

PPLA Participations Ltd.

**Interim Condensed Financial Statements
in IFRS**

March 31, 2020

with independent auditor's review report

PPLA Participations Ltd.

Interim condensed financial statements

As of March 31, 2020

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(A free translation from Portuguese into English of the independent auditor's review report on interim condensed financial statements prepared in accordance with the international accounting standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB.)

Independent auditor's review report on the interim condensed financial statements at March 31, 2020

To the Management and Shareholders of **PPLA Participations Ltd.**
São Paulo - SP

We have reviewed the interim condensed financial statements of **PPLA Participations Ltd. (Company)** as of March 31, 2020 and the related statements of income and the comprehensive income for the quarter and three-month period then ended, and the changes in shareholders' equity and the cash flows for the three-month period then ended, as well as a summary of the main accounting practices and other notes.

The Company's management is responsible for the fair presentation and preparation of the interim condensed financial statements in accordance with the International Accounting Standard IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB). Our responsibility is to express an opinion on the interim information based on our review.

Scope of the review

We conducted our review in accordance with Brazilian and international standards for reviewing interim financial information (NBC TR 2410 and ISRE 2410 – *“Review of Interim Financial Information Performed by the Independent Auditor of the Entity”*). An interim review consists principally of applying analytical and other review procedures, and making enquiries of and having discussions with persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

Conclusion on the interim condensed financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements referred to above do not present fairly, in all material respects, in accordance with the International Accounting Standard IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

Other issues

Significant uncertainty

Auditor's report of PPLA Investments Ltd.

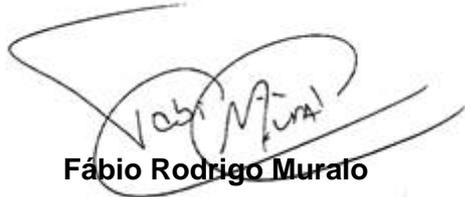
On March 31, 2020, PPLA Participations Ltd. evaluated their investments in PPLA Investments Ltd. at zero, using the equity method, since it does not have legal and contractual obligations assumed in the name of the investee. The investee's interim financial statements were audited by other independent auditors who issued a report dated June 03, 2020, without modification, containing the paragraph of Significant uncertainty presented below:

Going Concern

The Company had a recurring reduction in shareholders' equity over the last years, mainly due to losses arising from negative mark-to-market in its portfolio of investments and the reversal of the deficit scenario depends on the success initiatives taken by management, including eventual capital contribution from shareholders. This situation indicates the existence of a relevant uncertainty that may raise significant doubt about its operational continuity. Our conclusion has no qualifications related to this matter.

São Paulo, June 03th, 2019.

Baker Tilly 4Partners Auditores Independentes S.S.

A handwritten signature in black ink, appearing to read "Fábio Muralo", enclosed within a large, loopy circular scribble.

Fábio Rodrigo Muralo

PPLA Participations Ltd.

Interim condensed balance sheets
As of March 31, 2020 and December 31, 2019
(In thousands of reais)

Assets	Note	3/31/2020	12/31/2019
Investment entity portfolio	5	-	26
Total assets		<u>-</u>	<u>26</u>
Shareholders' equity			
Capital stock and share premium	6a	1,504,802	1,504,802
Treasury shares	6b	-	(2,954)
Other comprehensive income		424,142	424,138
Accumulated losses		(1,928,944)	(1,925,960)
Total shareholders' equity		<u>-</u>	<u>26</u>
Total liabilities and shareholders' equity		<u>-</u>	<u>26</u>

The accompanying notes are an integral part of these interim financial statements.

PPLA Participations Ltd.

Interim condensed statements of income Quarters ended March 31, 2020 and 2019 (In thousands of reais, except for loss per share)

	<u>Note</u>	<u>03/31/2020</u>	<u>03/31/2019</u>
Loss on investment entity portfolio measured at fair value	8	(30)	(2,227)
Operating loss		<u>(30)</u>	<u>(2,227)</u>
Loss for the quarter		<u>(30)</u>	<u>(2,227)</u>
Loss per share (basic and diluted - R\$)	7	(0.0004)	(0.0264)

The accompanying notes are an integral part of these interim financial statements.

PPLA Participations Ltd.

Interim condensed statements of comprehensive income Quarters ended March 31, 2020 and 2019 (In thousands of reais)

	<u>03/31/2020</u>	<u>03/31/2019</u>
Loss for the quarter	(30)	(2,227)
Other comprehensive income / (loss) not to be reclassified to profit or loss:	<u>4</u>	<u>(390)</u>
Currency translation adjustments	4	(390)
Total comprehensive loss for the quarter	<u>(26)</u>	<u>(2,617)</u>

The accompanying notes are an integral part of these interim financial statements.

PPLA Participations Ltd.

Interim condensed statement of changes in shareholders' equity Quarters ended March 31, 2020 and 2019 (In thousands of reais)

	Capital stock and share premium	From Company	Treasury shares	Accumulated losses	Total shareholders' equity
Balance as of December 31, 2018	1,504,802	424.445	(2,954)	(1,922,494)	3,799
Loss of the quarter	-	-	-	(2,227)	(2,227)
Currency translation adjustments	-	(390)	-	-	(390)
Balance as of March 31, 2019	1,504,802	424,055	(2,954)	(1,924,721)	1,182
Balance as of December 31, 2019	1,504,802	424,138	(2,954)	(1,925,960)	26
Cancelation of treasury shares	-	-	2,954	(2,954)	-
Loss of the quarter	-	-	-	(30)	(30)
Currency translation adjustments	-	4	-	-	4
Balance as of March 31, 2020	1,504,802	424,142	-	(1,928,944)	-

The accompanying notes are an integral part of these interim financial statements.

