

**PPLA Participations Ltd.**

**Interim Condensed Financial Statements  
in IFRS**

September 30, 2019

with independent auditor's review report

## **PPLA Participations Ltd.**

Interim condensed financial statements

As of September 30, 2019

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

## **Independent auditor's review report on the interim condensed financial statements at September 30, 2019**

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

We have reviewed the interim condensed financial statements of **PPLA Participations Ltd. (Company)** as of September 30, 2019 and the related statements of income and the comprehensive income for the quarter and nine-month period then ended, and the changes in shareholders' equity and the cash flows for the nine-month period then ended, as well as a summary of the main accounting practices and other notes.

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

### **Scope of the review**

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

### **Conclusion on the interim condensed financial statements**

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

## Other issues

### Significant uncertainty

#### Auditor's report of PPLA Investments Ltd.

On September 30, 2019, PPLA Participations Ltd. has investments in the amount of R\$ 46 thousand in the Company PPLA Investments Ltd. evaluated by the equity method. The financial statements of this investment were audited by other independent auditors who issued a report dated November 13, 2019, without qualification, containing the paragraph of Significant uncertainty disclosed below:

#### Going Concern

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

São Paulo, November 13<sup>th</sup>, 2019.

#### Baker Tilly 4Partners Auditores Independentes S.S.



**Fábio Rodrigo Muralo**



**Leonardo Boiani Antoniazzi**

## PPLA Participations Ltd.

### Interim condensed balance sheets

As of September 30, 2019 and December 31, 2018

(In thousands of reais)

Assets	Note	9/30/2019	12/31/2018
Investment entity portfolio	5	46	3,799
Total assets		<u>46</u>	<u>3,799</u>
Shareholders' equity			
Capital stock and share premium	6	1,504,802	1,504,802
Treasury shares		(2,954)	(2,954)
Other comprehensive income		424,138	424,445
Accumulated losses		(1,925,940)	(1,922,494)
Total shareholders' equity		<u>46</u>	<u>3,799</u>
Total liabilities and shareholders' equity		<u>46</u>	<u>3,799</u>

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

## PPLA Participations Ltd.

### Interim condensed statements of income

Quarters and nine-month periods ended September 30, 2019 and 2018

(In thousands of reais, except for loss per share)

		Quarters ended on:		Nine-month periods ended on:	
	<u>Note</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Loss on investment entity portfolio measured at fair value	8	(102)	(20,980)	(3,446)	(156,916)
<b>Operating loss</b>		<b><u>(102)</u></b>	<b><u>(20,980)</u></b>	<b><u>(3,446)</u></b>	<b><u>(156,916)</u></b>
<b>Loss for the period</b>		<b><u>(102)</u></b>	<b><u>(20,980)</u></b>	<b><u>(3,446)</u></b>	<b><u>(156,916)</u></b>
Loss per share (basic and diluted - R\$)		(0.00)	(0.30)	(0.05)	(2.25)

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

## PPLA Participations Ltd.

### Interim condensed statements of comprehensive income

Quarters and nine-month periods ended September 30, 2019 and 2018

(In thousands of reais)

	Quarters ended on:		Nine-month periods ended on:	
	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Loss for the period	(102)	(20,980)	(3,446)	(156,916)
Other comprehensive income / (loss) not to be reclassified to profit or loss:				
Currency translation adjustments	<u>(2)</u>	<u>(46)</u>	<u>(307)</u>	<u>7,646</u>
	(2)	(46)	(307)	7,646
<b>Total comprehensive loss for the period</b>	<b><u>(104)</u></b>	<b><u>(21,026)</u></b>	<b><u>(3,753)</u></b>	<b><u>(149,270)</u></b>

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

## PPLA Participations Ltd.

### Interim condensed statement of changes in shareholders' equity

Nine-month periods ended September 30, 2019 and 2018

(In thousands of reais)

