(A free translation of the original in Portuguese)

Patrimar Engenharia S.A.

**Quarterly Information (ITR) at
March 31, 2020
and report on review of
quarterly information**

(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
Patrimar Engenharia S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Patrimar Engenharia S.A. ("Company" or "Parent company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2020, comprising the balance sheet at that date and the statements of operations, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC), and the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), including Circular Letter CVM/SNC/SEP No. 02/2018, related to application of Guidance OCPC 04, as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial 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 of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, including Circular Letter CVM/SNC/SEP No. 02/2018, related to application of Guidance OCPC 04, and presented in accordance with the standards issued by the CVM.

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Patrimar Engenharia S.A.

Emphasis of matter

As described in Note 2, the accompanying parent company and consolidated interim accounting information included in the Quarterly Information was prepared in accordance with CPC 21 and IAS 34, applicable to Brazilian real estate development entities registered with the CVM. Accordingly, the accounting policies adopted by the Company to recognize revenue from incomplete real estate units under construction, with regards to determining the timing of transfer of control, follow the guidance in CVM's Circular Letter CVM/SNC/SEP/ No. 02/2018 when applying CPC 47 (IFRS 15) and Technical Guidance OCPC 04. Our conclusion is not qualified in respect of this matter.

Other matters

Statements of value added

The Quarterly Information referred to above include the parent company and consolidated statements of value added for the quarter ended March 31, 2020. These statements are the responsibility of the Company's management, and are presented as supplementary information for IAS 34 purposes. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if its form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria defined in this accounting standard, and in a consistent manner in relation to the parent company and consolidated interim accounting information taken as a whole.

Belo Horizonte, August 5, 2020

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Guilherme Campos e Silva
Contador CRC 1SP218254/O-1

Patrimar Engenharia S.A.

Balance sheet

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Note	Parent company 3/31/2020	Parent company 12/31/2019	Consolidated 3/31/2020	Consolidated 12/31/2019
Assets					
Current assets					
Cash and cash equivalents	5	17,804	11,082	71,115	50,234
Trade receivables	6	17,868	19,812	99,671	97,389
Properties for sale	7	53,712	60,293	252,680	266,193
Taxes recoverable		1,662	1,733	5,601	5,430
Prepaid expenses		3,714	526	10,217	6,373
Other receivables		428	-	8,211	6,295
Total current assets		95,188	93,446	447,495	431,914
Non-current assets					
Long-term receivables					
Restricted financial investments	5	2,211	2,191	2,211	2,191
Trade receivables	6	9,408	7,735	45,621	36,287
Properties for sale	7	8,532	4,544	29,069	10,969
Judicial deposits	17	284	284	2,613	2,592
Related parties	8	15,627	14,401	12,015	27,537
		36,062	29,155	91,529	79,576
Investments	9	234,366	231,618	51,230	47,616
Property and equipment	10	9,926	9,851	20,103	20,337
Intangible assets	11	12,093	12,747	15,116	15,429
Total non-current assets		292,447	283,371	177,978	162,958
Total assets		387,635	376,817	625,473	594,872

The accompanying notes are an integral part of this quarterly information.

Patrimar Engenharia S.A.

Balance sheet

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Note	Parent company 3/31/2020	Parent company 12/31/2019	Consolidated 3/31/2020	Consolidated 12/31/2019
Liabilities and equity					
Current liabilities					
Borrowings	12	38,606	23,424	51,019	38,715
Trade payables	13	4,060	6,903	22,428	29,623
Salaries and social charges		2,292	1,040	4,331	1,628
Tax liabilities	14	1,938	2,048	7,988	8,166
Real estate purchase obligations	15	908	1,976	42,925	46,799
Profit distributions payable		80	38	80	38
Advances from customers	16	27,217	25,214	90,085	85,397
		302	-	785	726
Other payables	-	11	573	5,070	5,534
Total current liabilities		75,414	61,216	224,711	216,626
Non-current liabilities					
Borrowings	12	30,490	27,304	48,371	32,014
Real estate purchase obligations	15	-	-	5,780	6,580
Advances from customers	16	71	-	68	-
Provision for contingencies	17	1,433	1,451	7,738	6,992
Provision for real estate maintenance	18	1,558	1,566	7,593	7,701
Related parties	8	4,867	19,441	5,502	9,539
Provision for net capital deficiency	9	1,098	1,279	2,219	3,056
Total non-current liabilities		39,517	51,041	77,271	65,882
Total liabilities		114,931	112,257	301,982	282,508
Equity	19				
Capital		281,602	281,602	281,602	281,602
Capital reserves		259	259	259	259
Accumulated deficit		(9,157)	(17,301)	(9,157)	(17,301)
		272,704	264,560	272,704	264,560
Non-controlling interests		-	-	50,787	47,804
Total equity		272,704	264,560	323,491	312,364
Total liabilities and equity		387,635	376,817	625,473	594,872

The accompanying notes are an integral part of this quarterly information.

Patrimar Engenharia S.A.

Statement of operations
Quarters ended March 31

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		2020	**2019**	**2020**	**2019**
Net operating revenue	21	13,867	3,515	74,012	16,726
Cost of properties sold	22	(8,811)	(4,125)	(41,746)	(13,799)
Gross profit		5,056	(610)	32,266	2,927
Operating income (expenses)					
General and administrative expenses	22	(5,716)	(6,095)	(7,720)	(6,636)
Selling expenses	22	(610)	(1,468)	(6,291)	(3,315)
Equity in the results of investees	9	11,067	805	-	-
Other operating income (expenses), net	22	(837)	441	(3,340)	(932)
Operating profit (loss)		8,960	(6,927)	14,915	(7,956)
Finance income	24	2,641	229	3,933	969
Finance costs	24	(3,162)	(850)	(3,161)	(1,023)
Finance income (costs), net		(521)	(621)	772	(54)
Equity in the results of investees	9	-	-	2,056	1,239
Profit (loss) before income tax and social contribution		8,439	(7,548)	17,743	(6,771)
Income tax and social contribution	25	(295)	(60)	(1,343)	(477)
Profit (loss) for the period		8,144	(7,608)	16,400	(7,248)
Attributable to:					
Owners of the Company		-	-	8,144	(7,608)
Non-controlling interests		-	-	8,256	360
		-	-	16,400	(7,248)
Basic earnings per share - R$	20	0.000291			
Diluted earnings per share - R$	20	0.000291			

The accompanying notes are an integral part of this quarterly information.

Patrimar Engenharia S.A.

Statement of comprehensive income (loss)
Quarters ended March 31

All amounts in thousands of reais (A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	2020	2019	2020	2019
Profit (loss) for the period		8,144	(7,608)	16,400	(7,248)
Other comprehensive income		-	-	-	-
Total comprehensive income (loss) for the period		8,144	(7,608)	16,400	(7,248)
Attributable to:					
Owners of the Company				8,144	(7,608)
Non-controlling interests				8,256	360
				16,400	(7,248)

The accompanying notes are an integral part of this quarterly information.

Patrimar Engenharia S.A.

Statement of changes in equity
Quarters ended March 31

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Capital	Capital reserve	Retained earnings (accumulated deficit)	Equity	Non-controlling interests	Total equity
At December 31, 2018	179,032	259	(15,379)	163,912	46,872	210,784
Changes in contributions to subsidiaries	-	-			(3,583)	(3,583)
Profit (loss) for the period	-	-	(7,608)	(7,608)	360	(7,248)
At March 31, 2019	179,032	259	(22,987)	156,304	43,649	199,953
At December 31, 2019	281,602	259	(17,301)	264,560	47,804	312,364
Changes in contributions to subsidiaries	-	-	-	-	(5,273)	(5,273)
Profit for the period	-	-	8,144	8,144	8,256	16,400
At March 31, 2020	281,602	259	(9,157)	272,704	50,787	323,491

The accompanying notes are an integral part of this quarterly information.

Patrimar Engenharia S.A.

Statement of cash flows
Quarters ended March 31

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit (loss) for the period	8,144	(7,608)	16,400	(7,248)
Adjustments for non-cash items				
Depreciation and amortization	1,286	1,266	1,848	1,548
Provision for real estate maintenance	-	285	475	1,452
Present value adjustment of receivables	(573)	479	(2,802)	751
Provision for labor, civil, and tax contingencies	89	216	1,333	2,019
Equity in the results of investees	(11,067)	(805)	(2,056)	(1,239)
Provision for interest on borrowings	693	800	741	943
Provision for losses	282	-	704	-
Income tax and social contribution	295	61	1,343	478
	(851)	(5,306)	17,986	(1,296)
Increase (decrease) in assets and liabilities				
Trade receivables	562	(1,176)	(14,518)	2,892
Properties for sale	2,593	3,355	(4,480)	2,156
Taxes recoverable	71	(777)	(171)	(504)
Other assets	(3616)	2,196	(5,783)	1,804
Trade payables	(2,843)	747	(7,195)	4,621
Salaries and social charges	1,252	(529)	2,703	(546)
Tax liabilities	(405)	345	(1,521)	(1,116)
Real estate purchase obligations	(1,068)	(569)	(4,674)	2,546
Advances from customers	2,074	3,142	4,756	25,523
Amounts paid for civil, labor and tax contingencies	(18)	(3)	(1,397)	(993)
Other liabilities	18	(7,883)	619	(6,349)
	(1,380)	(1,152)	(31,661)	30,034
Net cash provided by (used in) operating activities	(2,231)	(6,458)	(13,675)	28,738
Cash flows from investing activities				
Changes in restricted financial investments	(20)	(26)	(20)	(26)
Contributions to (return on) investments	8,139	2,192	2,395	(1,611)
Purchases of property and equipment and intangible assets	(707)	(3,553)	(1,301)	(3,543)
Advances to related parties	(15,800)	(4,122)	11,486	(16,511)
Net cash provided by (used in) investing activities	(8,388)	(5,509)	12,560	(21,691)
Cash flows from financing activities				
Distributions to non-controlling interests, net	-	4,995	(5,273)	710
New borrowings	24,194	35,426	40,101	38,437
Repayment of borrowings - principal	(6,853)	(29,123)	(12,832)	(41,954)
Net cash provided by (used in) financing activities	17,341	11,298	21,996	(2,807)
Increase (decrease) in cash and cash equivalents, net	6,722	(669)	20,881	4,240
Changes in cash				
Cash and cash equivalents at the beginning of the period	11,082	2,699	50,234	19,761
Cash and cash equivalents at the end of the period	17,804	2,030	71,115	24,001
	6,722	(669)	20,881	4,240

The accompanying notes are an integral part of this quarterly information.