PPLA Participations Ltd.

Interim condensed statements of cash flows Quarter ended March 31, 2020 and 2019 (In thousands of reais)

	<u>Note</u>	<u>03/31/2020</u>	<u>03/31/2019</u>
Operating activities			
Loss for the quarter		<u>(30)</u>	<u>(2,227)</u>
Adjustments to the loss for the quarter			
Loss from investment entity portfolio measured at fair value	8	30	2,227
Adjusted gain / (loss) for the quarter		<u>-</u>	<u>-</u>
Increase / (decrease) in cash and cash equivalents		<u>-</u>	<u>-</u>
Balance of cash and cash equivalents			
At the beginning of the quarter		-	-
At the end of the quarter		-	-
Increase / (decrease) in cash and cash equivalents		<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes are an integral part of these interim financial statements.

PPLA Participations Ltd.

Notes to the interim condensed financial statements

As of March 31, 2020

(In thousands of reais)

1. Operations

PPLA Participations Ltd. ("PPLA Participations" or "Company") was constituted as a tax exempted Limited Liability Company under the laws of Bermuda on March 26, 2010. On December 29, 2010, the Bermuda monetary authority approved the constitution of the Company. PPLA Participations headquarters is located on Clarendon House, 2 Church Street, HM 11, Hamilton, Bermuda.

The Company has applied for and has been granted exemption from all forms of taxation in Bermuda until March 31, 2035, including income, capital gains and withholding taxes. In jurisdictions other than Bermuda, some foreign taxes will be withheld at source on dividends and certain interest received by the Company.

PPLA Participations (together with BTG Pactual, the "Group") have units listed on NYSE Euronext in Amsterdam and B3 in São Paulo. Each unit issued, corresponds to 1 class A shares and 2 class B shares of PPLA Participations Ltd. All units listed and traded in Amsterdam remained wholly interchangeable with the units in Brazil.

The Company is the sole owner of BTG Bermuda LP Holdco Ltd ("BTG Holdco") which, on December 29, 2010, received a Class C common share from BTG Pactual Management Ltd. and thus became general partner of PPLA Investments LP. ("PPLA Investments"), previously denominated BTG Investments LP. As a consequence of this transaction, the Company obtained the right to control the financial and operating policies of PPLA Investments.

PPLA Investments was formed in 2008 and makes proprietary capital investments in a wide range of financial instruments, including Merchant Banking investments in Brazil and overseas, and a variety of financial investments in global markets.

BTG Pactual's asset management area manages PPLA Investments' assets and receives fees at arm's length.

COVID-19

The Company's management is tracking the effects COVID-19 may have on its business. Any outcome prediction is hampered due to the situation's rapid and fluid development, which can lead to a fallout in economic and market conditions, triggering a decline in global economic activity. The Company is monitoring all developments related to COVID-19 and coordinating its operating response, taking into account the continuity plans from preexisting business ventures and on the guidelines exposed by global health organizations, governments and general best practices in response to this pandemic. The COVID-19 pandemic has had, and continues to have, a material impact on businesses around the world, including ours, and the economic and political environments in which businesses operate. There are a number of factors associated with the ongoing COVID-19 pandemic and its impact on global economies that could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and the market price of our securities. In particular, the COVID-19 pandemic has affected business and economic sentiment, causing significant volatility in global markets and affecting the outlook of the Brazilian economy and that of other countries in which we maintain investments, may in the future make investments and conduct business through our subsidiaries.

PPLA Participations Ltd.

Notes to the interim condensed financial statements

As of March 31, 2020

(In thousands of reais)

Discontinuation of the BDR Program

During the year ended December 31, 2018, PPLA Participations Ltd. submitted to B3 S.A. - Brasil, Bolsa, Balcão ("B3") a procedure for the voluntary discontinuation of the BDRs Program of the Company, along with the resulting termination of its listing and negotiation of the Units with B3, as well as the termination of its registration as a category "A" foreign issuer, held with the Brazilian Securities and Exchange Commission – Comissão de Valores Mobiliários ("CVM"), pursuant to the Issuer Manual, issued by B3 and the CVM Instruction 332, of April 4, 2009.

On April 25, 2019, the Company received from investors, representing more than 10% of PPLA Participations Units and BDR's in circulation in the market, a request to call a Special Shareholders' Meeting ("AGE") to resolve on the realization of a new valuation to determine the value of the Units and BDRs.

Additionally, on May 2, 2019, as part of the tender offer for the purchase of Units and BDRs ("OPA" or "Offer"), the Securities Commission ("CVM") made the following requests: (i) amendment of the tender offer to include information on related party transactions, loan and capitalization as disclosed in Material Fact of April 9, 2019, (ii) updating by the appraiser of the Company's value in valuation, based on the latest financial statements made available by the Company, as of June 3, 2019. In addition, the CVM announced that the holding of the Extraordinary Shareholders' Meeting requested by the minority shareholders should be made fifteen days after the valuation report was previously released mentioned.

On July 19, 2019, the Company received from investors representing more than 10% of the Company's Units and BDR's in circulation in the market, a request to call a Special Shareholders' Meeting, for a new evaluation of the value of the Company's units and BDRs on August 20, 2019.

On September 30, 2019, the Company received the Company's appraisal report, dated December 31, 2018, to determine the value of Units and BDRs under the voluntary discontinuation of the share deposit certificate program.