	Capital stock and share premium	From Company	Treasury shares	Accumulated losses	Total shareholders' equity
<b>Balance as of December 31, 2017</b>	<u>1,504,802</u>	<u>417,388</u>	<u>(2,954)</u>	<u>(1,759,538)</u>	<u>159,698</u>
Loss of the period	-	-	-	(156,916)	(156,916)
Currency translation adjustments	-	7,646	-	-	7,646
<b>Balance as of September 31, 2018</b>	<u>1,504,802</u>	<u>425,034</u>	<u>(2,954)</u>	<u>(1,916,454)</u>	<u>10,428</u>
<b>Balance as of December 31, 2018</b>	<u>1,504,802</u>	<u>424,445</u>	<u>(2,954)</u>	<u>(1,922,494)</u>	<u>3,799</u>
Loss of the period	-	-	-	(3,446)	(3,446)
Currency translation adjustments	-	(307)	-	-	(307)
<b>Balance as of September 30, 2019</b>	<u>1,504,802</u>	<u>424,138</u>	<u>(2,954)</u>	<u>(1,925,940)</u>	<u>46</u>

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



## PPLA Participations Ltd.

### Interim condensed statements of cash flows

Nine-month periods ended September 30, 2019 and 2018

(In thousands of reais)

	<u>Note</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Operating activities			
Loss for the period		(3,446)	(156,916)
Adjustments to the income / (loss) for the period			
Gains from investment entity portfolio measured at fair value	8	3,446	156,916
Adjusted gain/(loss) for the period		-	-
<b>Increase / (decrease) in cash and cash equivalents</b>		-	-
Balance of cash and cash equivalents			
At the beginning of the period		-	-
At the end of the period		-	-
<b>Increase / (decrease) in cash and cash equivalents</b>		-	-

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

## **PPLA Participations Ltd.**

### **Notes to the interim condensed financial statements**

As of September 30, 2019

(In thousands of reais)

## **1. Operations**

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

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

In August, 2017, the Company's Board of Directors changed the corporate name of BTG Participations Ltd. to PPLA Participations Ltd., in order to clarify the investors' understanding of the BPAC11 units and BBTG12 units (PPLA Participations, currently PPLA11) in the context of the segregation held on August 21, 2017.

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

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

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

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

### **Discontinuation of the BDR Program**

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

## **PPLA Participations Ltd.**

### **Notes to the interim condensed financial statements**

As of September 30, 2019

(In thousands of reais)

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

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

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

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

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

### **Acquisitions and sales**

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

## **PPLA Participations Ltd.**

### **Notes to the interim condensed financial statements**

As of September 30, 2019

(In thousands of reais)

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

During the year ended December 31, 2018, PPLA Investments has measured at nil its exposure in Bravante Group due to a fair value adjustment made in light of a reduced transported volume, relevant commercial contracts lost and company high indebtness. As of March 31, 2019, there was no change in fair value.

During the year ended December 31, 2018, PPLA Investments recorded fair value adjustment gain of R\$350.5 millions in Universo Online S.A ("UOL"), as a result of PagSeguro's IPO on NYSE (New York Stock Exchange) on January 24, 2018.

## **2. Presentation of financial statements**

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

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

### **a. Revised IFRS pronouncements**

#### **I. Accounting standards recently issued and applicable in future periods**

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

- IFRS 16 – Leases – The pronouncement replaces IAS 17 - Leases, and related interpretations (IFRIC 4, SIC 15 and SIC 27). It eliminates the accounting for operating lease agreements for the lessee, presenting only one lease model, that consists of: (a) recognizing leases which terms exceeds 12 months and with substantial amounts; (b) initially recognizing lease in assets and liabilities at present value; and (c) recognizing depreciation and interest from lease separately in the result. For the lessor, accounting will continue to be segregated between operating and financial lease. This standard is effective for annual periods beginning on January 1st, 2019. Possible impacts arising from the adoption of this standard are being assessed and will be completed by the date this standard is effective.

## PPLA Participations Ltd.

### Notes to the interim condensed financial statements

As of September 30, 2019

(In thousands of reais)

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

The financial statements were approved by the Management on November 13, 2019, and they contain a true and fair view of the financial position and results of the Company.