Patrimar Engenharia S.A.

Statement of value added
Quarters ended March 31
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2020	2019	2020	2019
Revenue:				
Revenue from sales and services	14,427	3,573	75,589	17,125
	14,427	3,573	75,589	17,125
Inputs acquired from third parties:				
Cost of properties sold	(8,811)	(4,125)	(41,746)	(13,799)
Electricity, third-party services and other expenses	(1,900)	(1,808)	(9,530)	(4,839)
	(10,711)	(5,933)	(51,276)	(18,638)
Gross value added	3,716	(2,360)	24,313	(1,513)
Retentions:				
Depreciation and amortization	(1,286)	(1,266)	(1,848)	(1,548)
Net value added generated by the entity	2,430	(3,626)	22,465	(3,061)
Value added received through transfers:				
Equity in the results of investees	11,067	805	2,056	1,239
Finance income	2,641	229	3,933	969
	13,708	1,034	5,989	2,208
Total value added for distribution	16,138	(2,592)	28,454	(853)
Distribution of value added:				
Personnel				
Compensation	3,537	3,607	5,061	3,640
	3,537	3,607	5,061	3,640
Taxes, fees, and contributions				
Federal / State / Municipal	1,126	380	3,476	1,317
	1,126	380	3,476	1,317
Remuneration of third-party capital				
Finance costs	3,162	850	3,161	1,023
Lease expenses	169	179	356	415
	3,331	1,029	3,517	1,438
Remuneration of own capital:				
Profit (loss) for the period	8,144	(7,608)	8,144	(7,608)
Non-controlling interests - retained earnings	-	-	8,256	360
	8,144	(7,608)	16,400	(7,248)
Value added distributed	16,138	(2,592)	28,454	(853)

The accompanying notes are an integral part of this quarterly information.

1 Operations

1.1. General information

Patrimar Engenharia S.A. ("Patrimar" or the "Company") is a privately-held corporation. The Company is headquartered in the city of Belo Horizonte, state of Minas Gerais, Brazil, at Rodovia Stael Mary Bicalho Motta Magalhães, 521, 17th floor, Belvedere District.

Patrimar is a real estate development and construction company with a focus on residential developments. It was founded in 1968, and it primarily operates in Belo Horizonte, Rio de Janeiro and São Paulo. In 2000, Construtora Novolar Ltda. (Novolar), a wholly-owned subsidiary of Patrimar since October 1, 2019, was formed to serve the middle class and currently it operates in the development, construction and sale of real estate developments in Minas Gerais, Rio de Janeiro and São Paulo.

The Company and its subsidiary Novolar perform development and construction activities through Special Partnerships (SCPs) and Special-Purpose Entities (SPEs) forming partnerships to permit the individual monitoring of the projects, facilitate production funding and improve the financial and accounting control of the projects. The Company and its subsidiaries are jointly referred to as the "Group". The SCPs and SPEs operate exclusively in the real estate sector and, in most cases, are associated with a specific venture.

1.2. Impacts of COVID-19

On March 2, 2020, the World Health Organization (WHO) declared the novel Coronavirus (COVID-19) a pandemic. This contagion has affected Brazil and countries worldwide, posing risks to public health and impacting the global economy.

The Company has been taking risk prevention and mitigation measures, in line with the guidelines provided by national and international health authorities, minimizing possible impacts on the health and safety of employees, their families, partners and communities, as well as on the continuity of its operations and business. A series of analyses on the impact of COVID-19 have been prepared which included:

(a) Analysis of estimated impairment of trade receivables

Management analyzed the potential risk of default on trade receivables by contacting individual customers and, based on credit analyses and quality of real guarantees, evaluated the need for renegotiations to lengthen payment terms, as well as intensifying collections.

(b) Review of the assumptions used to measure financial instruments

As the Group's business model for managing financial assets and the nature of the contractual cash flow of the financial asset remained unchanged, there was no need to review the measurement assumptions.

(c) Analysis of compliance with obligations assumed with customers and suppliers

A review of the main supplier and customer contracts concluded that the contractual obligations are being fulfilled, and there is no evidence of insolvency or contract interruptions.

(d) Analysis of performance of contractual obligations - covenants

The Group has no contracts subject to covenants.

(e) Analysis of the Group's liquidity

Several initiatives were made to preserve cash including a review of strategic investment priorities for 2020, rationalization of operating expenses, reduction of working hours and salaries for selected employees, in addition to measures, consistent with the Company's operations, for an organizational restructuring, reduction of consulting expenses and strategic planning review.

These analyses did not identify significant adjustments required to the interim accounting information in the quarterly information for the period ended March 31, 2020.

2 Presentation of the quarterly information and summary of significant accounting policies

2.1. Presentation of the quarterly information

The Group’s quarterly information comprises:

The parent company and consolidated condensed interim accounting information included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2020, has been prepared and is being presented in accordance with CPC 21 (R1) - Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC), and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), consistent with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of quarterly information, and disclose all relevant parent company and consolidated quarterly information, consistent with that utilized by management in the performance of its duties.

Aspects related to the transfer of ownership for recognition of revenue upon sale of real estate properties are consistent with the guidance issued by the CVM in Circular Letter CVM/SNC/SEP/No. 02/2018 for adoption of Technical Pronouncement CPC 47 (IFRS 15) in conformity with CVM rules applicable to the preparation of quarterly information.

The condensed interim accounting information included in the Quarterly Information Form (ITR) has been prepared under the historical cost convention and, for certain financial assets and liabilities, measured at fair value.

The accounting practices adopted by the subsidiaries are consistent with those of the Company. Where applicable, all intercompany transactions, balances, revenue and expenses are eliminated in the condensed interim accounting information.

All amounts in thousands of reais unless otherwise stated

In the preparation of this condensed interim financial information included in the Quarterly Information Form (ITR), the principles, estimates, accounting practices, measurement methods, and standards are consistent with those presented in the financial statements at December 31, 2019, except when otherwise disclosed. This interim accounting information for the quarter ended March 31, 2020, should be read together with the Group's financial statements for the year ended December 31, 2019.

As there were no material changes in the composition and nature of the balances compared to the financial statements for the year ended December 31, 2019, the following Notes are presented in a condensed format.

Note	
2	Presentation of the quarterly information and summary of significant accounting policies
9	Investments
10	Property and equipment
11	Intangible assets
19	Equity

Novolar was a related company to Patrimar up to September 30, 2019 (Note 1) and on October 1, 2019 became a wholly-owned subsidiary of Patrimar by virtue of the merger of its parent company RPMV Participações Ltda. (Note 19). Therefore, the statements of operations and comprehensive income at March 31, 2019 do not include the results of this subsidiary.

The presentation of the parent company and consolidated statements of value added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies. This statements is not required by IFRS for which presentation in considered as supplementary information.

The condensed interim accounting information in the Group's Quarterly Information Form (ITR) for the quarter ended March 31, 2020 was approved by management for issuance on August 5, 2020.

2.2. New accounting pronouncements

In the quarter ended March 31, 2020, no new standards, amendments to or interpretations of existing standards were issued.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by senior management. These policies are established to identify and analyze the risks to which the Group is exposed, define the risk limits and proper controls, and monitor risks and adherence to defined limits.

All amounts in thousands of reais unless otherwise stated

Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Group's activities. The Group, through its training and management rules and procedures, seeks to maintain an environment of discipline and control in which all employees are aware of their duties and obligations.

(a) Credit risk

This is the risk that the Company may incur losses arising from the failure of a customer, or a counterparty to a financial instrument, to meet its contractual obligations, as well as from deposits with banks and other financial institutions. Individual risk limits are set based on internal or external ratings in accordance with limits approved by management. The credit analysis department assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The carrying value of the financial assets is the maximum exposure to credit risk.

The utilization of credit limits is regularly monitored by Treasury and credit risk is managed on a Group basis. For investments in banks and other financial institutions, only independently rated parties with a minimum rating of "Good" in the rating scale are accepted. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. These limits are set aiming at minimizing risk concentration and, therefore, mitigating the risk of loss in the event of a potential bankruptcy of a counterparty.

Credit quality of financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings (when available) or to historical information about counterparty default rates.

The Group considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties and the related internal reviews.

Trade receivables

	Parent company		Consolidated	
	3/31/2020	**12/31/2019**	**3/31/2020**	**12/31/2019**
Completed units (Note 6)				
With real guarantee	8,647	13,404	62,429	64,201
Without real guarantee	-	-	7,245	5,714
	8,647	13,404	69,674	69,915
Units under construction (Note 6)				
With real guarantee	23,118	18,021	92,658	88,116
	31,765	31,425	162,332	158,031

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by the counterparties above amounts already provisioned.

All amounts in thousands of reais unless otherwise stated

(b) Liquidity risk

Liquidity risk is the risk that the Group will have difficulty in complying with its obligations associated with its financial liabilities that are settled in cash or other financial assets. The Group's approach to managing liquidity is to ensure and maximize management so that it will always have sufficient liquidity to comply with its obligations as they fall due, under normal or stress conditions, without incurring unacceptable losses or adversely affecting the Group's reputation.

The cash flow projections are made by the Group's Treasury department, which monitors the continuous forecasts of the liquidity requirements to ensure that it has sufficient cash to settle the financial for the following 30 days.

