

Patrimar Engenharia S.A.

Quarterly Information (ITR)

at September 30, 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. ("Parent company" or "Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2020, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, as well as 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 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 02/2018, related to application of Guidance OCPC 04, and presented in accordance with the standards issued by the CVM.

Patrimar Engenharia S.A.

Emphasis of matter

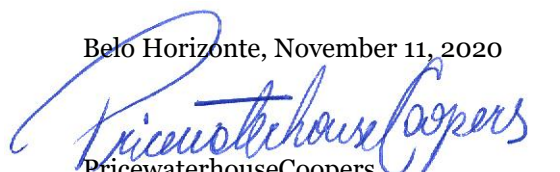
As described in Note 2, the accompanying parent company and consolidated interim accounting information included in the Quarterly Information (ITR) was prepared in accordance with CPC 21 (R1) and IAS 34 applicable to Brazilian real estate development entities registered with the CVM. Accordingly, the accounting policies adopted by the Company to recognize revenue from purchase and sale of 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 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

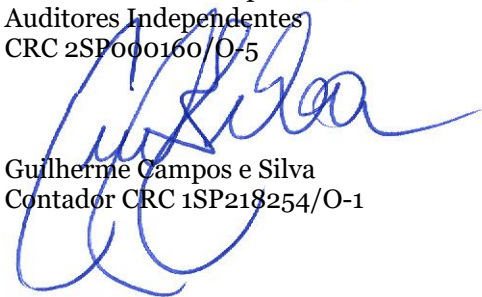
Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the nine-month period September 30, 2020. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. 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, November 11, 2020



PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5



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



Balance sheet

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
		9/30/2020	12/31/2019	9/30/2020	12/31/2019
Assets	Note				
Current assets					
Cash and cash equivalents	5	9,912	11,082	81,017	50,234
Trade receivables	6	19,487	19,812	162,839	97,389
Properties for sale	7	28,306	60,293	254,190	266,193
Taxes recoverable		1,566	1,733	5,973	5,430
Prepaid expenses		5,720	526	12,500	6,373
Other receivables		950	-	10,444	6,295
Total current assets		65,941	93,446	526,963	431,914
Non-current assets					
Long-term receivables					
Restricted financial investments	5	2,236	2,191	2,236	2,191
Trade receivables	6	11,904	7,735	47,043	36,287
Properties for sale	7	12,704	4,544	29,920	10,969
Judicial deposits	17	-	284	2,048	2,592
Related parties	8	21,036	14,401	7,982	27,537
		47,880	29,155	89,229	79,576
Investments	9	258,366	231,618	51,399	47,616
Property and equipment	10	10,632	9,851	24,360	20,337
Intangible assets	11	9,136	12,747	9,598	15,429
Total non-current assets		326,014	283,371	174,586	162,958
Total assets		391,955	376,817	701,549	594,872

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



Balance sheet

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Liabilities and equity					
Current liabilities					
Borrowings	12	51,478	23,424	62,789	38,715
Trade payables	13	3,164	6,903	29,513	29,623
Salaries and social charges		2,724	1,040	5,776	1,628
Tax liabilities	14	2,362	2,048	12,478	8,166
Real estate purchase obligations	15	863	1,976	51,933	46,799
Dividends payable		80	38	80	38
Advances from customers	16	3,895	25,214	103,177	85,397
Provision for canceled sales		302	-	781	726
Other payables		-	573	3,621	5,534
Total current liabilities		64,868	61,216	270,148	216,626
Non-current liabilities					
Borrowings	12	21,072	27,304	40,314	32,014
Real estate purchase obligations	15	-	-	4,321	6,580
Advances from customers	16	71	-	65	-
Provision for contingencies	17	1,427	1,451	8,811	6,992
Provision for real estate maintenance	18	1,541	1,566	8,148	7,701
Related parties	8	130	19,441	1,268	9,539
Provision for net capital deficiency	9	1,124	1,279	2,352	3,056
Total non-current liabilities		25,365	51,041	65,279	65,882
Total liabilities		90,233	112,257	335,427	282,508
Equity					
Share capital	19	281,602	281,602	281,602	281,602
Capital reserves		259	259	259	259
Retained earnings (Accumulated deficit)		19,861	(17,301)	19,861	(17,301)
		301,722	264,560	301,722	264,560
Non-controlling interests		-	-	64,400	47,804
Total equity		301,722	264,560	366,122	312,364
Total liabilities and equity		391,955	376,817	701,549	594,872

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



Statement of income

Quarter and nine-month periods ended September 30

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

		Parent company			
		7/01/2020 to 9/30/2020	1/01/2020 to 09/30/2020	7/01/2019 to 09/30/2019	1/01/2019 to 9/30/2019
Note					
	Net operating revenue	8,706	41,632	11,078	29,961
	Cost of properties sold	(5,111)	(25,491)	(6,808)	(23,264)
	Gross profit	3,595	16,141	4,270	6,697
	Operating income (expenses)				
	General and administrative expenses	22 (6,481)	(16,929)	(4,570)	(14,508)
	Selling expenses	22 (913)	(2,333)	(1,417)	(4,512)
	Equity in the results of investees	9 26,413	45,122	6,899	15,700
	Other operating income (expenses), net	22 (369)	(1,208)	(131)	784
	Operating profit	22,245	40,793	5,051	4,161
	Finance income	24 656	4,201	(452)	940
	Finance costs	24 (2,340)	(7,027)	(653)	(2,412)
	Finance income (costs), net	(1,684)	(2,826)	(1,105)	(1,472)
	Profit before income tax and social contribution	20,561	37,967	3,946	2,689
	Income tax and social contribution	25 (175)	(805)	(184)	(517)
	Profit for the period	20,386	37,162	3,762	2,172
	Basic earnings per share - R\$	20 0.349818	0.637690		
	Diluted earnings per share - R\$	20 0.349818	0.637690		

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



Statement of income

Quarter and nine-month periods ended September 30

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

		Consolidated			
	Note	7/01/2020 to 9/30/2020	1/01/2020 to 30/09/2020	07/01/2019 to 9/30/2019	1/01/2019 to 9/30/2019
Net operating revenue	21	135,666	290,897	73,822	149,229
Cost of properties sold	22	(85,092)	(175,480)	(46,266)	(100,386)
Gross profit		50,574	115,417	27,556	48,843
Operating income (expenses)					
General and administrative expenses	22	(8,266)	(22,429)	(4,708)	(15,180)
Selling expenses	22	(7,117)	(18,583)	(4,674)	(12,230)
Other operating expenses, net	22	(2,369)	(8,639)	(1,543)	(2,704)
Operating profit		32,822	65,766	16,631	18,729
Finance income	24	3,106	8,918	1,068	4,076
Finance costs	24	(2,919)	(7,897)	(692)	(2,766)
Finance income (costs), net		187	1,021	376	1,310
Equity in the results of investees	9	443	2,287	(1,802)	777
Profit before income tax and social contribution		33,452	69,074	15,205	20,816
Income tax and social contribution	26	(2,089)	(5,532)	(1,484)	(3,142)
Profit for the period		31,363	63,542	13,721	17,674
Attributable to:					
Owners of the Company		20,386	37,162	3,762	2,172
Non-controlling interests		10,977	26,380	9,959	15,502
		31,363	63,542	13,721	17,674

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



Statement of comprehensive income

Nine-month periods ended September 30

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Three-month period ended September 30			
		Parent company		Consolidated	
		2020	2019	2020	2019
Profit for the period		20,386	3,762	31,363	13,721
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		<u>20,386</u>	<u>3,762</u>	<u>31,363</u>	<u>13,721</u>
Attributable to:					
Owners of the Company				20,386	3,762
Non-controlling interests				<u>10,977</u>	<u>9,959</u>
				<u>31,363</u>	<u>13,721</u>

		Nine-month period ended September 30			
		Parent company		Consolidated	
		2020	2019	2020	2019
Profit for the period		37,162	2,172	63,542	17,674
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		<u>37,162</u>	<u>2,172</u>	<u>63,542</u>	<u>17,674</u>
Attributable to:					
Owners of the Company				37,162	2,172
Non-controlling interests				<u>26,380</u>	<u>15,502</u>
				<u>63,542</u>	<u>17,674</u>

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



Statement of changes in equity

Nine-month period ended September 30

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
Contributions to (return on) investments	-	-	-	-	(10,478)	(10,478)
Distributed profits	-	-	(300)	(300)	-	(300)
Profit for the period	-	-	2,172	2,172	15,502	17,674
At September 30, 2019	179,032	259	(13,507)	165,784	51,896	217,680
At December 31, 2019	281,602	259	(17,301)	264,560	47,804	312,364
Contributions to (return on) investments	-	-	-	-	(9,784)	(9,784)
Profit for the period	-	-	37,162	37,162	26,380	63,542
At September 30, 2020	281,602	259	19,861	301,722	64,400	366,122

