

(A free translation of the original in Portuguese)

BR Malls Participações S.A.
Quarterly Financial Report (ITR) on
March 31, 2019 and 2018
and report on the review
of the quarterly earnings report

BR Malls Participações S.A.

Quarterly Information – ITR

On March 31, 2019 and 2018

Contents

Report on the review of the quarterly financial	3
Reviewed quarterly financial report - Company and Consolidated	
Balance Sheets	5
Income Statement	7
Comprehensive Statements of Income	8
Statements of Changes in the Shareholders' Equity (Company)	9
Statements of Changes in the Shareholders' Equity (Consolidated)	10
Statement of Cash Flows	11
Statements of Value Added	12
Notes on the quarterly financial report	13



(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
BR Malls Participações S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of BR Malls Participações S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2019, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB), 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, and presented in accordance with the standards issued by the CVM.



(A free translation of the original in Portuguese)

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the quarter ended March 31, 2019. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Rio de Janeiro, May 9, 2019

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Patricio Marques Roche
Contador CRC 1RJ081115/O-4

BR Malls Participações S.A.

Balance sheets
March 31, 2019 and December 31, 2018
(In thousands of reais)

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Current Asset				
Cash and cash equivalents (Note 4.1)	512	315	18,090	23,672
Marketable securities (Note 4.1)	798,850	276,388	1,393,509	907,277
Accounts receivable (Note 3.4)	75,211	85,280	211,935	247,597
Taxes recoverable (Note 3.6)	25,724	47,720	47,662	65,953
Advances	8,764	10,153	20,910	23,098
Advanced expenses	3,349	3,868	10,421	7,120
Other receivables (Note 3.4)	7,818	9,632	25,052	30,325
	920,228	433,356	1,727,579	1,305,042
Non-Current assets				
Accounts receivable (Note 3.4)	222	77	37,240	34,661
Guarantees and deposits (Note 5.2)	29,183	29,074	61,977	60,277
Taxes recoverable (Note 3.6)	30,555	22,177	64,501	56,005
Advances for future capital increase (Note 5.1)	492,604	389,059	6,332	16,332
Receivables from subsidiaries and affiliates (Note 5.1)	28,145	25,503	46,108	48,058
Other receivables (Note 3.4)	15,478	20,828	26,937	32,287
	596,187	486,718	243,095	247,620
Investments (Note 3.3)	6,543,329	6,595,338	393,020	389,463
Investment properties (Note 3.1)	4,884,035	4,877,819	16,076,367	16,094,695
Property, plant and equipment	13,755	14,426	13,781	14,438
Intangible assets	85,677	79,489	85,898	79,778
	11,526,796	11,567,072	16,569,066	16,578,374
	12,122,983	12,053,790	16,812,161	16,825,994
Total assets	13,043,211	12,487,146	18,539,740	18,131,036

The notes are part of this quarterly financial report.

BR Malls Participações S.A.

Balance sheets
March 31, 2019 and December 31, 2018
(In thousands of reais)

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Current liabilities				
Accounts Payable	32,051	31,463	39,111	41,019
Loans and financings (Note 4.2)	93,337	207,744	441,421	412,109
Taxes and contributions payable (Note 3.6)	5,360	4,787	45,763	49,872
Salaries and social security charges	19,667	44,439	23,252	49,328
Dividends and interest on shareholders' equity to be paid	119,282	128,173	119,282	128,173
Taxes payable in installments (Note 3.6)	631	611	7,710	7,569
Provisions for judicial and administrative proceedings, and other legal obligations (Note 5.2)	2,456	3,776	11,384	13,482
Accounts payable for acquisition of shopping malls (Note 3.5)	8,497	9,637	203,106	201,346
Deferred revenue	4,421	4,853	16,219	17,152
Derivative financial instruments (Note 1.5 (a))	-	-	20,126	5,452
Other accounts payable	3,197	12,143	16,550	23,071
	288,899	447,626	943,924	948,573
Non-Current Liabilities				
Loans and financings (Note 4.2)	1,139,105	582,277	2,669,095	2,366,974
Provisions for judicial and administrative proceedings, and other legal obligations (Note 5.2)	1,191	1,104	22,390	21,364
Taxes and contributions payable (Note 3.6)	16,317	16,217	17,712	17,439
Taxes payable in installments (Note 3.6)	8,574	8,574	14,481	12,066
Deferred taxes (Note 5.4)	815,042	814,213	3,254,950	3,277,798
Accounts payable for acquisition of shopping malls (Note 3.5)	8,802	9,132	463,301	454,628
Derivative financial instruments (Note 1.5 (a))	-	-	-	15,714
Deferred revenue	15,137	15,696	48,950	50,928
Intercompany Loans (Note 5.1)	108,861	107,207	15,101	17,239
Other accounts payable	-	-	22,379	22,456
	2,113,029	1,554,420	6,528,359	6,256,606
Total liabilities	2,401,928	2,002,046	7,472,283	7,205,179
Equity (Note 4.3)				
Share Capital	10,404,891	10,399,934	10,404,891	10,399,934
Share issue costs	(86,099)	(86,099)	(86,099)	(86,099)
Treasury shares	(303,256)	(303,256)	(303,256)	(303,256)
Capital reserve	(125,822)	(128,041)	(125,822)	(128,041)
Profit reserves	596,616	602,562	596,616	602,562
Retained earnings	154,953	-	154,953	-
	10,641,283	10,485,100	10,641,283	10,485,100
Noncontrolling interests	-	-	426,174	440,757
	10,641,283	10,485,100	11,067,457	10,925,857
Total liabilities and shareholders' equity	13,043,211	12,487,146	18,539,740	18,131,036

The notes are part of this quarterly financial report.

BR Malls Participações S.A.

Statements of income

Three-month periods ended March 31, 2019 and 2018

(In thousands of reais, except when indicated otherwise)

	Company		Consolidated	
	January 1, 2019 to March 31, 2019	January 1, 2018 to March 31, 2018	January 1, 2019 to March 31, 2019	January 1, 2018 to March 31, 2018
Net revenue from leases and services (Note 2.1)	72,120	70,778	297,042	282,574
Leases and services costs (Note 2.2)	(6,091)	(6,405)	(31,512)	(29,895)
Gross profit from leases and services	66,029	64,373	265,530	252,679
Operating Revenue (Expenses)				
Selling expenses (Note 2.4)	(8,707)	(6,739)	(12,430)	(10,970)
Administrative expenses (Note 2.5)	(33,609)	(25,482)	(34,909)	(26,575)
Other Operating Revenues	2,070	419	1,709	2,897
Profit before equity income, financial expenses and taxes	25,783	32,571	219,900	218,031
Equity income/(expenses) (Note 3.3)	136,202	67,322	4,883	5,759
Financial income/(expenses) (Note 2.6)				
Financial revenues	14,292	32,006	20,243	38,058
Financial expenses	(20,496)	(31,450)	(76,845)	(89,164)
	(6,204)	556	(56,602)	(51,106)
Profit before taxes	155,781	100,449	168,181	172,684
Income and social contribution taxes (Note 2.7)				
Current	-	(5,571)	(18,462)	(27,146)
Deferred	(828)	31,653	15,792	(5,727)
	(828)	26,082	(2,670)	(32,873)
Net Profit of the Period	154,953	126,531	165,511	139,811
Attributable to				
Company's shareholders	154,953	126,531	154,953	126,531
Noncontrolling interests	-	-	10,558	13,280
Net Profit of the Period	154,953	126,531	165,511	139,811
Net profit per share attributable to Company's shareholders during the period (in R\$ per share)				
Basic earnings/(loss) per share R\$ (Note 2.8 (a))	0.18397	0.14527		
Diluted earnings/(loss) per share R\$ (Note 2.8 (b))	0.18380	0.14504		

The notes are part of this quarterly financial report.

BR Malls Participações S.A.

Statements of comprehensive income
Three-month periods ended March 31, 2019 and 2018
(In thousands of reais)

	Company		Consolidated	
	January 1, 2019 to March 31, 2019	January 1, 2018 to March 31, 2018	January 1, 2019 to March 31, 2019	January 1, 2018 to March 31, 2018
Net Profit of the Period	154,953	126,531	165,511	139,811
Total comprehensive income for the period	154,953	126,531	165,511	139,811
Attributable to				
Company's shareholders	154,953	126,531	154,953	126,531
Non-controlling interest	-	-	10,558	13,280
	154,953	126,531	165,511	139,811

The notes are part of the quarterly financial report.

BR Malls Participações S.A.

Statements of changes in equity (Company)
 Three-month periods ended March 31, 2019 and 2018
 (In thousands of reais)

	Company							
	Share capital	Share issue costs	Treasury Shares	Capital reserve	Profit reserves		Accumulated Profits (Losses)	Total
					Legal reserve	Retained profits		
Balances on December 31, 2017	10,394,569	(86,099)	(20,573)	21,723	-	-	(152,286)	10,157,334
Capital increase and payment (Note 4.3)	799	-	-	-	-	-	-	799
Treasury shares (Note 4.3)	-	-	(7,205)	-	-	-	-	(7,205)
Restricted options and shares granted (Note 5.3)	-	-	-	575	-	-	-	575
Net Profit of the Period	-	-	-	-	-	-	126,531	126,531
Capital Transactions with Noncontrolling Shareholders (Note 1.2.2)	-	-	-	11,958	-	-	-	11,958
Effect of first-time adoption of CPC 48 (Note 1.2), net of taxes	-	-	-	-	-	-	(39,384)	(39,384)
Balances on March 31, 2018	10,395,368	(86,099)	(27,778)	34,256	-	-	(65,139)	10,250,608
Balances on December 31, 2018	10,399,934	(86,099)	(303,256)	(128,041)	40,092	562,470	-	10,485,100
Capital increase and payment (Note 4.3)	4,957	-	-	-	-	-	-	4,957
Restricted options and shares granted (Note 5.3)	-	-	-	2,219	-	-	-	2,219
Net Profit of the Period	-	-	-	-	-	-	154,953	154,953
Interest on shareholders' equity (Note 4.3)	-	-	-	-	-	(5,946)	-	(5,946)
Balances on March 31, 2019	10,404,891	(86,099)	(303,256)	(125,822)	40,092	556,524	154,953	10,641,283

The notes are part of this quarterly financial report.

BR Malls Participações S.A.

Statements of changes in equity (Consolidated)
 Three-month periods ended March 31, 2019 and 2018
 (In thousands of reais)

	Consolidated						Total	Noncontrolling interests	Total Shareholders' Equity	
	Share capital	Share issue costs	Treasury Shares	Capital reserve	Legal reserve	Retained profits				Profit reserves
Balances on December 31, 2017	10,394,569	(86,099)	(20,573)	21,723	-	-	(152,286)	10,157,334	319,474	10,476,808
Capital increase and payment (Note 4.3)	799	-	-	-	-	-	-	799	-	799
Treasury Shares (Note 4.3)	-	-	(7,205)	-	-	-	-	(7,205)	-	(7,205)
Restricted options and shares granted (Note 5.3)	-	-	-	575	-	-	-	575	-	575
Net Profit of the Period	-	-	-	-	-	-	126,531	126,531	13,280	139,811
Capital Transactions with Noncontrolling Shareholders (Note 1.2.2)	-	-	-	11,958	-	-	-	11,958	-	11,958
Effect of first-time adoption of CPC 48 (Note 1.2), net of taxes	-	-	-	-	-	-	(39,384)	(39,384)	-	(39,384)
Transactions of noncontrolling shareholders	-	-	-	-	-	-	-	-	(21,421)	(21,421)
Balances on March 31, 2018	10,395,368	(86,099)	(27,778)	34,256	-	-	(65,139)	10,250,608	311,333	10,561,941
Balances on December 31, 2018	10,399,934	(86,099)	(303,256)	(128,041)	40,092	562,470	-	10,485,100	440,757	10,925,857
Capital increase and payment (Note 4.3)	4,957	-	-	-	-	-	-	4,957	-	4,957
Restricted options and shares granted (Note 5.3)	-	-	-	2,219	-	-	-	2,219	-	2,219
Net Profit of the Period	-	-	-	-	-	-	154,953	154,953	10,558	165,511
Interest on shareholders' equity (Note 4.3)	-	-	-	-	-	(5,946)	-	(5,946)	-	(5,946)
Transactions of noncontrolling shareholders	-	-	-	-	-	-	-	-	(25,141)	(25,141)
Balances on March 31, 2019	10,404,891	(86,099)	(303,256)	(125,822)	40,092	556,524	154,953	10,641,283	426,174	11,067,457

The notes are part of this quarterly financial report.

BR Malls Participações S.A.

Statements of cash flow Three-month periods ended March 31, 2019 and 2018 (In thousands of reais)

	Company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Cash flow from operating activities				
Net Profit of the Period	154,953	126,531	165,511	139,811
Adjustments				
Depreciation and amortization	5,201	4,197	5,255	4,251
Restatement of loans and financing	12,033	14,177	57,129	63,745
Update of obligations payable for acquisition of shopping malls	233	479	12,138	3,548
Gain (loss) on marketable securities	(7,138)	(22,447)	(16,760)	(25,157)
Revenue linearization adjustment and present value adjustment	(2,258)	(3,427)	(10,230)	(13,067)
Adjustment of stock option plan and restricted shares	2,219	575	2,219	575
Provisions and social charges on restricted shares	535	(92)	535	(92)
Provisions for judicial proceedings	(1,237)	(1,515)	625	409
Fair value adjustment and gain (loss) on derivatives	-	72	18	(788)
Deferred income and social contribution taxes	828	(31,653)	(15,792)	5,727
Gain on the sale of investment	(2,407)	-	(2,407)	-
Equity Pick-up	(136,202)	(67,322)	(4,883)	(5,759)
Allowance for doubtful accounts	5,839	16,452	24,618	63,499
Adjusted net income	32,599	36,027	217,976	236,702
Changes in working capital				
Changes in operating assets and liabilities				
Accounts Receivable	5,353	6,647	13,906	(3,432)
Taxes recoverable	13,618	4,109	9,361	(2,248)
Advances	1,389	489	1,333	(1,212)
Advanced expenses	518	(769)	(3,307)	(1,637)
Deposits and guarantees	(109)	(15)	(1,700)	(219)
Derivative financial instruments	-	(38,906)	(1,058)	(38,707)
Suppliers	588	(618)	(1,064)	(3,320)
Taxes and contributions payable	1,029	4,580	12,341	15,206
Salaries and social security charges	(25,308)	(7,245)	(26,550)	(6,941)
Provisions for judicial proceedings	-	-	(1,498)	(54)
Paid-up income tax and social contribution	(5,173)	(2,595)	(17,896)	(21,736)
Others	(1,778)	5,591	5,790	6,180
Cash flow generated (applied) by operations	22,726	7,295	207,634	178,582
Cash flow from investing activities				
Sale (purchase) of marketable securities	(515,324)	151,609	(469,540)	158,065
Sale (acquisition) of property and equipment and intangible assets	(10,718)	(4,544)	(10,718)	(4,542)
Acquisition and construction of investment properties	(6,216)	(5,002)	(39,579)	(44,340)
Future capital contribution in subsidiary/ Shares	(107,895)	(73,302)	-	-
Sale of investments	45,780	151,477	45,780	151,477
Transactions with related parties	(987)	32,960	(1,234)	(91)
Dividends received	149,186	77,355	10,049	8,353
Effects of the sale	-	-	(2,146)	-
Cash flow generated by (used in) investment activities	(446,174)	330,553	(467,388)	268,922
Cash flow from financing activities				
Loans raised	600,000	-	600,000	-
Interest on loans and financings paid	(12,494)	(23,153)	(53,747)	(70,235)
Loans amortization	(157,116)	(305,525)	(271,949)	(353,095)
Payment of interest on obligations payable on the acquisition of shopping mall	(355)	(481)	(355)	(481)
Payment of obligations payable on the acquisition of shopping mall	(1,347)	(1,357)	(1,347)	(1,357)
Capital increase	4,957	799	4,957	799
Treasury shares	-	(7,205)	-	(7,205)
Interest on shareholders' equity	(10,000)	-	(10,000)	-
Dividends paid to noncontrolling shareholders	-	-	(13,387)	(21,422)
Cash flow generated by (used in) financing activities	423,645	(336,922)	254,172	(452,996)
Cash flow	197	926	(5,582)	(5,492)
Cash and cash equivalents at the beginning of the period	315	411	23,672	28,977
Cash and Cash Equivalents at End of Period	512	1,337	18,090	23,485
Changes in cash	197	926	(5,582)	(5,492)

The notes are part of this quarterly financial report.

BR Malls Participações S.A.