On October 4, 2019, BTG Pactual Holding SA, as the offerer for the Acquisition of Units and BDRs for Voluntary Discontinuation of the PPLA Participations Ltd. Issuance Certificate Program ("Offer"), expressed its withdrawal from the execution of the Offer and, therefore, from the discontinuation procedure of the BDR program, the cancellation of its listing and the trading of units with B3 SA - Brasil, Bolsa, Balcão and the registration as a foreign "A" issuing company, held with the Brazilian Securities Commission. The withdrawal results from the realization of a new valuation requested by an investor in the scope of the Offering has found a value higher than the initial value of the Offering, due to material errors that distorts the result of the valuation.

Loan Agreement

On February 28, 2020 and March 17, 2020 PPLA Investments ("PPLAI") received loans from BTG MB, through a Loan Agreement, in the amounts of US\$72 million and US\$29 million, respectively, with maturities of 1 (one) year, of the respective loans dates, paying interest indexed to the 3 (three) month LIBOR added of 2.85% spread per year. This loan agreement includes the possibility of being totally or partially converted into capital, once certain conditions are met.

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Notes to the interim condensed financial statements

As of March 31, 2020

(In thousands of reais)

Acquisitions and sales

On March 4, 2020, the Lojas Leader S.A ("Leader") released its Management's decision by requesting judicial reorganization. As of March 31, 2020, the Company's Management assessed the possible impacts and does not have expectations for receivables related to this operation. Due to Leader's financial situation and the entity's request for judicial reorganization, an additional impairment was recorded corresponding to the amount of credits, resulting in zero exposure.

On May 31, 2019, the sale of 100% of the equity interest directly or indirectly held in Estre Ambiental ("Estre") was concluded to Energy Sustainable, in a transaction that also involved the interest held by Banco BTG Pactual. Upon conclusion of the transaction, sellers will receive a token amount and will be entitled to a future receipt of up to R\$60 million if (i) the same equity is sold to a third party or (ii) Estre receives capital contributions. It is expected to receive up to R\$6.4 million for the sale.

On June 6, 2019, Brasil Pharma S.A. announced that its management decided to file for bankruptcy, claiming that it was not able to see prospects for its operational continuity or to obtain new resources to continue compliance with its obligations under the Judicial Reorganization Plan. During the quarter ended June 30, 2019 the investment held by PPLAI was valued at nil, once there is no expectations of proceeds related to the such investment. During the year ended December 31, 2018, due to the financial situation of Brasil Pharma S.A. ("BR Pharma") and request for judicial recovery carried out by the entity, an additional impairment was established in the credits held with PPLA Investments in the amount of R\$262 millions. At March 31, 2020 the exposure was zero (December 31, 2018 – 56.8 millions).

2. Presentation of financial statements

The Company's financial statements were prepared and are being presented in accordance with International Financial Reporting Standards, issued by International Accounting Standards Board (IASB).

The items included in the financial statements of each of the businesses of the Company are measured using the currency of the primary economic environment in which the company operates ("functional currency"). The Company's functional currency is the U.S. Dollar, since the majority of the Company's business transactions are in the mentioned currency. The subsidiaries functional currency generally corresponds to the currency from its country.

a. Revised IFRS pronouncements

I. Accounting standards recently issued and applicable in future periods

The following pronouncements will become applicable for periods after the date of these financial statements and were not early adopted:

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(In thousands of reais)

- IFRS 16 – Leases – The pronouncement replaces IAS 17 - Leases, and related interpretations (IFRIC 4, SIC 15 and SIC 27). It eliminates the accounting for operating lease agreements for the lessee, presenting only one lease model, that consists of: (a) recognizing leases which terms exceeds 12 months and with substantial amounts; (b) initially recognizing lease in assets and liabilities at present value; and (c) recognizing depreciation and interest from lease separately in the result. For the lessor, accounting will continue to be segregated between operating and financial lease. This standard is effective for annual periods beginning on January 1st, 2019. Possible impacts arising from the adoption of this standard are being assessed and will be completed by the date this standard is effective.
- IFRS 17 - Insurance Contracts: The pronouncement replaces IFRS 4 - Insurance Contracts. It presents three approaches for evaluating insurance contracts:
 - Standard Model: applicable to all contracts, especially long-term contracts;
 - Premium Allocation Approach (PAA): applicable to contracts with maturity of up to 12 months and with little complex cash flows. It is simpler than the standard model, but can be used only when it produces results similar to what would be obtained if the standard model were used;
 - Variable Fee Approach: specific approach to contracts with participation in the result of investments.

Insurance contracts must be recognized through the analysis of four components:

- Expected Future Cash Flows: estimate of all components of the contract's cash flow, considering inflows and outflows of funds;
- Adjustment to Risk: estimate of the compensation required for deviations that may occur between cash flows;
- Contractual Margin: difference between any amounts received before the start of contract coverage and the present value of estimated cash flows at the beginning of the contract;
- Discount: projected cash flows must be discounted to present value, in order to reflect the value of money over time, at rates that reflect the characteristics of the respective flows.

This standard is effective for years beginning on or after January 1, 2021. The possible impacts resulting from the adoption of this standard are being evaluated and will be concluded by the date of its entry into force.

- Amendment to IFRS 4 - Insurance Contracts - Joint application of IFRS 9: The amendment allows entities issuing insurance contracts to mitigate possible impacts of the adoption of IFRS 9 - Financial Instruments before the term of IFRS 17 - Insurance Contracts, through two options:
 - Temporary exemption: adoption of IFRS 9 in conjunction with IFRS 17, that is, starting in January 2021. This option applies only to entities with relevant insurance activities (above 80% of total liabilities) and that have not applied IFRS 9 in advance; and

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- Overlapping Approach: adoption of IFRS 9, however, for assets reclassified to the Fair Value through Profit category, transfer the effects of the adoption of IFRS 9 from Income for the period to Other Comprehensive Income until the validity of IFRS 17.