The expected cash flows of financial liabilities based on the approximate date of settlement of the related obligations are as follows:

					Parent company
	Less than one year	Between one and two years	Between two and three years	Over three years	Total
At March 31, 2020					
Borrowings (Note 12)	38,606	12,986	12,862	4,642	69,096
Trade payables (Note 13)	4,060				4,060
Real estate purchase obligations (Note 15)	908	-	-	-	908

					Consolidated
	Less than one year	Between one and two years	Between two and three years	Over three years	Total
At March 31, 2020					
Borrowings (Note 12)	51,019	20,732	17,649	9,990	99,390
Trade payables (Note 13)	22,428				22,428
Real estate purchase obligations (Note 15)	42,925	5,780	-	-	48,705

					Parent company
	Less than one year	Between one and two years	Between two and three years	Over three years	Total
At December 31, 2019					
Borrowings (Note 12)	23,424	11,502	10,693	5,109	50,728
Trade payables (Note 13)	6,903				6,903
Real estate purchase obligations (Note 15)	1,976				1,976

					Consolidated
	Less than one year	Between one and two years	Between two and three years	Over three years	Total
At December 31, 2019					
Borrowings (Note 12)	38,715	12,997	12,188	6,829	70,729
Trade payables (Note 13)	29,623	-	-		29,623
Real estate purchase obligations (Note 15)	46,799	6,580	-	-	53,379

All amounts in thousands of reais unless otherwise stated

The Group has financial assets (mostly cash, cash equivalents, and trade receivables for real estate development) sufficient to honor the commitments arising from its operating activities.

(c) Market risk

The Group is mainly engaged in the development, construction and sale of real estate ventures. In addition to the risks that generally affect the real estate market, such as supply interruptions and volatility in the price of construction materials and equipment, changes in the supply and demand for real estate developments in certain regions, strikes and environmental and zoning regulations, the activities of the Group are specifically affected by the following risks:

(i) Interest rate and foreign exchange risk exposure

The Group analyzes its interest rate exposure on a continuous basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing to calculate the impact on income of a defined interest rate shift.

The Group has financial investments earning interest indexed to the Interbank Deposit Certificate (CDI) rate, and borrowings from third parties bearing interest linked to the CDI rate and the Reference Rate (TR).

The Group’s borrowing denominated in U.S. dollars includes, in the same contract, a swap that exchanges the foreign currency for the local currency at a fixed interest rate of 7.8% p.a. Accordingly, the Group is not exposed to the foreign exchange rate volatility.

The balances of financial investments are exposed to the fluctuations in interest rates, more specifically, the CDI rate. At March 31, 2020, the Group's management carried out a sensitivity analysis for a 12-month scenario, as required by CVM Instruction 475 of December 17, 2008, which did not necessarily reflect management's expectations.

Decreases of 25% and 50% in interest rates were considered, based on an expected CDI rate of 6.00% on the balances of financial investments and borrowings:

						Parent company					Consolidated
Indicators	**Index**	**Rate**	**Base Scenario**	**Scenario I Probable**	**Scenario II (25%)**	**Scenario III (50%)**	**Rate**	**Base Scenario**	**Scenario I Probable**	**Scenario II (25%)**	**Scenario III (50%)**
Assets											
Financial investments	(CDI)	3.15%	19,531	614	461	307	3%	45,808	1,441	1,081	721
Liabilities											
Borrowings for working capital (In Reais - R$)	CDI	3.15%	35,142	1,106	829	553	3%	39,144	1,231	924	616

All amounts in thousands of reais unless otherwise stated

					Parent company						Consolidated
Indicators	**Index**	**Rate**	**Base Scenario**	**Scenario I Probable**	**Scenario II (25%)**	**Scenario III (50%)**	**Rate**	**Base Scenario**	**Scenario I Probable**	**Scenario II (25%)**	**Scenario III (50%)**
Assets											
Financial investments	(CDI)	3.15%	19,531	614	461	307	3%	45,808	1,441	1,081	721
Liabilities											
Borrowings for working capital (In Reais - R$)	CDI	3.15%	35,142	1,106	829	553	3%	39,144	1,231	924	616

For the swap transaction and borrowing in U.S. dollars (US$), deteriorations of 25% and 50% in the Real to U.S. dollar exchange rate were considered:

						Parent company				Consolidated
Indicators	**Index**	**Quotation**	**Base Scenario**	**Scenario I Probable**	**Scenario II (25%)**	**Scenario III (50%)**	**12/31/2019**	**Scenario I Probable**	**Scenario II (25%)**	**Scenario III (50%)**
Assets										
Swap	(US$)	5.75	2,257	12,977	16,221	19,465	12,977	12,977	16,221	19,465
Liabilities										
Borrowings for working capital (In US dollars – US$)	US$	5.75	2,309	(13,279)	(16,599)	(19,919)	(13,279)	(13,279)	(16,599)	(19,919)
Net effect on profit or loss				(302)	(378)	(454)	(302)	(302)	(378)	(454)

3.2 Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure of the Group, management can make, or may propose to the stockholders when approval is required, adjustments to the amount of profit to be distributed, return capital to stockholders or sell assets to reduce, for example, levels of indebtedness.

In common with others in the sector, the Group monitors its capital on the basis of the gearing ratio, which corresponds to net debt divided by total capitalization. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the balance sheet) less cash and cash equivalents and financial investments. Total capitalization is calculated as equity as shown in the balance sheet plus net debt.

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Total borrowings (Note 12)	69,096	50,728	99,390	70,729
Less: cash and cash equivalents (Note 5)	(17,804)	(11,082)	(71,115)	(50,234)
Net debt	51,292	39,646	28,275	20,495
Total equity	272,704	264,560	323,491	312,364
Total capitalization	323,996	304,206	351,766	332,859
Gearing ratio - %	16%	13%	8%	6%

3.3 Fair value estimation

Financial assets and liabilities are measured at fair value based on estimated market value based on participant assumptions for assets and liabilities. To increase consistency and comparability, the fair value hierarchy prioritizes the inputs used in measurement considering three major levels, as follows:

- **Level 1. Active market:** Quoted market price - A financial instrument is considered to be quoted in an active market if quoted prices are readily and regularly available from an exchange or organized over-the-counter market, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent regularly occurring market transactions on an arm's length basis.

- **Level 2. No active market:** Valuation techniques - If the market for a financial instrument is not active, fair value is established by using valuation/pricing techniques. These techniques may include reference to the fair value of another instrument that is substantially the same, discounted cash flows and option pricing models. The purpose of the valuation technique is to establish what the transaction price would be on the measurement date in an interest-free exchange motivated by business considerations.

- **Level 3. No active market:** Equity instruments - Fair value of investments in equity instruments that do not have market prices quoted in an active market and of derivatives that are linked to them and that must be settled by the delivery of unquoted equity instruments.

The Group's financial assets, which are all measured at fair value through profit or loss, are comprised of derivative financial instruments (swap, as disclosed in Note 12), classified in Level 2.

The fair value of financial instruments that are not traded in an active market (such as over-the-counter derivatives) is determined through the use of valuation techniques. If all significant inputs required to determine the fair value of an asset or liability are observable, the asset or liability is included in Level 2.

The Group does not have financial assets classified in Levels 1 and 3.

All amounts in thousands of reais unless otherwise stated

4 Financial instruments by nature

	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Financial assets				
Measured at amortized cost				
Cash on hand and at banks (Note 5)	484	1,847	27,518	18,996
Highly liquid financial investments (Note 5)	17,320	9,235	43,597	31,238
Restricted financial investments (Note 5)	2,211	2,191	2,211	2,191
Trade receivables (Note 6)	27,276	27,547	145,292	133,676
Judicial deposits (Note 17)	284	284	2,613	2,592
Related parties (Note 8)	15,627	14,401	12,015	27,537
	63,202	55,505	233,246	216,230
Financial liabilities				
Measured at amortized cost				
Borrowings (Note 12)	70,649	50,232	100,943	70,233
Trade payables (Note 13)	4,060	6,903	22,428	29,623
Real estate purchase obligations (Note 15)	908	1,976	48,705	53,379
Related parties (Note 8)	4,867	19,441	5,502	9,539
Measured at fair value				
Derivative financial instrument - Swap (Note 12)	(1,553)	496	(1,553)	496
	78,931	79,048	176,025	163,270

5 Cash and cash equivalents and financial investments

Cash and cash equivalents

	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Cash	31	40	60	68
Banks	453	1,807	27,458	18,928
Highly liquid financial investments	17,320	9,235	43,597	31,238
	17,804	11,082	71,115	50,234

In the period ended March 31, 2020, the yields on financial investments were linked to bank deposits and other short-term highly liquid investments with immaterial risk of change in value, and ranged from 95% to 106% of the CDI rate (from 95% to 106% of the CDI rate at December 31, 2019).

Restricted financial investments

	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Restricted financial investments	2,211	2,191	2,211	2,191
	2,211	2,191	2,211	2,191

All amounts in thousands of reais unless otherwise stated

The Group's restricted financial investments in Bank Deposit Certificates (CDB), redeemable in periods over one year, are collateral for the borrowing obtained for the purchase of land. The yields on these investments are linked to and correspond to 108% of the CDI rate (108% of the CDI rate at December 31, 2018).

6 Trade receivables

	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Trade receivables from real estate developments				
Completed units	8,647	13,404	69,674	69,915
Units under construction	23,118	18,021	92,658	88,116
	31,765	31,425	162,332	158,031
Provision for canceled sales	(901)	-	(4,247)	(7,828)
Provision for estimated impairment of trade receivables	(2,444)	(2,161)	(2,866)	(3,725)
Adjustments to present value	(1,144)	(1,717)	(9,927)	(12,802)
	(4,489)	(3,878)	(17,040)	(24,355)
	27,276	27,547	145,292	133,676
Current assets	17,868	19,812	99,671	97,389
Non-current assets	9,408	7,735	45,621	36,287

The balance of receivables from the sale of units under construction is not fully recognized in the quarterly information, because the amount of revenue recorded is limited to the portion of revenue recognized considering the progress of the works, net of the installments already received.

Trade receivables from real estate sales include indexation accruals based on the National Civil Construction Index (INCC) up to the delivery of the real estate units. As from that date, these amounts accrue indexation based on the General Market Price Index (IGP-M) and bear an average interest rate of 12% p.a.

Maturities of trade receivables from real estate developments

Financial trade receivables are summarized below and do not include developments not yet completed, recorded under the percentage-of-completion method.