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



Statement of cash flows

Nine-month periods ended September 30

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 for the period	37,162	2,172	63,542	17,674
Adjustments to reconcile profit with cash flows for operating activities				
Depreciation and amortization	4,161	2,638	7,071	3,483
Present value adjustment of receivables	(1,052)	829	(3,771)	1,733
Equity in the results of investees	(45,122)	(15,700)	(2,287)	(777)
Provision for real estate maintenance	-	-	447	580
Provision for labor, civil, and tax contingencies	-	-	1,819	3,335
Provision for interest on borrowings	3,678	2,202	4,578	2,517
Income tax and social contribution	805	517	5,532	3,142
	(368)	(7,342)	76,931	31,687
Changes in working capital				
Increase (decrease) in assets and liabilities				
Trade receivables	(2,733)	(1,123)	(72,435)	(33,437)
Properties for sale	23,827	19,873	(6,948)	(97)
Taxes recoverable	167	(173)	(543)	(1,013)
Other assets	(5,860)	1,343	(9,731)	(3,582)
Trade payables	(3,739)	3,236	(110)	11,011
Salaries and social charges	1,684	(278)	4,148	(46)
Tax liabilities	137	274	3,094	2,639
Real estate purchase obligations	(1,113)	(11,506)	2,875	26,890
Advances from customers	(21,248)	(1,524)	17,846	19,655
Other liabilities	(244)	(9,818)	(2,769)	(12,283)
	(9,122)	304	(64,573)	9,737
Income tax and social contribution paid	(399)	(843)	(1,924)	(5,251)
Interest paid	(2,776)	(2,042)	(3,426)	(2,895)
	(12,297)	(2,581)	(69,923)	1,591
Net cash provided by (used in) operating activities	(12,665)	(9,923)	7,008	33,278
Cash flows from investing activities				
Changes in restricted financial investments	(45)	2,082	(45)	2,082
Contributions to (return on) investments	18,220	13,600	(2,198)	839
Purchases of property and equipment and intangible assets	(1,527)	(5,473)	(5,496)	(6,882)
Advances to related parties	(25,946)	(2,425)	11,284	(2,828)
Net cash provided by (used in) investing activities	(9,298)	7,784	3,545	(6,789)
Cash flows from financing activities				
Distributions to non-controlling interests, net	-	-	(9,785)	(10,478)
New borrowings	52,659	35,426	78,640	38,437
Repayment of borrowings - principal	(31,866)	(27,619)	(48,625)	(40,163)
Net cash provided by (used in) financing activities	20,793	7,807	20,230	(12,204)
Increase (decrease) in cash and cash equivalents, net	(1,170)	5,668	30,783	14,285
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	9,912	8,367	81,017	34,046
	(1,170)	5,668	30,783	14,285

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



Statement of value added

Nine-month periods ended September 30

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	42,746	30,513	297,019	152,280
Provision for estimated impairment of trade receivables	1,078	-	1,799	-
	<u>43,824</u>	<u>30,513</u>	<u>298,818</u>	<u>152,280</u>
Inputs acquired from third parties:				
Cost of properties sold	(23,856)	(22,356)	(167,598)	(98,369)
Electricity, third-party services and other expenses	(6,994)	(5,862)	(29,483)	(16,171)
	<u>(30,850)</u>	<u>(28,218)</u>	<u>(197,081)</u>	<u>(114,540)</u>
Gross value added	<u>12,974</u>	<u>2,295</u>	<u>101,737</u>	<u>37,740</u>
Retentions:				
Depreciation and amortization	(4,161)	(2,638)	(7,071)	(3,483)
Net value added generated by the entity	8,813	(343)	94,666	34,257
Value added received through transfers:				
Equity in the results of investees	45,122	15,700	2,287	777
Finance income	4,201	940	8,918	4,076
	<u>49,323</u>	<u>16,640</u>	<u>11,205</u>	<u>4,853</u>
Total value added for distribution	<u>58,136</u>	<u>16,297</u>	<u>105,871</u>	<u>39,110</u>
Distribution of value added:				
Personnel	11,690	10,275	21,850	11,460
	<u>11,690</u>	<u>10,275</u>	<u>21,850</u>	<u>11,460</u>
Taxes and contributions				
Federal	1,934	1,116	11,771	6,305
Municipal	323	322	811	905
	<u>2,257</u>	<u>1,438</u>	<u>12,582</u>	<u>7,210</u>
Remuneration of third-party capital:				
Finance costs	7,027	2,412	7,897	2,766
	<u>7,027</u>	<u>2,412</u>	<u>7,897</u>	<u>2,766</u>
Remuneration of own capital:				
Profit for the period	37,162	2,172	37,162	2,172
Non-controlling interests - retained earnings	-	-	26,380	15,502
	<u>37,162</u>	<u>2,172</u>	<u>63,542</u>	<u>17,674</u>
Value added distributed	<u>58,136</u>	<u>16,297</u>	<u>105,871</u>	<u>39,110</u>

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



Notes to the quarterly information

at September 30, 2020

All amounts in thousands of reais unless otherwise stated

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 classes and currently operates in the development, construction and sale of real estate developments in Minas Gerais, Rio de Janeiro and São Paulo.

Prior to becoming a subsidiary of the Company in 2019, Novolar had been part of the Patrimar Group through the common control of its stockholders held through PRMV Participações S.A..

The Company and 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 COVID-19 to be a pandemic. The coronavirus 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 related to the default of its customers in the face of this challenging and unprecedented scenario. By contacting its customers, through credit analyses and tighter criteria for collateral, management renegotiated more flexible payment terms and, at the same time, intensified the collection criteria. The operational effects were very favorable, avoiding an increase in default, retaining customers and reducing cancellations.



Notes to the quarterly information

at September 30, 2020

All amounts in thousands of reais unless otherwise stated

(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 flows 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 contracts entered into with suppliers and customers 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 which contain covenants.

(e) Analysis of the Group's liquidity

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

These analyses did not identify the requirement of significant adjustments to the interim accounting information in the September 30, 2020 quarterly information.

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 and nine-month period ended September 30, 2020, which 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), in a manner consistent with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of quarterly information, and disclose all information significant to the parent company and consolidated quarterly information, which is consistent with the information 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 in CVM Circular Letter CVM/SNC/SEP No.02/2018 on the adoption of Technical Pronouncement CPC 47 (IFRS 15) in conformity with CVM rules applicable to the preparation of quarterly information.



Notes to the quarterly information

at September 30, 2020

All amounts in thousands of reais unless otherwise stated

The condensed interim accounting information included in the Quarterly Information Form (ITR) has been prepared under the historical cost convention; for certain financial assets and liabilities, cost is adjusted to 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.

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 nine-month period ended September 30, 2020, should be read together with the Group's financial statements for the year ended December 31, 2019.

Considering that there were no material changes in relation to the composition and nature of the balances presented in the financial statements for the year ended December 31, 2019, the following explanatory notes are presented in a condensed manner for the nine-month period ended September 30, 2020.

Notes

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

Novolar, a related company of Patrimar until September 30, 2019, became a wholly-owned subsidiary on October 1, 2019, when its parent company RPMV Participações Ltda. was merged with the Company (Notes 1 and 18).

The presentation of the parent company and consolidated statements of value added is required by Brazilian corporate legislation and accounting practices adopted in Brazil for listed companies, although not required by IFRS. Therefore, under IFRS, the presentation of these statements is considered supplementary information.

The condensed interim accounting information in the Group's Quarterly Information Form (ITR) for the quarter and nine-month period ended September 30, 2020 was approved by the Board of Directors at a meeting held on November 11, 2020.

2.2. New accounting pronouncements

In the nine-month period ended September 30, 2020, no new standards, amendments to or interpretations of existing standards were issued.



**Notes to the quarterly information
at September 30, 2020**

All amounts in thousands of reais unless otherwise stated

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 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.

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 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 Group may incur losses arising from a customer or a counterparty on a financial instrument, due to their failure to comply with their contractual obligations, as well as on 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.



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at September 30, 2020**

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Trade receivables

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Finished units (Note 6)				
With real guarantee	9,837	13,404	58,446	64,201
Without real guarantee	7,391	-	17,193	5,714
	17,228	13,404	75,639	69,915
Units under construction (Note 6)				
With real guarantee	17,655	18,021	153,196	88,116
	34,883	31,425	228,835	158,031

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

(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 rolling forecasts of the liquidity requirements to ensure that it has sufficient cash to settle the financial liabilities (except for "Trade payables") 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:

	Less than one year	Between one and two years	Between two and three years	Over three years	Total
At September 30, 2020					
Borrowings (Note 12)	62,789	21,072	13,699	5,543	103,103
Trade payables (Note 13)	29,513	-	-	-	29,513
Real estate purchase obligations (Note 15)	51,933	4,321	-	-	56,254
	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



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The Group has financial assets (mostly cash, cash equivalents, and trade receivables for real estate development) that are 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 chain 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 Referential 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 September 30, 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.

The Group considered a fluctuation of 25% and 50% in the balances, reducing financial assets and increasing financial liabilities:

Indicators	Index	Rate	9/30/2020	Parent company			9/30/2020	Consolidated		
				Scenario I Probable	Scenario II (25%)	Scenario III (50%)		Scenario I Probable	Scenario II (25%)	Scenario III (50%)
Assets										
Financial investments	CDI	3.50 %	11,575	405	304	203	53,470	1,871	1,404	936
Liabilities										
Borrowings for working capital – (in R\$)	CDI	3.50 %	(48,054)	(1,709)	(1,282)	(854)	(52,056)	(1,822)	(1,366)	(911)



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Indicators	Index	Quota- tion	9/30/2020 in US\$000	Parent company			Consolidated			
				Scenario I Probable	Scenario II (25%)	Scenario III (50%)	9/30/2020 in US\$ 000	Scenario I Probable	Scenario II (25%)	Scenario III (50%)
Assets										
SWAP	US\$	5.64	142	799	999	1,199	142	799	999	1,199
Liabilities										
Borrowings for working capital (in - US\$)	US\$	5.64	(591)	(2,559)	(3,199)	(3,839)	2,428	(13,693)	(17,116)	(20,539)
Net effect on profit or loss				(1,760)	(2,200)	(2,640)		(12,894)	(16,117)	(19,340)

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, debt.

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.

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Total borrowings (Note 12)	72,550	50,728	103,103	70,729
Less: cash and cash equivalents (Note 5)	(9,912)	(11,082)	(81,017)	(50,234)
Net debt	62,638	39,646	22,086	20,495
Total equity	301,722	264,560	366,122	312,364
Total capitalization	364,360	304,206	388,208	332,859
Gearing ratio - %	17%	13%	6%	6%

3.3 Fair value estimation

Financial assets and liabilities are measured at fair value. Fair value is measured at market value based on assumptions on which market participants can measure assets and liabilities. To increase consistency and comparability, the fair value hierarchy prioritizes the inputs used in measurement considering three major levels, as follows:



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- **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.

Impairment

The Group assesses, on a prospective basis, the expected credit losses associated with debt securities recorded at amortized cost. The applied impairment methodology depends on whether there has been a significant increase in credit risk, or some other indicator, which was not observed in this period.