The Company does not have insurance contracts on the base date for the preparation of these interim condensed financial statements.

- Amendment to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures – The amendments refer to an inconsistency between IFRS 10 and IAS 28 requirements, when addressing the sale or contribution of assets between an investor and its associate or joint venture. The effective date has not been defined by IASB yet. No material impacts arising from this change on the financial statements of Company were identified.

The financial statements were approved by the Management on June 15, 2020, and they contain a true and fair view of the financial position and results of the Company.

3. Main accounting practices

The interim condensed financial statements do not include all the information required for the annual financial statements, and should be read joint with the financial statements for the period ended December 31, 2019, issued March 27, 2020.

The accounting practices, policies and principal judgments on estimates adopted in the preparation of the interim condensed financial statements are consistent with those adopted and disclosed in the financial statements for the year ended December 31, 2019.

a. Invested companies

The table below presents the direct and indirect interest of the Company in its investees:

	País	Participação acionária - %	
		03/31/2020	12/31/2019
Diretas			
BTG Bermuda LP Holdco Ltd.	Bermuda	100,00	100,00
Indiretas			
PPLA Investments LP.	Bermuda	0,03	0,03

In the quarter ended March 31, 2020, there was no capitalization in PPLA Investments.

On December 31, 2019, the capitalization of PPLA Investments by BTG MB Investments LP (“BTG MB”) was concluded, a company that has an indirect controlling shareholder common to the Company, by issuing 261,460,784,625 Class D shares by PPLA Investments, in the amount of R \$ 126.6 million, corresponding to R \$ 0.00048 per share. As a result of the capitalization, PPLA Investments' investors were diluted in their participation, in such a way that: (i) the Company started to indirectly hold, through PPLA Bermuda LP Holdco Ltd, 0.03% of PPLA Investments; (ii) BTG MB now directly holds approximately 99% of PPLA Investments.

PPLA Participations Ltd.

Notes to the interim condensed financial statements

As of March 31, 2020

(In thousands of reais)

On September 30, 2019, BTG MB Investments LP ("BTG MB"), a company that has an indirect participation in the Company, converted R\$63.7 million of a loan granted to PPLA Investments into equity – PPLA Investments issued of 41,069,392,537 Class D shares, equivalent to R\$0.00 per share. As a consequence of the capitalization, PPLA Investments shareholders were diluted in their participation, in such a way that: (i) the Company indirectly holds, through PPLA Bermuda LP Holdco Ltd, 0.14% of PPLA Investments and (ii) BTG MB directly holds approx. 99% of PPLA Investments shares.

During the quarter ended on June 28, 2019, BTG MB Investments LP ("BTG MB"), a company that has an indirect participation in the Company, converted R\$175.9 million of a loan granted to PPLA Investments into equity – PPLA Investments issued of 13,918,235,294 Class D shares, equivalent to R\$0.01 per share. As a consequence of the capitalization, PPLA Investments shareholders were diluted in their participation, in such a way that: (i) the Company indirectly holds, through PPLA Bermuda LP Holdco Ltd, 0.47% of PPLA Investments and (ii) BTG MB directly holds approx. 98% of PPLA Investments shares.

On March 29, BTG MB Investments LP, a company that has an indirect participation in the Company, converted R\$85 million of a loan granted to PPLA Investments into equity – PPLA Investments issued of 3,766,919,006 Class D shares - equivalent to R\$0.02 per share. As a consequence of the capitalization, PPLA Investments shareholders were diluted in their participation, in such way that: (i) the Company indirectly holds, through PPLA Bermuda LP Holdco Ltd, 2.08% of PPLA Investments and; (ii) BTG MB directly holds approx. 93% of PPLA Investments shares.

Below is the ownership interest held by PPLA Investments in its investees and investment funds:

	Country	Equity interest - %	
		03/31/2020	12/31/2019
Direct subsidiaries			
BTG Loanco LLC	USA	100.00	100.00
Indirect subsidiaries			
Timber XI SPE S.A. (i)	Brazil	8.73	9.03
Timber IX Participações S.A. (i)	Brazil	8.73	9.03
Timber XII SPE S.A.	Brazil	8.73	9.03
São Lourenço Empreendimentos Florestais Ltda. (i)	Brazil	8.73	9.03
Fazenda Corisco Participações S.A. (i)	Brazil	8.73	9.03
BTG Pactual Santa Terezinha Holding S.A. (i)	Brazil	8.73	9.03
SCFlor Empreendimentos Agrícolas Ltda.	Brazil	8.73	9.03
Fazenda Santa Terezinha Participações S.A. (i)	Brazil	8.73	9.03
Timber VII SPE S.A. (i)	Brazil	8.73	9.03
BTGI Quartzo Participações S.A	Brazil	100.00	100.00
BTGI Safira Participações S.A	Brazil	100.00	100.00
BTGI VII Participações S.A.	Brazil	100.00	100.00
BTGI VIII Participações S.A.	Brazil	100.00	100.00
BTG Pactual Stigma LLC	USA	100.00	100.00
BTG Equity Investments LLC	USA	100.00	100.00
Hárpia Omega Participações S.A.	Brazil	100.00	100.00
BTG Pactual Servicios S.A. de C.V.	México	100.00	100.00
BTG Pactual Investimentos Florestais S.A.	Brazil	32.75	33.85
BRPEC Agro Pecuária S.A.	Brazil	100.00	100.00
BTG Pactual Proprietary Feeder (1) Limited	Cayman	100.00	100.00
Invested funds			
Beira Rio Fundo de Investimento em Participações	Brazil	100.00	100.00
Bravo Fundo de Investimento em Participação	Brazil	100.00	100.00
BTG Pactual Brazil Investment Fund I LP	Cayman	100.00	100.00
BTG Pactual Absolute Return II Master Fund LP	Cayman	100.00	100.00
Turquesa Fundo de Investimento em Participação	Brazil	100.00	100.00
BTG Pactual Brazil Investment Fund IA LLC	USA	100.00	100.00
BTG Pactual Brazil Investment Fund IA Feeder LLC	USA	100.00	100.00

(i) The investee equity is divided into ordinary and preferred shares. The Company has the majority of the ordinary shares and voting rights.