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	3/31/2020	**12/31/2019**	**3/31/2020**	**12/31/2019**
Falling due in up to 1 year	22,425	24,037	133,786	134,150
Falling due from 1 to 2 years	29,881	10,138	146,845	115,125
Falling due from 2 to 3 years	-	21,140	51,697	56,854
Falling due from 3 to 4 years	-	-	94,120	89,726
Falling due in more than 4 years	-	-	432	465
	52,306	55,315	426,880	396,320
Overdue for up to 1 year	886	3,004	10,600	29,980
Overdue from 1 to 2 years	1,505	66	5,083	3,072
Overdue from 2 to 3 years	-	-	800	1,438
Overdue from 3 to 4 years	-	-	654	95
Overdue for more than 4 years	-	2,161	290	3,078
	2,391	5,231	17,427	37,663
	54,697	60,546	444,307	433,983
Trade receivables - accounting (Note 7)	27,276	27,547	145,292	133,676
Deferred revenue (Note 26)	29,499	33,613	336,515	326,030
Advances from customers (Note 16)	(6,567)	(4,492)	(54,540)	(50,078)
Present value adjustment	1,144	1,717	9,927	12,802
Provision for canceled sales	901	-	4,247	7,828
Provision for estimated impairment of trade receivables	2,444	2,161	2,866	3,725
	54,697	60,546	444,307	433,983

All amounts in thousands of reais unless otherwise stated

7 Properties for sale

This account includes apartments for sale, completed and under construction, and land for future developments. The land related to a venture is transferred to "Properties under construction" at the time the sales of the units are initiated.

	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Inventories of land	36,793	35,922	83,197	76,092
Properties under construction	20,648	24,520	152,740	146,723
Acqua Galleria	-	-	-	-
Antônio de Albuquerque SPE Ltda. (Epic)	-	-	1,304	1,363
Ápia	-	-	10,684	11,608
Avignon	4,632	3,904	4,632	3,904
Ed. Duo - Alameda do Morro	-	-	25,632	28,293
Inovatto	-	-	5,845	5,092
Jardim das Mangabeiras	-	-	64,473	54,577
Jardinaves	-	-	7,966	7,163
Mirataia	-	-	12,617	9,751
Saint Tropez	16,016	20,616	16,014	20,616
SPE Axis (Porto Fino)	-	-	2,033	2,755
Villaggio Verona	-	-	1,540	1,601
Completed properties	3,604	4,395	42,553	48,788
Acqua Galleria	-	-	5,160	8,802
Bernardo Vasconcelos (Brooklyn)	-	-	1,013	1,846
Holliday Inn	-	-	5,575	5,575
Manhattan Square	-	-	5,420	5,921
Maura Valadares	-	-	60	60
Mayffair Offices	-	-	160	160
Mia Felicita	-	-	540	1,360
Olga Chiari	-	-	7,084	7,084
Palo Alto	-	-	1,798	1,829
Park Residence	-	-	2,968	2,997
Quintas do Morro	-	-	3,637	3,637
Ruth Silveira	-	-	902	1,874
The Plaza	2,913	3,702	2,913	3,702
Villaggio Florença	-	-	1,735	-
Villagio Ventura	-	-	94	94
Stand-alone properties	691	693	3,494	3,847
Provision for canceled sales	1,199	-	3,259	5,559
	62,244	64,837	281,749	277,162
Current assets	53,712	60,293	252,680	266,193
Non-current assets	8,532	4,544	29,069	10,969

(a) Capitalized interest

Interest paid on production financing is accounted for as properties under construction, and charged to profit or loss when the property is sold. The rate utilized for interest capitalization is specific to each real estate development, ranging from 7% to 10.8% p.a.

At March 31, 2020, interest capitalized within real estate in inventory totaled R$ 2,772 in Consolidated, and R$ 729 in the Parent company (R$ 3,851 in the Consolidated and R$ 770 in the Parent company at December 31, 2019).

All amounts in thousands of reais unless otherwise stated

8 Related parties

	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
(a) Intercompany loans receivable	5,232	3,359	5,245	3,372
Construtora Real	-	-	13	13
PRMV S.A.	5,232	3,359	5,232	3,359
(b) Receivables from developments	10,395	11,042	6,770	24,165
Patrimar Somattos Gasparini	2,099	4,662	1,833	4,396
Jardinaves Empreendimento Imobiliário SPE	1,522			333
Saint Tropez		1,301		1,319
Acaba Mundo				840
Villagio Gutierrez		844		852
Bernardo Vasconcelos Empreendimento Imobiliário SPE		671		671
Ed. Duo - Alameda do Morro	271	562	41	562
Union Square		470		920
SPE Axis 1 Empreendimento Imobiliário	488	449	17	513
SPE Barbacena Empreendimentos Imobiliários S.A.	55	364	55	364
Jardim das Mangabeiras	2,265	246		2,127
Park Residences	196	234		234
Palo Alto	88	221	31	994
Ruth Silveira	193	193	186	461
Mia Felicita	206	178		1,633
Quintas do Morro	14	158		173
Direcional Patrimar Maragogi Empreendimento Imobiliário		124		127
SPE Mirataia Incorporadora e Construtora		38		38
Jota Patrimar Engefor Empreendimento Imobiliário SPE	45	34		42
Campo Grande		33		69
Tavares Bastos	30	30		26
Gioia Del Colle	31	28		28
Safira		26		26
Jornalista Oswaldo Nobre	20	26		26
Danilo Ambrosio	21	21		21
Residencial Inovatto	20	20	219	-
Vila Carioca (Ambev)	20	20		302
Joao Xxiii	20	20	50	53
Mayfair Offices	21	18		18
RPMV Participações S.A.		17		686
The Plaza		12		22
Villagio Novita	11	11		125
Villagio Verona	7	7	9	983
Campo Grande – Campinas	4	4		6
MRV Patrimar Galleria Incorporações SPE				8
MRV MRL Novolar II Incorporações SPE			451	1,854
Residencial Estoril				1,217
Manhattan Square				836
Aporuna I				268
Other developments	2,748		3,878	992
	15,627	14,401	12,015	27,537

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
(a) Intercompany loans payable	27	13,965	2,611	2,611
Construtora Novolar S.A.	-	13,938	-	-
Somattos Engenharia Comércio Ltda.	27	27	2,611	2,611
(b) Payables for developments	4,840	5,476	2,891	6,928
Manhattan Square	2,156	2,104	-	11
Olga Chiari	1,552	1,819	-	198
Holiday Inn	1,107	1,161	-	-
Terreno Tratex	-	168	-	-
SCP Silva Lobo	3	98	-	98
Colina Engefor	-	45	-	55
MRV Engenharia e Participações	-	34	-	391
Neuchatel	15	14	-	17
Priorato Residences	-	12	-	-
SCP Portal do Bosque	-	10	-	10
Naples	7	7	10	6
Engefor Engenharia e Construções	-	4	-	-
Villagio Florença	-	-	-	2,400
Santa Cecilia Empreendimento	-	-	-	829
Jardim das Mangabeiras	-	-	829	-
Other developments	-	-	2,052	2,913
	4,867	19,441	5,502	9,539
(c) Related-party transactions with effects on profit or loss	165		302	1,177
Construtora Real	165		302	1,177

(a) Intercompany loans receivable and payable

These refer to interest-free loans made to and obtained from related parties, with prearranged maturities.

(b) Receivables from and payables for developments

Refer to:

(i) Contributions in a proportion different from that of the interest held by quotaholders in the related SCPs and SPEs, which will be offset and/or capitalized after a supplementary contribution to adjust quotaholders' interests.

(ii) Routine transactions carried out between the Parent company and SCPs and SPEs, mainly for expenses to be reimbursed.

(c) Related-party transactions with effects on profit or loss

Payment to Construtora Real of the property lease related to the Company's principal offices.

All amounts in thousands of reais unless otherwise stated

9 Investments

The Company recognizes a "Provision for net capital deficiency" when investees present a net capital deficiency.

	Parent company		Consolidated	
	2020	**2019**	**2020**	**2019**
Investments	234,366	231,618	51,230	47,616
Provision for net capital deficiency	(1,098)	(1,279)	(2,219)	(3,056)
	233,268	230,339	49,011	44,560

Changes in the balance of investments at March 31, 2020 and December 31, 2019 were as follows:

	Parent company	Consolidated
At December 31, 2019	230,339	44,560
Changes in investments - assets and liabilities (i)	(8,138)	2,395
Equity in the results of investees	11,067	2,056
At March 31, 2020	233,268	49,011

	Parent company	Consolidated
At December 31, 2018	125,437	42,651
Changes in investments - assets and liabilities (i)	(21,237)	(125)
Merger of RPMV	111,770	-
Equity in the results of investees	14,369	2,034
At December 31, 2019	230,339	44,560

(i) Refers to changes in contributions and redemptions of funds related to projects established as Special Partnerships (SCP).

All amounts in thousands of reais unless otherwise stated

(a) An analysis of the Parent company's investments at March 31, 2020 and December 31, 2019 follows:

	Ownership interest (%)		Profit (loss) for the period	Equity	Equity in results of investees in the period	Investment (net capital deficiency)	Investment (net capital deficiency)
Companies	2020	2019	3/31/2020	3/31/2020	3/31/2020	3/31/2020	12/31/2019
Subsidiaries							
Construtora Novolar	100%	100%	(101)	100,633	(101)	100,519	100,619
Alamo Patrimar Incorporações Imobiliárias	98%	98%	(1)	(1)	(1)	-	1
Patrimar Engefor Imóveis	50%	50%	5	328	2	121	93
Maura Valadares	50%	50%	(45)	72	(23)	34	58
Engefor Patrimar	50%	50%	(7)	(281)	(3)	(140)	(142)
Professor Danilo Ambrosio	95%	95%	(3)	(18)	(3)	(16)	(13)
Jornalista Oswaldo Nobre	90%	90%	-	(214)	-	(192)	(194)
Gioia Dell Colle	90%	90%	(3)	(23)	(3)	(21)	(18)
Olga Chiari	85%	85%	76	14,137	64	11,921	12,112
Manhattan Square	90%	90%	130	9,274	117	8,354	8,177
Priorato Residences	90%	90%	30	1,644	27	1,479	1,509
Holiday Inn	80%	80%	378	23,701	302	18,989	19,295
Mayfair Offices	90%	90%	(2)	191	(2)	172	174
Quintas do Morro	69%	69%	(145)	3,166	(100)	2,177	2,243
Neuchatel	90%	90%	(37)	381	(33)	343	466
MRV Galleria	50%	50%	3,638	10,274	1,819	5,137	10,268
Jardinaves	50%	50%	(232)	2,164	(116)	1,082	180
Jota Patrimar Engefor	50%	50%	(35)	(702)	(18)	(360)	(360)
Colina Engefor Patrimar	50%	50%	(30)	(25)	(15)	(9)	(1)
Jardim das Mangabeiras	50%	50%	7,787	53,092	3,894	26,546	22,117
Antonio de Albuquerque SPE Ltda. (Epic)	50%	50%	1,974	11,628	987	5,789	4,823
Duo	40%	40%	2,240	7,540	896	3,016	2,120
Vale dos Cristais	50%	0%	-	116	-	8	-
			15,617	237,077	7,690	184,949	183,527
Jointly-controlled investees							
SCP RJ 04	50%	50%	(42)	772	(21)	386	382
Mirante do Ibituruna	34%	34%	(1)	8,028	-	2,711	2,709
Portal do Bosque	50%	50%	(1)	160	(1)	80	91
Park Ritz	48%	48%	(29)	962	(14)	462	466
Recanto das Águas	51%	51%	(8)	281	(4)	143	147
MRV Belo Campo	50%	50%	(58)	44	(39)	23	23
MRV Rec. Pássaros (Rouxinol)	40%	40%	(98)	613	(49)	289	191
MRV Res. Beija Flor	40%	40%	(114)	(30)	(49)	(63)	8
Padre Marinho	50%	50%	557	14,147	279	7,073	6,795
Rivoli	40%	40%	2	463	(33)	123	32
Acaba Mundo	50%	50%	-	1,628	-	810	810
Andorinhas	40%	40%	(106)	199	(40)	80	182
Barbacena Empreendimentos Imobiliários	50%	50%	2,155	51,978	1,078	26,005	25,911
Gasparini	50%	50%	4,280	17,307	2,133	8,654	8,119
Ponctuel Consultoria	50%	50%	-	84	-	42	42
Direcional Patrimar Maragogi	45%	45%	1	17	15	7	(4)
			6,538	96,653	3,255	46,825	45,904
Associates							
Safira Decaminada 10	24%	24%	(182)	(686)	(44)	(172)	(161)
João XXIII	24%	24%	(59)	(48)	(14)	(7)	(15)
Naples	20%	20%	(1)	23	-	6	5
Palo Alto	10%	10%	(64)	2,483	(6)	248	208
Park Residences	10%	10%	(163)	3,913	(16)	386	384
Silva Lobo	15%	15%	10	582	2	87	86
Tavares Bastos	25%	25%	(11)	(8)	(3)	(1)	-
Novo Lar Greenport	20%	20%	(2)	(583)	-	(117)	(116)
Axis 1 Porto Fino	10%	10%	2,928	10,615	206	1,062	772
Other investments				-	(3)	2	(255)
			2,456	16,291	122	1,494	908
			24,611	350,021	11,067	233,268	230,339

All amounts in thousands of reais unless otherwise stated

(b) At March 31, 2020, the balances of asset and liability accounts, net revenue and profit of subsidiaries, jointly- controlled investees and associates considered in the quarterly information, were as follows:

	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Net revenue for the period	Profit (loss) for the period
Companies	3/31/2020	3/31/2020	3/31/2020	3/31/2020	3/31/2020	3/31/2020	3/31/2020
Subsidiaries							
Construtora Novolar	38,325	173,782	20,989	90,485	100,633	-	(101)
Alamo Patrimar Incorporações Imobiliárias	2	14	14	3	(1)	-	(1)
Patrimar Engefor Imóveis	503	22	68	129	328	57	5
Maura Valadares	76	246	1	249	72	-	(45)
Engefor Patrimar	8	56	259	86	(281)	3	(7)
Professor Danilo Ambrosio	8	-	4	22	(18)	-	(3)
Jornalista Oswaldo Nobre	8	1	4	219	(214)	-	-
Gioia Dell Colle	2	7	1	31	(23)	-	(3)
Olga Chiari	9,852	4,419	(99)	233	14,137	73	76
Manhattan Square	7,053	4,690	1,216	1,253	9,274	1,099	130
Priorato Residences	795	935	69	17	1,644	32	30
Holiday Inn	13,706	11,504	1,023	486	23,701	352	378
Mayfair Offices	175	38	1	21	191	-	(2)
Quintas do Morro	3,759	249	270	572	3,166	(50)	(145)
Mg 02 Chopin	-	-	-	-	-	-	-
Neuchatel	419	107	76	69	381	-	(37)
MRV Galleria	11,942	26,849	2,104	26,413	10,274	8,316	3,638
Jardinaves	9,574	(1,242)	3,731	2,437	2,164	-	(232)
Jota Patrimar Engefor	89	344	1,001	134	(702)	-	(35)
Colina Engefor Patrimar	177	9	142	69	(25)	-	(30)
Jardim das Mangabeiras	100,469	18,593	44,524	21,446	53,092	17,234	7,787
Antônio de Albuquerque SPE Ltda. (Epic)	14,218	10,043	12,602	31	11,628	2,943	1,974
Duo	39,529	4,095	35,835	249	7,540	6,042	2,240
Vale dos Cristais	(3)	121	2	-	116	-	-
High Line	32	-	2	30	-	-	-
	250,718	254,882	123,839	144,684	237,077	36,101	15,617
Jointly-controlled subsidiaries							
SCP RJ 04	724	110	60	2	772	-	(42)
Mirante do Ibituruna	8,025	6	3	-	8,028	-	(1)
Portal do Bosque	32	151	1	22	160	-	(1)
Park Ritz	1,093	28	88	71	962	-	(29)
Recanto das Águas	119	169	4	3	281	-	(8)
MRV Belo Campo	139	36	65	66	44	7	(58)
MRV Rec. Pássaros (Rouxinol)	527	217	11	120	613	(16)	(98)
MRV Res. Beija Flor	384	77	155	336	(30)	(54)	(114)
Padre Marinho	32,748	-	18,601	-	14,147	2,321	557
Rivoli	133	369	24	15	463	-	2
Acaba Mundo	1,631	-	3	-	1,628	-	-
Andorinhas	210	146	78	79	199	(14)	(106)
Barbacena Empreendimentos Imobiliários	53,774	73	1,461	408	51,978	15,491	2,155
Gasparini	19,277	18	446	1,542	17,307	4,845	4,280
Ponctuel Consultoria	3	81	-	-	84	-	-
Direcional Patrimar Maragogi	72	9	64	-	17	-	1
	118,891	1,490	21,064	2,664	96,653	22,580	6,538
Associates							
Associates							
Safira Decaminada 10	30	93	93	716	-686	0	-182
João XXIII	38	12	10	88	-48	0	-59
Naples	26	-2	1	0	23	0	-1
Palo Alto	3,331	107	402	553	2,483	0	-64
Park Residences	4,854	551	711	781	3,913	0	-163
Silva Lobo	359	244	16	5	582	10	10
Tavares Bastos	33	-1	6	34	-8	0	-11
Novo Lar Greenport	12	2	179	418	-583	0	-2
Axis 1	20,163	1,686	10,624	610	10,615	7,766	2,928
	28,846	2,692	12,042	3,205	16,291	7,776	2,456
	398,455	259,064	156,945	150,553	350,021	66,457	24,611

All amounts in thousands of reais unless otherwise stated

(c) An analysis of the Group's investments at March 31, 2020 follows:

	Ownership interest (%)		Profit (loss) for the period	Equity	Equity in the results of investees in the period	Investment (net capital deficiency)	Investment (net capital deficiency)
Companies	2020	2019	3/31/2020	3/31/2020	3/31/2020	3/31/2020	12/31/2019
Jointly-controlled investees							
SCP RJ 04	50%	50%	(42)	772	(21)	386	382
Mirante Do Ibituruna	34%	34%	(1)	8,028	-	2,711	2,729
Portal Do Bosque	50%	50%	(1)	160	(1)	80	91
Park Ritz	48%	48%	(29)	963	(14)	462	466
Recanto das Águas	51%	51%	(8)	281	(4)	143	147
MRV Belo Campo	50%	50%	(58)	45	(39)	23	23
MRV Rec. Pássaros (Rouxinol)	40%	40%	(98)	613	(49)	289	191
MRV Res. Beija Flor	40%	40%	(114)	(30)	(49)	(63)	8
Padre Marinho	50%	50%	557	14,147	279	7,073	6,795
Rivoli	40%	40%	2	464	(33)	123	32
Acaba Mundo	50%	50%	-	1,628	-	810	811
Andorinhas	40%	40%	(106)	199	(40)	80	224
Barbacena Empreendimentos Imobiliários	50%	50%	2,155	51,978	1,078	26,005	25,911
Gasparini	50%	50%	4,280	17,308	2,133	8,654	8,119
Ponctuel Consultoria	50%	50%	-	84	-	42	42
Direcional Patrimar Maragogi	45%	45%	1	16	15	7	(3)
			6,538	96,656	3,255	46,825	45,968
Associates							
Pacuare	50%	50%	(33)	(818)	(17)	(409)	(412)
Manchete	40%	40%	(737)	1,932	(295)	773	(940)
Parque Araras	50%	50%	(10)	84	(5)	24	24
Parque Bem Te Vi	50%	50%	(11)	186	(6)	66	68
Parque Gaivotas	50%	50%	(45)	80	(22)	41	43
Parque Sabia	50%	50%	(2)	57	(1)	29	30
Park Riversul	35%	35%	(237)	(56)	(83)	5	18
Recreio Bandeirantes	35%	35%	(52)	(800)	(18)	(265)	(247)
Recreio Pontal	35%	35%	(277)	(3,155)	(97)	(1,104)	(982)
Park Rossete	51%	51%	(28)	2,124	(14)	1,084	1,085
Reality E Renovare	51%	50%	(411)	310	(210)	158	136
Recreio Gaveas	35%	35%	(194)	5,581	(68)	1,953	-
Recanto Do Tingui	35%	35%	(50)	(202)	(18)	(71)	(65)
Riviera Da Costa E Sol	48%	48%	(526)	476	(252)	209	241
Other investments					(93)	(307)	(407)
			(2,613)	5,799	(1,199)	2,186	(1,408)
			3,925	102,455	2,056	49,011	44,560

10 Property and equipment

Property and equipment items are depreciated as below:

	Depreciation rate % (p.a.)
Sales stands and model apartments (i)	-
Leasehold improvements	20.00%
Machinery and equipment	10.00%
Vehicles	20.00%
Furniture and fittings	10.00%
IT equipment	20.00%
Management	20.00%
Aircraft	3.33%

(i) Sales stands are depreciated according to the estimated flow of sales of each project or written off.