Statements of value added Three-month periods ended March 31, 2019 and 2018 (In thousands of reais)

	Company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Income	86,159	82,747	362,777	361,257
Revenue from leases and services	79,624	77,965	324,072	307,594
Provision for doubtful debts (incorporation)	(1,751)	(639)	(2,583)	760
Other operating expenses, net	2,070	419	1,709	2,897
Revenues from construction of own assets	6,216	5,002	39,579	50,006
Inputs acquired from third parties	(19,912)	(13,048)	(74,250)	(71,171)
Inputs and third-party services for construction of own assets	(5,743)	(994)	(36,691)	(34,538)
Costs of services	(5,285)	(5,562)	(24,550)	(23,634)
Materials, energy, third-party services and other expenses	(8,884)	(6,492)	(13,009)	(12,999)
Gross added value	66,247	69,699	288,527	290,086
Deductions	(5,201)	(4,197)	(5,255)	(4,251)
Depreciation and amortization	(5,201)	(4,197)	(5,255)	(4,251)
Net value added produced by the Company	61,046	65,502	283,272	285,835
Added value received in transfer	150,494	99,328	25,126	43,817
Equity Income	136,202	67,322	4,883	5,759
Financial revenues	14,292	32,006	20,243	38,058
Added value to be allocated	211,540	164,830	308,398	329,652
Distribution of value added	211,540	164,830	308,398	329,652
Personnel charges	(27,780)	(21,991)	(35,978)	(27,735)
Salaries and social charges	(20,000)	(13,857)	(28,198)	(19,440)
Pro-Labore	(1,366)	(559)	(1,366)	(559)
Direct compensation	(8,798)	(8,349)	(8,798)	(8,349)
Benefits	(2,624)	(1,019)	(2,636)	(1,019)
Social security contributions (INSS)	(4,630)	(2,122)	(4,630)	(2,122)
FGTS	(677)	(666)	(677)	(666)
Termination	(70)	(136)	(70)	(137)
Personnel - shopping malls	(1,300)	(1,098)	(9,486)	(6,680)
Provisions and social charges on restricted shares	(535)	92	(535)	92
Sales commissions	(1,062)	(1,157)	(1,062)	(1,318)
Profit sharing	(4,499)	(6,402)	(4,499)	(6,402)
Restricted options and shares	(2,219)	(575)	(2,219)	(575)
Taxes, charges and contributions	(8,311)	15,142	(30,064)	(72,942)
Federal	(7,980)	15,440	(25,514)	(69,256)
Local	(331)	(298)	(4,550)	(3,686)
Financial expenses	(20,496)	(31,450)	(76,845)	(89,164)
Profit noncontrolling shareholders interest	-	-	(10,558)	(13,280)
Profit retained in the period	(154,953)	(126,531)	(154,953)	(126,531)

The notes are part of this quarterly financial report.

BR Malls Participações S.A.

Notes on the quarterly financial report

March 31, 2019

(In thousands of reais, except when indicated otherwise)

Introduction

The notes to the financial statements are divided into five main sections, as follows:

Section 1 - Information on the Group and its policies

1.1 - Information on the Company and its investments.....	14
1.2 - Summary of significant accounting policies.....	15
1.3 - Critical accounting estimates and judgments.....	16
1.4 - Financial instruments.....	17
1.5 - Financial risk management.....	18

Section 2 - Results for the period, distribution of profit and taxes

2.1 - Net revenue from leases and services.....	28
2.2 - Lease and services costs.....	28
2.3 - Segment reporting - results.....	29
2.4 - Selling expenses.....	33
2.5 - Administrative expenses.....	33
2.6 - Financial result.....	33
2.7 - Reconciliation of taxes.....	34
2.8 - Earnings per share.....	35

Section 3 - Invested capital and working capital

3.1 - Investment properties.....	36
3.2 - Segment reporting – operating assets.....	38
3.3 - Investimentos.....	39
3.4 - Accounts receivable and other receivables.....	44
3.5 - Accounts payable for acquisition of shopping malls.....	47
3.6 - Taxes recoverable and payable.....	48

Section 4 - Financial position

4.1 –Cash and cash equivalent marketable securities.....	50
4.2 - Loans and financing.....	52
4.3 - Shareholders' equity.....	55

Section 5 - Other Disclosures

5.1 - Related parties.....	60
5.2 - Provisions for judicial and administrative proceedings, and other legal obligations.....	62
5.3 - Stock option and restricted shares plans.....	66
5.4 - Deferred taxes.....	68
5.5 - Seguros.....	70
5.6 - Non-cash transactions.....	70
5.7 - Subsequent events.....	71

BR Malls Participações S.A.

Notes on the quarterly financial report - Continued
Section 1: Information on the Group and its policies
March 31, 2019

(In thousands of reais, except when indicated otherwise)

1.1. Information on the Company and its investments

BR Malls Participações S.A., its subsidiaries and jointly-controlled subsidiaries (collectively referred to as “Company”, “BR Malls”, or “Group”), which are integral components of this quarterly financial report, are primarily engaged in: (i) holding interest in and managing shopping malls; (ii) holding interest in other companies of the real estate sector as a shareholder or member; (iii) promoting and managing their own real estate enterprises of any kind, or for third parties; (iv) holding interest in and managing parking lot operations and (v) holding through investment fund innovation and technology to provide services of commercialization of goods and services for shopping malls and retail companies through digital solutions.

The Company’s operating results are subject to seasonal trends affecting the shopping mall industry. Shopping mall sales generally increase in periods such as in the weeks before Mother’s Day (May), Valentine’s Day (which in Brazil is in June), Father’s Day (which in Brazil is in August), Children’s Day (which in Brazil is in October) and Christmas (December). In addition, most of the lessees in the Company’s shopping malls pays double rent in December under their respective lease agreements.

The Company is a corporation with headquarters in the city of Rio de Janeiro, and has shares traded on B3 (BRML3). In addition, the Company adheres to the corporate governance level of B3’s Novo Mercado. BR Malls is part of the portfolio of Bovespa Index (IBOVESPA) and Brazil 50 Index (IBRX 50).

The Management authorized issuing this individual and consolidated quarterly information on May 7, 2019.

On February 25, 2019, the Company concluded the sale of all its total interest of 79.1% in SPE Sfida, owning 88.5% of Sete Lagoas Shopping Mall, located in the city of Sete Lagoas (MG), in the amount of R\$45,780.

In March 2019, the Company concluded the seventh issue of Debentures in a single series, raising the amount of R\$600,000 with a maturity of six years as of the issue date, without guarantee. The interest rate is of 107.5% of CDI p.a., the payment will be semi-annual, and the principal will be amortized in 1 (one) single installment, on the maturity date.

BR Malls Participações S.A.

Notes on the quarterly financial report - Continued
Section 1: Information on the Group and its policies
March 31, 2019

(In thousands of reais, except when indicated otherwise)

1.2. Summary of significant accounting policies

The individual quarterly financial report has been prepared and is presented in accordance with CPC Technical Pronouncement 21 - Interim Financial Reporting. The consolidated quarterly financial report has been prepared and is presented in accordance with CPC 21 and IAS International Standard 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB). The information is also presented in compliance with the rules issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information (ITR). The reports show all relevant information of the quarterly financial report, and only them, which comply with those used by the Management in its management.

This interim financial information should be read together with the financial statements for the fiscal year ended December 31, 2018, given that its purpose is to provide an update of the significant activities, events and circumstances compared to those in the financial statement.

In 2018, the Company's Management evaluated the IFRS 16 pronouncement, which defines the principles for recognition, measurement, presentation and disclosure of leases. IFRS 16 replaces IAS 17 - Leases and related interpretations. The Company has evaluated the IFRS 16 together with CPC 28 - Property for Investment, which distinguishes Properties for Investments from owner-occupied properties, in which the IFRS 16 applies to the owner-occupied property maintained by lease as an asset of right of use, and concluded that the new standard in effect from January 1, 2019 did not have an impact on its quarterly financial information.

The Company also evaluated the possible effects of IFRIC 23, which provides for the accounting of uncertain tax treatments, i.e., cases in which the acceptability of a certain tax treatment adopted by the Company is not known until the respective tax authority or court makes a decision. The Company's Management concluded that the new standard, in effect as of January 1, 2019, did not affect its quarterly information.

The accounting policies and standards have not been changed during the three-month period ended March 31, 2019 and, therefore, remain consistent with those described in the Company's financial statements for the year ended December 31, 2018.

BR Malls Participações S.A.

Notes on the quarterly financial report - Continued
Section 1: Information on the Group and its policies
March 31, 2019

(In thousands of reais, except when indicated otherwise)

1.3. Critical accounting estimates and judgments

Critical accounting estimates are those which are both (a) important to demonstrate the financial condition or results and which (b) require more difficult, subjective or complex judgment by management, frequently as a result of the need to make estimates which have an impact on inherently uncertain questions. As the number of variables and premises affecting the possible future resolution of the uncertainties increases, those judgments become even more subjective and complex. The following estimates were considered to be the most complex at the time this quarterly financial report was prepared: A more detailed description of each estimate is presented in their respective notes.

Critical accounting estimates and judgments	Score
Fair Value of Financial Instruments	1.4
Fair value of investment properties	3.1
Provision for doubtful debts	3.4
Provisions for judicial proceedings	5.2

In preparing the quarterly financial report (ITR), the Company adopted estimates and assumptions derived from past experience and historical series and various other factors which it understands to be reasonable and relevant under certain conditions.

BR Malls Participações S.A.

Notes on the quarterly financial report - Continued
Section 1: Information on the Group and its policies
March 31, 2019

(In thousands of reais, except when indicated otherwise)

1.4. Financial instruments

Critical accounting estimates and judgments

The fair value of financial instruments actively traded in organized financial markets is determined based on purchase prices quoted in the market at close of business at the statement of financial position date, without deduction of transaction costs.

The fair value of financial instruments for which there is no active market is determined by using valuation techniques. These techniques may include the use of recent market transactions (on an arm's length basis), reference to the current fair value of another similar instrument, analysis of discounted cash flows or other valuation models. The changes in fair value of any of these derivative instruments are immediately recognized in the income statement under "Financial income (expenses), net". The Company presents its derivative instruments by their net effect.

Operations related to derivative financial investments

The Company contracted non-speculative derivative financial instruments for hedging its exposure to fixed interest rates, Referential Rate and TR, and its only objective is equity protection, minimizing the effects of changes in interest rates. The derivative interest contracts were entered into with counterparties represented by the bank Itaú BBA.

Financial and equity instruments by category and hierarchical levels

Both interpreting market data and selecting valuation techniques require considerable judgment and reasonable estimates to calculate the most appropriate realizable value. Accordingly, the estimates presented do not necessarily reflect the current market values. The use of different market hypotheses and/or estimate methodologies may have a significant effect on estimated realizable values.

There are three levels for classification of fair value referring to financial instruments, the hierarchy providing priority for unadjusted prices quoted in active market referring to the financial asset or liability. The Company's classification of hierarchical levels is as follows:

- Level 1: There are no financial instruments classified as level 1;
- Level 2: Derivative financial instruments (assets and liabilities) and securities; and
- Level 3: Properties for investment.

BR Malls Participações S.A.

Notes on the quarterly financial report - Continued
Section 1: Information on the Group and its policies
March 31, 2019

(In thousands of reais, except when indicated otherwise)

1.5. Financial risk management

The Company has a risk management policy, analyzes the matters that relate to cash, cash equivalents, marketable securities, management of debts and risk management, sending the matters for the approval by management. In accordance with internal policy, the Company's financial result should be driven by the generation of operating cash and not gains in the financial market.

Management considers that the results obtained by the application of internal controls for risk management were satisfactory for the proposed purposes.

Financial risk factors

a) Credit risk

The Company's operations include administration of shopping malls (ventures) and lease of related stores.

The Company is subject to credit risk related to accounts receivable from clients (tenants), other accounts receivable, securities and derivative financial instruments. The Company's financial policy limits its associated risk with these financial instruments.

Concentration of credit risk in accounts receivable is minimized due to the large number of customers, as the Company does not have any individual client (tenant) or company of the same group which represents more than 5% of its consolidated revenue.

b) Price risk

Revenues depend directly on the Company's capacity to lease space available in the ventures in which the Company has invested. Adverse conditions may reduce the number of leases, as well as the possibility to increase lease prices. The following factors, among others, can affect revenue generation:

- Periods of recession and, therefore, increase in vacancy levels in the ventures and decrease of lease prices.
- Negative perception of tenants with respect to security, convenience and attractiveness of areas where the shopping malls are located.

BR Malls Participações S.A.

Notes on the quarterly financial report - Continued
Section 1: Information on the Group and its policies
March 31, 2019

(In thousands of reais, except when indicated otherwise)

1.5. Financial risk management (Continued)

Management constantly controls and assesses these risks to minimize the impacts on its business. The lease agreements are governed by the applicable legislation. Accordingly, it should be stressed that the selectivity and diversified customer portfolio as well as monitoring of balances are procedures that the Company undertakes in order to minimize losses resulting from default.

c) Liquidity risk

Cash flow is individually projected for each company of the group.

The Company monitors the continuous forecasts for liquidity requirements of the Group's companies to ensure that they have sufficient cash to meet their operating needs.

The table below shows the main financial instruments - liabilities by maturity, fully represented financial liabilities (undiscounted cash flows to maturity), which considers the forecast of interest and charges incurred up to the settlement date of the contract.

	On March 31, 2019 (Consolidated)					Total
	2019	2020	2021	2022	Over 5 years	
Loans and financing	572,869	351,307	571,457	536,214	2,291,342	4,323,189
Derivative financial instruments	5,224	7,631	7,216	1,651	-	21,722
Accounts Payable	39,111	-	-	-	-	39,111
Taxes payable in installments	6,059	9,664	1,839	2,936	5,211	25,709
Obligations payable for acquisition of shopping mall	207,743	219,189	1,504	1,647	326,620	756,703

Investment policy

The investment policy has not been changed during the three-month period ended March 31, 2019 and, therefore, remain consistent with those described in the Company's financial statements for the year ended December 31, 2018.

BR Malls Participações S.A.

Notes on the quarterly financial report - Continued
Section 1: Information on the Group and its policies
March 31, 2019

(In thousands of reais, except when indicated otherwise)

1.5. Financial risk management (Continued)

Capital management

One of the main ratios for monitoring the capital structure is the financial leverage ratio. This index corresponds to the net debt divided by the total capital. Net debt, in its turn, corresponds to total loans and obligations payable for acquisitions of shopping malls (including current and noncurrent assets, as shown in the consolidated balance sheet), less the amount of cash and cash equivalents and marketable securities.

Total capital is calculated through the sum of equity, as stated in the consolidated statement of financial position, with net debt:

	Consolidated	
	March 31, 2019	December 31, 2018
Total loans and financings (Note 4.2)	3,110,516	2,779,083
Total obligations payable for acquisition of shopping malls (Note 3.5)	666,407	655,974
Less: Cash and cash equivalents (Note 4.1)	(18,090)	(23,672)
Less: marketable securities – current (Note 4.1)	(1,393,509)	(907,277)
Net debt (a)	2,365,324	2,504,108
Total equity (b)	11,067,457	10,925,857
Total capital (a) + (b)	13,432,781	13,429,965
Net debt-to-equity ratio - %	17.61%	18.65%

Capital is managed considering the Company position rather than on a consolidated basis.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
 Section 1: Information on the Group and its policies
 March 31, 2019

(In thousands of reais, except when indicated otherwise)

1.5. Financial risk management (Continued)

a) Derivatives

The tables below show the breakdown of the Company's derivatives on March 31, 2019 and December 31, 2018:

March 31, 2019 (Consolidated)									
Swap transactions	Purpose of derivatives	Assets/liabilities	Entity	Due Date	Notional amount	Position on active curve	Position in the passive curve	Difference in fair value payable	Differential curve receivable
Itaú BBA financing	Hedging of financing for construction of Mooca Shopping Mall	TR +9.80% x IPCA + 6.25%	SPE Mooca	November 28, 2022	21,981	41,953	46,121	(4,590)	(4,168)
Itaú BBA financing	Hedging of financing for expansion of Tamboré Shopping Mall	TR +11.16% x IGP-M + 8.00%	Proffito Holding	October 15, 2021	19,844	58,684	71,848	(15,536)	(13,164)
								(20,126)	(17,332)
							Current liabilities	(20,126)	

All swap contracts are registered and held in custody B3 SA.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
 Section 1: Information on the Group and its policies
 March 31, 2019

(In thousands of reais, except when indicated otherwise)

1.5. Financial risk management (Continued)

a) Derivatives

December 31, 2018 (Consolidated)									
Swap transactions	Purpose of derivatives	Assets/liabilities	Entity	Due Date	Notional amount	Position on active curve	Position in the passive curve	Difference in fair value payable	Differential curve receivable
Itaú BBA financing	Hedging of financing for construction of Mooca Shopping Mall	TR +9.80% x IPCA + 6.25%	SPE Mooca	November 28, 2022	23,772	44,323	48,676	(4,633)	(4,353)
Itaú BBA financing	Hedging of financing for expansion of Tamboré Shopping Mall	TR +11.16% x IGP-M + 8.00%	Proffito Holding	October 15, 2021	21,976	63,293	77,329	(16,533)	(14,036)
								(21,166)	(18,389)
							Current liabilities	(5,452)	
							Non-Current Liabilities	(15,714)	
								(21,166)	

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 1: Information on the Group and its policies
March 31, 2019

(In thousands of reais, except when indicated otherwise)

1.5. Financial risk management (Continued)

b) Sensitivity analysis

The Company and its subsidiaries have short-term investments, payables for acquisition of shopping malls and investments and loans and financing tied to the following indices that were extracted based on the Market Curves of B3 S.A.: TR, IGP-M, IPCA or CDI.