4. Risk management

The Company's risk management involves several levels of our management team and various policies and strategies. The structure of the Company's committees/areas allows engaging the whole organization and ensuring decisions are readily implemented.

The main committees/meetings involved in risk management activities are: (i) Management meeting, which approves policies, defines overall limits and is ultimately responsible for managing risks; (ii) Risk Management Committee which discusses policies, limits and risk monitoring; (iii) New Business Committee, which assesses the feasibility and supervises the implementation of proposals for new businesses and products; (iv) Credit Risk area, which is responsible for approving new loans according to the guidelines set forth by our CRO; (v) Market Risk area, which is responsible for monitoring market risk, including the use of our risk limits (Value at Risk - VaR), and approving exceptions, (vi) Operational Risk Area, which assesses the main operational risks for the internal policies and regulatory risks established; (vii) Compliance Committee, which is responsible for establishing policy rules and reporting potential problems related to money laundering; (viii) CFO and CRO, which is responsible for monitoring liquidity risk, including cash and cash equivalents and capital structure; (ix) Audit Committee, which is responsible for independent verification of compliance with internal controls and assessment of maintenance of the accounting records.

The Company monitors and controls risk exposure through several and different supplemental internal systems, including credit, financial, operational, compliance, tax and legal systems. The company believes that the involvement of the Committees/areas (including their subcommittees) with management and continuous risk control promotes a strict risk control culture in the organization as a whole. The commissions of Grupo BTG Pactual comprise senior members of the business units and senior members of the control departments, which do not depend on the business areas. Further details on risk management can be found at www.btgpactual.com.br/ri, in the Corporate Governance / Risk management section.

a. Market risk

Value at Risk (VaR) is the potential loss of value of the trading positions due to adverse movements in the market during a defined year within a specific level of confidence. Together with the Stress Test, VaR is used to measure the exposure of the Company's positions at market risk. The Company uses a historical simulation for calculation of VaR, applying real distributions and correlation amongst assets, not using Greek approximations and standard distributions. VaR may be measured in accordance with different years, historical data and reliable levels. The accuracy of the market risk methodology is tested through daily back testing that compares the compliance between VaR estimates and gains and losses realized.

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As of March 31, 2020

(In thousands of reais)

The VaR presented below was calculated for a one-day year, level of level of confidence of 95.0% and one-year historical data. Reliable level of 95.0% means that there is 1 within 20 chances that the day trade net income remains below estimated VaR. Therefore, insufficiencies arising from net income expected from trade in a single day of trading exceeding the reported VaR would be expected to occur, on average, around once a month. Insufficiencies in a single day may exceed the VaR reported in material amounts. Insufficiencies may also occur more frequently or accrue during a longer year, such as the number of consecutive trading days. As it is backed up by historical data, VaR's accuracy is limited to its capacity to predict unprecedented market changes, as historical distributions in market risk factors may not produce accurate prognostics of future market risk. VaR methodologies and assumptions on different distributions may produce a materially different VaR. In addition, VaR calculated for a one-day year does not consider the market risk of positions that may not be settled or offset with hedges within the term of one day. As previously mentioned, the Company uses a stress test models as a complement to VaR method for its daily risk activities.

The table below contains daily average VaR for the years ended:

	March 31, 2020	December 31, 2019	March 31, 2019
In millions of R\$			
Daily average VaR	0.5	0.7	0.6

b. Credit risk

As of March 31, 2020, the Company has no credit risk.

The following table shows the maximum exposure of the investment entity portfolio by geographic region:

	12/31/2019			
	Brazil	United States	Others	Total
Assets				
Investment entity portfolio				
Assets				
Cash and cash equivalents	8	-	-	8
Investment entity portfolio	154	-	1	155
Investments at fair value through other comprehensive income	152	-	(8)	144
Financial assets at amortized cost (i)	-	30	2	32
Other assets	30	-	-	30
Liabilities (ii)	-	-	(343)	(343)
Total	344	30	(348)	26

(i) The amount basically corresponds to loans to partners.

(ii) Includes financial liabilities contracted into by PPLA Investments (PPLA Participations is not a counterparty of such contracts).

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Notes to the interim condensed financial statements As of March 31, 2020 (In thousands of reais)

The table below states the maximum exposures to credit risk of the investment entity portfolio, classified by the counterparties' economic activities:

	12/31/2019				Total
	Private institutions	Companies	Individuals	Others	
Assets					
Cash and cash equivalents	8	-	-	-	8
Investment entity portfolio	193	219	-	(257)	155
Investments at fair value through other comprehensive income	-	152	-	(8)	144
Financial assets at amortized cost	-	-	29	3	32
Other assets	-	-	-	30	30
Liabilities (i)	-	-	-	(343)	(343)
Total	201	371	29	(575)	26

(i) Includes financial liabilities entered into by PPLA Investments (PPLA Participations is not a counterparty of such contracts).

c. Liquidity analysis and risk

As of March 31, 2020 and December 31, 2019, the Company does not have any cash, cash equivalents and liabilities.

