3's website.

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

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

Liquidity risk

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

Liquidity and interest rate risk table

The undiscounted cash flows of financial liabilities, based on the earliest date on which the Group must settle the related obligations and on the projection for each index at June 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	1,346,839	1,334,780	771,334	2,153,626	5,606,579
Fixed rates liabilities	48,777	56,015	47,563	946,953	1,099,308
Non-interest bearing liabilities	668,113	1,373,299	453,391	745,438	3,240,241
Total	2,063,729	2,764,094	1,272,288	3,846,017	9,946,128
Individual:					
Floating rates liabilities	1,169,949	989,553	513,538	2,122,340	4,795,380
Fixed rates liabilities	12,826	9,883	8,860	86,403	117,972
Non-interest bearing liabilities	466,533	921,957	436,262	722,814	2,547,566
Total	1,649,308	1,921,393	958,660	2,931,557	7,460,918

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\$5.75, this is 5% above the closing exchange rate of June 30, 2020 (R\$5.4760) 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:

Exposição às taxas de câmbio	Valor em dólares	Valor contábil	Cenário provável	Cenário possível	Cenário remoto
		R\$5.48	R\$5.75	R\$7.19	R\$8.62
Empréstimos e financiamentos	(215,652)	(1,180,910)	(1,239,956)	(1,549,945)	(1,859,934)
Fornecedores	(9,673)	(52,969)	(55,618)	(69,522)	(83,427)
(-) Caixa, equivalentes de caixa e TVM	20,259	110,938	116,485	145,606	174,728
Passivo líquido exposto	(205,066)	(1,122,941)	(1,179,088)	(1,473,861)	(1,768,633)
Efeito líquido no resultado			-	-	-
Efeito líquido no patrimônio líquido			(56,147)	(350,919)	(645,691)

(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	
	6/30/20	12/31/19	6/30/20	12/31/19
Income tax (IRPJ)	40,098	31,742	20,083	15,262
Social contribution (CSLL)	21,055	16,653	10,494	7,969
Total - IRPJ and CSLL	61,153	48,395	30,577	23,231
Tax on revenue (PIS)	11,817	9,328	5,933	4,481
Tax on revenue (COFINS)	54,733	43,171	27,374	20,923
Total - PIS and COFINS	66,550	52,499	33,307	25,404
Total	127,703	100,894	63,884	48,635
Current	64,495	54,378	34,235	27,303
Noncurrent	63,208	46,516	29,649	21,332
	127,703	100,894	63,884	48,635

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

	Consolidated		Individual	
	1 st half of		1 st half of	
	2020	2019	2020	2019
Opening balance	(48,395)	(40,426)	(23,231)	(17,012)
Effect of deferred IRPJ and CSLL recognized in:				
Net income	(12,758)	(4,295)	(7,346)	(4,043)
Closing balance	(61,153)	(44,721)	(30,577)	(21,055)

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

	Consolidated		Individual	
	6/30/20	12/31/19	6/30/20	12/31/19
Effects of IRPJ and CSLL on:				
Portion not received for real estate development	(62,456)	(49,972)	(31,364)	(24,237)
(-) Advances from customers	1,303	1,577	787	1,006
Net amount	(61,153)	(48,395)	(30,577)	(23,231)

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

	Consolidated			
	2020		2019	
	2 nd quarter	1 st half	2 nd quarter	1 st half
Revenue from real estate development - subsidiaries	715,033	1,412,828	715,087	1,443,278
Nominal tax rate (*)	1.92%	1.92%	1.92%	1.92%
<u>IRPJ and CSLL tax expenses on:</u>				
Real estate development	(13,729)	(27,126)	(13,730)	(27,711)
Financial income - subsidiaries (**)	(1,091)	(2,376)	(2,230)	(4,779)
IRPJ and CSLL in subsidiaries	(14,820)	(29,502)	(15,960)	(32,490)
IRPJ and CSLL in Individual	(19,144)	(36,100)	(17,415)	(33,385)
Other	(776)	(1,459)	606	765
Expenses in profit or loss	<u>(34,740)</u>	<u>(67,061)</u>	<u>(32,769)</u>	<u>(65,110)</u>
Breakdown of expense in profit or loss - Consolidated:				
Current	(29,271)	(54,303)	(32,134)	(60,815)
Deferred	(5,469)	(12,758)	(635)	(4,295)
	<u>(34,740)</u>	<u>(67,061)</u>	<u>(32,769)</u>	<u>(65,110)</u>