All amounts in thousands of reais unless otherwise stated

An analysis of property and equipment in the quarter ended March 31, 2020 follows:

	Parent company			Consolidated		
	Balance	**Additions**	**Balance**	**Balance**	**Additions**	**Balance**
	2019	**2020**	**2020**	**2019**	**2020**	**2020**
Cost						
Leasehold improvements	6,736	-	6,736	6,736	-	6,736
Machinery and equipment	3,723	-	3,723	4,290	-	4,290
Vehicles	1,007	-	1,007	1,007	-	1,007
Furniture and fittings	1,958	-	1,958	1,958	-	1,958
Sales stands and model apartments	925	-	925	12,599	-	12,599
IT equipment	191	116	307	220	116	336
Construction in progress	1,649	591	2,240	-	876	876
Land	46	-	46	46	-	46
Aircraft	-	-	-	3,097	-	3,097
Telephone equipment	-	-	-	-	-	-
Total cost	16,235	707	16,942	29,953	992	30,945
Depreciation						
Depreciation - Leasehold improvements	(2,670)	(403)	(3,073)	(2,666)	(403)	(3,069)
Depreciation - Machinery and equipment	(2,480)	(92)	(2,572)	(2,844)	(92)	(2,936)
Depreciation - Vehicles	(603)	(30)	(633)	(603)	(30)	(633)
Depreciation - Furniture and fittings	(390)	(51)	(441)	(391)	(51)	(442)
Depreciation - Sales stands and model apartments	(167)	(47)	(214)	(2,864)	(613)	(3,477)
Depreciation - IT equipment	(74)	(9)	(83)	(76)	(11)	(87)
Depreciation - Aircraft	-	-	-	(172)	(26)	(198)
Depreciation - Telephone equipment	-	-	-	-	-	-
Total depreciation	(6,384)	(632)	(7,016)	(9,616)	(1,226)	(10,842)
Total property and equipment, net	9,851	75	9,926	20,337	(234)	20,103

11 Intangible assets

	Parent company				Consolidated			
	Balance	**Additions**	**Transfers**	**Balance**	**Balance**	**Additions**	**Transfers**	**Balance**
	2019	**2020**	**2020**	**2020**	**2019**	**2020**	**2020**	**2020**
Intangible assets								
Software licenses	11,658	-	-	11,658	12,301			12,301
Right-of-use - lease	2,328	-	47	2,375	5,063	309	211	5,583
Total cost	13,986	-	47	14,033	17,364	309	211	17,884
Amortization of software license	(811)	(583)	-	(1,394)	(896)	(615)		(1,511)
Amortization of right-of-use - lease	(428)	(71)	(47)	(546)	(1,039)	(7)	(211)	(1,257)
Total amortization	(1,239)	(654)	(47)	(1,940)	(1,935)	(622)	(211)	(2,768)
Total intangible assets, net	12,747	(654)	-	12,093	15,429	(313)	-	15,116

Computer software license is amortized at the rate of 20% per annum.

All amounts in thousands of reais unless otherwise stated

12 Borrowings

	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Financing for construction - Financial Housing System (SFH) - R$	24,439	16,124	48,307	29,806
Borrowings for working capital purposes (R$)	35,142	22,058	39,144	26,056
Borrowings for working capital purposes (US$) (i)	9,307	10,025	9,307	10,025
Derivative financial instrument - Swap (i)	(1,553)	496	(1,553)	496
	67,335	48,703	95,205	66,383
Lease	1,761	2,025	4,185	4,346
	69,096	50,728	99,390	70,729
Current liabilities	38,606	23,424	51,019	38,715
Non-current liabilities	30,490	27,304	48,371	32,014

During the quarter ended March 31, 2020, the following borrowings for working capital purposes were obtained: R$ 5,000, linked to the CDI rate and bearing interest of 6.17% per year, and R$ 10,000, linked to the CDI rate and bearing interest of 2.5% per year.

(i) In December 2019, the Group contracted a working capital loan from Bradesco denominated in U.S. dollars, in the original amount of US$2,365, bearing interest of 3.27% per annum. A swap instrument was contracted in connection with the borrowing, in order to exchange the foreign currency for Brazilian Real/Reais (R$) at a fixed interest rate of 7.8% p.a. The swap maturity date is the same as that of the borrowing (December 2020). The swap instrument is an integral part of the borrowing contract. Foreign exchange gains/losses are offset against swap gains/losses.

The reconciliation between the transaction originally contracted and the swap instrument is as below:

	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Borrowing in US$ + interest, converted into Reais	9,307	10,025	9,307	10,025
Swap contracted - assets	(9,095)	(9,569)	(9,095)	(9,569)
Swap contracted - liabilities	7,542	10,065	7,542	10,065
Net debt	7,754	10,521	7,754	10,521

All amounts in thousands of reais unless otherwise stated

Changes in borrowings were as follows:

	Parent company		Consolidated	
	3/31/2020	**12/31/2019**	**3/31/2020**	**12/31/2019**
Opening balance	50,728	39,035	70,720	46,260
Draw downs	24,194	35,426	40,101	38,437
Lease	-	2,375	549	5,063
Swap	(1,996)	496	(1,996)	496
Interest	1,097	3,401	1,359	4,631
Foreign exchange gains/losses	2,190	(532)	2,190	(532)
Repayments	(6,853)	(29,123)	(12,832)	(41,954)
Repayments - Lease	(206)	(538)	(590)	(1,104)
Financial charges - Lease	(58)	188	(111)	387
Merger of RPMV (i)				19,045
Closing balance	69,096	50,728	99,390	70,729

(i) Following the merger of RPMV, the Company started to include Construtora Novolar information in its consolidated accounts, and its debt balance related to borrowings was merged into the Group’s debts.

Amounts recorded in current and non-current liabilities by maturity year are as follows:

	Parent company		Consolidated	
	3/31/2020	**12/31/2019**	**3/31/2020**	**12/31/2019**
2020	38,606	23,424	51,019	38,715
2021	12,986	11,502	20,732	12,997
2022	12,862	10,693	17,649	12,188
After 2022	4,642	5,109	9,990	6,829
	69,096	50,728	99,390	70,729

Financing for construction: The applicable interest rates range, depending on the operation, from 8.30% to 11.25 % p.a. plus indexation based on the Reference Rate (TR) or Interbank Deposit Certificate (CDI) rate. These financing arrangements are secured by the underlying real estate development.

Working capital: The average interest rate applicable to borrowings of this type is the CDI rate ranging from 2.5% to 6.17% p.a. The guarantees for this type of borrowing are sureties provided by the Group's stockholders.

Lease: Substantially a lease agreement related to the building where the headquarters of the Company are located, discounted at present value at the rate of 1.06% p.m. (0.85% p.m. at December 31, 2019).

All amounts in thousands of reais unless otherwise stated

13 Trade payables

	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Trade payables	3,403	6,320	19,532	26,908
Technical retentions	657	583	2,896	2,715
	4,060	6,903	22,428	29,623

The balance of trade payables represents commitments assumed by the Group for acquisition of the inputs required to perform the contracted services, or purchase of equipment with their own funds.

Technical retentions correspond to a contractual agreement, which aims to ensure that all existing technical details in the construction contracts are fully complied with.

Accordingly, a specific percentage (provided for in the contract) is withheld from the amounts payable to the contractor so that, in case of any non-compliance with the contract provisions, the customer is preserved.

At the end of the contract, if all requirements are met, the amount is refunded to the service provider.

14 Tax liabilities

Corporate income tax and social contribution on net income are calculated based on the amounts received (cash basis). The balances of taxes payable are estimated on the accrual basis of accounting and are recorded as deferred taxes, as shown below. An analysis of the balances of taxes to be paid according to tax criteria follows:

	Parent company		Consolidated	
Taxes payable	**3/31/2020**	**12/31/2019**	**3/31/2020**	**12/31/2019**
National Institute of Social Security (INSS)	366	458	704	658
Special Taxation Regime (RET)	65	158	515	814
Social Integration Program (PIS)	18	20	47	88
Social Contribution on Revenues (COFINS)	83	83	162	339
Corporate Income Tax (IRPJ)	1	1	332	303
Social Contribution on Net Income (CSLL)	-	-	236	226
Services Tax (ISS)	155	223	388	109
Other withheld taxes	251	388	305	805
	939	1,331	2,689	3,342

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
Deferred taxes	**3/31/2020**	**12/31/2019**	**3/31/2020**	**12/31/2019**
RET	991	710	5,069	4,594
CSLL	-	-	43	43
PIS	-	-	23	23
COFINS	8	7	164	164
	999	717	5,299	4,824
	1,938	2,048	7,988	8,166

15 Real estate purchase obligations

Include amounts to be settled in cash related to the acquisition of land used in real estate developments.

	Parent company		Consolidated	
	3/31/2020	**12/31/2019**	**3/31/2020**	**12/31/2019**
SPE Axis	-	-	1,399	1,956
SPE Mirataia	-	-	5,780	6,580
Porto Venere	-	-	-	43
Villagio Novita	-	-	145	144
Jardinaves	-	800	1,757	1,756
Avignon	45	113	46	113
Jardim das Mangabeiras	-	-	1,903	2,451
Manhattan	-	-	158	171
Alameda do Morro	-	-	33,215	34,901
Land – Connecting Path	-	63	-	-
Jambreiro (Ouro Velho Country Club)	-	-	2,118	2,118
Antônio de Albuquerque	-	1,000		1,000
Other liabilities for acquisition of developments	863		2,184	2,146
	908	1,976	48,705	53,379
Current liabilities	908	1,976	42,925	46,799
Non-current liabilities	-	-	5,780	6,580

All amounts in thousands of reais unless otherwise stated

16 Advances from customers

These advances refer to sales of real estate units and a commitment to deliver completed units arising from the acquisition of land for real estate development through a barter arrangement.