In preparing the sensitivity analysis, the following assumptions were adopted:

- Definition of a probable risk behavior scenario referenced by an independent external source (Probable Scenario).
- Definition of two additional scenarios with deterioration of 25% and 50% in the risk variable considered (Possible Scenario and Remote Scenario, respectively).

At March 31, 2019, the sensitivity analysis referring to the major financial assets and liabilities exposed to variations in interest rates and inflation indexes and the related impacts on result for the period are shown for a 360-day period.

The tables below show the Management's sensitivity analysis and the cash effects of the operations on March 31, 2019, as well as the values of the indexers used in the projections (consolidated):

Transaction		Book Balance on March 31, 2019	Probable scenario (a)	Gain or loss (b) - (a)	Possible scenario 25% (b)	Gain or loss (c) - (a)	Remote scenario 50% (c)
Securities	CDI	1,393,509	1,510,721	23,483	1,534,204	46,966	1,557,687
Derivative financial instruments	IGP-M	(15,536)	(15,536)	(1,134)	(16,670)	(2,269)	(17,805)
Derivative financial instruments	IPCA	(4,590)	(4,590)	(804)	(5,394)	(1,607)	(6,197)
Loans and Financing	CDI	(1,140,761)	(1,217,739)	(18,814)	(1,236,553)	(37,628)	(1,255,367)
Loans and Financing	IPCA	(433,441)	(479,139)	(4,216)	(483,355)	(8,431)	(487,570)
Loans and Financing	TR	(1,536,314)	(1,674,093)	(3,841)	(1,677,934)	(7,682)	(1,681,775)
Total		(1,737,133)	(1,880,376)	(5,326)	(1,885,702)	(10,651)	(1,891,027)

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 1: Information on the Group and its policies
March 31, 2019

(In thousands of reais, except when indicated otherwise)

1.5. Financial risk management (Continued)

b) Sensitivity analysis - Continued

The assumptions used by the Company to determine the effects of each scenario are as follows:

	<u>Probable Market (%)</u>	<u>Possible Market (%)</u>	<u>Remote Market (%)</u>
<u>Derivative Financial instruments</u>			
Swap TR x IGP-M	6.81%	8.51%	10.22%
Swap TR x IPCA	5.58%	6.98%	8.37%
<u>Loans and financing</u>			
CDI	6.75%	8.40%	10.05%
IPCA	10.54%	11.52%	12.49%
TR	8.97%	9.22%	9.47%

The Company does not have derivative financial instruments with leverage, speculation and embedded derivatives, guarantee margin transactions, or limits to determine gains or losses on appreciation or depreciation of the dollar of the United States of America in relation to the Brazilian Real.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 1: Information on the Group and its policies
March 31, 2019

(In thousands of reais, except when indicated otherwise)

1.5. Financial risk management (Continued)

The fair value of these loans and financing on March 31, 2019 is as follows:

March 31, 2019 (Consolidated)									
Company	Bank/Type	Financing purpose	Book balance	Current	No current	Rate	Due Date	Market rate (i)	Net book value
BR Malls S.A.	Debenture V – 1 st series	Capitalization and expansion of shopping malls	95,609	493	95,116	CDI + 1.75% p.a.	May 25, 2031	CDI + 1.75% p.a.	95,609
BR Malls S.A.	Debenture V – 3 rd series	Capitalization and expansion of shopping malls	49,800	50	49,750	CDI + 0.10% p.a.	May 15, 2021	CDI + 0.15% p.a.	49,747
BR Malls S.A.	Debenture VI - Single series	Capitalization and expansion of shopping malls	395,418	-	395,418	CDI 97.5% p.a.	September 29, 2023	CDI 99% p.a.	393,585
BR Malls S.A.	Debenture VII - Single series	Capitalization	599,934	1,113	598,821	CDI 107.5% p.a.	March 11, 2025	CDI 108% p.a.	598,674
BR Malls S.A.	CCB Itaú BBA*	Construction of Estação Cuiabá Shopping Mall	73,965	73,965	-	TR + 7.60% p.a.	July 13, 2020	TR + 7.60% p.a.	73,965
BR Malls S.A.	CCB Itaú BBA*	Expansion of Plaza Niterói Shopping Mall	17,716	17,716	-	TR + 7.60% p.a.	June 13, 2020	TR + 7.60% p.a.	17,716
Fashion Mall S.A.	CRI Itaú BBA	Capitalization	535,588	1,648	533,940	TR + 9.31% p.a.	March 19, 2025	TR + 9.31% p.a.	535,588
Nattca S.A.	CRI Itaú S.A.	Capitalization	202,484	30,911	171,573	IPCA + 6.34% p.a.	March 7, 2024	IPCA + 4.73% p.a.	218,251
Nattca S.A.	CRI Itaú S.A.	Capitalization	78,498	7,230	71,268	IPCA + 6.71% p.a.	March 6, 2026	IPCA + 5.60% p.a.	84,393
Nattca S.A.	CRI Itaú S.A.	Capitalization	152,459	6,869	145,590	IPCA + 7.04% p.a.	March 7, 2029	IPCA + 5.93% p.a.	169,041
Proffito	CRI Itaú S.A.	Capitalization	58,806	58,806	-	TR + 9.40% p.a.	October 19, 2021	TR + 9.40% p.a.	58,806
Proffito	CRI Itaú S.A.	Capitalization	76,807	76,807	-	TR + 9.40% p.a.	February 16, 2023	TR + 9.40% p.a.	76,807
CIMA	CRI Bradesco	Capitalization	632,822	46,870	585,952	TR + 8.90% p.a.	February 28, 2025	TR + 8.90% p.a.	632,822
Mooca	Bradesco financing	Construction of Mooca Shopping Mall	27,990	8,612	19,378	TR + 9.10% p.a.	June 28, 2022	TR + 9.10% p.a.	27,990
Contagem	CCB Itaú BBA*	Construction of Contagem Shopping Mall	55,779	55,779	-	TR + 7.60% p.a.	June 13, 2020	TR + 7.60% p.a.	55,779
Estação BH	Banco do Brasil financing	Construction of Estação BH Shopping Mall	53,493	53,493	-	TR + 8.90% p.a.	April 15, 2022	TR + 8.90% p.a.	53,493
SPE Classic	Bradesco financing	Expansion of São Luis Shopping Mall	3,348	1,059	2,289	TR + 9.90% p.a.	May 28, 2022	TR + 9.90% p.a.	3,348
			<u>3,110,516</u>	<u>441,421</u>	<u>2,669,095</u>				<u>3,145,614</u>

(*) Debt indexes can range from TR+7.60% to TR+9.40% according to Selic.

(i) The debt traded to TR are bilateral and don't have secondary market, therefore, the market rate is equal to the contracted rate.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 1: Information on the Group and its policies
March 31, 2019

(In thousands of reais, except when indicated otherwise)

1.5. Financial risk management (Continued)

The fair value of these loans and financing on December 31, 2018 is as follows:

December 31, 2018 (Consolidated)									
Consolidated									
Company	Bank/Type	Financing purpose	Book balance	Current	No current	Rate	Due Date	Market rate	Net book value
BR Malls S.A.	Debentures II - 2 nd Series	Capitalization	132,409	132,409	-	IPCA + 6.40% p.a.	February 15, 2019	IPCA + 4.00% p.a.	132,805
BR Malls S.A.	Debenture V - 1 st Series	Capitalization and expansion of shopping malls	95,766	499	95,267	CDI + 1.75% p.a.	May 25, 2031	CDI + 1.75% p.a.	95,766
BR Malls S.A.	Debenture V - 3 rd series	Capitalization and expansion of shopping malls	49,782	50	49,732	CDI + 0.10% p.a.	May 15, 2021	CDI 0.15% p.a.	49,723
BR Malls S.A.	Debenture VI - Single series	Capitalization and expansion of shopping malls	401,137	5,899	395,238	CDI 97.5% p.a.	September 29, 2023	CDI 99.50% p.a.	398,437
BR Malls S.A.	CCB Itaú BBA*	Construction of Estação Cuiabá Shopping Mall	90,122	55,142	34,980	TR + 7.60% p.a.	July 13, 2020	TR + 7.60% p.a.	90,122
BR Malls S.A.	CCB Itaú BBA*	Expansion of Plaza Niterói Shopping Mall	19,982	12,922	7,060	TR + 7.60% p.a.	June 13, 2020	TR + 7.60% p.a.	19,982
BR Malls S.A.	Banco do Nordeste Financing	Expansion of Recife Shopping Mall	823	823	-	3.53% p.a.	March 25, 2019	3.53% p.a.	823
Fashion Mall S.A.	CRI Itaú BBA	Capitalization	536,328	1,648	534,680	TR + 9.31% p.a.	March 19, 2025	TR + 9.31% p.a.	536,328
Nattca S.A.	CRI Itaú S.A.	Capitalization	208,369	20,118	188,251	IPCA + 6.34% p.a.	March 7, 2024	IPCA + 4.70% p.a.	227,941
Nattca S.A.	CRI Itaú S.A.	Capitalization	80,132	7,737	72,395	IPCA + 6.71% p.a.	March 6, 2026	IPCA + 5.60% p.a.	86,437
Nattca S.A.	CRI Itaú S.A.	Capitalization	155,782	15,041	140,741	IPCA + 7.04% p.a.	March 7, 2029	IPCA + 6.60% p.a.	160,281
Proffito	CRI Itaú S.A.	Capitalization	63,429	19,394	44,035	TR + 9.40% p.a.	October 19, 2021	TR + 9.40% p.a.	63,429
Proffito	CRI Itaú S.A.	Capitalization	80,486	15,893	64,593	TR + 9.40% p.a.	February 16, 2023	TR + 9.40% p.a.	80,486
Dokka	Santander financing	Construction of São Bernardo Shopping Mall	70,259	14,362	55,897	TR + 9.15% p.a.	March 20, 2023	TR + 9.15% p.a.	70,259
CIMA	CRI Bradesco	Capitalization	639,830	42,541	597,289	TR + 8.90% p.a.	February 28, 2025	TR + 8.90% p.a.	639,830
Mooca	Bradesco financing	Construction of Mooca Shopping Mall	30,143	8,612	21,531	TR + 9.10% p.a.	June 28, 2022	TR + 9.10% p.a.	30,143
Contagem	CCB Itaú BBA*	Construction of Contagem Shopping Mall	62,859	40,676	22,183	TR + 7.60% p.a.	June 13, 2020	TR + 7.60% p.a.	62,859
Estação BH	Banco do Brasil financing	Construction of Estação BH Shopping Mall	57,832	17,283	40,549	TR + 8.90% p.a.	April 15, 2022	TR + 8.90% p.a.	57,832
SPE Classic	Bradesco financing	Expansion of São Luís Shopping Mall	3,613	1,060	2,553	TR + 9.90% p.a.	May 28, 2022	TR + 9.90% p.a.	3,613
			<u>2,779,083</u>	<u>412,109</u>	<u>2,366,974</u>				<u>2,807,096</u>

(*) Debt indexes can range from TR+7.60% to TR+9.40% according to Selic.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
 Section 1: Information on the Group and its policies
 March 31, 2019

(In thousands of reais, except when indicated otherwise)

1.5. Financial risk management (Continued)

Guarantees

The Company has pledged the following assets as collateral for its loans and financings:

Financial institution	Financing	Type of guarantee
Banco Itaú	CRI Tamboré, CCB BR Malls Participações S.A., CCB SPE Contagem, CCB Cuiabá, CRI Fashion Mall S.A.	Sale and assignment in trust of the shopping malls Campo Grande, Shopping Center Caxias, Curitiba, Del Rey, Tamboré. Assignment in trust of 42% of the Plaza Niterói shopping mall. Statutory lien of the shares of the company Fashion Mall S.A. and assignment in trust of investment.
Banco Bradesco	Mooca financing	Mortgage of land and shopping mall and assignment in trust of future credit rights receivable from the shopping mall.
Banco Bradesco	CRI Tijuca	Statutory lien of Tijuca Shopping mall and Cima's shares.
Banco do Brasil	Estação BH shopping mall financing	Statutory lien of the interest in Contagem Shopping Mall and assignment in trust of investment.
Banco Itaú BBA	CRI Natca2006 Participações S.A.	Statutory lien and assignment in trust of Estação and Campinas shopping malls
Banco Bradesco	Shopping Mall Financing Sao Luis	25.7% of the São Luís shopping mall expansion
Simplific Pavarini	Debentures – 5 th issue	Statutory lien of 36.14% of Villa Lobos shopping mall, Assignment in trust of 58.41% of Villa Lobos shopping mall

The "Debenture VI and VII - Single Series" raised in the amount of R\$400,000 and R\$600,000, respectively, with a maturity of 6 years, were carried out without guarantee.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
 Section 2: Result for the period, distribution of profit and taxes
 March 31, 2019

(In thousands of reais, except when indicated otherwise)

2.1. Net revenue from leases and services

	Company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Rents	67,392	65,323	226,080	217,341
Fee of assignment of rights of use (Key Money)	1,614	1,715	5,216	5,283
Parking lot	10,304	9,779	63,992	61,031
Aircraft and traffic servicing	-	-	27,140	21,146
Transfer fee	300	271	770	834
Others	14	877	874	1,959
Taxes and contributions	(7,504)	(7,187)	(27,030)	(25,020)
Net revenue from leases and services	72,120	70,778	297,042	282,574

2.2. Lease and service costs

	Company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Personnel costs	(806)	(843)	(6,962)	(6,261)
Contracted services	(1,513)	(1,700)	(3,404)	(3,268)
Condominium fees	(2,175)	(2,157)	(11,294)	(11,898)
Cost of promotion fund	(653)	(610)	(3,251)	(2,359)
Financial costs	(130)	(128)	(500)	(523)
Tax costs	(105)	(126)	(153)	(233)
Commercial costs	(938)	(957)	(1,224)	(827)
Material for common use	(434)	(360)	(1,109)	(1,134)
Concessions for exploration of shopping malls (*)	-	-	(3,421)	(3,099)
PIS and COFINS credits	902	927	3,153	2,651
Legal costs	(157)	(236)	(1,450)	(1,454)
Other costs	(82)	(215)	(1,897)	(1,490)
	(6,091)	(6,405)	(31,512)	(29,895)

(*) These refer to Metrô Santa Cruz and Estação BH shopping malls.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 2: Result for the period, distribution of profit and taxes

March 31, 2019

(In thousands of reais, except when indicated otherwise)

2.3. Segment reporting - results

Operating segment information is stated consistently with the internal report provided for by the chief operating decision-maker.

In addition, the equity balance of assets by segment is stated in Note 3.2.

The chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments, is the senior management responsible for making the strategic decisions of the Company.