### 3. Main accounting practices

The interim condensed financial statements do not include all the information required for the annual financial statements, and should be read joint with the financial statements for the period ended December 31, 2018, issued March 29, 2019.

The accounting practices, policies and principal judgments on estimates adopted in the preparation of the interim condensed financial statements are consistent with those adopted and disclosed in the financial statements for the year ended December 31, 2018.

#### a. Invested companies

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

	Country	Equity interest - %	
		9/30/2019	12/31/2018
<b>Direct</b>			
BTG Bermuda LP Holdco Ltd.	Bermuda	100.00	100.00
<b>Indirect</b>			
PPLA Investments LP.	Bermuda	0.14	28.02

During the quarter ended on September 30, 2019, BTG MB Investments LP ("BTG MB"), a company that has an indirect participation in the Company, converted R\$63.7 million of a loan granted to PPLA Investments into equity – PPLA Investments issued 41,069,392,537 Class D shares, equivalent to R\$0.0015 per share. As a consequence of the capitalization, PPLA Investments shareholders were diluted in their participation, in such a way that: (i) the Company indirectly holds, through PPLA Bermuda LP Holdco Ltd, 0.14% of PPLA Investments and (ii) BTG MB directly holds approximately 99% of PPLA Investments shares.

During the quarter ended on June 30, 2019, BTG MB Investments LP ("BTG MB"), a company that has an indirect participation in the Company, converted R\$175.9 million of a loan granted to PPLA Investments into equity – PPLA Investments issued 13,918,235,294 Class D shares, equivalent to R\$0.01 per share. As a consequence of the capitalization, PPLA Investments shareholders were diluted in their participation, in such a way that: (i) the Company indirectly holds, through PPLA Bermuda LP Holdco Ltd, 0.47% of PPLA Investments and (ii) BTG MB directly holds approximately 98% of PPLA Investments shares.

## PPLA Participations Ltd.

### Notes to the interim condensed financial statements

As of September 30, 2019

(In thousands of reais)

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

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

Subsidiaries	Country	Equity interest- %	
		6/30/2019	12/31/2018
BTG Loanco LLC	USA	100.00	100.00
BTG Pactual Stigma LLC	USA	100.00	100.00
BTG Equity Investments LLC	USA	100.00	100.00
Hárpia Omega Participações S.A.	Brazil	100.00	100.00
BTG Pactual Servicios S.A. de C.V.	México	100.00	100.00
BTG Pactual Prop Feeder (1) S.a.r.l.	Luxembourg	100.00	100.00
BTG Pactual Investimentos Florestais S.A.	Brazil	39.07	58.39
BRPEC Agro Pecuária S.A.	Brazil	100.00	100.00
BTG Pactual Proprietary Feeder (1) Limited	Cayman	100.00	100.00
Timber XI SPE S.A. (i)	Brazil	10.42	15.57
Timber IX Participações S.A. (i)	Brazil	10.42	15.57
São Lourenço Empreendimentos Florestais Ltda. (i)	Brazil	10.42	15.57
Fazenda Corisco Participações S.A. (i)	Brazil	10.42	15.57
BTG Pactual Santa Terezinha Holding S.A. (i)	Brazil	10.42	15.57
SCFlor Empreendimentos Agrícolas Ltda.	Brazil	10.42	15.57
Fazenda Santa Terezinha Participações S.A. (i)	Brazil	10.42	15.57
Timber VII SPE S.A. (i)	Brazil	10.42	-
BTGI Quartzo Participações S.A	Brazil	100.00	100.00
BTGI Safira Participações S.A	Brazil	100.00	100.00
BTGI VII Participações S.A.	Brazil	100.00	100.00
BTGI VIII Participações S.A.	Brazil	100.00	100.00
<b>Investment funds</b>			
Beira Rio Fundo de Investimento em Participações	Brazil	100.00	100.00
Bravo Fundo de Investimento em Participação	Brazil	100.00	100.00
BTG Pactual Brazil Investment Fund I LP	Cayman	100.00	100.00
BTG Pactual Absolute Return II Master Fund LP	Cayman	100.00	100.00
Turquesa Fundo de Investimento em Participação	Brazil	100.00	100.00
FII Estoque Residencial Vitacon	Brazil	-	100.00