As of March 31, 2020 and December 31, 2019, there is no fixed maturity for the discounted cash flows for the investment entity portfolio of the Company. The following table shows the Investment entity portfolio's liquidity position as of March 31, 2020 and December 31, 2019:

	12/31/2019				Total
	Up to 90 days / No maturity	90 to 365 days	1 to 3 years	Over 3 years	
Assets					
Investment entity portfolio					
Assets					
Cash and cash equivalents	8	-	-	-	8
Investment entity portfolio	154	-	-	1	155
Investments at fair value through other comprehensive income	-	-	-	144	144
Financial assets at amortized cost	1	-	6	25	32
Other assets	-	30	-	-	30
Liabilities (i)	-	(343)	-	-	(343)
Total	163	(313)	6	170	26

(i) Includes financial liabilities entered into by PPLA Investments (PPLA Participations is not a counterparty of such contracts).

5. Investment entity portfolio

As of March 31, 2020, PPLA Investments' equity is negative due to adverse results with the investment entity portfolio. PPLA Participations marked its investment in PPLA Investments at zero in the quarter ended March 31, 2020, since it does not have contractual commitments with the liabilities of its investees.

As of December 31, 2019, the investment entity portfolio measured at fair value through profit and loss is represented by the interest in BTG Holdco, a holding entity, in the amount of R\$26. Below are presented relevant information of the investment portfolio as of March 31, 2020 and December 31, 2019, through the investment in PPLA Investments (via BTG Holdco).

PPLA Participations Ltd.

Notes to the interim condensed financial statements As of March 31, 2020 (In thousands of reais)

PPLA Participations values its investments at fair value, in accordance with the accountings standards of PPLA Investments.

The relevant figures of the Company's investment portfolio, as of March 31, 2020 and December 31, 2019, are presented below:

	Note	3/31/2020 (1)	12/31/2019 (1)
Assets			
Cash and cash equivalents	(a)	27,422	29,739
Securities		-	-
Investment entity portfolio	(b)	173,709	589,228
Investments at fair value through other comprehensive income	(c)	524,739	547,216
Financial assets at amortized cost	(d)	115,220	119,681
Derivative financial instruments		1,392	-
Other assets		133,228	113,377
Total		975,710	1,399,241
Liabilities			
Derivatives		132,221	24,152
Financial liabilities at amortized cost	(e)	1,393,038	1,250,408
Other liabilities		291,783	31,439
Total		1,817,042	1,305,999
Shareholders' equity		(841,332)	93,242
Total liabilities and shareholders' equity		975,710	1,399,241
Investment entity portfolio reconciliation			
BTGI shareholder's equity		(841,332)	93,242
BTGP ownership (via BTG Holdco)		0.03%	0.03%
Subtotal		-	25
Fair value adjustment (2)		-	1
Total		-	26

(1) Balances as reported by PPLA Investments as of March 31, 2020 and December 31, 2019.

(2) PPLA Investments measures certain assets and liabilities at amortized cost in its financial statements, therefore a fair value adjustment is necessary upon adoption of investment entity by PPLA Participations.

(a) Cash and cash equivalents

Cash and cash equivalents are comprised exclusively of highly liquid bank deposits.

(b) Investment entity portfolio

	As of March 31, 2020		As of December 31, 2019	
	Cost	Fair value	Cost	Fair value
Merchant Banking investments (i)	3,283,655	230,010	3,269,156	829,916
Private equity funds ("FIP")	412,507	78,619	412,507	87,483
Subsidiaries, associates and jointly controlled entities	2,871,148	151,391	2,856,649	742,433
Global markets investments (ii)	5,596	5,596	4,460	4,460
Loans (1)	626,347	626,347	729,932	729,932
Others (2)	(688,244)	(688,244)	(975,080)	(975,080)
Total	3,227,354	173,709	3,028,468	589,228

(1) Refers to loans granted by BTG Pactual Proprietary Feeder (1) Limited to PPLA Investments. The amount is reflected as financial liabilities at amortized cost in Note 5e.

(2) Includes financial assets and liabilities held by PPLA Investments' subsidiaries (PPLA Participations is not a counterparty of such contracts).

PPLA Participations Ltd.

Notes to the interim condensed financial statements As of March 31, 2020 (In thousands of reais)

(i) Merchant Banking investments

Merchant Banking investments consist of investments, held directly or through investment vehicles (including funds that also include third party investors), in a diversified group of portfolio companies primarily located in Brazil. Merchant Banking investments are structured generally through privately negotiated transactions with a view to divest in four to ten years.

As of March 31, 2020 and December 31, 2019, PPLA Investments Merchant Banking investments corresponds to private equity and real estate investments, through FIP or other investment vehicles, as disclosed below:

Merchant Banking investments	Description/Segment activity	3/31/2020		12/31/2019	
		(%) (1)	Fair value	(%) (1)	Fair value
Through FIPs:					
BrPec Agropecuária S.A.	Ranching	100.00%	78,619	100.00%	87,483
Through subsidiaries, associates and jointly controlled entities:					
Timber XI SPE S.A.	Biological assets	8.73%	5,397	9.03%	5,856
Timber IX Participações S.A.	Biological assets	8.73%	40,584	9.03%	42,281
Timber XII SPE S.A. (4)	Biological assets	8.73%	23,302	9.03%	18,110
BTG Pactual Santa Terezinha Holding S.A	Biological assets	8.73%	9,070	9.03%	9,478
Fazenda Corisco Participações S.A.	Biological assets	8.73%	10,113	9.03%	11,086
Timber VII SPE S.A. (3)	Biological assets	8.73%	40,113	9.03%	40,728
Loans - Merchant Banking investments (2)	Others	-	22,812	-	614,894
Total			<u>230,010</u>		<u>829,916</u>

(1) The equity interest disclosed in the table above refers to the the interest of PPLA Investments in the mentioned entities.