Company's management uses segment information to make strategic decisions. The performance of each segment is extracted from the Company's accounting records and is segregated as follows:

	March 31, 2019 (Consolidated)				
	South	Southeast	Northeast	North/ Midwest	Total
Shopping mall revenue by region					
Rents	32,308	161,712	12,902	19,158	226,080
Fee of assignment of rights of use (Key Money)	687	2,896	511	1,122	5,216
Parking lot	7,993	48,976	665	6,358	63,992
Transfer fee	50	433	287	-	770
Services rendering (i)	-	-	-	-	27,140
Others	536	295	-	43	874
	<u>41,574</u>	<u>214,312</u>	<u>14,365</u>	<u>26,681</u>	<u>324,072</u>
Taxes and contributions	(3,785)	(19,508)	(1,308)	(2,429)	(27,030)
Shopping mall costs by region					
Personnel	(650)	(4,924)	(216)	(1,172)	(6,962)
Contracted services	(429)	(2,192)	(90)	(693)	(3,404)
Condominium fees	(1,870)	(8,201)	(241)	(982)	(11,294)
Cost of promotion fund	(204)	(1,694)	(217)	(1,136)	(3,251)
Concessions for mall exploration	-	(3,421)	-	-	(3,421)
Legal costs	(651)	(702)	(10)	(87)	(1,450)
Financial costs	(38)	(398)	(16)	(48)	(500)
Tax costs	(14)	(134)	-	(5)	(153)
Commercial costs	(313)	(904)	-	(7)	(1,224)
Material for common use	(117)	(829)	(25)	(138)	(1,109)
PIS and COFINS credits (i)	-	-	-	-	3,153
Other costs	(275)	(1,268)	(40)	(314)	(1,897)
	<u>(4,561)</u>	<u>(24,667)</u>	<u>(855)</u>	<u>(4,582)</u>	<u>(31,512)</u>
Gross profit from leases and services	<u>33,228</u>	<u>170,137</u>	<u>12,202</u>	<u>19,670</u>	<u>265,530</u>

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 2: Result for the period, distribution of profit and taxes

March 31, 2019

(In thousands of reais, except when indicated otherwise)

2.3. Segment reporting – results (Continued)

	March 31, 2018 (Consolidated)				
	South	Southeast	Northeast	North/ Midwest	Total
Shopping mall revenue by region					
Rents	31,667	158,466	13,241	13,967	217,341
Fee of assignment of rights of use (Key Money)	892	3,450	529	412	5,283
Parking lot	7,476	46,913	712	5,930	61,031
Transfer fee	1	653	155	25	834
Services rendering (i)	-	-	-	-	21,146
Others	273	1,348	-	338	1,959
	<u>40,309</u>	<u>210,830</u>	<u>14,637</u>	<u>20,672</u>	<u>307,594</u>
Taxes and contributions	(3,540)	(18,325)	(1,265)	(1,890)	(25,020)
Shopping mall costs by region					
Personnel	(720)	(4,790)	(252)	(499)	(6,261)
Contracted services	(444)	(2,252)	(76)	(496)	(3,268)
Condominium fees	(2,945)	(7,846)	(229)	(878)	(11,898)
Cost of promotion fund	(49)	(1,712)	(203)	(395)	(2,359)
Concessions for exploration of shopping malls	-	(3,099)	-	-	(3,099)
Legal costs	(115)	(1,238)	(19)	(82)	(1,454)
Financial costs	(26)	(458)	(12)	(27)	(523)
Tax costs	(18)	(201)	-	(14)	(233)
Commercial costs	-	(644)	(183)	-	(827)
Material for common use	(90)	(962)	(14)	(68)	(1,134)
PIS and COFINS credits (i)	-	-	-	-	2,651
Other costs	(438)	(1,004)	(28)	(20)	(1,490)
	<u>(4,845)</u>	<u>(24,206)</u>	<u>(1,016)</u>	<u>(2,479)</u>	<u>(29,895)</u>
Gross revenue from leases and services	<u>31,924</u>	<u>168,299</u>	<u>12,356</u>	<u>16,303</u>	<u>252,679</u>

(i) Refers to revenues from administration, commercialization of shopping malls and PIS and COFINS credits that are not allocated by segment.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 2: Result for the period, distribution of profit and taxes

March 31, 2019

(In thousands of reais, except when indicated otherwise)

2.3. Segment reporting – results (Continued)

The Company organized its shopping mall portfolio according to the Brazilian Criteria for Economic Classification, known as “Critério Brasil”, organized by the Brazilian Institute of Public Opinion and Statistics (IBOPE), which divides the Brazilian populations into the following social classes: A, B, C, D and E.

	March 31, 2019 (Consolidated)				
	A	A/B	B	B/C	Total
Shopping mall revenues by class					
Rents	5,786	140,495	75,327	4,472	226,080
Fee of assignment of rights of use (Key Money)	128	3,785	1,253	50	5,216
Parking lot	1,826	38,957	22,849	360	63,992
Transfer fee	6	501	263	-	770
Services rendering (i)	-	-	-	-	27,140
Others	49	687	138	-	874
	<u>7,795</u>	<u>184,425</u>	<u>99,830</u>	<u>4,882</u>	<u>324,072</u>
Taxes and contributions	(710)	(16,788)	(9,088)	(444)	(27,030)
Shopping mall costs by class					
Personnel	(42)	(5,188)	(1,732)	-	(6,962)
Contracted services	(329)	(1,719)	(1,318)	(38)	(3,404)
Condominium fees	(82)	(5,044)	(5,531)	(637)	(11,294)
Cost of promotion fund	(90)	(1,778)	(1,365)	(18)	(3,251)
Concessions for mall exploration	-	-	(3,421)	-	(3,421)
Legal costs	(6)	(529)	(885)	(30)	(1,450)
Financial costs	(3)	(293)	(204)	-	(500)
Tax costs	-	(128)	(24)	(1)	(153)
Commercial costs	(35)	(1,057)	(132)	-	(1,224)
Material for common use	(15)	(568)	(526)	-	(1,109)
PIS and COFINS credits (i)	-	-	-	-	3,153
Other costs	(93)	(1,349)	(445)	(10)	(1,897)
	<u>(695)</u>	<u>(17,653)</u>	<u>(15,583)</u>	<u>(734)</u>	<u>(31,512)</u>
Gross profit from leases and services	<u>6,390</u>	<u>149,984</u>	<u>75,159</u>	<u>3,704</u>	<u>265,530</u>

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 2: Result for the period, distribution of profit and taxes

March 31, 2019

(In thousands of reais, except when indicated otherwise)

2.3. Segment reporting – results (Continued)

	March 31, 2018 (Consolidated)				
	A	A/B	B	B/C	Total
Shopping mall revenues by class					
Rents	5,412	134,731	73,529	3,669	217,341
Fee of assignment of rights of use (Key Money)	261	3,198	1,780	44	5,283
Parking lot	2,151	37,195	21,519	166	61,031
Transfer fee	4	699	131	-	834
Services rendering (i)	-	-	-	-	21,146
Others	20	1,549	387	3	1,959
	<u>7,848</u>	<u>177,372</u>	<u>97,346</u>	<u>3,882</u>	<u>307,594</u>
Taxes and contributions	(618)	(15,336)	(8,742)	(324)	(25,020)
Shopping mall costs by class					
Personnel	(149)	(4,161)	(1,951)	-	(6,261)
Contracted services	(369)	(1,648)	(1,191)	(60)	(3,268)
Condominium fees	(112)	(6,202)	(4,909)	(675)	(11,898)
Cost of promotion fund	(92)	(1,001)	(1,247)	(19)	(2,359)
Concessions for exploration of shopping malls	-	-	(3,099)	-	(3,099)
Legal costs	(32)	(902)	(500)	(20)	(1,454)
Financial costs	(12)	(288)	(223)	-	(523)
Tax costs	-	(154)	(79)	-	(233)
Commercial costs	-	(827)	-	-	(827)
Material for common use	(5)	(552)	(577)	-	(1,134)
PIS and COFINS credits (i)	-	-	-	-	2,651
Other costs	(99)	(689)	(693)	(9)	(1,490)
	<u>(870)</u>	<u>(16,424)</u>	<u>(14,469)</u>	<u>(783)</u>	<u>(29,895)</u>
Gross revenue from leases and services	<u>6,360</u>	<u>145,612</u>	<u>74,135</u>	<u>2,775</u>	<u>252,679</u>

(i) Refers to revenues from administration, commercialization of shopping malls and PIS and COFINS credits that are not allocated by segment.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 2: Result for the period, distribution of profit and taxes

March 31, 2019

(In thousands of reais, except when indicated otherwise)

2.4. Selling expenses

	Company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Allowance for doubtful accounts				
Accounts Receivable	(1,918)	(754)	(2,569)	760
Condominium fees (i)	(881)	(484)	(2,698)	(3,952)
Loss of receivables	(291)	(493)	(1,423)	(2,252)
Commissions on commercialization (ii)	(5,617)	(5,008)	(5,740)	(5,526)
	(8,707)	(6,739)	(12,430)	(10,970)

(i) Amounts paid by the developer to the condominium due to the non-payment by tenants; and

(ii) Refer to amounts paid to sales executives on new negotiations.

2.5. Administrative Expenses

	Company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Personnel expenses (i)	(25,418)	(19,736)	(25,430)	(19,736)
Depreciation and amortization	(5,201)	(4,197)	(5,255)	(4,251)
Services rendered (ii)	(2,475)	(2,049)	(2,735)	(2,233)
Material for Use and Consumption	(48)	(17)	(66)	(31)
Reversal of provision for lawsuits (Note 5.2)	1,313	1,781	1,329	1,125
Other administrative expenses (iii)	(1,780)	(1,264)	(2,752)	(1,449)
	(33,609)	(25,482)	(34,909)	(26,575)

(i) Refer to salaries and related charges, restricted performance share plans and stock option plans (Note 5.3) and profit sharing for employees and management;

(ii) They basically correspond to expenses with legal fees, external audit, communications and advice in human resources and information technology; and

(iii) Refers basically to travel expenses, legal expenses, technical advisory services, publishing and insurance premiums.

2.6. Financial Result

	Company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial revenues				
Revenue from investments	7,138	22,447	16,760	25,157
Gain on derivatives	-	-	-	1,354
Exchange gains/losses (i)	5,156	8,953	43	9,353
Others (iii)	1,998	606	3,440	2,194
	14,292	32,006	20,243	38,058
Financial expenses				
Loan and financing charges (ii)	(13,766)	(20,273)	(74,224)	(78,203)
Loss with derivatives	-	(6,074)	(624)	(8,079)
Exchange gains/losses (i)	(5,662)	(3,733)	(40)	(3,764)
Less: amounts capitalized in qualifying assets	-	-	-	3,815
Other (iii)	(1,068)	(1,370)	(1,957)	(2,933)
	(20,496)	(31,450)	(76,845)	(89,164)
Financial income (expense), net	(6,204)	556	(56,602)	(51,106)

(i) As of March 31, 2018, refers to the exchange variation of the swap settled in the first quarter and in the Company, update of loan between related parties in foreign currency (as per note 5.1);

(ii) Refer to charges on loans, financing and obligations for acquisition of shopping malls; and

(iii) On March 31, 2018, refer to PIS and COFINS on financial income in the company and in the consolidated monetary restatement on REFIS settled on July 25, 2018. In the three-month period ended, they mainly refer to the update of amounts receivable from the sale of Granja Vianna and Paralela shopping malls, PIS and Cofins on financial income and other financial expenses, in the Company and consolidated.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 2: Result for the period, distribution of profit and taxes

March 31, 2019

(In thousands of reais, except when indicated otherwise)

2.7. Reconciliation of taxes

The reconciliation between the expense of income tax and social contribution by the actual rate is shown below:

	Company		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Income before income tax and social contribution	155,781	100,449	168,181	172,684
Combined statutory rate for income tax and social contribution - %	34%	34%	34%	34%
Income tax and social contribution at statutory rates	(52,966)	(34,153)	(57,182)	(58,713)
Tax effects on:				
Equity Income	46,309	22,889	1,660	1,958
Interest on equity (i)	18,700	-	18,700	-
Tax credits not made up of income and social contribution losses (ii)	(13,452)	(3,161)	(13,249)	(13,054)
Tax credits made up of (reversed from) temporary differences, tax losses and negative bases of previous fiscal years (iii)	581	40,507	39,342	24,303
Difference of tax base for companies subject to taxable profit computed as a percentage of gross sales regime	-	-	9,259	19,223
Others	-	-	(1,200)	(6,590)
Income tax and social contribution on profit or loss for the period	(828)	26,082	(2,670)	(32,873)
Current (iv)	-	(5,571)	(18,462)	(27,146)
Deferred	(828)	31,653	15,792	(5,727)
Total	(828)	26,082	(2,670)	(32,873)

(i) In the three-month period ended March 31, 2019, was approved the payment of interest on equity to shareholders in the amount of R\$55,000 was approved;

(ii) Refers to not-accounted for deferred income tax and social contribution on temporary differences, tax losses and negative bases for the period, due to the absence of expected recoverability;

(iii) In 2019 refers mainly to the constitution of part of the deferred tax assets and negative bases in the wholly-owned subsidiary CIMA Empreendimentos do Brasil S.A., due to the new prospect of recoverability. In 2018, the impact on the Company was mainly due to income tax and social contribution tax on temporary differences that were recorded in previous years compared to those presented by the Company. In the Consolidated, in addition to the constitution of the Company's historical balance, there was the write-off of a deferred tax of one of its subsidiaries, due to changes in the tax system; and

(iv) Of which 67.13% refers to companies that adopt the system of taxable profit computed as a percentage of gross sales for the three-month period ended on March 31, 2019 (79.10% for the three-month period ended on March 31, 2018).

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 2: Result for the period, distribution of profit and taxes
March 31, 2019

(In thousands of reais, except when indicated otherwise)

2.8. Earnings per share

a) Basic

Basic earnings per share are calculated by dividing the net income / (loss) attributable to the Company's shareholders by the weighted average number of common shares issued over the period, excluding common shares purchased by the Company and held as treasury shares (Note 4.3).

	Company	
	March 31, 2019	March 31, 2018
Net income attributable to Company's shareholders	154,953	126,531
Weighted average number of common shares issued (less treasury shares)	842,263,069	870,982,878
Basic earnings (loss) per share R\$	0.18397	0.14527

b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares to the conversion of all potentially diluted common shares. The Company has only one category of potentially diluted common shares: It is considered the stock options, and restricted shares, based on which a calculation is made so as to determine the number of shares that could have been acquired for the fair value (determined as the average annual market price of the Company's share), based on the monetary value of subscription rights related to outstanding stock options and restricted shares.

The number of shares calculated as above is compared to the number of shares issued, considering stock option exercise.

	Company	
	March 31, 2019	March 31, 2018
Net income attributable to Company's shareholders	154,953	126,531
Weighted average number of common shares issued (less treasury shares)	842,263,069	870,982,878
Adjustments of stock options (i)	775,624	1,382,235
Weighted average number of common shares for diluted earnings per share (ii)	843,038,693	872,365,113
Diluted earnings per share – R\$	0.18380	0.14504

(i) The number of shares converted by the stock options and restricted shares not exercised takes into consideration the strike price of the options and the average market price of the restricted share.

(ii) Calculation of earnings per share does not consider the restricted share programs, since, according to CPC 41 - Earnings per share, shares issuable under condition are only included after all conditions have been met. The total granted for these programs is disclosed in note 5.3.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 3: Invested capital and working capital
March 31, 2019

(In thousands of reais, except when indicated otherwise)

3.1. Investment properties

Critical accounting estimates and judgments

The fair value of investment properties was measured using a proprietary method, semi-annually calculated, supported by market rates and evidence. Thus, the fair value of investment properties was based on internal assessment by professionals with experience related to the assessed properties.

On a quarterly basis, the Company applies a process to monitor events that could indicate that fair value estimates must be reviewed, such as Greenfield projects launch, acquisition of additional interest or disposal of interest in shopping malls, significant variations in shopping malls performance as compared to budgets, changes in the macroeconomic scenario, among others. If such events are identified, the Company adjusts its estimates, reflecting these variations in the income statements for the period.

The changes in investment properties for the three-month period ended March 31, 2019 are as follows:

	Company		
	In operation	"Greenfield" projects under construction (ii)	Total
Balances on December 31, 2017	4,571,368	62,182	4,633,550
Acquisitions/additions	48,908	6,180	55,088
Fair value adjustment	189,181	-	189,181
Balances on December 31, 2018	4,809,457	68,362	4,877,819
Acquisitions/additions (i)	6,119	97	6,216
Balances on March 31, 2019	4,815,576	68,459	4,884,035

(i) Additions of investment properties in operation basically refer to the shopping malls Norteshopping, Niterói Plaza, Villa-Lobos and Shopping Del Rey;

(ii) The "Greenfield" projects under construction mainly refer to expenditures on the Norte Shopping expansion project;

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 3: Invested capital and working capital
March 31, 2019

(In thousands of reais, except when indicated otherwise)

3.1. Investment properties - Continued

	Consolidated		
	In operation	"Greenfield" projects under construction (ii)	Total
Balances on December 31, 2017	14,418,094	597,494	15,015,588
Acquisitions/additions	113,999	204,762	318,761
Fair value adjustment	760,345	-	760,345
Transfers	487,140	(487,140)	-
Balances on December 31, 2018	15,779,578	315,117	16,094,695
Acquisitions/additions (i)	38,853	726	39,579
Disposals (iii)	(57,907)	-	(57,907)
Balances on March 31, 2019	15,760,524	315,843	16,076,367

(i) Additions of investment properties in operation basically refer to the shopping malls: Estação Cuiabá, Niteroi Plaza, Tijuca, Villa-Lobos, Del Rey and Campinas;

(ii) In 2018, the 'Greenfield' projects under construction refer mainly to the expenditures with the construction of Cuiabá Shopping Mall. In the three-month period ended March 31, 2019 refers to expenses with Shopping Cascavel; and

(iii) The disposal amounts refer to the sale of a shareholding in the company SFIDA, which owns Shopping Sete Lagoas.