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

## 4. Risk management

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

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

## **PPLA Participations Ltd.**

### **Notes to the interim condensed financial statements**

As of September 30, 2019

(In thousands of reais)

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

#### **a. Market risk**

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

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

## PPLA Participations Ltd.

### Notes to the interim condensed financial statements

As of September 30, 2019

(In thousands of reais)

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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
<b>In millions of R\$</b>			
Daily average VaR	0.9	0.6	0.7

#### b. Credit risk

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

	<u>9/30/2019</u>			
	<u>Brazil</u>	<u>United States</u>	<u>Others</u>	<u>Total</u>
<b>Assets</b>				
Investment entity portfolio				
Assets				
Cash and cash equivalents	37	-	-	37
Investment entity portfolio (i)	859	-	7	866
Investments at fair value through other comprehensive income	824	-	(41)	783
Financial assets at amortized cost	15	236	53	304
Other assets	24	-	-	24
Liabilities (ii)	-	-	(2,049)	(2,049)
<b>Total</b>	<u>1,759</u>	<u>236</u>	<u>(2,030)</u>	<u>(35)</u>
	<u>12/31/2018</u>			
	<u>Brazil</u>	<u>United States</u>	<u>Others</u>	<u>Total</u>
<b>Assets</b>				
Investment entity portfolio				
Assets				
Cash and cash equivalents	41,004	-	-	41,004
Investment entity portfolio (i)	226,736	-	9,957	236,693
Investments at fair value through other comprehensive income	175,552	767	(8,128)	168,191
Financial assets at amortized cost	2,857	133,690	72,724	209,271
Other assets	4,671	-	-	4,671
Liabilities (ii)	-	-	(656,031)	(656,031)
<b>Total</b>	<u>450,820</u>	<u>134,457</u>	<u>(581,478)</u>	<u>3,799</u>

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

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

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



## PPLA Participations Ltd.

### Notes to the interim condensed financial statements

As of September 30, 2019

(In thousands of reais)

	9/30/2019				
	Private institutions	Companies	Individuals	Others	Total
<b>Assets</b>					
Investment entity portfolio					
Assets					
Cash and cash equivalents	37	-	-	-	37
Investment entity portfolio	1,141	1,213	-	(1,407)	947
Investments at fair value through other comprehensive income	-	824	-	(41)	783
Financial assets at amortized cost	-	-	304	-	304
Other assets	-	-	-	24	24
Liabilities (i)	-	-	-	(2,049)	(2,049)
<b>Total</b>	<b>1,178</b>	<b>2,037</b>	<b>304</b>	<b>(3,473)</b>	<b>46</b>
	12/31/2018				
	Private institutions	Companies	Individuals	Others	Total
<b>Assets</b>					
Cash and cash equivalents	41,004	-	-	-	41,004
Investment entity portfolio	289,896	266,773	-	(319,976)	236,693
Investments at fair value through other comprehensive income	-	176,319	-	(8,128)	168,191
Financial assets at amortized cost	-	-	205,842	3,429	209,271
Other assets	-	-	-	4,671	4,671
Liabilities (i)	-	-	-	(656,031)	(656,031)
<b>Total</b>	<b>330,900</b>	<b>443,092</b>	<b>205,842</b>	<b>(976,035)</b>	<b>3,799</b>

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

### c. Liquidity analysis and risk

As of September 30, 2019 and December 31, 2018, the Company does not have any cash, cash equivalents and liabilities.