(2) As of March 31, 2020, includes loans granted to B&A R\$22 million (2019: R\$12 million) and Leader valued at zero (2019: R\$ 603 million). In addition, during the year ended December 31, 2019, the Company evaluated its exposure to BR Pharma to zero, recording a loss of approximately R\$57 million.

(3) On January 8, 2019, BTGI Investimentos Florestais S.A, a subsidiary of the Company, acquired a stake in Timber VII, a company whose purpose is to participate in other companies, as partner or shareholder, in Brazil or abroad.

(4) On June 26, 2019, BTGI Investimentos Florestais S.A, a subsidiary of the Company, acquired a stake in Timber XII, a company whose purpose is to participate in other companies, as partner or shareholder, in Brazil or abroad.

(ii) Global market investments

A hedge fund is an investment fund that typically undertakes a wider range of investment and asset trading than other funds, but which is only open for investment from particular types of investors specified by regulators. These funds have hybrid portfolios composed of a mixture of fixed income, stocks, currencies, foreign exchange, derivatives, commodities, mortgages and interest rates. These funds generally employ a wide variety of investment strategies, and make use of techniques such as short selling and leverage.

As of March 31, 2020, the Company's investment in BTG Pactual Absolute Return II Master Fund LP ("ARF II") corresponds to the amount of R\$5,596 (December 31, 2019: R\$4,460).

On March 31, 2020 and December 31, 2019 the Net Asset Value ("NAV") of global markets investments approximates to its fair value, which is equivalent to its cost value on the referred date.

PPLA Participations Ltd.

Notes to the interim condensed financial statements

As of March 31, 2020

(In thousands of reais)

(c) Investments at fair value through other comprehensive income

Subsequently to the IFRS 9 early adoption, PPLA Investments now presents part of its investment entity portfolio as investments at fair value through other comprehensive income, as shown hereunder:

	As of March 31, 2020		As of December 31, 2019	
	Cost	Fair value	Cost	Fair value
Merchant Banking investments - FIP (1)	186,787	566,389	187,414	577,022
Others (1)	(41,650)	(41,650)	(29,749)	(29,806)
Total	145,137	524,739	157,665	547,216

(1) Includes payables for management fees or loans purposes.

(i) Merchant banking investments - FIP

As of March 31, 2020 and December 31, 2019, PPLA Investments Merchant Banking investments corresponds to private equity and real estate investments, through FIP, as disclosed below:

Merchant Banking investments	Description/Segment activity	3/31/2020		12/31/2019	
		(%) (1)	Fair value	(%) (1)	Fair value
AIBodytech Participações S.A.	Fitness segment	10.4%	17,373	10.4%	20,406
Latte S.A.	Waste collection, treatment and disposal	32.0%	12,649	32.0%	10,568
Auto Adesivos Paraná S.A.	Adhesives, labels and special paper company	30.1%	64,402	30.1%	64,076
Estre Participações S.A. (2)	Waste collection, treatment and disposal	-	8,054	-	6,425
Sete Brasil Participações S.A. (3)	Oil and gas	-	263	-	56
UOL Universo on Line S.A.	Internet and server provider	2.3%	463,648	2.3%	475,491
Total			566,389		577,022

(1) The equity interest disclosed in the table above refers to the interest of PPLA Investments in the mentioned entities .

(2) See note 1.

(3) In the quarter ended March 31, 2020, Sete Brasil Participações S.A incurred an adjustment to fair value due to the agreement in the arbitration process with Petrobras.

(d) Financial assets at amortized cost

	3/31/2020	12/31/2019
Partners (i)	115,215	109,476
Others	5	10,205
Total	115,220	119,681

(i) Loans indexed to CDI or libor, and the maturity are in general higher than 1 year. Loans to partners are provided in connection to the acquisition of shares in BTG Pactual Group.

As of March 31, 2020 and Decemssber 31, 2019, the fair value attributed to the Loans and receivables is similar to its amortized cost.

PPLA Participations Ltd.

Notes to the interim condensed financial statements As of March 31, 2020 (In thousands of reais)

(e) Financial liabilities at amortized cost

	Maturity	Index	3/31/2020	
			Cost	Amortized Cost
Loans with financial institutions	December-20 to March-21	Libor and 1.5% to 2.5% p.a.	1,151,816	1,153,117
Medium term notes	Jun-20	112.5% CDI	239,904	239,921
Total			1,391,720	1,393,038

	Maturity	Index	12/31/2019	
			Cost	Amortized Cost
Loans with financial institutions	December-19 to October-20	Libor and 1.5% to 5.3% p.a.	1,167,349	1,013,195
Medium term notes	July-19 to June-20	112.5% CDI	249,864	237,213
Total			1,417,213	1,250,408

Certain issuance of the loans and medium term notes are guaranteed by BTG Pactual Holding S.A., parent company of BTG Pactual S.A.