The assumptions used to evaluate the fair value have not been change during the three-month period ended March 31, 2019 and, therefore, remain consistent with those described in the note 3.1 of the Company's financial statements for the year ended December 31, 2018.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 3: Invested capital and working capital
March 31, 2019

(In thousands of reais, except when indicated otherwise)

3.2. Segment reporting – operating assets

Company's management uses segment information to make strategic decisions. The balance sheet information of each segment is extracted from the Company's accounting records and is segregated as follows. In addition, the operational performance by segment is stated in Note 2.3.

	March 31, 2019 - Consolidated					
	South	Southeast	Northeast	North/ Midwest	Corporate	Total
Operating assets by region						
Current assets (i)	-	-	-	-	1,727,579	1,727,579
Other noncurrent assets (i)	-	-	-	-	735,794	735,794
Investment properties	2,260,871	11,464,438	868,055	1,483,003	-	16,076,367
Total assets	2,260,871	11,464,438	868,055	1,483,003	2,463,373	18,539,740

	December 31, 2018 - Consolidated					
	South	Southeast	Northeast	North/ Midwest	Corporate	Total
Operating assets by region						
Current assets (i)	-	-	-	-	1,305,042	1,305,042
Other noncurrent assets (i)	-	-	-	-	731,299	731,299
Investment properties	2,256,251	11,503,160	866,986	1,468,298	-	16,094,695
Total assets	2,256,251	11,503,160	866,986	1,468,298	2,036,341	18,131,036

The Company organized its shopping mall portfolio according to the Brazilian Criteria for Economic Classification, known as "Critério Brasil", organized by the Brazilian Institute of Public Opinion and Statistics (IBOPE), which divides the Brazilian populations into the following social classes: A, B, C, D and E.

	December 31, 2018 - Consolidated					Total
	A	A/B	B	B/C	Corporate	
Operating assets by class						
Current assets (i)	-	-	-	-	1,727,579	1,727,579
Other noncurrent assets (i)	-	-	-	-	735,794	735,794
Investment properties	438,994	9,787,153	5,631,618	218,602	-	16,076,367
Total assets	438,994	9,787,153	5,631,618	218,602	2,463,373	18,539,740

	December 31, 2018 - Consolidated					Total
	A	A/B	B	B/C	Corporate	
Operating assets by class						
Current assets (i)	-	-	-	-	1,305,042	1,305,042
Other noncurrent assets (i)	-	-	-	-	731,299	731,299
Investment properties	437,085	9,772,736	5,666,366	218,508	-	16,094,695
Total assets	437,085	9,772,736	5,666,366	218,508	2,036,341	18,131,036

(i) They refer to the Company's operating assets that are not allocated by segment.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 3: Invested capital and working capital

March 31, 2019

(In thousands of reais, except when indicated otherwise)

3.3. Investments

The Company has investments in subsidiaries, jointly-owned subsidiaries and affiliates, all located in Brazil, except for the subsidiary BR Malls Finance and the indirect subsidiary L5 Corporate, located in the Cayman Islands and in the United States, respectively.

Company

The table below shows changes in investments as of March 31, 2019:

	December 31, 2018	Dividends	Equity income	Increase in Capital / Shares	Disposal (*)	March 31, 2019
Br Malls Finance	189,792	-	1,755	-	-	191,547
SPE Fortuna	230,500	(6,920)	3,723	-	-	227,303
BR Malls CSC	28,314	(12,300)	4,845	-	-	20,859
Sociedade Independência S/A	254,451	(5,751)	4,056	-	-	252,756
SPE Sfida	38,946	-	109	4,318	(43,373)	-
VL 100	63,649	-	956	-	-	64,605
Empreendimentos Profitto Holding Participações S/A	947,945	(96,094)	35,120	-	-	886,971
Cima Empreendimentos do Brasil S/A	2,310,878	-	48,219	-	-	2,359,097
Center Shopping S/A Nattca2006	361,448	(7,138)	5,011	-	-	359,321
Participações S/A	387,547	-	1,522	-	-	389,069
Fashion Mall S/A	572,832	-	6,580	-	-	579,412
Companhia Santa Cruz	453,061	(7,473)	7,581	-	-	453,169
Others	755,975	(13,511)	16,725	31	-	759,220
Total	6,595,338	(149,187)	136,202	4,349	(43,373)	6,543,329

* Refers to the disposal movement, as described in note 1.1.

The table below shows changes in investments as of December 31, 2018:

	December 31, 2017	Dividends	Capital transactions with non- controlling shareholders	Adoption CPC 48 (IFRS 9)	Equity Income	Treasury Shares	Increase in Capital / Shares	Acquisitio n	December 31, 2018
Br Malls Finance	170,854	-	-	(108)	17,874	-	1,172	-	189,792
SPE Fortuna	144,905	-	-	(76)	53,696	-	31,975	-	230,500
BR Malls CSC	21,498	(10,007)	-	-	16,791	-	32	-	28,314
Sociedade Independência S/A	248,267	(15,498)	-	(1,198)	22,880	-	-	-	254,451
SPE Sfida	27,337	(1,661)	-	(1,078)	4,051	-	10,297	-	38,946
VL 100	59,575	-	-	(81)	3,605	-	550	-	63,649
Empreendimentos Profitto Holding Participações S/A	967,768	(40,846)	-	(4,445)	168,724	(303,256)	160,000	-	947,945
Cima Empreendimentos do Brasil S/A	1,495,587	(17,925)	(155,328)	(13,554)	284,233	-	717,865	-	2,310,878
Center Shopping S/A	325,734	(18,166)	-	(1,223)	50,596	-	4,507	-	361,448
Nattca2006 Participações S/A	292,549	(2,576)	-	(2,338)	37,536	-	62,376	-	387,547
Fashion Mall S/A	528,344	(8,804)	-	(3,722)	42,055	-	14,959	-	572,832
Companhia Santa Cruz	445,389	(25,172)	-	(801)	32,531	-	1,114	-	453,061
Others	651,274	(56,291)	-	(1,669)	57,733	-	104,589	339	755,975
Total	5,379,081	(196,946)	(155,328)	(30,293)	792,305	(303,256)	1,109,436	339	6,595,338

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 3: Invested capital and working capital

March 31, 2019

(In thousands of reais, except when indicated otherwise)

3.3. Investments – Continued

On March 31, 2019, the main balances of the Company's direct subsidiaries are as follows:

	Assets			Liabilities			
	Current	Non-current	Total	Current	Non-current	Equity	Total
Br Malls Finance	90,706	100,841	191,547	-	-	(191,547)	(191,547)
SPE Fortuna	10,247	221,192	231,439	(1,981)	(2,155)	(227,303)	(231,439)
BR Malls CSC	20,940	1,226	22,166	(1,307)	-	(20,859)	(22,166)
Sociedade Independência S/A	6,929	430,738	437,667	(8,946)	(125,802)	(302,919)	(437,667)
SPE Sfida	7,802	64,726	72,528	(10,549)	(7,146)	(54,833)	(72,528)
VL 100 Empreendimentos	22,766	183,004	205,770	(917)	(53,871)	(150,982)	(205,770)
Proffito Holding Participações S/A	107,488	1,787,096	1,894,584	(285,813)	(418,545)	(1,190,226)	(1,894,584)
Cima Empreendimentos do Brasil S/A	688,704	2,917,009	3,605,713	(332,613)	(914,003)	(2,359,097)	(3,605,713)
Center Shopping S/A	9,797	986,438	996,235	(7,571)	(284,114)	(704,550)	(996,235)
Nattca2006 Participações S/A	13,623	1,171,564	1,185,187	(75,127)	(720,991)	(389,069)	(1,185,187)
Fashion Mall S/A	65,439	1,388,801	1,454,240	(47,584)	(827,244)	(579,412)	(1,454,240)
Companhia Santa Cruz	31,871	628,359	660,230	(17,114)	(189,947)	(453,169)	(660,230)
Others	111,660	1,353,444	1,465,104	(302,021)	(243,888)	(919,195)	(1,465,104)
Total	1,187,972	11,234,438	12,422,410	(1,091,543)	(3,787,706)	(7,543,161)	(12,422,410)

Income statement for the three-month period ended March 31, 2019 of direct subsidiaries:

	Net revenue	Lease and service costs	Operating Revenue (Expenses)	Financial income (expense), net	Equity income	Other income (expenses)	Income tax and social contribution tax	Net Profit of the Period
Br Malls Finance	-	-	-	477	1,278	-	-	1,755
SPE Fortuna	4,497	(528)	(109)	81	-	(56)	(162)	3,723
BR Malls CSC	5,858	-	(319)	142	71	(425)	(482)	4,845
Sociedade Independência S/A	4,807	(505)	305	56	1,254	(3)	(1,053)	4,861
SPE Sfida	574	(403)	20	16	197	-	(266)	138
VL 100 Empreendimentos	2,383	(271)	(137)	324	420	-	(485)	2,234
Proffito Holding Participações S/A	11,972	(1,918)	(708)	(2,547)	29,259	-	(938)	35,120
Cima Empreendimentos do Brasil S/A	21,628	(1,712)	(875)	(10,289)	16,934	592	21,941	48,219
Center Shopping S/A	12,422	(1,986)	(854)	280	2,546	(11)	(2,571)	9,826
Nattca2006 Participações S/A	13,617	(1,849)	(1,050)	(11,072)	1,740	(198)	334	1,522
Fashion Mall S/A	19,952	(1,857)	(1,731)	(12,718)	3,979	-	(1,045)	6,580
Companhia Santa Cruz	11,234	(2,967)	(325)	138	1,160	-	(1,659)	7,581
Others	45,756	(9,943)	(865)	(770)	(3,353)	(9)	(1,695)	29,121
Total	154,700	(23,939)	(6,648)	(35,882)	55,485	(110)	11,919	155,525

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 3: Invested capital and working capital
March 31, 2019

(In thousands of reais, except when indicated otherwise)

3.3. Investments - Continued

On December 31, 2018, the main balances of the Company's direct subsidiaries are as follows:

	Assets			Liabilities			
	Current	Non-current	Total	Current	Non-current	Equity	Total
Br Malls Finance	90,229	99,563	189,792	-	-	(189,792)	(189,792)
SPE Fortuna	15,864	220,341	236,205	(3,586)	(2,119)	(230,500)	(236,205)
BR Malls CSC	29,216	1,155	30,371	(2,057)	-	(28,314)	(30,371)
Sociedade Independência S/A	6,493	429,294	435,787	(5,331)	(125,505)	(304,951)	(435,787)
SPE Sfida	7,114	64,904	72,018	(15,759)	(7,023)	(49,236)	(72,018)
VL 100 Empreendimentos	21,486	181,778	203,264	(743)	(53,774)	(148,747)	(203,264)
Proffito Holding Participações S/A	149,373	1,760,293	1,909,666	(228,252)	(430,214)	(1,251,200)	(1,909,666)
Cima Empreendimentos do Brasil S/A	609,947	2,868,153	3,478,100	(248,212)	(919,010)	(2,310,878)	(3,478,100)
Center Shopping S/A	14,146	982,446	996,592	(4,435)	(283,436)	(708,721)	(996,592)
Nattca2006 Participações S/A	15,440	1,165,981	1,181,421	(60,646)	(733,228)	(387,547)	(1,181,421)
Fashion Mall S/A	61,787	1,383,381	1,445,168	(45,775)	(826,561)	(572,832)	(1,445,168)
Companhia Santa Cruz	33,234	626,542	659,776	(16,905)	(189,810)	(453,061)	(659,776)
Others	121,604	1,325,897	1,447,501	(277,391)	(253,168)	(916,942)	(1,447,501)
Total	1,175,933	11,109,728	12,285,661	(909,092)	(3,823,848)	(7,552,721)	(12,285,661)

Income statement for the year ended December 31, 2018 of direct subsidiaries:

	Net revenue	Lease and service costs	Operating Revenue (Expenses)	Financial income (expense), net	Equity Income	Other income (expenses)	Income tax and social contribution tax	Net income
Br Malls Finance	-	-	-	13,049	4,825	-	-	17,874
SPE Fortuna	15,229	(3,636)	(356)	365	-	43,915	(1,821)	53,696
BR Malls CSC	19,757	-	(1,049)	413	264	-	(2,594)	16,791
Sociedade Independência S/A	20,747	(1,850)	(2,708)	(1,058)	5,209	16,424	(9,343)	27,421
SPE Sfida	5,596	(1,187)	1	(528)	1,263	2,060	(2,084)	5,121
VL 100 Empreendimentos	9,793	(1,246)	(401)	1,071	2,199	(1,715)	(1,277)	8,424
Proffito Holding Participações S/A	54,271	(7,671)	1,773	(17,978)	118,308	74,724	(54,703)	168,724
Cima Empreendimentos do Brasil S/A	89,717	(7,241)	(5,612)	(55,308)	167,259	116,694	(21,276)	284,233
Center Shopping S/A	52,214	(8,851)	(3,842)	432	10,720	86,973	(38,439)	99,207
Nattca2006 Participações S/A	55,993	(6,479)	(2,776)	(46,450)	6,820	39,849	(9,421)	37,536
Fashion Mall S/A	80,692	(10,088)	(2,852)	(54,229)	15,938	21,301	(8,707)	42,055
Companhia Santa Cruz	45,369	(12,775)	(255)	382	4,538	1,453	(6,181)	32,531
Others	176,753	(38,421)	(7,687)	6,399	7,038	(5,839)	(15,903)	122,340
Total	626,131	(99,445)	(25,764)	(153,440)	344,381	395,839	(171,749)	915,953

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 3: Invested capital and working capital
March 31, 2019

(In thousands of reais, except when indicated otherwise)

3.3. Investments - Continued

Consolidated

The table below shows changes in investments as of March 31, 2019:

	December 31, 2018	Dividends	Equity income	Recognition of capital deficiency	Capital Increase	March 31, 2019
GS Shopping	182,445	(4,289)	3,293	-	-	181,449
Christaltur	80,086	(1,500)	1,388	-	-	79,974
B. SetE	75,834	(2,653)	2,041	-	-	75,222
Macaé SPE	43,385	-	223	-	-	43,608
Others	7,713	(1,607)	(2,062)	(1,277)	10,000	12,767
	<u>389,463</u>	<u>(10,049)</u>	<u>4,883</u>	<u>(1,277)</u>	<u>10,000</u>	<u>393,020</u>

The table below shows changes in investments as of December 31, 2018:

	December 31, 2017	Dividends	Equity Income	Recognition of capital deficiency	Adoption CPC 48 (IFRS 9)	Acquisition	December 31, 2018
GS Shopping	158,663	(13,054)	37,307	-	(471)	-	182,445
Christaltur	80,983	(5,750)	4,984	-	(131)	-	80,086
B. SetE	75,824	(8,790)	8,800	-	-	-	75,834
Macaé SPE	40,687	-	3,244	-	(546)	-	43,385
Others	18,630	(5,942)	(19,716)	12,798	(1,778)	3,721	7,713
	<u>374,787</u>	<u>(33,536)</u>	<u>34,619</u>	<u>12,798</u>	<u>(2,926)</u>	<u>3,721</u>	<u>389,463</u>

On March 31, 2019, the main balances of Company direct subsidiaries are as follows:

	Assets			Liabilities			
	Current	Non-current	Total	Current	Non-current	Equity	Total
GS Shopping	17,278	505,209	522,487	(12,105)	(147,484)	(362,898)	(522,487)
Christaltur	2,153	231,321	233,474	-	(73,494)	(159,980)	(233,474)
B. SetE	5,711	264,468	270,179	(2,954)	(77,251)	(189,974)	(270,179)
Macaé SPE	21,433	145,994	167,427	(15,431)	(64,780)	(87,216)	(167,427)
Others	42,383	26,721	69,104	(71,986)	(3,664)	6,546	(69,104)
Total	<u>88,958</u>	<u>1,173,713</u>	<u>1,262,671</u>	<u>(102,476)</u>	<u>(366,673)</u>	<u>(793,522)</u>	<u>(1,262,671)</u>

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 3: Invested capital and working capital
March 31, 2019

(In thousands of reais, except when indicated otherwise)

3.3. Investments - Continued

The statement of income for the three-month period ended March 31, 2019 of investments in affiliates and joint ventures:

	Net revenue	Lease and service costs	Operating Revenue (Expenses)	Financial income (expense), net	Equity income	Other income (expenses)	Income tax social contribution	Noncontrolling interests	Net income (loss) for the period
GS Shopping	9,157	(1,226)	170	(19)	55	(3)	(1,504)	(45)	6,585
ChristalTur	3,234	(373)	(200)	(9)	26	579	(480)	-	2,777
B. Sete	7,077	(1,043)	-	-	50	-	(929)	-	5,155
Macaé SPE	3,750	(1,231)	(486)	(4)	(999)	-	(564)	(20)	446
Others	60	-	(1,647)	(16)	-	1,078	(3)	-	(528)
Total	23,278	(3,873)	(2,163)	(48)	(868)	1,654	(3,480)	(65)	14,435

On December 31, 2018, the main balances of Company direct subsidiaries are as follows:

	Assets			Liabilities			Total
	Current	Non-current	Total	Current	Non-current	Equity	
GS Shopping	18,843	504,755	523,598	(11,482)	(147,226)	(364,890)	(523,598)
ChristalTur	3,915	229,518	233,433	231	(73,460)	(160,204)	(233,433)
B. SetE	7,120	264,335	271,455	(2,877)	(77,078)	(191,500)	(271,455)
Macaé SPE	21,567	146,252	167,819	(14,748)	(66,301)	(86,770)	(167,819)
Others	23,178	25,408	48,586	(63,940)	(3,954)	19,308	(48,586)
Total	74,623	1,170,268	1,244,891	(92,816)	(368,019)	(784,056)	(1,244,891)

Statement of results at December 31, 2018 of investments in associates and joint ventures:

	Net revenue	Lease and service costs	Operating Expenses	Financial income (expense), net	Equity Income	Other income (expenses)	Income tax social contribution	Noncontrolling interests	Net income/(loss) for the period
GS Shopping	35,671	(4,876)	-	(38)	298	73,998	(30,259)	(180)	74,614
ChristalTur	13,523	(1,717)	(1,115)	(322)	83	668	(1,150)	-	9,970
B. SetE	30,303	(4,770)	-	(1)	204	-	(3,513)	-	22,223
Macaé SPE	16,729	(4,509)	(2,210)	(315)	(6,152)	8,416	(5,379)	(93)	6,487
Others	25,683	(15,787)	(13,592)	(296)	827	(22,939)	(2,927)	-	(29,031)
Total	121,909	(31,659)	(16,917)	(972)	(4,740)	60,143	(43,228)	(273)	84,263

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 3: Invested capital and working capital
March 31, 2019

(In thousands of reais, except when indicated otherwise)

3.4. Accounts receivable and other receivables

Accounts receivable

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Rent (i)	56,645	67,676	247,291	288,475
Parking lots	5,107	5,685	25,913	28,170
Aircraft and traffic servicing	-	-	22,324	24,599
Debt confession	16,380	16,250	91,596	93,545
CPI accountability* (ii)	38,577	34,845	38,335	31,743
Fee of assignment of rights of use (Key Money) (iii)	12,216	12,894	46,467	49,795
Present value adjustment (iv)	(1,541)	(1,367)	(2,795)	(2,661)
Others (v)	2,465	2,465	15,232	8,472
	129,849	138,448	484,363	522,138
Provision for doubtful debts	(54,416)	(53,091)	(235,188)	(239,880)
	75,433	85,357	249,175	282,258

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Current	75,211	85,280	211,935	247,597
Non-current	222	77	37,240	34,661
	75,433	85,357	249,175	282,258

(i) Represents accounts receivable from storekeepers related to minimum and percentage lease;

(ii) Represents amounts to be passed on by shopping malls to entrepreneurs;

(iii) Represents accounts receivable related to use right assignment from storekeepers of stores and other areas in the malls;

(iv) The present value adjustment of accounts receivable was calculated according to receipt cash flow, based on IGP-DI; and

(v) Refers mainly to interest on own capital receivable from its subsidiaries in the company. In the consolidated, refers to the effect of the straight-line method applied to rent of R\$15,232 (R\$8,472 on December 31, 2018).

* CPI – Condomínio Pro-Indiviso (Condominium Entrepreneur).

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 3: Invested capital and working capital
March 31, 2019

(In thousands of reais, except when indicated otherwise)

3.4. Accounts receivable and other receivables (Continued)

The aging list of accounts receivable balances is as follows:

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Falling due	82,038	92,916	264,129	310,646
Past due within 30 days	2,824	1,717	14,354	8,989
Overdue from 31 to 60 days	1,840	1,024	8,297	5,712
Overdue from 61 to 90 days	1,561	926	7,693	4,995
Overdue from 91 to 120 days	878	1,036	4,618	4,172
Overdue from 121 to 150 days	914	897	4,447	4,141
Overdue from 151 to 180 days	774	956	3,956	3,991
Past due over 180 days	39,020	38,976	176,869	179,492
	129,849	138,448	484,363	522,138
Provision for doubtful debts	(54,416)	(53,091)	(235,188)	(239,880)
Net Balance	75,433	85,357	249,175	282,258

Changes in allowance for doubtful accounts are as follows:

	Company	Consolidated
Balances on December 31, 2017	(38,376)	(193,120)
Constitution	(16,452)	(63,499)
Write-offs	1,825	3,867
Reversals	15,813	64,259
Constitution adoption CPC 48 (IFRS 9)	(13,558)	(50,695)
Balances on March 31, 2018	(50,748)	(239,188)
Balances on December 31, 2018	(53,091)	(239,880)
Constitution (*)	(5,839)	(24,618)
Write-offs	426	2,636
Reversals (*)	4,088	22,035
Disposals (**)	-	4,639
Balances on March 31, 2019	(54,416)	(235,188)

(*) The results of constitution and reversal per client are considered.

(**) Refers to the disposal described in note 1.1.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 3: Invested capital and working capital
March 31, 2019

(In thousands of reais, except when indicated otherwise)

3.4. Accounts receivable and other receivables (Continued)

In compliance with the amendments to CPC 48, which establishes that expected losses must be considered to calculate the increase in credit risk, and also mentions that there is a rebuttable presumption that the credit risk of financial assets significantly increases since the initial recognition when the contractual payments have been overdue for more than 30 days, the Company has classified all tenants in accordance with the oldest overdue security in a loss provisioning matrix. As a result, the total balance of accounts receivable from the tenant is provisioned considering the percentage of this range, including the balance due.

The Company reviewed the expected loss provisioning matrix and did not identify any required changes during the three-month period ended March 31, 2019. Therefore, the Company did not make any changes to the percentages by range, which remain consistent with those described in note 3.4 of the Company's financial statements for the year ended December 31, 2018.

Other accounts receivables

Mainly refers to:

- a) Total sale of land located in Campo Grande-MS for the construction of a commercial tower next to the shopping mall in the amount of R\$10,047 (R\$10,695 as of December 31, 2018). This amount corresponds to the minimum guaranteed amount and will be received on September 30, 2025. The balance is updated by the National Index of Construction Cost (INCC);
- b) Sale of part of land located in São Bernardo-SP in the amount of R\$8,000 (R\$ 8,000 as of December 31, 2018). This amount corresponds to the minimum guaranteed amount and will be received on September 30, 2025;
- c) Recoverable expenses of works and equipment fees totaling R\$8,400 (R\$8,608 as of December 31, 2018);
- d) Amounts of condo fees amounting to R\$2,411 (R\$3,202 as of December 31, 2018), net of provision for loss of R\$83,214 (R\$82,572 as of December 31, 2018);
- e) Amounts receivable referring to the sale of Granja Viana and Paralela Shopping Malls, totaling R\$5,409 (R\$5,247 on December 31, 2018) with maturity on December 22, 2019. In addition, the Company has other receivables referring to the partial sale of Paralela Shopping Mall in the amount of R\$5,188 (R\$5,111 as of December 31, 2018) with maturity on August 26, 2019; and
- f) Expenses with Habite-se and property regularization of Tijuca Shopping Mall in the amount of R\$1,752 (R\$3,504 on December 31, 2018), which will be reimbursed by the former owner in seven monthly installments, the first received in September 2018.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 3: Invested capital and working capital
March 31, 2019

(In thousands of reais, except when indicated otherwise)

3.4. Accounts receivable and other receivables (Continued)

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

The table below shows the nominal values of the minimum payments of non-cancellable leases in which the Company is the lessor:

	Consolidated	
	March 31, 2019	December 31, 2018
Up to One Year	645,949	675,481
Between two and five years	1,068,740	1,346,611
Above 5 years	124,513	144,901
	1,839,202	2,166,993

3.5. Accounts payable for acquisition of shopping malls

March 31, 2019 - Consolidated						
Company	Financing purpose	Current	Non-current	Book balance	Rate	Due Date
BR Malls Participações S.A.	Acquisition of 50% of Rio Anil shopping mall	1,812	-	1,812	10% p.a.	December 28, 2019
BR Malls Participações S.A.	Acquisition of 50% of Rio Anil shopping mall expansion work	1,146	4,296	5,442	9.5% p.a.	December 27, 2023
BR Malls Participações S.A.	Debenture of Maia Borba S.A. ("3 rd issue") Araguaia Shopping Mall	5,539	4,506	10,045	-	December 27, 2035
EDRJ113 Participações Ltda.	Acquisition of 50% of Espírito Santo Shopping Mall (Holder of 100% of Vila Velha Shopping Mall)	-	259,890	259,890	IGPDI	August 26, 2024
EDRJ113 Participações Ltda. (i)	Acquisition of 30% of Alvear Participações S.A owned by the partners	194,609	194,609	389,218	CDI	August 28, 2020
		203,106	463,301	666,407		

December 31, 2018 - Consolidated						
Company	Financing purpose	Current	Non-current	Book balance	Rate	Due Date
BR Malls Participações S.A.	Acquisition of 50% of Rio Anil shopping mall	2,942	-	2,942	10% p.a.	December 28, 2019
BR Malls Participações S.A.	Acquisition of 50% of Rio Anil shopping mall expansion work	1,156	4,626	5,782	9.5% p.a.	December 27, 2023
BR Malls Participações S.A.	Debenture of Maia Borba S.A. ("3 rd issue") Araguaia Shopping Mall	5,539	4,506	10,045	-	December 27, 2035
EDRJ113 Participações Ltda.	Acquisition of 50% of Espírito Santo Shopping Mall (Holder of 100% of Vila Velha Shopping Mall)	-	253,787	253,787	IGPDI	August 26, 2024
EDRJ113 Participações Ltda. (i)	Acquisition of 30% of Alvear Participações S.A owned by the partners	191,709	191,709	383,418	CDI	August 28, 2020
		201,346	454,628	655,974		

(i) The amount refers to the balance of two remaining installments of the acquisition of the non-controlling shareholder of Alvear.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 3: Invested capital and working capital
March 31, 2019

(In thousands of reais, except when indicated otherwise)

3.6. Taxes recoverable and payable

Taxes recoverable and payable

According to CPC 32, income taxes are presented on a net basis by company.

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
IRPJ and CSLL paid in advance (i)	5,773	17,826	6,825	19,040
IRPJ and CSLL to offset (negative balance) (ii)	40,825	34,261	68,212	58,222
Withholding income tax (IRRF) (iii)	9,173	17,283	13,012	23,923
Indirect tax recoverable (PIS and COFINS)	353	375	2,702	2,871
Others (iv)	155	811	24,514	24,246
Total taxes and contributions recoverable	56,279	70,556	115,265	128,302
Income and social contribution taxes payable	-	-	(19,488)	(26,037)
PIS and COFINS (v)	(18,565)	(20,281)	(38,096)	(42,368)
Withholding taxes	(3,112)	(1,382)	(8,993)	(5,250)
Total taxes and contributions payable	(21,677)	(21,663)	(66,577)	(73,655)
Total net - assets	34,602	48,893	48,688	54,647
Current Asset	25,724	47,720	47,662	65,953
Non-Current assets	30,555	22,177	64,501	56,005
Current liabilities	(5,360)	(4,787)	(45,763)	(49,872)
Non-Current Liabilities	(16,317)	(16,217)	(17,712)	(17,439)

- (i) Refers to the advance of IRPJ and CSLL actually paid during the period by the companies from actual profit;
- (ii) IRPJ and CSLL negative balance that has been used through E-Request for Federal Tax Recovery, Refund or Offset (PERD/COMP) to offset other federal taxes. This balance mainly stems from the withholding of income tax on interest on equity and income tax on securities, paid in prior years;
- (iii) Basically, refers to IRRF on securities withheld in the year. These amounts, according to current legislation, may be deducted from income tax due in the current year or offset against other federal taxes in the following calendar year, as a negative balance;
- (iv) On September 2013, Nattca2006 Participações S.A. and Fashion Mall S.A. recorded R\$8,300 in tax assets arising from gains obtained by including the Municipal Real Property Tax (IPTU) debts in the tax installment program introduced by Law 5546/2012 and Decrees 36776/2013 and 36777/2013. This item also includes R\$15,210 referring to Service Tax (ISS) withheld on revenue of BR Malls Administração e Comercialização Ltda, BR Malls Administração e Comercialização 02 Ltda. and BR Malls Administração e Comercialização 03 Ltda.
- (v) Corresponds to the provision for income tax, plus R\$30,972, of which R\$1,228 is from the subsidiary Fashion Mall S/A, R\$13,427 from the subsidiary Cima Empreendimentos do Brasil S/A and R\$16,317 from the Company, referring to lawsuits arising from inquiries on the incidence of COFINS on lease and non-cumulative PIS/COFINS imposed by Laws 10637/02 and 10833/03. These debts are fully deposited in court.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued
Section 3: Invested capital and working capital
March 31, 2019

(In thousands of reais, except when indicated otherwise)

3.6. Taxes recoverable and payable - Continued

Taxes payable in installments

	Consolidated	
	March 31, 2019	December 31, 2018
PERT (i)	5,576	5,576
IPTU	2,134	1,993
Current	<u>7,710</u>	<u>7,569</u>
Income tax (i)	737	737
Social contribution tax (i)	270	270
COFINS (i)	7,657	7,657
IPTU	4,259	1,884
Others	<u>1,558</u>	<u>1,518</u>
Non-current	<u>14,481</u>	<u>12,066</u>
Total	<u>22,191</u>	<u>19,635</u>

(i) In August 2017, fourteen companies belonging to the Group, joined the Special Tax Regularization Program (PERT), established by Provisional Measure No. 783 of May 31, 2017, through the cash payment method, in the amount of R\$454 of the debt included in the program. The remaining balance of R\$5,576 was offset against Tax Losses and Negative Base the Company BR Malls Participações through a request from the taxpayer submitted in 2018. The request is expected to be granted in 2019; and

(ii) In December 2014, Ecisa Engenharia elected to pay it in cash by using 70% of the income and social contribution tax losses, as provided for by the Provisional Executive Order No. 651/14, regulated by the Joint Administrative Ruling PGFN/RFB No. 15/2014. Consequently, the entity paid R\$3,700 in cash, and R\$8,600 using tax losses. Considering that this process is pending approval by the Brazilian IRS, the balance paid using tax losses was maintained.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 4: Financial position

March 31, 2019

(In thousands of reais, except when indicated otherwise)

4.1. Cash and cash equivalents and marketable securities

Amounts classified as cash and cash equivalents in the consolidated

The Company has the following amounts classified as Cash and Cash Equivalents, with maturities of less than 90 days:

	Consolidated	
	March 31, 2019	December 31, 2018
Cash and banks	17,407	22,963
Fixed term deposit abroad	683	709
Cash and cash equivalents	18,090	23,672

Securities

Company

Investment	Rate	Counterparty	Type	March 31, 2019	December 31, 2018
	100.98% CDI	Banco Itaú BBA	Trust	371,673	81,891
	100.51% CDI	Banco Bradesco	Trust	352,795	129,693
	103.00% CDI	Banco ABC Brasil	CDB	5,345	5,320
	95.00% CDI	Banco do Nordeste	CDB	1,600	1,577
	84.81% CDI	Caixa Econômica Federal	Trust	120	
	100.53% CDI	Banco Santander	CDB	5,720	7,213
	148.61% CDI	XP Investimento(*)	Trust	61,597	50,694
				798,850	276,388

(*) Fund with 9% in LFT, 91% in repo transactions with collateral in treasury.