4 Financial instruments by nature

	9/30/2020	12/30/2019	9/30/2020	12/30/2019
Financial assets				
Measured at amortized cost				
Cash and banks (Note 5)	573	1,847	29,783	18,996
Highly liquid financial investments (Note 5)	9,339	9,235	51,234	31,238
Restricted financial investments (Note 5)	2,236	2,191	2,236	2,191
Trade receivables (Note 6)	31,391	27,547	209,882	133,676
Judicial deposits (Note 17)	-	284	2,048	2,592
Related parties (Note 8)	21,036	14,401	7,982	27,537
Measured at fair value				
Derivative financial instrument - Swap (Note 12)	799	-	799	-
	<u>65,374</u>	<u>55,505</u>	<u>303,964</u>	<u>216,230</u>



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	9/30/2020	12/30/2019	9/30/2020	12/30/2019
Financial liabilities				
Measured at amortized cost				
Borrowings (Note 12)	73,349	50,232	103,902	70,233
Trade payables (Note 13)	3,164	6,903	29,513	29,623
Real estate purchase obligations (Note 15)	863	1,976	56,254	53,379
Related parties (Note 8)	130	19,441	1,268	9,539
Measured at fair value				
Derivative financial instrument - Swap (Note 12)	-	496	-	496
	<u>77,506</u>	<u>79,048</u>	<u>190,937</u>	<u>163,270</u>

5 Cash and cash equivalents and financial investments

Cash and cash equivalents

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Cash	33	40	60	68
Banks	540	1,807	29,723	18,928
Highly liquid financial investments	9,339	9,235	51,234	31,238
	<u>9,912</u>	<u>11,082</u>	<u>81,017</u>	<u>50,234</u>

In the period ended September 30, 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	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Restricted financial investments - non-current	2,236	2,191	2,236	2,191
	<u>2,236</u>	<u>2,191</u>	<u>2,236</u>	<u>2,191</u>

The Group's restricted financial investments in Bank Deposit Certificates (CDB), redeemable in periods of more than one year, are a 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 (2019: 108% of the CDI rate), depending on the instrument's nature and maturity.



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6 Trade receivables

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Trade receivables from real estate developments				
Finished units	17,228	13,404	75,639	69,915
Units under construction	17,655	18,021	153,196	88,116
	<u>34,883</u>	<u>31,425</u>	<u>228,835</u>	<u>158,031</u>
Provision for canceled sales	(1,744)	-	(7,996)	(7,828)
Provision for estimated impairment of trade receivables	(1,083)	(2,161)	(1,926)	(3,725)
Present value adjustment	<u>(665)</u>	<u>(1,717)</u>	<u>(9,031)</u>	<u>(12,802)</u>
	<u>(3,492)</u>	<u>(3,878)</u>	<u>(18,953)</u>	<u>(24,355)</u>
	<u><u>31,391</u></u>	<u><u>27,547</u></u>	<u><u>209,882</u></u>	<u><u>133,676</u></u>
Current assets	19,487	19,812	162,839	97,389
Non-current assets	11,904	7,735	47,043	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 are indexed to 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.



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Maturities of trade receivables from real estate developments

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

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Falling due in up to 1 year	11,369	24,037	215,503	134,150
Falling due from 1 to 2 years	27,725	10,138	122,567	115,125
Falling due from 2 to 3 years	-	21,140	144,549	56,854
Falling due from 3 to 4 years	-	-	74,762	89,726
Falling due in more than 4 years	-	-	582	465
	<u>39,094</u>	<u>55,315</u>	<u>557,963</u>	<u>396,320</u>
Overdue for up to 1 year	5,684	3,004	20,881	29,980
Overdue from 1 to 2 years	1,744	66	3,163	3,072
Overdue from 2 to 3 years	-	-	2,690	1,438
Overdue from 3 to 4 years	-	-	756	95
Overdue for more than 4 years	<u>1,021</u>	<u>2,161</u>	<u>1,027</u>	<u>3,078</u>
	<u>8,449</u>	<u>5,231</u>	<u>28,517</u>	<u>37,663</u>
	<u>47,543</u>	<u>60,546</u>	<u>586,480</u>	<u>433,983</u>
Trade receivables - accounting	31,391	27,547	209,882	133,676
Deferred revenue (Note 26)	16,511	33,613	423,908	326,030
Advances from customers (Note 16)	(3,851)	(4,492)	(66,263)	(50,078)
Present value adjustment	665	1,717	9,031	12,802
Provision for canceled sales	1,744	-	7,996	7,828
Provision for losses	<u>1,083</u>	<u>2,161</u>	<u>1,926</u>	<u>3,725</u>
	<u>47,543</u>	<u>60,546</u>	<u>586,480</u>	<u>433,983</u>



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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	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Inventories of land	21,018	35,922	98,105	83,255
Properties under construction	6,023	24,520	147,870	139,560
Jardim das Mangabeiras	-	-	83,005	54,577
Ed. Duo - Alameda do Morro	-	-	22,676	28,293
Ápia	-	-	12,212	11,608
Mirataia	-	-	8,969	9,751
Avignon	6,023	3,904	6,023	3,904
Inovatto	-	-	5,838	5,092
Villaggio Verona	-	-	4,619	1,601
Villaggio Florença	-	-	1,671	-
Antônio de Albuquerque SPE Ltda. (Epic)	-	-	1,601	1,363
High Line	-	-	1,256	-
Saint Tropez	-	20,616	-	20,616
SPE Axis (Porto Fino)	-	-	-	2,755
Finished properties	12,770	4,395	34,018	48,788
Saint Tropez	8,926	-	8,926	-
Holliday Inn	-	-	5,575	5,575
Manhattan Square	-	-	4,297	5,921
Quintas do Morro	-	-	3,491	3,637
The Plaza	2,913	3,702	2,913	3,702
Palo Alto	-	-	1,798	1,829
Olga Chiari	-	-	1,447	7,084
Park Residence	-	-	469	2,997
Acqua Galleria	-	-	358	8,802
Ruth Silveira	-	-	254	1,874
Mayfair Offices	-	-	160	160
Mia Felicita	-	-	87	1,360
Other	238	-	747	2,000
Stand-alone properties	693	693	3,496	3,847
Provision for canceled sales	1,199	-	4,117	5,559
	41,010	64,837	284,110	277,162
Current assets	28,306	60,293	254,190	266,193
Non-current assets	12,704	4,544	29,920	10,969



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Capitalized interest

The interest incurred in connection with production financing is recorded in properties under construction and appropriated to profit or loss at the time of sales. The rate used for the capitalization of interest is specific to each of the real estate projects, which varies between 7.9% and 11.25% p.a. (9.7% and 11.25% p.a. at December 31, 2019).

Interest capitalized in real estate in inventory in Consolidated is R\$ 1,387 at September 30, 2020 (Parent Company - R\$ 556). At December 31, 2019, this amount was R\$ 3,851 in Consolidated (Parent Company - R\$ 770).

8 Related parties

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
(a) Intercompany loans receivable	5,268	3,359	5,268	3,372
PRMV Participações S.A.	5,268	3,359	5,268	3,359
Construtora Real	-	-	-	13
(b) Receivables from developments	15,768	11,042	2,714	24,165
Patrimar Somattos Gasparini	2,099	4,662	1,833	4,396
Aporuna I	-	-	184	268
MRV MRL Novolar II Incorporacoes SPE	-	-	170	1,854
Direcional Patrimar Maragogi	128	124	131	127
SPE Barbacena Empreendimentos Imobiliários	112	364	112	364
Vila Carioca (Ambev)	20	20	20	302
SPE Axis 1 Empreendimento Imobiliario	449	449	16	513
Residencial Estoril	-	-	12	1,217
Villagio Novita	11	11	11	125
Villagio Verona	8	7	8	983
Bernardo Vasconcelos Empreendimento Imobiliário SPE	-	671	7	671
Jardim Das Mangabeiras	2,270	246	-	2,127
Mia Felicitia	321	178	-	1,633
Saint Tropez	2,441	1,301	-	1,319
Jardinaves Empreendimentos Imobiliarios	3,240	-	-	333
Union Square	-	470	-	920
Palo Alto	48	221	-	994
Villagio Gutierrez	-	844	-	852
Manhattan Square	-	-	-	836
Ed. Duo - Alameda do Morro	-	562	-	562
Ruth Silveira	146	193	-	461
Park Residences	247	234	-	234
Quintas do Morro	-	158	-	173
Other Projects	4,228	327	210	2,901
	21,036	14,401	7,982	27,537
(c) Trade receivables – Construtora Real (i)	-	-	10,627	-



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	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
(a) Intercompany loans payable	-	13,965	191	2,611
Construtora Novolar S.A.	-	13,938	191	-
Somattos Engenharia Comercio Ltda.	-	27	-	2,611
(b) Payables for developments	130	5,476	1,077	6,928
Santa Cecilia Empreendimento	-	-	829	829
Rhadan Consultoria E Empreendimentos Imobiliários	-	-	106	-
Ed. Duo - Alameda do Morro	71	-	71	-
MRV Engenharia e Participações	36	34	42	391
Seven Engenharia ME	-	-	20	-
Engefor Engenharia e Construções	4	4	4	-
Villagio Florença	-	-	-	2,400
Manhattan Square	-	2,104	-	11
Olga Chiari	-	1,819	-	198
Holiday Inn	-	1,161	-	-
SCP Silva Lobo	15	98	-	98
Terreno Tratex	-	168	-	-
Colina Engefor	-	45	-	55
Neuchatel	-	14	-	17
Priorato Residences	-	12	-	-
SCP Portal do Bosque	-	10	-	10
Naples	-	7	-	6
Other Projects	4	-	5	2,913
				0
	130	19,441	1,268	9,539
(c) Related-party transactions with effects on profit or loss	(510)	(173)	9,908	(259)
Sales of apartments (i)	-	-	10,547	-
Lease of the headquarters' building (i)	-	-	180	-
Headquarters' rent (ii)	(510)	(173)	(819)	(259)
(d) Deferred revenue (i)	-	-	4,021	-

(a) Intercompany loans receivable and payable

These refer to loans made to and received from related parties, which bear no interest and have pre-agreed maturity dates (Note 31 (c)). On October 6, 2020, an Instrument for the Settlement of a Loan in the amount of R\$5,268 was entered into, thus settling the balance receivable by Patrimar from PRMV Participações S.A.