(f) Fair value Hierarchy

PPLA Participations classifies its investment entity portfolio as level 3. However, the underlying assets and liabilities of this portfolio have different classification which is presented as follows:

(i) Investment entity portfolio

	3/31/2020			
	Level 1	Level 2	Level 3	Total
Investment entity portfolio				
Merchant Banking investments				
Private equity funds	-	-	78,619	78,619
Subsidiaries, associates and jointly controlled entities	-	22,812	128,579	151,391
Global markets investments	-	5,596	-	5,596
Loans	-	626,347	-	626,347
Others	-	(688,244)	-	(688,244)
Total	-	(33,489)	207,198	173,709

	12/31/2019			
	Level 1	Level 2	Level 3	Total
Investment entity portfolio				
Merchant Banking investments				
Private equity funds	-	-	87,483	87,483
Subsidiaries, associates and jointly controlled entities	-	614,894	127,539	742,433
Global markets investments	-	4,460	-	4,460
Loans	-	729,932	-	729,932
Others	-	(975,080)	-	(975,080)
Total	-	374,206	215,022	589,228

(ii) Investments at fair value through other comprehensive income

The summary of assets and liabilities classified in accordance with the fair value hierarchy is as follows:

PPLA Participations Ltd.

Notes to the interim condensed financial statements As of March 31, 2020 (In thousands of reais)

	3/31/2020			
	Level 1	Level 2	Level 3	Total
Investments at fair value through other comprehensive income				
Merchant Banking investments - FIP	-	-	566,389	566,389
Others	-	(41,650)	-	(41,650)
Total	-	(41,650)	566,389	524,739

	12/31/2019			
	Level 1	Level 2	Level 3	Total
Investments at fair value through other comprehensive income				
Merchant Banking investments - FIP	-	-	576,965	576,965
Others	-	(29,749)	-	(29,749)
Total	-	(29,749)	576,965	547,216

(iii) Financial assets at amortized cost

Loans and receivables are presented at fair value at PPLA Participations' level using a pricing model in which the relevant parameters are based on observable active market data. Therefore, they fall in the Fair Value Level 2 category.

(iv) Financial liabilities at amortized cost

Financial liabilities at amortized cost are presented at fair value at PPLA Participations' level using a pricing model in which the relevant parameters are based on observable active market data. Therefore, they fall in the Fair Value Level 2 category.

(v) Summary of valuation techniques

There were no changes from the valuation techniques disclosed in the financial statements for the period ended in March 31, 2020.

(vi) Reclassification between levels

During the period ended March 31, 2020, there were no reclassification between levels and fair value hierarchy.

6. Shareholders' equity

a. Capital

At the general meeting held on March 18, 2020, the reverse stock split between shares class A and B issued by the Company was approved in the proportion of 30 shares for 1 share.

PPLA Participations Ltd.

Notes to the interim condensed financial statements

As of March 31, 2020

(In thousands of reais)

As of March 31, 2020 and December 31, 2019, the Company's capital was comprised by the following class of shares:

	12/31/2019				
	Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
Class A (i)	5,000,000,000	938,222	-	Yes	1
Class B (i)	10,000,000,000	1,876,444	-	No	-
Class C	1	-	-	Yes	(*)
Class D	1,000,000,000	-	0,0000000001	Yes	1
Total	16,000,000,001	2,814,666			

	12/31/2019				
	Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
Class A (i)	5,000,000,000	28,146,637	-	Yes	1
Class B (i)	10,000,000,000	56,293,346	-	No	-
Class C	1	1	10	Yes	(*)
Class D	1,000,000,000	-	0,0000000001	Yes	1
Total	16,000,000,001	84,440,020			

(*) Class C shareholders have voting rights equivalent to ten times the total number of issued and subscribed A and D Class shares at any moment.

(i) Only class A and class B shareholders are entitled to economic benefits.

b. Treasury shares

In the quarter ended March 31, 2020, the shares that were held in treasury were canceled.

During the year ended December 31, 2019, the Company did not repurchased units.

c. Dividends

The Company did not distribute dividends for the period ended on March 31, 2020 and year ended December 31, 2019.

7. Loss per share

	3/31/2020	3/31/2019
Loss attributed to controlling shareholders	(30)	(2,227)
Weighted average per thousand shares outstanding during the quarter (i)	67,044	84,440
Loss per share - Basic (in Reais)	(0.0004)	(0.0264)
Loss per share - Diluted (in Reais)	(0.0004)	(0.0264)

(i) Class A and class B shares.

PPLA Participations Ltd.

Notes to the interim condensed financial statements

As of March 31, 2020

(In thousands of reais)

8. Loss from investment entity portfolio measured at fair value

The breakdown of this item for the period ended March 31, 2020 and 2019 as follows:

	3/31/2020	3/31/2019
Loss on investment entity portfolio	(30)	(2,227)
Total	(30)	(2,227)

9. Related Parties

No management compensation was recorded during the period ended March 31, 2019 and year ended December,31, 2019.

10.Subsequent events

Loan Agreement

On May 5, 2020 PPLA Investments (“PPLAI”) entered into a Loan Agreement with BTG MB in which PPLAI received US\$43 million with one year maturity starting that same date, paying interest indexed to the 3 (three) month LIBOR added of 2.85% spread per year. This loan agreement includes the possibility of being totally or partially converted into capital, once certain conditions are met.

Capitalization

On May 5, 2020, the capitalization of PPLA Investments by BTG MB Investments LP (“BTG MB”), an entity that has an indirect controlling shareholder common to the Company, was concluded by issuing 91,805,085,836 Class D shares by PPLA Investments, in the amount of US\$144.7 million. As a result of the capitalization, PPLA Investments' investors were diluted in their participation, in such a way that: (i) the Company started to indirectly hold, through PPLA Bermuda LP Holdco Ltd, 0.003% of PPLA Investments; (ii) BTG MB now directly holds approximately 99.99% of PPLA Investments.