	Parent company		Consolidated	
	3/31/2020	**12/31/2019**	**3/31/2020**	**12/31/2019**
Jardim das Mangabeiras	-	-	32,763	31,203
Jardinaves	-	-	1,651	1,130
Alta Vila	20,765	20,722	20,765	20,722
Avignon	6,286	4,314	6,286	4,314
Saint Tropez	237	134	237	134
Apia (SPE Novo Apia - Jaraguá)	-	-	8,278	8,044
Antônio de Alburqueque (EPIC)	-	-	7,636	7,907
Solar da Penha	-	-	4,000	4,000
Reserva do Mirataia II	-	-	4,511	3,944
Inovato	-	-	1,992	2,432
Jota Patrimar (Soho Square)	-	-	6	6
Duo - Alameda do Morro	-	-	1,975	773
Palo Alto	-	-	-	363
Ruth Silveira	-	-	6	6
SPE Axis - Porto Fino	-	-	-	329
Mia Felicita	-	-	-	78
Villaggio Gutierrez	-	44	-	-
Villaggio Verona	-	-	30	12
Barters made by the parent company for real estate			-	
developments under construction or not yet launched	-	-	17	-
	27,288	25,214	90,153	85,397
Advances from customers	3,375	907	31,804	23,342
Barters made for land	23,913	24,307	58,349	62,055
Advances from customers and barters made for construction in progress	6,567	4,492	54,540	50,078
Advances from customers for customized units	-	-	9,241	4,731
Barters made for land - not launched developments	20,721	20,722	26,372	30,588
	27,288	25,214	90,153	85,397
Current liabilities	27,217	25,214	90,085	85,397
Non-current liabilities	71	-	68	-

All amounts in thousands of reais unless otherwise stated

17 Provision for contingencies and judicial deposits

Provision for contingencies	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Civil	-	-	2,413	1,001
Tax	1,427	1,427	4,443	4,443
Labor	6	24	882	1,548
	1,433	1,451	7,738	6,992

Judicial deposits	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Civil	16	16	1,789	1,789
Tax	-	-	-	-
Labor	268	268	824	803
	284	284	2,613	2,592

Changes in contingencies and judicial deposits:

Contingencies	Parent company	Consolidated
	3/31/2020	3/31/2020
Opening balance	1,451	6,992
Additions	-	2,143
Write-offs	(18)	(1,397)
Closing balance	1,433	7,738

Judicial deposits	Parent company	Consolidated
	3/31/2020	3/31/2020
Opening balance	284	2,592
Additions	-	21
Write-offs	-	-
Closing balance	284	2,613

All amounts in thousands of reais unless otherwise stated

Contingencies	Parent company 2019	Consolidated 2019
Opening balance	24	1,591
Additions	1,427	3,795
Write-offs	-	(1,228)
Merger (i)	-	2,834
Closing balance	1,451	6,992

Judicial deposits	Parent company 2019	Consolidated 2019
Opening balance	362	1,849
Additions		72
Write-offs	(78)	
Merger (i)		671
Closing balance	284	2,592

(i) Following the merger of RPMV, the Company started to include Construtora Novolar information in its Consolidated accounts including the subsidiary's balance of contingencies and judicial deposits.

The Group companies are party to tax, labor and civil litigation, and are discussing such matters at the administrative and judicial levels, which, when applicable, are supported by judicial deposits. The corresponding provisions for contingencies are estimated by management under the advice of the legal counsel when it considers a probable loss will arise from proceedings, and on historical information and statistical data.

Possible loss contingencies:

The Group companies are party to other legal proceedings of a tax, civil and labor nature arising in the normal course of business, for which the likelihood of an unfavorable outcome is considered as possible by management and its legal counsel. The approximate amounts of R$ 1,798 (labor claims), R$ 34,789 (tax claims), and R$ 5,830 (civil claims) total R$ 42,417 (R$ 44,179 at December 31, 2019). Accordingly, no provision was recorded to cover possible losses.

Possible loss contingencies, include the "physical exchange" of land.

As part of the process for the purchase and sale of properties, the Group acquires land to be developed based on the "physical exchange" method. On September 4, 2014, the Federal Revenue Secretariat (SRF) issued Cosit Regulatory Opinion No. 9, which changed the understanding of the income tax legislation with respect to the deemed profit (Decree No. 3,000 of March 26, 1999) and started to consider revenue from physical exchange transactions recognized at fair value as the calculation bases for IRPJ, CSLL, PIS and COFINS. Based on this understanding, in 2017 and 2018, tax assessment notices were issued against the Group in the amount of R$28,718.

All amounts in thousands of reais unless otherwise stated

Based on the advice of its legal counsel, the Group filed a protest letter claiming that the assessment has no merit since the recognition of the fair value from the barter transactions cannot affect the calculation bases of these taxes. The probability of loss in this case has been classified as possible and the estimated risk involved at March 31, 2020 amounted to R$ 33,636 (R$ 33,299 at December 31, 2019). As a result, no provision for contingencies with respect to this matter has been recorded in the quarterly information.

18 Provision for real estate maintenance

The Group offers a five-year warranty against construction problems, as required by the Brazilian legislation. In order to fulfill this commitment, mitigating potential future effects, and to adequately match revenues and costs, for each real estate under construction an amount corresponding to 1.5% of the construction cost was provided for, on an estimated basis. This estimate is based on historical averages and expectations of future outflows, according to analyses of the Company's engineering department, which are reviewed annually. The provision is recorded as the work progresses, by applying this percentage to actual costs incurred.

Changes in the provision for real estate maintenance were as follows:

	Parent company		Consolidated	
	3/31/2020	12/31/2019	3/31/2020	12/31/2019
Opening balance	1,566	1,578	7,701	5,453
Additions		285	475	1,452
Disposals	(8)	(297)	(583)	(3,048)
Merger				3,844
Closing balance	1,558	1,566	7,593	7,701

19 Equity

(a) Capital

At March 31, 2020, the Company's capital was R$281,602 (R$281,602 at December 31, 2019), divided into 27,972,479,422 common shares.

(b) Corporate structure

On October 30, 2019, the quotaholder PRMV Participações S.A. approved the transformation of Patrimar from a limited liability partnership to a corporation.

In addition, RPMV Participações S.A., which held a 99.99% interest in the quotas of Construtora Novolar Ltda. was merged with the Company, which also received by assignment the remaining quota of Construtora Novolar Ltda. held by PRMV Participações S.A.

All amounts in thousands of reais unless otherwise stated

In view of the above, PRMV Participações S.A. and RPMV Participações S.A. withdrew from the ownership structure of Construtora Novolar Ltda., and Patrimar Engenharia S.A. became its only quotaholder.

Based on the special balance sheet prepared by RPMV Participações S.A. on September 30, 2019, Patrimar was merged with RPMV and the net assets of R$ 102,570 were contributed as a capital increase in Patrimar.

				Special balance sheet prepared on September 30, 2019			
Assets	**Merged balance**	**Adjustment**	**Adjusted balance**	**Liabilities**	**Merged balance**	**Adjustment**	**Adjusted balance**
Cash and cash equivalents	10		10	Dividends payable	13,701	-	13,701
Investments	122,144	(10,374)	111,770	Related parties	5,883	-	5,883
				Equity	102,570	(10,374)	92,196
Total	122,154	(10,374)	111,780	**Total**	122,154	(10,374)	111,780

Upon completion of the merger, all the common and registered shares issued by Patrimar, with no par value, are held as follows:

Stockholders	**Common shares**
PRMV Participações S.A.	17,903,150,656
Alexandre Araújo Elias Veiga	503,466,438
Heloísa Magalhães Martins Veiga	503,466,438
Renata Martins Veiga Couto	4,531,197,945
Patricia Martins Veiga	4,531,197,945
	27,972,479,422

(c) Legal reserve

The legal reserve is credited annually with 5% of profit for the year, after offsetting losses, in accordance with Law 6,404/76.

(d) Profit distribution policy

In accordance with the Company's Bylaws, 25% of the profit, after deducting the portion transferred to the Legal Reserve, will be credited as minimum mandatory dividends. The retained portion of the profit will be subsequently allocated as decided by the stockholders.

20 Earnings per share

The following table presents data on the result and number of shares used in the calculation of basic and diluted earnings per share:

	3/31/2020
Basic earnings per share:	
Profit for the quarter	8,144
Weighted average number of shares (in thousands)	27,972,479
Basic earnings per share - R$	0.000291
Diluted earnings per share:	
Profit for the quarter	8,144
Weighted average number of shares (in thousands)	27,972,479
Diluted earnings per share - R$	0.000291

Patrimar was a limited liability corporate partnership up to October 30, 2019, when its transformation into a corporation was approved (Note 19). Accordingly, the Company does not present earnings per share for the quarter ended March 31, 2019.

21 Net operating revenue

The reconciliation between gross and net sales revenue is as follows:

	Parent company		Consolidated	
	3/31/2020	3/31/2019	3/31/2020	3/31/2019
Gross revenue from the sales of properties	15,751	10,328	77,191	28,359
Service revenue	273	645	290	645
Canceled sales	-	(6,360)	(7,947)	(6,876)
Changes in the provision for canceled sales	(2,170)	(561)	3,253	(4,252)
Adjustment to present value (i)	573	(479)	2,802	(751)
Taxes on billings	(560)	(58)	(1,577)	(399)
Net operating revenue	13,867	3,515	74,012	16,726

(i) As the financing facilities provided to its customers is inherent to its operations, the Company recognizes the reversals (accretion) of present value adjustments of trade receivables as operating revenue.