As of September 30, 2019 and December 31, 2018, there is no fixed maturity for the discounted cash flows for the investment entity portfolio of the Company. The following table shows the Investment entity portfolio's liquidity position as of September 30, 2019 and December 31, 2018:

	9/30/2019				
	Up to 90 days / No maturity	90 to 365 days	1 to 3 years	Over 3 years	Total
<b>Assets</b>					
Investment entity portfolio					
Assets					
Cash and cash equivalents	37	-	-	-	37
Investment entity portfolio	939	-	-	8	947
Investments at fair value through other comprehensive income	-	-	-	783	783
Financial assets at amortized cost	5	4	31	264	304
Other assets	-	24	-	-	24
Liabilities (i)	-	(2,049)	-	-	(2,049)
<b>Total</b>	<b>981</b>	<b>(2,021)</b>	<b>31</b>	<b>1,055</b>	<b>46</b>

# PPLA Participations Ltd.

## Notes to the interim condensed financial statements

As of September 30, 2019

(In thousands of reais)

	12/31/2018				Total
	Up to 90 days / No maturity	90 to 365 days	1 to 3 years	Over 3 years	
<b>Assets</b>					
Investment entity portfolio					
Cash and cash equivalents	41,004	-	-	-	41,004
Securities	-	-	-	8,450	8,450
Investment entity portfolio	281,446	-	-	(53,203)	228,243
Investments at fair value through other comprehensive income	-	-	-	168,191	168,191
Financial assets at amortized cost	-	6,082	6,716	196,473	209,271
Other assets	-	4,671	-	-	4,671
Liabilities (i)	(35,527)	(11,284)	(287,220)	-	(656,031)
<b>Total</b>	<b>(35,077)</b>	<b>(531)</b>	<b>(280,504)</b>	<b>319,911</b>	<b>3,799</b>

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

## 5. Investment entity portfolio

As of September 30, 2019, the investment entity portfolio measured at fair value through profit and loss is represented by the interest in BTG Holdco, a holding entity, in the amount of R\$46 (December 31, 2018 - R\$3,799). Below are presented relevant information of the investment portfolio as of September 30, 2019 and December 31, 2018, through the investment in PPLA Investments (via BTG Holdco).

On January 1, 2016, PPLA Investments adopted IFRS 9, with prospective effects from that date onwards. For this matter, the figures disclosed below include impacts from the early adoption, as described in its financial statements.

The relevant figures of the Company's investment portfolio, as of September 30, 2019 and December 31, 2018, are presented below:

	Note	9/30/2019 (1)	12/31/2018 (1)
<b>Assets</b>			
Cash and cash equivalents	(a)	25,600	146,343
Securities			30,158
Investment entity portfolio	(b)	662,165	814,599
Investments at fair value through other comprehensive income	(c)	547,551	600,271
Financial assets at amortized cost	(d)	212,418	746,885
Other assets		16,667	16,672
<b>Total</b>		<b>1,464,401</b>	<b>2,354,928</b>
<b>Liabilities</b>			
Derivatives		16,872	20,875
Financial liabilities at amortized cost	(e)	1,402,739	2,315,165
Other liabilities		16,127	12,041
<b>Total</b>		<b>1,435,738</b>	<b>2,348,081</b>
<b>Shareholders' equity</b>		<b>28,663</b>	<b>6,847</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,464,401</b>	<b>2,354,928</b>
<b>Investment entity portfolio reconciliation</b>			
BTGI shareholder's equity		28,663	6,847
BTGP ownership (via BTG Holdco)		0.14%	28.02%
<b>Subtotal</b>		<b>41</b>	<b>1,919</b>
Fair value adjustment (2)		5	1,880
<b>Total</b>		<b>46</b>	<b>3,799</b>

(1) Balances as reported by PPLA Investments as of September 30, 2019 and December 31, 2018.