(b) Receivables 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 comprise expenses to be reimbursed.



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

(i) Sale of an apartment

In June 2020, an apartment in SPE Patrimar Somattos Jardim das Mangabeiras, Apogée building was sold to Construtora Real for R\$ 14,500 thousand (R\$ 14,748 thousand - updated balance to September 30, 2020). The proceeds recognized under the POC method up to September 30, 2020 totaled R\$ 10,727, with an accounts receivable proportional to the recognized proceeds of R\$ 10,627. The transaction was carried out at market value, based on the development sales table adopted by the Company.

(ii) Lease of the headquarters' building

Payment to Construtora Real for the lease related to the building where the headquarters are located. This construction company under the common control of the Company's stockholders. The transaction was carried out at market value, based on lease transactions of a similar nature.

As the property lease was within the scope of CPC 06 (R2) / IFRS 16, the net payable was discounted at the Company's incremental borrowing rate and a right-of-use asset recorded for property and equipment with a corresponding lease liabilities.

9 Investments

The Group records its investments in companies that have recorded net capital deficiency in liabilities within "provision for net capital deficiency".

	Parent company		Consolidated	
	9/30/2020	31/12/2019	30/09/2020	31/12/2019
Investments	258,366	231,618	51,399	47,616
Provision for net capital deficiency	(1,124)	(1,279)	(2,352)	(3,056)
	<u>257,242</u>	<u>230,339</u>	<u>49,047</u>	<u>44,560</u>

Changes in the balance of investments at September 30, 2020 and December 31, 2019 were as follows:

	Parent company	Consolidated
At December 31, 2019	<u>230,339</u>	<u>44,560</u>
Changes in investments - assets and liabilities (i)	(18,219)	2,200
Equity in the results of investees	<u>45,122</u>	<u>2,287</u>
At September 30, 2020	<u>257,242</u>	<u>49,047</u>

Refers to changes in investments and redemptions of funds from developments established as a Special Partnerships (SCP).



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(a) An analysis of the Parent company's investments at September 30, 2020 is as follows:

Companies	Ownership interest (%)		Profit (loss) for the period	Equity	Equity in the results of investees in the year	Investment and net capital deficiency	Investment and net capital deficiency
	2020	2019					
Subsidiaries							
Construtora Novolar	100%	100%	7,809	108,427	7,809	108,428	100,619
Alamo Patrimar Incorp. Imob. Ltda.	98%	98%	(25)	(24)	(25)	(23)	1
SPE Patrimar Engefor Imóveis Ltda.	50%	50%	197	544	99	288	93
SPE Maura Valadares	50%	50%	(276)	(162)	(138)	(81)	58
SPE Engefor Patrimar V.S. e Imob. Ltda.	50%	50%	(98)	(371)	(49)	(184)	(142)
SCP Professor Danilo Ambrósio	95%	95%	(4)	(17)	(4)	(16)	(13)
SCP Jornalista Oswaldo Nobre	90%	90%	(1)	(211)	(1)	(190)	(194)
SCP Gioia dell Colle	90%	90%	(12)	(32)	(11)	(29)	(18)
SCP Olga Chiari	85%	85%	2,708	13,165	2,302	11,187	12,112
SCP Manhattan Square	90%	90%	(755)	6,586	(680)	5,928	8,177
SCP Priorato Residences	90%	90%	(228)	1,245	(205)	1,121	1,509
SCP Holiday Inn	80%	80%	924	22,997	739	18,398	19,295
SCP Mayfair Offices	90%	90%	(9)	184	(8)	165	174
SCP Quintas do Morro	69%	69%	149	3,460	102	2,379	2,243
SCP Neuchatel	90%	90%	(74)	431	(66)	388	466
SPE MRV Galleria	50%	50%	2,826	2,901	1,413	1,451	10,268
SPE Jardinaves	50%	50%	(348)	2,748	(174)	1,374	180
SPE Jota Patrimar Engefor	50%	50%	324	(300)	162	(141)	(360)
SPE Colina Engefor Patrimar E. Imob Ltda.	50%	50%	(59)	(49)	(29)	(22)	(1)
SPE Patrimar Somattos Jardim das Mangabeiras	50%	50%	28,985	74,290	14,492	37,145	22,117
Antônio de Alb. SPE Ltda. (EPIC)	50%	50%	5,962	15,617	2,981	7,833	4,823
Ed. Duo - Alameda do Morro	40%	40%	8,614	13,914	3,446	5,566	2,120
SPE Vale dos Cristais	50%	-	(1)	335	(1)	167	-
SPE High Line	100%	-	7,650	7,650	7,650	7,650	-
SPE Rio de Janeiro (Lourdes)	50%	-	(93)	397	(46)	179	-
SPE Le Terrace	43%	-	-	-	-	-	-
			64,165	273,725	39,758	208,961	183,527
Jointly-controlled investees							
SCP RJ 04	50%	50%	(94)	759	(47)	379	382
SPE Mirante do Ibituruna Ltda.	34%	34%	(2)	8,027	(1)	2,711	2,709
SCP Portal do Bosque	50%	50%	(3)	158	(2)	79	91
SCP Park Ritz	48%	48%	(48)	957	(23)	459	466
SCP Recanto das Águas	51%	51%	(89)	278	(45)	150	147
SCP MRV Belo Campo	50%	50%	(111)	36	(55)	25	23
SCP MRV Rec. Pássaros (Rouxinol)	40%	40%	(301)	635	(120)	251	191
SCP MRV Res. Beija Flor	40%	40%	(521)	(311)	(208)	(125)	8
SPE Padre Marinho	50%	50%	649	18,004	325	9,002	6,795
SCP Rívoli 1 and 2	40%	40%	(243)	147	(97)	59	32
SPE Acaba Mundo E. Imob. Ltda.	50%	50%	-	1,628	-	814	810
SPE MRV Patrimar RJ IX Ltda. (Andorinhas) 1 and 2	40%	40%	(38)	434	(15)	170	182
SPE Barbacena Empr Imob. S.A.	50%	50%	911	43,704	456	21,852	25,911
SPE Patrimar Somattos Gasparini Ltda.	50%	50%	1,420	13,574	710	6,787	8,119
Ponctuel	50%	50%	-	84	-	42	42
SPE Direcional Patrimar Maragogi Ltda.	45%	45%	(3)	13	(1)	6	(3)
			1,527	88,127	877	42,661	45,905
Associates							
Alba	14%	-	31,542	31,542	4,403	4,403	-
SCP Safira (Decaminada 10)	24%	24%	(449)	(787)	(108)	(187)	(161)
SCP João XXIII	24%	24%	(81)	-	(20)	7	(15)
SCP Naples	20%	20%	(2)	24	-	5	5
SCP Palo Alto	10%	10%	(139)	2,174	(14)	217	208
SCP Park Residences	10%	10%	1,146	5,441	115	537	384
SCP Silva Lobo	15%	15%	19	540	3	81	86
SCP Tavares Bastos	25%	25%	(24)	(5)	(6)	(1)	-
SPE Novo Lar Greenport	20%	20%	(46)	(625)	(9)	(125)	(116)
SPE Axis 1 Porto Fino	10%	10%	2,591	6,312	259	633	772
Other Investments			-	-	(136)	50	(256)
			34,557	44,616	4,487	5,620	907
			100,249	406,468	45,122	257,242	230,339



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- (b) The September 30, 2020 balance sheet accounts and statement of income accounts as at and for the nine-month period ended September 30, 2020 of subsidiaries, jointly-controlled investees and associates are as follows:

Companies	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Net Revenue	Profit (loss) for the year
Subsidiaries							
Construtora Novolar Ltda.	68,215	180,999	27,280	113,508	108,427	19,894	7,809
Alamo Patrimar Incorp. Imob. Ltda.	3	-	9	8	(24)	-	(25)
SPE Patrimar Engenfor Imóveis Ltda.	668	-	64	36	544	109	197
SPE Maura Valadares	72	246	1	479	(162)	-	(276)
SPE Engenfor Patrimar V.S. E. Imob Ltda.	65	3	261	178	(371)	5	(98)
SCP Professor Danilo Ambrósio	8	-	1	24	(17)	-	(4)
SCP Jornalista Oswaldo Nobre	7	1	3	217	(211)	-	(1)
SCP Gioia dell Colle	2	-	1	33	(32)	-	(12)
SCP Olga Chiari	11,335	2,315	151	334	13,165	8,644	2,708
SCP Manhattan Square	6,042	2,832	1,035	1,254	6,586	2,299	(755)
SCP Priorato Residences	1,560	-	-	7	1,070	45	(228)
SCP Holiday Inn	22,416	2,011	876	554	22,997	478	924
SCP Mayfair Offices	175	32	1	22	184	-	(9)
SCP Quintas do Morro	4,112	321	268	704	3,460	579	149
SCP Neuchatel	212	300	10	71	431	-	(74)
SPE MRV Galleria	7,344	25,697	2,265	27,876	2,901	15,322	2,826
SPE Jardinaves	14,354	100	7,441	4,265	2,748	-	(348)
SPE Jota Patrimar Engenfor	92	210	411	191	(300)	-	324
SPE Colina Engenfor Patrimar E. Imob Ltda.	171	8	135	93	(49)	-	(59)
SPE Patrimar Somattos Jardim das Mangabeiras	140,418	28,857	62,209	32,776	74,290	74,654	28,985
Antônio de Alb. SPE LTDA (EPIC)	15,645	12,126	11,988	167	15,617	12,789	5,962
Ed. Duo - Alameda do Morro	47,171	5,083	37,943	397	13,914	21,174	8,614
SPE Vale dos Cristais	182	176	4	20	335	-	(1)
SPE High Line	26,933	3,131	19,864	2,549	7,650	30,270	7,650
SPE Rio de Janeiro (Lourdes)	5,161	-	1,178	6	397	-	(93)
SPE Le Terrace	15	-	-	3	(12)	-	-
	372,378	264,448	173,399	185,772	273,538	186,262	64,165
Jointly-controlled investees							
SCP RJ 04	727	101	60	9	759	-	(94)
SPE Mirante do Ibituruna Ltda.	8,024	6	3	-	8,027	-	(2)
SCP Portal do Bosque	30	151	1	22	158	-	(3)
SCP Park Ritz	1,088	28	89	71	957	-	(48)
SCP Recanto das Águas	127	169	15	3	278	-	(89)
SCP MRV Belo Campo	134	47	67	77	36	(5)	(111)
SCP MRV Rec. Pássaros (Rouxinol)	572	209	27	119	635	35	(301)
SCP MRV Res. Beija Flor	383	86	161	618	(311)	57	(521)
SPE Padre Marinho	26,507	-	8,504	-	18,004	-	649
SCP Rívoli 1 and 2	213	150	76	140	147	3	(243)
SPE Acaba Mundo e Imob Ltda.	1,631	-	3	-	1,628	-	-
SPE MRV Patrimar RJ IX Ltda. (Andorinhas) 1 and 2	246	231	33	9	434	31	(38)
SPE Barbacena Empr Imob. S.A.	45,328	73	1,295	402	43,704	27,394	911
SPE Patrimar Somattos Gasparini Ltda.	15,512	18	415	1,542	13,574	-	1,420
Ponctuel	3	81	-	-	84	-	-
SPE Direcional Patrimar Maragogi Ltda.	72	6	65	-	13	-	(3)
	100,597	1,356	10,814	3,012	88,127	27,515	1,527
Associates							
Alba	33,536	-	1,994	-	31,542	-	31,542
SCP Safira (Decaminada 10)	32	(51)	46	722	(787)	-	(449)
SCP João XXIII	35	38	9	64	-	-	(81)
SCP Naples	25	-	1	-	24	-	(2)
SCP Palo Alto	2,294	16	27	109	2,174	-	(139)
SCP Park Residences	6,443	552	736	818	5,441	4,069	1,146
SCP Silva Lobo	545	15	15	5	540	14	19
SCP Tavares Bastos	34	(2)	7	30	(5)	-	(24)
SPE Novo Lar Greenport	19	(52)	117	475	(625)	-	(46)
SPE Axis 1 Porto Fino	8,921	1,911	827	3,693	6,312	10,154	2,591
	51,884	2,427	3,779	5,916	44,568	14,237	34,557
	524,859	268,231	187,992	194,700	406,233	228,014	100,249