Consolidated

Investment	Rate	Counterparty	Type	March 31, 2019	December 31, 2018
Fixed Income	100.98% CDI	Banco Itaú BBA (i)	Trust	529,646	289,243
	97.00% CDI	Banco do Brasil	Repo transaction	2,188	4,383
	100.51% CDI	Banco Bradesco (ii)	Trust	606,301	379,463
	100.10% DI	Banco Bradesco	CDB	137,867	135,216
	103.00% CDI	Banco ABC Brasil	CDB	5,345	5,320
	100.53% CDI	Banco Santander	CDB	10,432	11,975
	85.38% CDI (*)	Banco Itaú Unibanco	Repo transaction	36,071	27,062
	100.10% CDI	Banco Bradesco	Trust	640	640
	84.81% CDI	Caixa Econômica Federal	CDB	1,819	1,692
	95% CDI	Banco do Nordeste	CDB	1,600	1,577
	148.61% CDI	XP Investimento(**)	Trust	61,597	50,694
	99.54% CDI	Others	Trust	3	12
				1,393,509	907,277

(*) With 39.94% in LF-DI and 60.06% in repo transactions CDBs invested daily ("overnight"), with daily liquidity; and

(**) Fund with 9% in LFT, 91% in repo transactions with collateral in treasury.

The average rate for marketable securities totaled 99.81% of the interbank deposit rate (CDI) for the three-month period ended March 31, 2019 (99.63% CDI on December 31, 2018).

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 4: Financial position

March 31, 2019

(In thousands of reais, except when indicated otherwise)

4.1. Cash and cash equivalents and marketable securities - continued

- (i) The investment administered by Banco Itaú refers to an exclusive Interbank Deposit (DI) investment fund, which invests in government bonds and bank deposit certificates of Brazilian first-tier financial institutions and treasury bills of top-tier banks.

The statement of the fund's portfolio is shown below:

Investment - Consolidated	March 31, 2019	December 31, 2018
Repurchase agreements – private bonds	1,970	884
Floating-rate government bonds (*)	215,918	100,676
Financial Bills	209,924	187,706
Investment Fund Itau Special DI (**)	50,929	-
Investment Fund Itau HIGH GRADE (***)	50,927	-
Audit expenses and administrative fees	6	1
Audit expenses and administrative fees	(28)	(24)
	529,646	289,243

(*) This amount refers to financial bills (government bond pegged to SELIC rate (LFT));

(**) As of March 31, 2019, 25.77% refers to government bonds and 74.23% to private securities (LF/CDB); and

(***) As of March 31, 2019, 7.62% refers to government bonds and 92% to private securities (LF/CDB).

- (ii) The investment administered by Banco Bradesco (Bradesco Asset Management) basically refers to an exclusive FI RF investment fund, which invests in federal government bonds and certificates of bank deposit of Brazilian first-tier financial institutions and treasury bills of top-tier banks.

The statement of the fund's portfolio is shown below:

Investment – consolidated	March 31, 2019	December 31, 2018
Floating government bonds	15,037	14,813
Financial Bills	129,399	128,713
Coral fund(*)	461,582	235,658
Brad RF Crédito Privado Top Banco	318	312
Audit expenses and administrative fees	2	-
Audit expenses and administrative fees	(37)	(33)
	606,301	379,463

(*) As of March 31, 2019, 63.50% refers to government bonds and 36.50% to private securities (LF/CDB).

Investments in time deposits are highly liquid, readily convertible into a known cash amount and subject to insignificant risk of change in fair value in case of early redemption.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 4: Financial position

March 31, 2019

(In thousands of reais, except when indicated otherwise)

4.2. Loans and financings

Changes in loan and financing balances are as follows:

	Company			Consolidated		
	Banking market	Capital markets	Total	Banking market	Capital markets	Total
Loans and financing in the country						
Opening balance on January 1, 2018	173,168	797,083	970,251	2,353,964	797,083	3,151,047
Interest incurred in the period	15,521	53,532	69,053	213,758	53,532	267,290
Payments	(77,760)	(171,523)	(249,283)	(467,731)	(171,523)	(639,254)
Final balance on December 31, 2018	110,929	679,092	790,021	2,099,991	679,092	2,779,083
Additions to financing	-	600,000	600,000	-	600,000	600,000
Interest incurred in the period	2,758	9,275	12,033	47,854	9,275	57,129
Payments	(22,005)	(147,607)	(169,612)	(178,089)	(147,607)	(325,696)
Final balance in the country on March 31, 2019	91,682	1,140,760	1,232,442	1,969,756	1,140,760	3,110,516
Abroad						
Opening balance on January 1, 2018	168,194	-	168,194	168,194	-	168,194
Interest incurred in the period	152	-	152	152	-	152
Monetary and exchange variation	(5,585)	-	(5,585)	(5,585)	-	(5,585)
Payments	(162,761)	-	(162,761)	(162,761)	-	(162,761)
Final balance on December 31, 2018	-	-	-	-	-	-
Final balance abroad on March 31, 2019	-	-	-	-	-	-
Total final balance as of March 31, 2019	91,682	1,140,760	1,232,442	1,969,756	1,140,760	3,110,516

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 4: Financial position

March 31, 2019

(In thousands of reais, except when indicated otherwise)

4.2. Loans and financings - Continued

The current and noncurrent position of loans and financings on March 31, 2019 and December 31, 2018 are as follows:

		March 31, 2019					
		Company			Consolidated		
		Banking market	Capital markets	Total	Banking market	Capital markets	Total
Current		91,682	1,655	93,337	439,765	1,656	441,421
Non-current		-	1,139,105	1,139,105	1,529,991	1,139,104	2,669,095
		91,682	1,140,760	1,232,442	1,969,756	1,140,760	3,110,516

		December 31, 2018					
		Company			Consolidated		
		Banking market	Capital markets	Total	Banking market	Capital markets	Total
Current		68,888	138,856	207,744	273,253	138,856	412,109
Non-current		42,041	540,236	582,277	1,826,738	540,236	2,366,974
		110,929	679,092	790,021	2,099,991	679,092	2,779,083

March 31, 2019 (Consolidated)							
Maturity on	up to 1 year	1 to 2 years	2 to 3 years	4 to 5 years	5 years and beyond	Total	Fair value
CDI	1,656	368	189,508	141,275	807,954	1,140,761	1,137,615
IPCA	45,010	50,714	58,495	67,768	211,454	433,441	471,685
TR	394,755	76,656	99,795	118,887	846,221	1,536,314	1,536,314
Financing (R\$)	441,421	127,738	347,798	327,930	1,865,629	3,110,516	3,145,614

December 31, 2018 (Consolidated)							
Maturity on	up to 1 year	1 to 2 years	2 to 3 years	4 to 5 years	5 years and beyond	Total	Fair value
CDI	6,448	374	187,160	141,220	211,483	546,685	543,923
IPCA	175,305	48,137	55,968	64,533	232,749	576,692	607,464
Fixed rate	823	-	-	-	-	823	823
TR	229,533	209,078	170,087	162,149	884,036	1,654,883	1,654,886
Financing (US\$)*	412,109	257,589	413,215	367,902	1,328,268	2,779,083	2,807,096

* Loans fully hedged by the respective derivative instruments according to Note 1.5 a.

Transaction costs are capitalized on debt costs, according to technical pronouncement CPC 20.

During the three-month period ended March 31, 2019, approximately R\$3,807 of transaction costs (R\$10,078 on December 31, 2018) were incurred, ending the aforementioned period with R\$64,135 of transaction costs to amortize (R\$64,978 on December 31, 2018).

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 4: Financial position

March 31, 2019

(In thousands of reais, except when indicated otherwise)

4.2. Loans and financings - Continued

The Company has some financial covenants pegged to debt-to-equity and leverage ratios, based on EBITDA, adjusted EBITDA, net financial expenses, and net debt.

The financial covenants are:

- (i) Net Debt (Loans and financing less cash and cash equivalents) divided by Adjusted Ebitda (operating profit or loss, plus depreciations and amortizations and financial result) and excluding the result of the variation of the fair value on Properties for investment, the adjusted Ebitda of the quarter multiplied by 4 shall be equal to or less than 3.8 times. During the three-month period ended March 31, 2019, the calculation of this indicator was 1.84 times.
- (ii) Adjusted Ebitda (operating profit or loss, added to depreciations and amortizations and financial result) and excluding the result of the variation of the fair value on Properties for investment divided by the net financial expenses for four quarters added shall be equal to or greater than to 1.75 times. During the three-month period ended March 31, 2019, the calculation of this indicator was 4.43 times.

The Company did not identify any nonperformance events as of March 31, 2019.

Set out below are the financial instruments that have financial covenants:

Company	Bank/ type	Book Balance	% upon total debt
BR Malls S.A.	Debenture V - 1 st and 3 rd series	145,409	5%
BR Malls S.A.	Debenture VI	395,418	13%
BR Malls S.A.	Debentures VII - Single Series.	599,934	19%
BR Malls S.A.	CCB Itaú BBA	91,681	3%
Fashion Mall S.A.	CRI Itaú BBA	535,588	17%
Nattca S.A.	CRI Itaú S.A.	433,441	14%
		2,201,471	71%
	Total debt	3,110,516	

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 4: Financial position

March 31, 2019

(In thousands of reais, except when indicated otherwise)

4.2. Loans and financings - Continued

“EBITDA” and “EBIT” correspond to two of the main indicators of the Company, since these are important metrics of performance and covenants for the users of the quarterly financial report.

To comply with Paragraph 2 of Article 2 of CVM Instruction 527/12, we show below the reconciliation of the amounts of EBITDA and EBIT for the three-month periods ended March 31, 2018 and 2019.

	Consolidated	
	March 31, 2019	March 31, 2018
Net Profit of the Period	165,511	139,811
Income tax and social contribution tax	2,670	32,873
Financial income (expense), net	56,602	51,106
EBIT	224,783	223,790
Depreciation and amortization	5,255	4,251
EBITDA	230,038	228,041
Remuneration with the debentures of the Araguaia shopping mall(i)	2,057	1,112
Adjusted EBITDA	232,095	229,153

(i) The Company has debentures issued by Maia e Borba, which ensure a remuneration on the result of the development.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 4: Financial position

March 31, 2019

(In thousands of reais, except when indicated otherwise)

4.3. Equity

Share Capital

On December 31, 2019, the Company's subscribed capital is of R\$10,404,891 (R\$10,399,934 on December 31, 2018) divided into 872,728,028 common registered shares with no par value (871,866,078 on December 31, 2018). As mentioned in article 6 of its Bylaws, the Company has authorized capital of 936,000.000 shares.

The capital increases occurring in the three-month period ended March 31, 2019 and in the year ended December 31, 2018, within the authorized capital limit, were as follows:

<u>Date</u>	<u>Number of shares</u>	<u>Share Capital</u>
Total on December 31, 2017	<u>872,532,653</u>	<u>10,394,569</u>
March 13, 2018 (i)	918,829	5,365
September 14, 2018 (ii)	(1,585,404)	-
Total balance on December 31, 2018	<u>871,866,078</u>	<u>10,399,934</u>
March 13, 2019 (i)	861,950	4,957
Total on March 31, 2019	<u>872,728,028</u>	<u>10,404,891</u>

(i) Capital increase by exercise of option plan;

(ii) Cancellation of shares in treasury.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 4: Financial position

March 31, 2019

(In thousands of reais, except when indicated otherwise)

4.3. Equity (Continued)

The Company's shareholding structure is as follows:

	March 31, 2019		December 31, 2018	
	Number of shares	Capital (%)	Number of shares	Capital (%)
Other shareholders	636,443,781	72.9	636,079,931	73.0
Canada Pension Plan Investment Board(*)	83,612,465	9.6	83,612,465	9.6
Dynamo	64,953,034	7.4	64,953,034	7.4
Blackrock (*)	54,964,939	6.3	54,964,939	6.3
Treasury Shares	29,604,000	3.4	29,604,000	3.4
Executive Board	3,148,809	0.4	2,650,709	0.3
Board of Directors	1,000	0.0	1,000	0.0
Total	872,728,028	100.0	871,866,078	100.0

(*) Foreign shareholders.

The information above refers to the most recent shareholder position reported by shareholders who have achieved 5% or more interest until March 31, 2019 and December 31, 2018.

Share issuance costs

Costs incurred in raising funds through issue of shares totaled R\$86,099 on March 31, 2019 (R\$86,099 on December 31, 2018), are recorded as an equity reducing account, net of tax effects.

Treasury shares

On March 31, 2019, the Company's treasury shares total R\$303,256, divided into 29,604,000 common shares after the stock split, the same as on December 31, 2018). The corresponding market value on March 31, 2019 was R\$372,122 (R\$386,924 on December 31, 2018).

Classes of shares (thousands)	December 31, 2018	Additions	Write-offs	March 31, 2019	Acquisition price (R\$)			Market value	
					Average	Minimum	Maximum	December 31, 2018	March 31, 2019
Common	29,604,000	-	-	29,604,000	10.2378	9.0253	11.6622	386,924	372,122
Total	29,604,000	-	-	29,604,000				386,924	372,122

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 4: Financial position

March 31, 2019

(In thousands of reais, except when indicated otherwise)

4.3. Equity (Continued)

Capital reserve

On March 31, 2019, the outstanding balance of the capital reserve was of R\$125,822 (R\$128,041 on December 31, 2018). The breakdown of this reserve is as follows:

	March 31, 2019	December 31, 2018
Recognized options granted (i)	237,979	235,760
Capital transactions with non-controlling shareholders (ii)	(363,801)	(363,801)
	<u>(125,822)</u>	<u>(128,041)</u>

(i) Registration of stock options and restricted shares (note 5.3)

(ii) Refers to the effect of the sale option transaction with noncontrolling shareholders in the equity.

Retained earnings

Net profit for the three-month period ended March 31, 2019 was R\$154,953.

Profit reserves

The Company has R\$596,616 on March 31, 2019 (R\$602,562 on December 31, 2018) referring to the legal reserve and retained earnings reserve.

Retained profits reserve

On March 31, 2019, taxes totaling R\$5,946 related to interest on shareholders' equity, approved by the Company on March 22, 2019, were deducted from the retained earnings reserve, amounting to R\$556,524.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 4: Financial position

March 31, 2019

(In thousands of reais, except when indicated otherwise)

4.3. Equity (Continued)

Interest on capital resolved in 2019

On March 22, 2019, the payment of interest on capital by the Company was approved, pursuant to Article 204 of Law 6404/76 and Article 32 of the Bylaws, definitively, in the gross amount of (R\$55,000), corresponding to R\$0.0652335815057568 per share (not including treasury shares), subject to withholding of 15% of income tax at source, except for shareholders who are provenly not to be subject to the tax incidence, pursuant to applicable legislation. The payment will be made to the shareholders on May 31, 2019.

Dividends

According to the Bylaws, shareholders are entitled to a minimum dividend corresponding to 25% of the net income determined in each year, adjusted pursuant to the legislation in force.

In 2018, mandatory minimum dividends totaled R\$190,438, related to the realized portion of net profit for the year. The breakdown of this distribution is as follows:

<u>Means of Distribution</u>	<u>Amount</u>	<u>Date</u>
Interest on shareholders' equity (i)	62,265	December 11, 2018
Interest on shareholders' equity (ii)	8,891	January 14, 2019
Interest on shareholders' equity (iii)	49,054	May 31, 2019
Proposed dividends (iv)	70,228	May 31, 2019
	<u>190,438</u>	

(i) The gross amount of interest on shareholders' equity totaled R\$70,000;

(ii) The gross amount of interest on shareholders' equity totaled R\$10,000;

(iii) The gross amount of interest on shareholders' equity totaled R\$55,000; and

(iv) The proposed annual dividends will be approved at the Shareholders' Meeting of 2019.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 5: Other disclosures

March 31, 2019

(In thousands of reais, except when indicated otherwise)

5.1. Related parties

Receivables from subsidiaries and affiliates (Company)

Related-party transactions mainly refer to the transfer of amounts involving the Company and other related parties to cover expenses, if any, from such transactions in the amount of R\$28,145 (R\$25,503 on December 31, 2018). Related-party balances are not monetarily restated, do not include interest and have no defined maturity date.

Advances for future capital increase (Company)

As of March 31, 2019, the Company has advances for future capital increase in the total amount of R\$492,604 (R\$389,059 as of December 31, 2018) with its subsidiaries.

As has happened in recent years, such advances are considered to be of a permanent character and are not remunerated or subject to monetary restatement. The Company plans to capitalize the remaining balance up to the next 365 days.

Advances for future capital increase (Consolidated)

This refer to the advances for future capital increase amounting to R\$6,332 (R\$16,332 on December 31, 2018) to be paid up at jointly-controlled entities of the Group, which are recognized by the equity method based on Accounting Pronouncement CPC 19 (R2).

Loans to related companies (Company)

On March 31, 2019, the Company has an amount of R\$108,861 (R\$107,207 on December 31, 2018) of payable loans with related companies.

The main transaction is related to the agreement with BR Malls International Finance, restated by the exchange variation of the United States of America dollar, totaling R\$90,130 (R\$89,624 as of December 31, 2018).