All amounts in thousands of reais unless otherwise stated

22 Costs and expenses by nature

	Parent company		Consolidated	
	3/31/2020	3/31/2019	3/31/2020	3/31/2019
Cost of properties sold				
Materials	(3,520)	(150)	(12,397)	(1,375)
Land	(1,691)	(442)	(6,992)	(1,402)
Completed properties	(115)	(4,292)	(6,122)	(10,512)
Personnel expenses	(958)	(120)	(2,069)	(375)
Subcontractors	(2,803)	(537)	(8,967)	(3,103)
Others / Cancelations	276	1,416	(5,199)	2,968
	(8,811)	(4,125)	(41,746)	(13,799)
Operating income (expenses)				
Administrative and general expenses				
Personnel expenses	(3,149)	(3,342)	(3,920)	(3,341)
General and administrative expenses	(501)	(767)	(1,033)	(864)
Depreciation and amortization	(1,240)	(937)	(1,461)	(1,219)
Third-party services	(826)	(1,049)	(1,306)	(1,212)
	(5,716)	(6,095)	(7,720)	(6,636)
Selling expenses				
Personnel expenses	(388)	(264)	(1,141)	(299)
Commissions and brokerage	284	173	(983)	(283)
Sales stands and model apartments	(51)	(338)	(682)	(415)
Advertising	(213)	(452)	(2,219)	(792)
Other	(242)	(587)	(1,266)	(1,526)
	(610)	(1,468)	(6,291)	(3,315)
Other operating income (expenses), net				
Real estate financing expenses	(70)	(37)	(131)	(38)
Tax expenses	(258)	(15)	(261)	(39)
Provision for contingencies	(89)	(216)	(1,333)	(2,019)
Other	(420)	709	(1,615)	1,164
	(837)	441	(3,340)	(932)
	(15,974)	(11,247)	(59,097)	(24,682)

23 Management fees

For the quarter ended March 31, 2020, the fees due to management in Consolidated totaled R$ 1,005 (R$ 415 at March 31, 2019).

All amounts in thousands of reais unless otherwise stated

24 Finance income (costs), net

	Parent company		Consolidated	
	3/31/2020	**3/31/2019**	**3/31/2020**	**3/31/2019**
Finance income				
Indexation accruals and interest as per contracts	511	135	1,554	611
Interest on financial investments	134	41	383	278
Swap gains	1,996	-	1,996	-
Other finance income	-	53	-	80
	2,641	229	3,933	969
Finance costs				
Interest on borrowings	(693)	(800)	(776)	(943)
Bank fees and charges	(187)	(45)	(330)	(55)
Financing expenses	(36)	(5)	(101)	(25)
Other finance costs, mainly		-		-
Swap losses	(2246)		(1,954)	
	(3,162)	(850)	(3,161)	(1,023)
Finance income (costs), net	(521)	(621)	772	(54)

25 Income tax and social contribution expenses

Corporate income tax and social contribution on net income are calculated on an accrual basis. However, as these are due on a cash basis, the Company records them as deferred taxes up to the time the date of payment. Balances of taxes due under this tax criteria are as follows:

	Parent company		Consolidated	
	3/31/2020	**3/31/2019**	**3/31/2020**	**3/31/2019**
Profit (loss) before IRPJ and CSLL	8,439	(7,548)	17,743	(6,771)
Nominal statutory rate - 34%	(2,869)	2,566	(6,033)	2,302
Equity accounting	(3,763)	(274)	(699)	(421)
Unrecognized tax credits (RET)	6,337	(2,352)	5,389	(2,358)
IRPJ and CSLL expenses	(295)	(60)	(1,343)	(477)

Management has not recorded deferred assets as the confirmation of generation of future taxable income cannot be reliably estimated as a substantial part of the Group's operations are carried out through SPEs and SCPs, in addition to the use of the Special Taxation Regime (RET) adopted for certain projects developed by the Company and its subsidiaries.

All amounts in thousands of reais unless otherwise stated

26 Deferred revenue and deferred costs

Pursuant to the Circular Letter No. 02/2018 of December 12, 2018, which addresses revenue recognition for purchase and sale of uncompleted real estate units under construction, the table below presents, deferred revenue and deferred costs of units under construction.

	Parent company	Consolidated
Developments under construction		
(i) Deferred revenue from units sold		
Developments under construction:		
(a) Revenue from contracted sales	93,926	642,741
Revenue from recognized sales	(66,612)	(320,116)
Canceled sales – reversed revenue	2,185	13,890
(b) Revenue from recognized sales, net	(64,427)	(306,226)
Deferred revenue (a+b)	29,499	336,515
(ii) Budgeted deferred cost of sold units		
Developments under construction:		
(a) Budgeted costs	58,322	375,263
Construction costs	(42,306)	(178,504)
(b) Incurred costs, net	(42,306)	(178,504)
Deferred costs of units sold (a+b)	16,016	196,759
(iii) Budgeted deferred costs of units in inventory		
Developments under construction:		
(a) Budgeted costs	24,775	312,856
(b) Incurred costs	(19,728)	(130,776)
Deferred costs of units in inventory (a+b)	5,047	182,080

27 Commitments

Commitments for purchase of land

Commitments have been undertaken by the Group for purchases of land, which have not yet been reflected in the accounting records, as there are matters pending resolution by the sellers before the formalization of the final deed and transfer of the related title to the Company, its subsidiaries or partners. These commitments total R$ 1,181,441 (R$ 1,266,777 in 2019) of which: R$ 792,984 (R$ 931,438 in 2019) will be settled upon delivery of transfers of real estate units to be constructed, R$ 312.062 (R$ 254,824 in 2019) from a portion of the proceeds from the sale of the related developments, and R$ 76,395 (R$ 80,515 in 2019) will be settled as a balancing payment.

All amounts in thousands of reais unless otherwise stated

28 Segment reporting

The principal source of revenue of the Group is derived from real estate development activities. The chief operating decision-maker analyzes information by development for the purposes of allocating resources and assessing performance. The management of activities relating to strategic planning, finance, purchases, the investment of resources and the assessment of the performance of developments is centralized and there is no segregation by type of development (residential - high and middle standard and commercial) that could indicate management by segment, or other factors that could identify a set of components as operating segments of the entity.

29 Insurance

As at March 31, 2020 the Group had contracted the following insurance coverage:

a) Engineering risk insurance - civil works in progress: all risk coverage for construction of real estate, such as fire, theft and damage resulting from construction works, among others. This type of insurance permits additional coverage considering the risks inherent to construction works, including civil liability and cross liability insurance, special expenses, riots, employer's civil liability and moral damages.

b) Business risk insurance - coverage for sales stands and model apartments against damage caused by fire, theft, lightning and explosion, among others.

c) Multiple risk insurance - coverage for electronic equipment against possible theft or electrical damage.

d) Civil liability insurance (management).

	Cover		Insured amount		
Items	**Beginning**	**End**	**Novolar**	**Patrimar**	**Consolidated**
Aircraft	2019	2020	3,764	-	3,764
Commercial multiple peril and General civil liability - Multiple peril insurance	2019	2020	-	2,060	2,060
Equipment	2019	2020	-	1,169	1,169
Contractor - Completion bond (SGTO)	2017	2020	2,784	-	2,784
Contractor - Completion bond (SGTO)	2018	2020	2,462	-	2,462
Contractor - Completion bond (SGTO)	2018	2021	4,318	-	4,318
Contractor - Completion bond (SGTO)	2020	2023	7,293	-	7,293
Contractor - Completion bond (SGTO)	2019	2022	5,946	-	5,946
Contractor - Completion bond - Infrastructure not included	2019	2022	521	-	521
Houses/apartments	2019	2020	3,860	2,020	5,880
Civil liability (management) D&O	2019	2020	-	10,000	10,000
Engineering risk and Civil risk	2017	2021	-	28,000	28,000
Engineering risk and Civil risk	2018	2021	28,784	-	28,784
Engineering risk and Civil risk	2018	2022	1,170	-	1,170
Engineering risk and Civil risk	2018	2023	-	169,625	169,625
Engineering risk and Civil risk	2019	2023	54,653		54,653
Engineering risk and Civil risk	2020	2023	-	111,704	111,704
Engineering risk and Civil risk	2020	2024	39,638	-	39,638
Commercial multiple peril insurance	2019	2020	6,866	15,030	21,896
Commercial multiple peril insurance	2020	2021	-	8,800	8,800
Legal guarantee	2018	2020	151	-	151
Guarantee (barter transactions)	2017	2020	-	8,590	8,590
Guarantee (barter transactions)	2018	2021	-	10,160	10,160
Multiple peril insurance	2020	2020	18,583	-	18,583
Post-completion bond – maintenance bond (SGPE)	2018	2023	539	-	539
Post-completion bond - maintenance bond (SGPE)	2019	2024	591	-	591
Post-completion bond - maintenance bond (SGPE)	2020	2025	328	-	328

* * *

Conclusions and Representations / Officers' Representation on the Quarterly Information

Officers' Representation on the Quarterly Information

Pursuant to the provisions of Article 25, paragraph 1, items V and VI, of the Brazilian Securities Commission Instruction No. 480 of December 7, 2009, the officers represent that they have reviewed, discussed and are in agreement with the presentation of the parent company and consolidated quarterly information for the quarter ended March 31, 2020.

Belo Horizonte, August 5, 2020.

Chief Executive Officer – ALEXANDRE ARAÚJO ELIAS VEIGA

Chief Administrative and Financial Officer – MARCOS ROGÉRIO ALMEIDA DUTRA

Conclusions and Representations / Officers' Representation on the Independent Auditor’s Review Report

Officers' Representation on the Independent Auditor’s Report

Pursuant to the provisions of Article 25, paragraph 1, items V and VI, of the Brazilian Securities Commission Instruction No. 480 of December 7, 2009, the officers represent that they have reviewed, discussed and are in agreement with the conclusions expressed in the Independent Auditor’s Review Report dated August 5, 2020, on the parent company and consolidated quarterly information for the quarter ended March 31, 2020.

Belo Horizonte, August 5, 2020.

Chief Executive Officer – ALEXANDRE ARAÚJO ELIAS VEIGA

Chief Administrative and Financial Officer – MARCOS ROGÉRIO ALMEIDA DUTRA

EXECUTIVE BOARD

ALEXANDRE ARAÚJO ELIAS VEIGA
Chief Executive Officer

MARCOS ROGÉRIO ALMEIDA DUTRA
Chief Administrative and Financial Officer

RESPONSIBLE ACCOUNTANT

ROGER TADEU VILELA FERREIRA
Contador
CRC - MG 122.560/O