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(c) An analysis of investments in Consolidated at September 30, 2020 is as follows:

Companies	Ownership interest (%)		Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and net capital deficiency
	2020	2019	2020	2020	2020	2020
Ponctuel Consultoria	50%	50%	-	84	-	42
Alba	14%	14%	31,542	31,542	(4,403)	4,403
SCP Manchete	40%	40%	(1,351)	1,645	540	658
SCP MRV Belo Campo	50%	50%	(111)	36	55	25
SCP MRV Rec. Passaros (Rouxinol)	40%	40%	(301)	635	120	251
SCP MRV Res. Beija Flor	40%	40%	(521)	(311)	208	(125)
SCP Pacuare	50%	50%	(297)	(794)	148	(396)
SCP Park Ritz	48%	48%	(48)	957	23	459
SCP Park Rossete	51%	51%	(51)	2,121	26	1,082
SCP Parque Araras	50%	50%	(30)	80	15	40
SCP Parque Bem Te Vi	50%	50%	(27)	189	14	94
SCP Parque Gaivotas	50%	50%	(86)	93	43	38
SCP Parque Sabia	50%	50%	(8)	60	4	30
SCP Portal do Bosque	50%	50%	(3)	158	2	79
SCP Reality e Renovare	51%	51%	(1,026)	221	523	114
SCP Recanto das Aguas	51%	51%	(89)	278	45	150
SCP Recanto do Tingui	35%	35%	(110)	(231)	38	(81)
SCP Riviera Da Costa E Sol	48%	48%	(1,764)	(197)	847	(74)
SCP Rívoli 1 and 2	40%	40%	(243)	147	97	59
SCP RJ 04	50%	50%	(94)	759	47	379
SPE Acaba Mundo Emp. Imob Ltda.	50%	50%	-	1,628	-	814
SCP Andorinhas	40%	40%	(38)	434	15	170
SPE Barbacena Empr Imobiliários S.A.	50%	50%	911	43,704	(456)	21,852
SPE Direcional Patrimar Maragogi Ltda.	45%	45%	(3)	13	1	6
SPE Mirante do Ibituruna Ltda.	34%	34%	(2)	8,027	1	2,711
SPE Padre Marinho	50%	50%	649	18,004	(325)	9,002
SPE Park Riversul	35%	35%	(461)	(86)	161	(27)
SPE Patrimar Somattos Gasparini Ltda.	50%	50%	1,420	13,574	(710)	6,787
SPE Recreio Bandeirantes	35%	35%	(176)	(924)	62	(323)
SPE Recreio Gaveas	35%	35%	(282)	5,493	99	1,922
SPE Recreio Pontal	35%	35%	(916)	(3,793)	321	(1,328)
Other					152	234
			26,484	123,546	(2,287)	49,047

10 Property and equipment

Property and equipment items are depreciated as below:

	Annual depreciation rate
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 are written off.



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An analysis of property and equipment for the nine-month period ended September 30, 2020 is presented below:

	Parent company					Consolidated				
	Balance 12/31/2019	Additions	Write- offs	Transfers	Balance 9/30/2020	Balance 12/31/2019	Additions	Write- offs	Transfers	Balance 9/30/2020
Cost										
Leasehold improvements	6,736	-	-	-	6,736	6,736	-	-	-	6,736
Machinery and equipment	3,723	-	-	-	3,723	4,290	1,850	-	1	6,141
Vehicles	1,007	-	(110)	-	897	1,007	-	(110)	-	897
Furniture and fittings	1,958	-	-	-	1,958	1,958	-	-	-	1,958
Sales stands and model apartments	925	-	-	-	925	9,625	-	-	1,304	10,929
IT equipment	191	126	-	-	317	220	126	-	-	346
Construction in progress	1,649	897	-	-	2,546	2,974	2,571	-	(1,305)	4,240
Land	46	-	-	-	46	46	-	-	-	46
Aircraft	-	-	-	-	-	3,097	-	-	-	3,097
Right-of-use - lease - IFRS 16 (i)	-	-	-	2,512	2,512	-	-	-	5,320	5,320
Total cost	16,235	1,023	(110)	2,512	19,660	29,953	4,547	(110)	5,320	39,710
Depreciation										
Leasehold improvements	(2,670)	(986)	-	-	(3,656)	(2,666)	(990)	-	-	(3,656)
Machinery and equipment	(2,480)	(276)	-	-	(2,756)	(2,844)	(533)	-	-	(3,377)
Vehicles	(603)	(91)	110	-	(584)	(603)	(91)	110	-	(584)
Furniture and fittings	(390)	(154)	-	-	(544)	(391)	(153)	-	-	(544)
Sales stands and model apartments	(167)	(140)	-	-	(307)	(2,864)	(1,839)	-	-	(4,703)
IT equipment	(74)	(33)	-	-	(107)	(76)	(37)	-	-	(113)
Construction in progress	-	-	-	-	-	(172)	(78)	-	-	(250)
Right-of-use - lease - IFRS 16 (i)	-	-	-	(1,074)	(1,074)	-	-	-	(2,123)	(2,123)
Total depreciation	(6,384)	(1,680)	110	(1,074)	(9,028)	(9,616)	(3,721)	110	(2,123)	(15,350)
Total property and equipment, net	9,851	(657)	-	1,438	10,632	20,337	826	-	3,197	24,360

(i) Transfers refer to reclassification of all balances of right-of-use asset leases, to meet the classification and presentation criteria of CPC 06 (R2).



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11 Intangible assets

The composition of intangible assets for the nine-month period ended September 30, 2020 is as follows:

	Parent company					Consolidated				
	Balance 12/31/2019	Additions	Write-offs	Transfers	Balance 9/30/2020	Balance 12/31/2019	Additions	Write-offs	Transfers	Balance 9/30/2020
Cost										
Computer software license	11,658	42	-	-	11,700	12,301	43	-	-	12,344
Right-of-use - lease	2,328	462	(278)	(2,512)	-	5,063	906	(649)	(5,320)	-
Total cost	<u>13,986</u>	<u>504</u>	<u>(278)</u>	<u>(2,512)</u>	<u>11,700</u>	<u>17,364</u>	<u>949</u>	<u>(649)</u>	<u>(5,320)</u>	<u>12,344</u>
Amortization										
Computer software license	(811)	(1,753)	-	-	(2,564)	(896)	(1,850)	-	-	(2,746)
Right-of-use - lease	(428)	(729)	83	1,074	-	(1,039)	(1,500)	416	2,123	-
Total amortization	<u>(1,239)</u>	<u>(2,482)</u>	<u>83</u>	<u>1,074</u>	<u>(2,564)</u>	<u>(1,935)</u>	<u>(3,350)</u>	<u>416</u>	<u>2,123</u>	<u>(2,746)</u>
Total intangible assets, net	<u>12,747</u>	<u>(1,978)</u>	<u>(195)</u>	<u>(1,438)</u>	<u>9,136</u>	<u>15,429</u>	<u>(2,401)</u>	<u>(233)</u>	<u>(3,197)</u>	<u>9,598</u>

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



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12 Borrowings

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Financing for construction - Financial Housing System (SFH)	20,131	16,124	44,835	29,806
Borrowings for working capital (in R\$)	48,054	22,058	52,056	26,056
Borrowings for working capital (in - US\$) (i)	3,334	10,025	3,334	10,025
Derivative financial instrument - Swap (i)	(799)	496	(799)	496
	<u>70,720</u>	<u>48,703</u>	<u>99,426</u>	<u>66,383</u>
Lease	<u>1,830</u>	<u>2,025</u>	<u>3,678</u>	<u>4,346</u>
	<u>72,550</u>	<u>50,728</u>	<u>103,103</u>	<u>70,729</u>
Current liabilities	51,478	23,424	62,789	38,715
Non-current liabilities	21,072	27,304	40,314	32,014

- (i) In December 2019, the Group raised a working capital loan from Bradesco denominated in U.S. dollars, in the original amount of US\$2,365 thousand, 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 Reais 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	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Borrowing in US\$ + interest, translated converted into Reais	3,334	10,025	3,334	10,025
Swap contracted - assets	(3,313)	(9,569)	(3,313)	(9,569)
Swap contracted - liabilities	<u>2,514</u>	<u>10,065</u>	<u>2,514</u>	<u>10,065</u>
Net debt	<u>2,535</u>	<u>10,521</u>	<u>2,535</u>	<u>10,521</u>



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Changes in borrowings were as follows:

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Opening balance	50,728	39,035	70,729	46,260
Releases	52,659	35,426	78,640	38,437
Swap	(1,295)	496	(1,295)	496
Interest	3,678	3,401	4,578	4,631
Foreign exchange gains/losses	1,306	(532)	1,306	(532)
Amortization - Interest	(2,776)	(2,214)	(3,426)	(3,926)
Amortization – Principal	(31,298)	(26,909)	(46,610)	(38,028)
Merger of RPMV (i)	-	-	-	19,045
	22,274	9,668	33,193	20,123
Lease	462	2,375	906	5,063
Amortization – Lease	(915)	(538)	(1,873)	(1,104)
Financial charges – Lease	1	188	148	387
	(452)	2,025	(819)	4,346
Closing balance	72,550	50,728	103,103	70,729

- (i) After the merger of RPMV, the Company began consolidating Novolar (Note 19(b)); its intercompany debt balance were eliminated upon consolidation.