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 5: Other disclosures

March 31, 2019

(In thousands of reais, except when indicated otherwise)

5.1. Related parties - Continued

Revenue/costs from administration and commercialization services of shopping malls

BR Malls Administração, BR Malls Administração e Comercialização 03 Ltda. and BR Malls Administração e Comercialização 02 Ltda. provide services of management, planning, administration, marketing, implementation and operation of shopping malls and commercial ventures of any nature, owned or of third parties, and coordinates the purchase and lease of real properties for commercial use.

In the three-month period ended March 31, 2019, the revenue from own shopping malls, totaling R\$4,603 (R\$4,531 on March 31, 2018), was eliminated in the consolidated.

Key management personnel compensation

The compensation of key management personnel, which includes directors and officers, related to short-term benefits, amounted to R\$4,634 in the three-month period ended March 31, 2019 (R\$2,414 on March 31, 2018,) and the participation in the earnings and results of the managers, totaled R\$1,582 as of March 31, 2019 (R\$2,309 as of March 31, 2018).

Key management personnel and elected officials have stock option plans and performance shares. The Company recognized, as services were provided in share-based compensation, the amount of R\$2,219 in the three-month period ended March 31, 2019, including the provision of charges (R\$575 on March 31, 2018).

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 5: Other disclosures

March 31, 2019

(In thousands of reais, except when indicated otherwise)

5.2. Provisions for judicial and administrative proceedings, and other legal obligations

The Company is party to several legal proceedings. Provisions are set up for all legal proceeding-related contingencies, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably measured. Assessment of the likelihood of loss includes analysis of available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the opinion of external legal advisors. The loss probability assessment includes the assessment of available evidence, the legal hierarchy, available jurisdictions, most recent decisions in the courts and their relevance in the system of laws, as well as the assessment of external counsel. The provisions are reviewed and adjusted to consider the changes in circumstances, such as the applicable limitation period, conclusions of tax inspections or additional exposure identified based on new matters or court decisions.

The lawsuits considered as having a probable likelihood of loss for the Company are shown below:

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Tax	519	515	807	829
Labor and social security (i)	2,423	2,432	5,309	5,451
Civil (ii)	705	1,933	27,658	28,566
Total	<u>3,647</u>	<u>4,880</u>	<u>33,774</u>	<u>34,846</u>
Current	2,456	3,776	11,384	13,482
Non-current	1,191	1,104	22,390	21,364

- (i) Legal proceedings related to the discussion of labor and social security charges arising from the rendering of services; and
- (ii) Refers mainly to CIMA, largely explained by civil lawsuits referring to the purchase and sale commitments in Shopping Tijuca's real estate registry in the total amount of R\$18,869 (R\$17,806 on December 31, 2018).

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 5: Other disclosures

March 31, 2019

(In thousands of reais, except when indicated otherwise)

5.2. Provisions for judicial and administrative proceedings, and other legal obligations - Continued

Changes in provisions by nature are as follows:

	Company			
	Tax	Labor and social security	Civil	Total
Balances on December 31, 2017	484	2,660	2,880	6,024
Restatement	31	376	175	582
Constitution	-	1,200	1,262	2,462
Reversal	-	(1,804)	(2,384)	(4,188)
Balances on December 31, 2018	515	2,432	1,933	4,880
Restatement	4	48	27	79
Constitution	-	268	421	689
Reversal	-	(325)	(1,676)	(2,001)
Balances on March 31, 2019	519	2,423	705	3,647

	Consolidated			
	Tax	Labor and social security	Civil	Total
Balances on December 31, 2017	784	4,835	26,340	31,959
Restatement	45	1,019	3,138	4,202
Payments	-	-	(2,385)	(2,385)
Constitution	-	2,576	8,585	11,161
Reversal	-	(2,979)	(7,112)	(10,091)
Balances on December 31, 2018	829	5,451	28,566	34,846
Restatement	7	97	1,850	1,954
Payments	-	(6)	(1,492)	(1,498)
Constitution	-	308	2,046	2,354
Reversal	(29)	(541)	(3,113)	(3,683)
Disposals (i)	-	-	(199)	(199)
Balances on March 31, 2019	807	5,309	27,658	33,774

(i) The disposal amounts refer to the sale of a shareholding in the company SFIDA, which owns Shopping Sete Lagoas.

Judicial deposits are stated according to the nature of their respective claims:

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Taxes (*)	26,283	26,183	42,610	42,338
Labor and social security	2,418	2,415	3,826	2,941
Civil	209	205	14,101	14,005
In guarantee	273	271	1,440	993
	29,183	29,074	61,977	60,277

(*) Refers mainly deposits connected to lawsuits arising from inquiries on the incidence of PIS/COFINS on lease and non-cumulativity imposed by Laws 10637/02 and 10833/03, as per note 3.6.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 5: Other disclosures

March 31, 2019

(In thousands of reais, except when indicated otherwise)

5.2. Provisions for judicial and administrative proceedings, and other legal obligations - Continued

The main contingencies classified as possible loss, according to the Company's legal advisors totaled R\$217,350 on March 31, 2019 (R\$217,282 on December 31, 2018), are as follows:

Tax

- a) Tax enforcement due to notices drawn against Ecisa Participações Ltda. Claiming IRPJ and CSLL related to second, third and fourth quarters of calendar years 2007 and 2008, due to the use of tax benefit, referring to deductibility of goodwill upon downstream merger of Lycia and Dylpar. The estimated loss amount is R\$32,985 (R\$32,640 as of December 31, 2018);
- b) Tax notices issued against Proffito Holding Participações S.A. claiming IRPJ and CSLL for calendar year 2010, plus late payment interests, fine of 75% and single fine, due to (i) supposedly use of tax goodwill unduly realized and (ii) exclusions from income and social contribution tax bases. The estimated loss amount is R\$28,037 (R\$27,692 as of December 31, 2018);
- c) Tax collection claim under procedural steps in the states of Espírito Santo, Maranhão and Rio de Janeiro regarding the collection of Municipal Real Property Tax (IPTU) and other Municipal debts. The estimated loss amount is R\$17,059 (R\$16,860 as of December 31, 2018);
- d) Claim of 50% fine, provided for by item 'b', article 12, of Law No. 4357/64, calculated on profits distributed by Ecisa Engenharia Ltda. To BR Malls Participações S.A., in March and November 2011, in such period, the company had unsecured debts to Federal Government. The estimated loss amount is R\$6,752 (R\$6,683 as of December 31, 2018); and
- e) Tax notices issued claiming PIS/COFINS calculated on revenues obtained by Condomínio do Amazonas Shopping from the years of 1999 to 2002. Despite the majority of CARF's ruling on this matter being favorable to the taxpayer, on April 12, 2017, a partially favorable administrative decision was issued to exclude only the additional of CSLL. The estimated loss amount is R\$31,557 (R\$31,415 as of December 31, 2018) and the said case refers to the previous generating event of acquisition of interest in the project by BR Malls Participações SA, so in case of loss it should be attributed to the old owner, in accordance with the sale agreement entered into.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 5: Other disclosures

March 31, 2019

(In thousands of reais, except when indicated otherwise)

5.2. Provisions for judicial and administrative proceedings, and other legal obligations -Continued

Labor

- a) Tax notice drawn for social security contributions levied on amounts paid by BR Malls Participações S.A. to its employees, in February, March and April of 2011, as profit sharing for 2010, in supposed disagreement with Law No. 10101/00. The estimated loss amount is R\$5,988 (R\$5,952 as of December 31, 2018).

Civil

- a) On February 20, 2012, Incorporadora Shopping Center Capim Dourado was summoned in a public interest suit filed by the Tocantins State Attorney's Office, in order to confirm supposed damage to public treasury due to the price paid for the plot of land where Capim Dourado shopping mall was built, which was lower than market value. The estimated loss amount is R\$39,459 (R\$38,850 as of December 31, 2018).

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 5: Other disclosures

March 31, 2019

(In thousands of reais, except when indicated otherwise)

5.3. Stock option and restricted shares plans

a) Stock Option plan

Premiums paid for purposes of stock options and restricted share were calculated based on fair value effective on the date the option was granted in accordance with the Company's program, based on the respective market price thereof. Based on the valuation techniques of Black-Scholes (options) and financial models, the Company estimated the accounting effects with a reasonable level of accuracy. The Company periodically reviews the amount of equity instruments that it expects to grant since the expected amount of financial instruments to be granted is different from the initial estimate.

	7 th Program	10 th Program	11 th Program	Total
Options and restricted shares not exercised until December 31, 2018	89,700	1,069,776	289,201	1,448,677
Vested Options	-	(792,350)	(69,600)	(861,950)
Options not exercised up to March 31, 2019	89,700	277,426	219,601	586,727

Programs	7 th Program	10 th Program	11 th Program
	July 27, 2012	December 15, 2014	January 8, 2016
Date of options vesting			
Strike price in R\$(**)	5.75	5.75	5.75
Market price in R\$(*)	23.5	14.62	11.41
Fair value of options in R\$(*)	8.7	3.02	2.05
Share price volatility(*)	35.28%	36.87%	40.69%
Return rate free return rate(*)	3.26%	6.22%	7.15%
Fair value on grant date(*)	55,964	16,630	819
Amount allocated in the period(i)	-	577	50

	March 31, 2019	March 31, 2018
Total allocated in the statement of income of the quarter (i)	627	627

(*) Original amounts, on the grant dates of the option programs; and

(**) Restated amount, after share bonus and dividend payment.

(i) Income recognized in personnel expenses against contra-equity in shareholders' equity.

The stock option plan has been replaced by the restricted stock plan and no new grants are planned. The amounts referring to the programs granted will be amortized up to the end of the term in the year.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 5: Other disclosures

March 31, 2019

(In thousands of reais, except when indicated otherwise)

5.3. Stock option and restricted shares plans -- Continued

b) Restricted Shares (“Performance shares”)

Due to the characteristics of the plan and as determined in CPC 10, the fair value was calculated on the grant date, considering the value of the BR Malls share on that date. For the best estimation of the calculation of the probability of reaching the performance factor, the Company adopted the pricing model using the Monte Carlo simulation.

	1 st Program	2 nd Program	Total
Restricted shares not exercised until December 31, 2018	1,524,616	1,514,094	3,038,710
Restricted shares with performances not-met (canceled)	(381,154)	-	(381,154)
Restricted shares not exercised until March 31, 2019	1,143,462	1,514,094	2,657,556

Programs	1 st Program	2 nd Program
Option grant date	July 10, 2017	June 25, 2018
Strike price in R\$ (*)	12.09	9.35
Share price volatility*	35.61%	34.18%
Fair value on grant date(**)	18,425	14,157
Performance Factor on March 31, 2019	33.46%	63.24%
Amount allocated in the statement of income of the quarter (i)	974	618

	March 31, 2019	March 31, 2018
Total allocated in the statement of income of the quarter (i)	1,592	(52)

(*) At the annual shareholders' meeting held on April 28, 2017, the restricted stock plan was resolved on and approved, granted in July 2017.

(i) Income recognized in personnel expenses against contra-equity in shareholders' equity.

The stock option and restricted stock instruments are classified as equity instruments.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 5: Other disclosures

March 31, 2019

(In thousands of reais, except when indicated otherwise)

5.4. Deferred taxes

Breakdown

Deferred balances are as follows:

	Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Income tax losses (i)	298,927	297,968	322,894	311,710
Social contribution tax losses (i)	116,155	115,810	124,783	120,757
Temporary differences				
Provisions for judicial proceedings	115	559	839	1,510
Linearization	6,039	6,863	14,249	12,176
Provision for doubtful accounts and condominium fees	21,521	20,259	61,671	54,005
Other temporary differences	525	466	860	684
Total deferred credits	443,282	441,925	525,296	500,842
Investment property	(1,257,047)	(1,253,486)	(3,772,333)	(3,757,382)
Provision for gains on financial instruments	(1,277)	(2,652)	(7,913)	(21,258)
Total deferred debts	(1,258,324)	(1,256,138)	(3,780,246)	(3,778,640)
Total	(815,042)	(814,213)	(3,254,950)	(3,277,798)
Non-Current Liabilities	(815,042)	(814,213)	(3,254,950)	(3,277,798)

(i) The deferred income and social contribution taxes related to the abovementioned income and social contribution tax losses refer to subsidiaries Alvear, Nattca, Dokka, Fashion Mall, Cima and controlling shareholder Br Malls Participações S.A.

In addition to the deferred tax asset on tax losses and negative basis recorded, there is a deferred tax asset on losses and negative basis not recorded due to lack of future taxable profit prospects. The amount not recorded as of March 31, 2019 corresponds to R\$56,197 (R\$77,629 as of December 31, 2018).

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 5: Other disclosures

March 31, 2019

(In thousands of reais, except when indicated otherwise)

5.4. Deferred taxes - Continued

Since the income and social contribution base is not solely based on the profit that can be generated, but also on the existence of nontaxable expenses and others, there is no immediate relation between Company's net profit or loss and income and social contribution taxes. As such, expected use of tax credits should not be regarded as the evidence of future Company's profit or loss.

Estimated realization period

Deferred tax credits net of non-realization of deferred tax assets are expected to be realized as under:

<u>Year</u>	<u>Consolidated March 31, 2019</u>
2019	43,296
2020	5,343
2021	8,425
2022	10,381
2023	7,044
From 2024 to 2028	450,807
	<u>525,296</u>

Of this total, the amount of R\$380,409 refers to accumulated IRPJ and CSLL tax loss and negative base, less deferred income and social contribution taxes recorded on the accumulated fair value gain on Investment property, as per CVM instruction 371/02, mainly in BR Malls Participações, considered in the amount of the last periods presented.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 5: Other disclosures

March 31, 2019

(In thousands of reais, except when indicated otherwise)

5.5. Insurance

The Company has a risk management program in order to limit risks, which seeks market coverage compatible with its size and operations. This coverage was contracted at the amounts shown below and considered sufficient by management to cover claims, if any, considering the nature of its activities, risks involved in its operations and orientation of its insurance advisors.

On March 31, 2019, the Company had the following main insurance policies taken out from third parties:

Insurance lines	Insured amounts
Named perils – Basic coverage (i)	701,327
Loss of profits	123,159
Civil liability	42,000

(i) Fire, collapse, explosion, electric damage, loss of profit and other.

5.6. Non-cash transactions

Investment and financing transactions that did not involve the use of cash or cash equivalents were excluded from the statement of cash flows.

	Consolidated	
	Disposal (i)	Adoption of IFRS (ii)
	March 31, 2019	March 31, 2018
Cash flow		
Operational	7,315	(36,459)
Investments	(16,923)	(2,925)
Financing	11,754	-
	<u>2,146</u>	<u>(39,384)</u>

(i) Refers to the non-cash deconsolidation effect of the divested company Sfida according to the impact in each line of its balance sheet in relation to each group of the cash flow statement;

(ii) In 2019, effects on the adoption of CPC 48 (IFRS 9) had no direct impact on current cash flows, although they affected the Company's capital and assets structure in accounts receivable, taxes, investments and equity.

BR Malls Participações S.A.

Notes on the quarterly financial report -- Continued

Section 5: Other disclosures

March 31, 2019

(In thousands of reais, except when indicated otherwise)

5.6. Subsequent events

Continuing the strategy of renegotiating the Company's debts in April 2019, debts indexed to TR were renegotiated in the Company and its subsidiaries Fashion Mall S.A. and Cima Empreendimentos do Brasil S.A.

The debt of Fashion Mall S.A. had a TR + 9.31% index and, with the change, it may vary from TR + 7.85% to TR + 9.25% according to Selic. In the company Cima Empreendimentos do Brasil S.A., the TR + 8.90% index was reduced to TR + 8.34%.

In addition, in April 2019, the Company settled the following financial instruments:

Company	Modality / Bank	Rate	Date	Amount
Mooca	Itaú BBA Derivatives	TR + 9.80% x IPCA + 6.25%	April 15, 2019	R\$5,698
Proffito	Itaú BBA Derivatives	TR + 11.16% x IGP-M + 8.00%	April 15, 2019	R\$16,917
Estação BH	Banco do Brasil financing	TR + 8.90% p.a.	April 15, 2018	R\$55,530
Contagem	CCB Itaú BBA	TR + 7.60% p.a.	April 15, 2019	R\$56,526
BR Malls S.A.	CCB Itaú BBA	TR + 7.60% p.a.	April 15, 2019	R\$78,186
BR Malls S.A.	CCB Itaú BBA	TR + 7.60% p.a.	April 15, 2019	R\$18,347
Proffito	CRI Itaú S.A.	TR + 9.40% p.a.	April 18, 2019	R\$57,036
Proffito	CRI Itaú S.A.	TR + 9.40% p.a.	April 18, 2019	R\$75,307
				R\$363,548