(*) 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	
	2 nd quarter	1 st half	2 nd quarter	1 st half
Income before income tax and social contribution	128,257	249,618	207,820	412,443
Tax rate - IRPJ and CSLL	34%	34%	34%	34%
Nominal expense	(43,607)	(84,870)	(70,659)	(140,231)
<u>Effects of IRPJ and CSLL on:</u>				
Results from equity participation	24,494	57,200	40,186	87,484
Earmarked assets	(280)	(7,544)	14,860	28,631
Other permanent add-back	249	(886)	(1,802)	(9,269)
Expenses in profit or loss	<u>(19,144)</u>	<u>(36,100)</u>	<u>(17,415)</u>	<u>(33,385)</u>
Breakdown of expense in profit or loss - Individual:				
Current	(15,640)	(28,754)	(15,641)	(29,342)
Deferred	(3,504)	(7,346)	(1,774)	(4,043)
	<u>(19,144)</u>	<u>(36,100)</u>	<u>(17,415)</u>	<u>(33,385)</u>

27. Noncash transactions

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

	Consolidated		Individual	
	1 st half of		1 st half of	
	2020	2019	2020	2019
Capitalized financial charges (Note 12 (e))	71,258	102,712	61,283	87,150
Right-of-use (Initial adoption and remeasurement of CPC 06 (R2)) (Note 10)	5,439	77,144	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)	-	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	
	6/30/20	12/31/19	6/30/20	12/31/19
Projects under construction				
(i) Unappropriated revenues from sold units				
Projects under construction:				
(a) Revenues from contracted sales	53,951,573	49,958,641	32,365,558	30,176,015
Appropriated revenues:				
Appropriated revenues	(51,882,806)	(48,336,244)	(31,111,586)	(29,098,601)
Cancellations - Reversed revenues	8,587	6,809	4,197	3,373
(b) Appropriated revenues, net	(51,874,219)	(48,329,435)	(31,107,389)	(29,095,228)
Unappropriated revenues (a + b)	2,077,354	1,629,206	1,258,169	1,080,787
(ii) Indemnity revenue from cancellations	179	89	64	56 (*)
(iii) Unappropriated revenues from contracts from non-qualifying contracts for revenue recognition	1,876	791	485	555 (*)
(iv) Provision for cancellations				
Adjustments on appropriated revenues	8,587	6,809	4,197	3,373
Adjustments on receivables from real estate development	(7,691)	(6,363)	(3,875)	(3,093)
Indemnity revenue from cancellations	(179)	(89)	(64)	(56)
Liability - Rebates from cancellations	716	357	258	224
(v) Budgeted costs to be appropriated of sold units (**)				
Projects under construction:				
(a) Budgeted cost	18,498,057	16,636,095	10,743,579	9,745,233
Incurred cost:				
Construction cost	(17,248,833)	(15,662,619)	(9,985,581)	(9,088,294)
Construction cost - cancellations	3,555	2,335	1,378	1,231
(b) Incurred cost, net	(17,245,278)	(15,660,284)	(9,984,203)	(9,087,063)
Costs to be incurred of sold units (a + b)	1,252,779	975,811	759,375	658,170
(vi) Budgeted costs to be appropriated of units in inventory (**)				
Projects under construction				
(a) Budgeted cost	4,592,429	5,509,129	2,530,937	3,263,301
(b) Incurred cost	(1,999,606)	(2,359,324)	(1,089,171)	(1,292,122)
Cost to be incurred of units in inventory (a + b)	2,592,823	3,149,805	1,441,767	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 June 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.	9,378,494
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.	262,018
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.	395,841
Multi-peril insurance	Insures the completion of a project construction, compensation for damages caused by fire, lightning, windstorm, electrical damages, and glass shattering.	492,471
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.	912,000
Builder guarantee insurance	Insures the project financier that construction will be completed in the event of technical and/or financial inability by the Company.	1,505,667
Sundry risks insurance	Insures the payment to the financial agent of compensation for property damages caused to financed/leased equipment.	7,253
Civil liability (officers)	Insures the coverage of pain and suffering payable by Company officers (D&O).	120,000
Auto	Insures payment to the Company of any amounts arising from damages to insured vehicles, such as theft, collision, property damages, and bodily injuries to passengers.	1,055
Lenders insurance	Insures that the Company will receive the outstanding balance of a property sold in case of lender's death.	27,103
Group life and personal injury insurance	Insures payment of compensation related to involuntary personal injuries to employees, contractors, interns, and officers.	810,272
Residential	Insures payment of compensation to the Company for covered events in leased residential properties, events such as electric damages, fire, lightning, windstorm, etc.	18,256
Corporate insurance	Insures payment of compensation to the Company for covered events occurring in leased commercial properties, events such as electric damages, fire, lightning, windstorm, etc.	99,212
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.	500,068
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.	151,651
Infrastructure insurance	Insures to City authorities the completion of any infrastructure works required under licensing procedures of the projects under construction.	64,528
Property delivery insurance	Insures to the barter the delivery of the units subject matter of the Barter Instrument entered into by the parties.	184,465
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.	257,993
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.	23,803

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 ("AHS 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 June 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 anticipate possible losses due to economic environment deterioration arising from COVID-19 pandemic.

33. Subsequent event

Tax assessment notices for the collection of income tax and social contribution

On July 14, 2020, two tax assessment notices were drawn up against the Company for the collection of IRPJ and CSSL, relating to the 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 respective defenses.

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 August 12, 2020.