The amounts recorded in current and non-current liabilities by year of maturity follow:

	9/30/2020	12/31/2019	9/30/2020	12/31/2019
2020	18,371	23,424	21,568	38,715
2021	35,223	11,502	46,351	12,997
2022	14,161	10,693	20,686	12,188
After 2022	4,795	5,109	14,498	6,829
	72,550	50,728	103,103	70,729

Financing for construction: This type of loan is used to finance the ventures during the construction period. The interest rates applicable to these borrowings may vary, depending on the operation, between 7.9% and 11.25% per annum, and based on the Referential Rate (TR). These financing arrangements are secured by the real estate to which they are linked.

Working capital: This type of loan is used to finance the Group's working capital needs. The average interest rate applicable to loans of this type is the CDI between 2.50% and 6.17% per annum. These borrowings are guaranteed by the Group's stockholders. In the third quarter of 2020, two loan agreements were exercised, totaling R\$ 20 million, with maturities in July and August 2021.



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Lease:

- Lease agreement related to administrative facilities (Deposits, Headquarters, Offices), the original term of seven years has 42 remaining months, discounted at present value at the rate of 1.06% per month (December 31, 2019 - 0.85% per month).
- Lease agreement for engineers' accommodation, the terms vary from 7 to 17 months, discounted at present value at the rate of 1.06% per month (December 31, 2019 - 0.85% per month).
- Contract for commercial properties (stores and sales stand), the terms vary from 9 to 24 months discounted at present value at the rate of 1.06% per month (December 31, 2019 - 0.85% per month).
- Heavy equipment leases, the terms vary from 7 to 15 months discounted at present value at the rate of 1.06% per month.

13 Trade payables

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Trade payables	2,433	6,320	25,613	26,908
Technical retentions	731	583	3,900	2,715
	<u>3,164</u>	<u>6,903</u>	<u>29,513</u>	<u>29,623</u>

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 are contractual withholdings, 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 non-compliance with contract provisions, the customer is protected. 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 accruals basis and recorded as deferred taxes, as shown below. An analysis of the balances of taxes to be paid according to tax criteria is presented below:



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	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Taxes payable				
Special Taxation Regime (RET)	268	158	1,437	814
INSS	343	458	795	658
IRPJ	222	1	560	303
ISS	131	223	416	109
CSLL	-	-	182	226
COFINS	8	83	88	339
PIS	2	20	32	88
Other withheld taxes	31	388	84	805
	<u>1,005</u>	<u>1,331</u>	<u>3,594</u>	<u>3,342</u>
Deferred taxes				
Special Taxation Regime (RET)	1,349	710	8,654	4,594
Social Contribution on Revenues (COFINS)	8	7	164	164
Social Contribution on Net Income (CSLL)	-	-	43	43
Social Integration Program (PIS)	-	-	23	23
	<u>1,357</u>	<u>717</u>	<u>8,884</u>	<u>4,824</u>
	<u>2,362</u>	<u>2,048</u>	<u>12,478</u>	<u>8,166</u>

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	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Ed. Duo - Alameda do Morro	-	-	30,508	34,901
SPE Mirataia	-	-	4,321	6,580
Jardinaves	800	800	2,557	1,756
Jardim das Mangabeiras	-	-	1,903	2,451
Villagio Novita	-	-	145	144
Manhattan	-	-	130	171
SPE Axis	-	-	46	1,956
Other	63	176	106	156
	<u>863</u>	<u>976</u>	<u>39,716</u>	<u>48,115</u>
Land not yet developed				
York	-	-	13,141	-
Jambreiro (Ouro Velho Country Club)	-	-	2,117	2,118
Antônio de Albuquerque	-	1,000	-	1,000
Other obligations for acquisition of ventures	-	-	1,280	2,146
	<u>-</u>	<u>1,000</u>	<u>16,538</u>	<u>5,264</u>
Liabilities for acquisition of real estate ventures not yet developed	<u>-</u>	<u>1,000</u>	<u>16,538</u>	<u>5,264</u>
	<u>863</u>	<u>1,976</u>	<u>56,254</u>	<u>53,379</u>
Current liabilities	863	1,976	51,933	46,799
Non-current liabilities	-	-	4,321	6,580



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16 Advances from customers

Corresponds to advances received from customers resulting from sales of real estate units and commitment to deliver finished and finished units of real estate projects, resulting from the acquisition through land swap for incorporation.

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Jardim das Mangabeiras	-	-	42,655	31,203
High Line	-	20,722	18,110	20,722
Apia (SPE Novo Apia - Jaraguá)	-	-	7,624	8,044
Antônio de Albuquerque (Epic)	-	-	6,590	7,907
Palo Alto	-	-	5,760	363
Jardinaves	-	-	5,672	1,130
Reserva Do Mirataia II	-	-	4,819	3,944
Solar Da Penha	-	-	4,000	4,000
Avignon	3,785	4,314	3,785	4,314
Rio de Janeiro (Lourdes)	-	-	2,920	-
Inovato	-	-	1,091	2,432
Others	66	178	89	1,338
Barter for real estate developments under construction by the parent company or not yet launched	115	-	127	-
	<u>3,966</u>	<u>25,214</u>	<u>103,242</u>	<u>85,397</u>
Advances from customers	2,050	907	61,825	23,342
Barter made for land	<u>1,916</u>	<u>24,307</u>	<u>41,417</u>	<u>62,055</u>
	<u>3,966</u>	<u>25,214</u>	<u>103,242</u>	<u>85,397</u>
Advances from customers and barter made for construction in progress	3,851	4,492	66,263	50,078
Advances from customers for customized units	-	-	24,260	4,731
Barter made for land - not launched developments	<u>115</u>	<u>20,722</u>	<u>12,719</u>	<u>30,588</u>
	<u>3,966</u>	<u>25,214</u>	<u>103,242</u>	<u>85,397</u>
Current liabilities	3,895	25,214	103,177	85,397
Non-current liabilities	71	-	65	-



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17 Provision for contingencies and judicial deposits

Provision for contingencies

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Civil	-	-	2,801	1,001
Tax	1,427	1,427	4,719	4,443
Labor	-	24	1,291	1,548
	<u>1,427</u>	<u>1,451</u>	<u>8,811</u>	<u>6,992</u>

Judicial deposits

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Civil	-	16	1,789	1,789
Tax	-	-	-	-
Labor	-	268	259	803
	<u>-</u>	<u>284</u>	<u>2,048</u>	<u>2,592</u>

Changes in the nine-month period ended September 30, 2020:

Contingencies

	Parent company	Consolidated
Opening balance	1,451	6,992
Additions	-	3,471
Write-offs	(24)	(1,652)
Closing balance	<u>1,427</u>	<u>8,811</u>

Judicial deposits

	Parent company	Consolidated
Opening balance	284	2,592
Additions	31	287
Write-offs	(315)	(831)
Closing balance	<u>-</u>	<u>2,048</u>

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



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Possible loss contingencies:

The Group is a party to other tax, civil and labor proceedings arising in the normal course of its business, the likelihood of risk of loss which is considered to be possible. The possible losses estimated by Management, under advice of its legal counsel, are R\$ 2,982 (labor claims); R\$ 39,548 (tax claims) and R\$ 6,865 (civil claims), totaling R\$ 49,395 (R\$ 44,179 at December 31, 2019). No provisions are recorded to cover possible losses.

The more significant possible contingencies refers to a land barter transaction:

As part of the process for 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 income tax interpretations with respect to deemed profit (Decree No. 3,000 of March 26, 1999) to include revenue from physical exchange (barter) transactions recognized at fair value for inclusion in the calculation bases for IRPJ, CSLL, PIS and COFINS. In 2017 and 2018, tax assessment Notices were issued against the Group for R\$ 28,718.

Based on advice of its legal counsel, the Group filed a protest letter claiming that the assessment notice has no basis in fact as the fair value from the barter transactions have a null effect on these taxes. The likelihood of loss in this case has been classified as possible and the estimated risk involved at September 30, 2020 amounted to R\$ 34,677 (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, in compliance with Brazilian law.

In order to fulfill this commitment and to match revenues and costs, for each real estate development under construction, a provision of 1.5% of the construction costs is made. This estimate is based on historical averages and expectations of future disbursements, according to analyses of the Group's engineering department, which are reviewed annually. The provision is recorded as the work progresses, adjusting the percentages to the actual costs incurred.

Provisions are recorded (and used) considering maintenance requirements, as established in contractual warranties.

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

	Parent company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
Opening balance	1,566	1,578	7,701	5,453
Additions	194	285	1,819	1,452
Disposals (Warranty related payments)	(219)	(297)	(1,372)	(3,048)
Merger	-	-	-	3,844
Closing balance	<u>1,541</u>	<u>1,566</u>	<u>8,148</u>	<u>7,701</u>



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19 Equity

(a) Capital

At September 30, 2020, the Company's share capital is R\$ 281,602 (R\$ 281,602 at December 31, 2019), divided into 174,827,996 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. PRMV Participações was already part of the Patrimar Group as it was under the common control of the Company's stockholders (Note 1).

Following this transaction, 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 sole quotaholder.

The Company merged with RPMV Participações S.A.'s based on the latter's special balance sheet at September 30, 2019 with net assets of R\$ 102,570 which were used as a capital increase in the Company. After the merger, Company identified adjustments for the recognition of provisions for cancellations in previous years (2018 and 2017) and interest capitalized on investments in completed projects, which were made against opening retained earnings (accumulated losses).

Special balance sheet prepared at 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
Patrícia Martins Veiga	4,531,197,945
	27,972,479,422



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Change in the number of shares of the Share Capital following a reverse split (Note 31(a))

On August 5, 2020, the Extraordinary General Meeting (AGE) agreed to a 160:1 reverse share split in which 160 common shares became one common share. As a result, capital is now comprised of 174,827,996 registered book-entry common shares, without par value.

Stockholders	Common shares
PRMV Participações S.A.	111,894,692
Alexandre Araújo Elias Veiga	3,146,665
Heloísa Magalhães Martins Veiga	3,146,665
Renata Martins Veiga Couto	28,319,987
Patrícia Martins Veiga	28,319,987
	174,827,996

(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, up to the limit of 20% of the capital.

(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 earnings and number of shares used in the calculation of basic and diluted earnings per share:

	Three-month period ended	Nine-month period ended
	9/30/2020	9/30/2020
Basic earnings per share:		
Profit for the period	20,386	37,162
Weighted average of shares (thousands) – adjusted for reverse stock split (Note 31 (a))	58,276	58,276
Basic and diluted earnings per share - in R\$	0.349818	0.637690

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



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21 Net operating revenue

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

	Parent company			
	7/01/2020 to 9/30/2020	1/01/2020 to 9/30/2020	7/01/2019 to 9/30/2019	1/01/2019 to 9/30/2019
Gross revenue from the sales of properties	10,303	45,497	13,162	38,666
Service revenue	9	295	15	1,078
Canceled sales	(1,078)	(1,751)	(2,042)	(8,402)
Present value adjustment (i)	423	1,052	142	(829)
Changes in the provision for canceled sales	(761)	(2,347)		
Taxes on billings	(190)	(1,114)	(199)	(552)
Net operating revenue	8,706	41,632	11,078	29,961
	Consolidated			
	7/01/2020 to 9/30/2020	1/01/2020 to 9/30/2020	7/01/2019 to 9/30/2019	1/01/2019 to 9/30/2019
Gross revenue from the sales of properties	147,405	315,450	82,025	172,558
Service revenue	966	1,270	15	1,078
Canceled sales	(9,301)	(22,559)	(2,992)	(14,153)
Present value adjustment (i)	894	3,771	(93)	(1,733)
Changes in the provision for canceled sales	(2,028)	(913)	(3,631)	(5,470)
Taxes on billings	(2,270)	(6,122)	(1,502)	(3,051)
Net operating revenue	135,666	290,897	73,822	149,229

- (i) Based on the understanding that the financing arrangement provided to its customers is an inherent part of its operations, the Company recognizes the reversals of present value adjustments of trade receivables as operating revenue.

22 Costs and expenses by nature

	Parent company			
	7/01/2020 to 09/30/2020	1/01/2020 to 9/30/2020	7/01/2019 to 9/30/2019	1/01/2019 to 09/30/2019
Cost of properties sold				
Materials	(2,305)	(8,326)	(2,552)	(5,412)
Land	-	(3,623)	(1,214)	(6,158)
Completed properties	(1,286)	(4,866)	(196)	(5,825)
Personnel expenses	(352)	(1,905)	(526)	(908)
Subcontractors	(919)	(5,799)	(1,976)	(3,454)
Housing loan costs	(182)	(1,387)	(130)	(471)
Other	(67)	415	(214)	(1,036)
	(5,111)	(25,491)	(6,808)	(23,264)



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	Parent company			
	7/01/2020 to 9/30/2020	1/01/2020 to 9/30/2020	7/01/2019 to 9/30/2019	1/01/2019 to 9/30/2019
Operating expenses				
Personnel expenses	(3,194)	(8,627)	(2,868)	(8,441)
General and administrative expenses	(822)	(1,929)	(438)	(1,767)
Depreciation and amortization	(1,426)	(3,894)	(373)	(1,658)
Third-party services	(1,039)	(2,479)	(891)	(2,642)
	(6,481)	(16,929)	(4,570)	(14,508)
				Parent company
	7/1/2020 to 9/30/2020	1/01/2020 to 9/30/2020	7/01/2019 to 9/30/2019	1/01/2019 to 9/30/2019
Selling expenses				
Personnel expenses	(423)	(1,158)	(326)	(926)
Commissions and brokerage	(118)	67	(147)	(92)
Sales stands/model apartments	(51)	(154)	(320)	(1,004)
Advertising	(143)	(516)	(415)	(1,262)
Other selling expenses	(178)	(572)	(209)	(1,228)
	(913)	(2,333)	(1,417)	(4,512)
				Parent company
	7/01/2020 to 9/30/2020	1/01/2020 to 9/30/2020	7/01/2019 to 9/30/2019	1/01/2019 to 9/30/2019
Other operating income (expenses), net				
Real estate financing expenses	(74)	(222)	(41)	(127)
Tax expenses	-	(258)	(2)	(47)
Provision for contingencies	(177)	(262)	(63)	(110)
Other operating income and expenses	(118)	(466)	(25)	1,068
	(369)	(1,208)	(131)	784
	(7,763)	(20,470)	(6,118)	(18,236)
				Consolidated
	7/01/2020 to 9/30/2020	1/01/2020 to 9/30/2020	7/01/2019 to 9/30/2019	1/01/2019 to 9/30/2019
Cost of properties sold				
Materials	(19,606)	(48,304)	(27,757)	(37,043)
Land	(28,909)	(42,990)	(3,435)	(13,420)
Completed properties	(9,968)	(25,796)	(9,115)	(34,868)
Personnel expenses	(3,782)	(7,882)	(1,014)	(2,017)
Subcontractors	(18,033)	(38,683)	(6,470)	(13,465)
Housing loan costs	(1,299)	(4,403)	321	(912)
Other	(3,495)	(7,422)	1,204	1,339
	(85,092)	(175,480)	(46,266)	(100,386)



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	Consolidated			
	7/01/2020 to 9/30/2020	1/01/2020 to 9/30/2020	7/01/2019 to 9/30/2019	1/01/2019 to 9/30/2019
Administrative and general expenses				
Personnel expenses	(3,889)	(10,770)	(2,876)	(8,454)
General and administrative expenses	(1,240)	(3,368)	(406)	(1,949)
Depreciation and amortization	(1,883)	(4,814)	(374)	(1,659)
Third-party services	(1,254)	(3,477)	(1,052)	(3,118)
	<u>(8,266)</u>	<u>(22,429)</u>	<u>(4,708)</u>	<u>(15,180)</u>
	Consolidated			
	7/01/2020 to 9/30/2020	1/01/2020 to 9/30/2020	7/01/2019 to 9/30/2019	1/01/2019 to 9/30/2019
Selling expenses				
Personnel expenses	(1,196)	(3,198)	(338)	(989)
Commissions and brokerage	(2,219)	(4,380)	(1,475)	(2,214)
Sales stands/model apartments	(664)	(2,093)	(648)	(2,017)
Advertising	(1,821)	(5,441)	(1,141)	(2,949)
Other selling expenses	(1,217)	(3,471)	(1,072)	(4,061)
	<u>(7,117)</u>	<u>(18,583)</u>	<u>(4,674)</u>	<u>(12,230)</u>
	Consolidated			
	7/01/2020 to 9/30/2020	1/01/2020 to 9/30/2020	7/01/2019 to 9/30/2019	1/01/2019 to 9/30/2019
Other operating income (expenses), net				
Real estate financing expenses	(109)	(367)	(42)	(130)
Tax expenses	(96)	(359)	(28)	(111)
Provision for contingencies	(1,520)	(5,347)	(1,523)	(3,334)
Other operating income and expenses	(644)	(2,566)	50	871
	<u>(2,369)</u>	<u>(8,639)</u>	<u>(1,543)</u>	<u>(2,704)</u>

23 Management fees

Management compensation for the quarter and nine-month period ended September 30, 2020 and 2019 is shown below:

	7/01/2020 to 9/30/2020	1/01/2020 to 9/30/2020	7/01/2019 to 9/30/2019	1/01/2019 to 9/30/2019
Parent company	995	2,345	451	1,420
Consolidated	1,111	2,667	554	1,836

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	Parent company			
	7/1/2020 to 9/30/2020	1/01/2020 to 9/30/2020	7/01/2019 to 9/30/2019	1/01/2019 to 9/30/2019
Finance income				
Contractual indexation accruals and interest	366	1,269	(540)	604
Interest on financial investments	50	298	126	248
Swap gain/loss	-	2,394	-	-
Other finance income	240	240	(38)	88
	<u>656</u>	<u>4,201</u>	<u>(452)</u>	<u>940</u>
Finance costs				
Interest on borrowings	(1,012)	(2,508)	(570)	(2,202)
Bank fees and charges	(53)	(458)	(85)	(198)
Financing expenses	(18)	(61)	10	-
Other finance costs	(1,135)	(3,878)	(8)	(12)
Swap losses	(122)	(122)	-	-
	<u>(2,340)</u>	<u>(7,027)</u>	<u>(653)</u>	<u>(2,412)</u>
	<u>(1,684)</u>	<u>(2,826)</u>	<u>(1,105)</u>	<u>(1,472)</u>
				Consolidated
	7/01/2020 to 9/30/2020	1/01/2020 to 9/30/2020	7/01/2019 to 9/30/2019	1/01/2019 to 9/30/2019
Finance income				
Contractual indexation accruals and interest	2,292	5,100	609	2,750
Interest on financial investments	192	801	474	1,214
Swap gain/loss	-	2,395	-	-
Other finance income	622	622	(15)	112
	<u>3,106</u>	<u>8,918</u>	<u>1,068</u>	<u>4,076</u>
Finance costs				
Interest on borrowings	(1,095)	(2,846)	(599)	(2,517)
Bank fees and charges	(253)	(900)	(133)	(239)
Financing expenses	(37)	(148)	33	-
Other finance costs	(1,412)	(3,881)	7	(10)
Swap losses	(122)	(122)	-	-
	<u>(2,919)</u>	<u>(7,897)</u>	<u>(692)</u>	<u>(2,766)</u>
	187	1,021	376	1,310



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25 Income tax and social contribution expenses

Income tax and social contribution on net income are calculated on an accrual basis. However, as these are only paid based on cash receipt basis, the Company records them as deferred taxes, until paid. The tax balances payable based on this criteria is shown below:

	Parent company			
	7/01/2020 to 9/30/2020	1/01/2020 to 9/30/2020	7/01/2019 to 9/30/2019	1/01/2019 to 9/30/2019
Profit before IRPJ and CSLL	20,561	37,967	3,946	2,689
Nominal statutory rate - 34%	(6,991)	(12,909)	(1,342)	(914)
Equity accounting	(8,980)	(15,341)	(2,346)	(5,338)
Unrecognized tax credits due to temporary differences (RET)	15,796	27,445	3,504	5,735
IRPJ and CSLL expenses	(175)	(805)	(184)	(517)
Effective rate	0,85%	2,12%	4,66%	19,23%
	Consolidated			
	7/01/2020 to 9/30/2020	1/01/2020 to 9/30/2020	7/01/2019 to 9/30/2019	1/01/2019 to 9/30/2019
Profit (loss) before IRPJ and CSLL	33,452	69,074	15,205	20,816
Nominal statutory rate - 34%	(11,374)	(23,485)	(5,170)	(7,077)
Equity accounting	(151)	(778)	613	(265)
Unrecognized tax credits due to temporary differences (RET)	9,436	18,731	3,073	4,200
IRPJ and CSLL expenses	(2,089)	(5,532)	(1,484)	(3,142)
Effective rate	6,24%	8,01%	9,77%	15,09%

Management has not recorded deferred assets as 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 Group's projects.



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26 Deferred revenue and deferred costs

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

	<u>Parent company</u>	<u>Consolidated</u>
Developments under construction		
(i) Deferred revenue from units sold		
(a) Developments under construction:		
Revenue from contracted sales	57,115	869,817
Revenue from recognized sales	(41,165)	(463,485)
Canceled sales - reversed revenue	561	17,576
	<u> </u>	<u> </u>
(b) Revenue from recognized sales, net	(40,604)	(445,909)
	<u> </u>	<u> </u>
Deferred revenue (a+b)	<u>16,511</u>	<u>423,908</u>
(ii) Budgeted deferred cost of sold units		
(a) Developments under construction:		
Budgeted costs	31,308	508,216
Construction costs	(21,555)	(255,656)
	<u> </u>	<u> </u>
(b) Incurred costs, net	(21,555)	(255,656)
	<u> </u>	<u> </u>
Deferred costs of units sold (a+b)	<u>9,753</u>	<u>252,560</u>
(iii) Budgeted deferred costs of units in inventory		
Developments under construction:		
(a) Budgeted costs	8,748	261,465
(b) Incurred costs	(6,023)	(126,406)
	<u> </u>	<u> </u>
Deferred costs of units in inventory (a+b)	<u>2,725</u>	<u>135,059</u>

27 Commitments

(a) 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. Such commitments total R\$ 1,185,080 (R\$ 1,266,777 in 2019) of which: R\$ 1,107,147 (R\$ 1,186,262 in 2019) will be settled by transfers of real estate units to be constructed and/or by using a portion of the proceeds from the sale of the related projects, and R\$ 77,933 (R\$ 80,515 in 2019) will be settled as a balancing payment.



**Notes to the quarterly information
at September 30, 2020**

All amounts in thousands of reais unless otherwise stated

(b) Lease commitments

At September 30, 2020, Patrimar had lease commitments of R\$ 1,831 (R\$ 2,025 in 2019) in the Parent Company and R\$ 3,678 in Consolidated (R\$ 4,346 in 2019) for heavy equipment and real estate.

28 Segment reporting

The Group's principal source of revenue is from its 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, 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

At September 30, 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).



**Notes to the quarterly information
at September 30, 2020**

All amounts in thousands of reais unless otherwise stated

These insurance policies in effect at September 30, 2020 are as follows:

		Insured amount
Items	Type of coverage	Consolidated
Commercial multiple peril and General civil liability - Multiple peril insurance	Assures, after completion of the construction of the real estate, compensation for damages caused by fire, lightning, storm damage, electrical damage and glass breakage.	2,060
Contractor - Completion bond (SGTO)	Assures the financing agent of the development of the completion of the construction in case of technical and financial impossibility by the Company.	21,552
Civil liability (management)	Protects the Company's management (D&O) from moral damages coverage.	10,000
Construction insurance (engineering risk) / Liability	Assures, during the construction period of the real estate, compensation for damages caused to the works due to fire, lightning, theft, among other specific coverages of facilities and assemblies at the place covered by the insurance. Indemnity up to the maximum limit of the insured amount, of the amounts for which the Company will be civilly liable for repairs for involuntary personal and/or material damages to third parties.	495,827
Commercial multiple peril insurance	In general, provides insurance for fire, lightning and explosion in addition to storm damage, aircraft crashes, loss of rent, etc. In addition, they may include civil liability coverage (of family members, condominium and/or condominium manager, material damages to third party vehicles), individuals' medical / hospital / dental expenses, etc.	26,558
Insurance guarantee contractual obligations	Provides security to companies and public agencies for the performance of contracts, through indemnity for breach of agreements (contractual obligations) of several types.	10,161
Post-completion bond – maintenance bond (SGPE)	Covers maintenance and fault resolution for the first five years after units are delivered, considering the damages under the consumer code.	4,563
Aircraft	Provides protection against the risks of air transport, that is, the damage to aircraft, the reimbursement of expenses incurred due to claims and civil liability for passengers, cargo, crew, individuals and goods on the ground (third parties), luggage and cancellations and flight delays.	3,575
Equipment	Provides indemnity for the losses directly resulting from the occurrence of risks related to machinery, equipment and implements, fixed or mobile, for non-agricultural use.	750
Residence	Provides coverage for the damages caused by fire, lightning and explosion, supplemented by cover for other risks, including theft, collapse, vehicle impact, aircraft crash, storm damage, hurricane, cyclone, hailstorm, electrical damage, etc.	4,721
Contractor - Completion bond - Infrastructure not included	Assures the performance of external infrastructure works, up to the maximum amount established in the policy, for the losses resulting from the default by the policyholder on the obligations assumed related to the obligation to complete the construction of the external infrastructure of the real estate in question.	1,705



**Notes to the quarterly information
at September 30, 2020**

All amounts in thousands of reais unless otherwise stated

30 Transactions that do not involve cash or cash equivalents

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Financing Activity				
Foreign exchange gains/losses on borrowings (Note 12)	(799)	496	(799)	496
Investment Activity				
Fixed Asset Transfers - Leases IFRS 16 (Note 10)	1,438	-	3,197	-
Intangible Transfers - Leases IFRS 16 (Note 11)	(1,438)	-	(3,197)	-

31 Events after the reporting period

a) Reverse share split

On October 5, 2020, at the Extraordinary General Meeting (AGE) agreed to a 3:1 reverse share split by grouping three common shares which were replaced by one common share. As a result, capital, which previously comprised 174,827,996 common shares (Note 19 (a)) now comprises 58,275,999 common registered book-entry shares, without par value.

Thus earnings per share, presented in Note 20, based on the updated number of shares, would be:

	<u>Three-month period ended</u>	<u>Nine-month period ended</u>
	<u>09/30/2020</u>	<u>09/30/2020</u>
Basic earnings per share:		
Profit for the period:	20,386	37,162
Weighted average of shares (thousands)	58,276	58,276
Basic earnings per share - in R\$	0.349818	0.637690

b) Distribution of interim dividends to stockholders

On October 5, 2020, the distribution of interim dividends to the Company's stockholders in the amount of R\$ 5,268 was approved at the Board of Directors' Meeting to settle the loan in item (c) below.

c) Agreement for payment and settlement of loan - PRMV Participações S.A.

On October 6, 2020, an Instrument for the Settlement of a Loan in the amount of R\$ 5,268 was signed, with PRMV Participações S.A. (Note 8).

* * *

Conclusions and Representations / Officers' Representation on the Financial Statements

Officers' Representation on the Financial Statements

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 parent company and consolidated interim financial statements as at and for the nine-month period ended September 30, 2020.

Belo Horizonte, November 11, 2020.

Chief Executive Officer – ALEXANDRE ARAÚJO ELIAS VEIGA

Investor Relations Officer - FELIPE ENCK GONÇALVES

Chief Administrative and Financial Officer – MARCOS ROGÉRIO ALMEIDA DUTRA

Conclusions and Representations / Officers' Representation on the Independent Auditor's 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 November 11, 2020, on the parent company and consolidated interim financial statements for the quarter and nine-month period ended September 30, 2020.

Belo Horizonte, November 11, 2020.

Chief Executive Officer – ALEXANDRE ARAÚJO ELIAS VEIGA

Investor Relations Officer - FELIPE ENCK GONÇALVES

Chief Administrative and Financial Officer – MARCOS ROGÉRIO ALMEIDA DUTRA

EXECUTIVE BOARD

ALEXANDRE ARAÚJO ELIAS VEIGA
Chief Executive Officer

FELIPE ENCK GONÇALVES
Investor Relations Officer

MARCOS ROGÉRIO ALMEIDA DUTRA
Chief Administrative and Financial Officer

RESPONSIBLE ACCOUNTANT

ROGER TADEU VILELA FERREIRA
Contador

CRC - MG 122.560/O