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

## PPLA Participations Ltd.

### Notes to the interim condensed financial statements

As of September 30, 2019

(In thousands of reais)

#### (a) Cash and cash equivalents

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

#### (b) Investment entity portfolio

	As of September 30, 2019		As of December 31, 2018	
	Cost	Fair value	Cost	Fair value
Merchant Banking investments (i)	3,232,247	848,017	3,167,074	952,110
Private equity funds ("FIP")	397,507	101,286	397,507	148,382
Subsidiaries, associates and jointly controlled entities	2,834,740	746,731	2,769,567	803,728
Global markets investments (ii)	5,192	5,192	5,378	5,378
Loans (1)	792,554	792,554	999,105	999,105
Others (2)	(983,598)	(983,598)	(1,141,994)	(1,141,994)
<b>Total</b>	<b>3,046,395</b>	<b>662,165</b>	<b>3,029,563</b>	<b>814,599</b>

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

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

#### (i) Merchant Banking investments

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

As of September 30, 2019 and December 31, 2018, PPLA Investments Merchant Banking investments corresponds to private equity and real estate investments, through FIP or other investment vehicles, as disclosed below:

Merchant Banking investments	Description/Segment activity	09/30/2019		12/31/2018	
		(%) (1)	Fair value	(%) (1)	Fair value
Through FIPs:					
BrPec Agropecuária S.A.	Ranching	100.00%	101,286	100.0%	148,382
Through subsidiaries, associates and jointly controlled entities:					
Timber XI SPE S.A.	Biological assets	10.42%	8,931	15.6%	12,157
Timber IX Participações S.A.	Biological assets	10.42%	53,775	15.6%	79,694
BTG Pactual Santa Terezinha Holding S.A	Biological assets	10.42%	10,909	15.6%	14,263
BTG Pactual SCFLOR & São Lourenço Holding S.A	Biological assets	10.42%	12,821	15.6%	19,287
Timber VII SPE S.A.	Biological assets	10.42%	44,347	0.0%	-
Loans - Merchant Banking investments (2)	Others	-	615,948	-	678,327
<b>Total</b>			<b>848,017</b>		<b>952,110</b>

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

(2) As at September 30, 2019, includes loans granted to Leader R\$603 millions (2018: R\$609 millions), B&A R\$12 millions (2018: R\$12 millions) and BR Pharma -Zero (2018: R\$57 millions). Additionally, during the first quarter of 2018 the Company has measured at nil its exposure in Bravante Group recording a loss of approximately R\$337 millions.

#### (ii) Global market investments

A hedge fund is an investment fund that typically undertakes a wider range of investment and asset trading than other funds, but which is only open for investment from particular types of investors specified by regulators.

## PPLA Participations Ltd.

### Notes to the interim condensed financial statements

As of September 30, 2019

(In thousands of reais)

As of September 30, 2019, the Company's investment in BTG Pactual Absolute Return II Master Fund LP ("ARF II") corresponds to the amount of R\$5,192 (December 31, 2018: R\$5,378). Currently, ARF II is in the process of closing its activities, with low volume of transactions.

The Net Asset Value ("NAV") of global markets investments approximates to its fair value, which is equivalent to its cost value on the referred date.

#### (c) Investments at fair value through other comprehensive income

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

	As of September 30, 2019		As of December 31, 2018	
	Cost	Fair value	Cost	Fair value
Merchant Banking investments - FIP (i)	188,023	576,455	191,634	629,279
Others (1)	(28,904)	(28,904)	(29,008)	(29,008)
<b>Total</b>	<b>159,119</b>	<b>547,551</b>	<b>162,626</b>	<b>600,271</b>

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

#### (i) Merchant banking investments - FIP

As of September 30, 2019 and December 31, 2018, PPLA Investments Merchant Banking investments corresponds to private equity and real estate investments, through FIP, as disclosed below:

Merchant Banking investments	Description/Segment activity	(%) (1)	Fair value	(%) (1)	Fair value
AlBodytech Participações S.A.	Fitness segment	10.4%	20,406	10.4%	19,121
Deep Sea Group (1)	Maritime transport and logistics services for the oil and gas sector	0.4%	-	0.4%	2,739
Latte S.A.	Waste collection, treatment and disposal	32.0%	11,681	0.0%	-
Auto Adesivos Paraná S.A.	Adhesives, labels and special paper company	30.1%	64,076	30.1%	65,129
Estre Participações S.A.	Waste collection, treatment and disposal	-	4,796	8.4%	66,799
UOL Universo on Line S.A.	Internet and server provider	2.3%	475,496	2.3%	475,491
<b>Total</b>			<b>576,455</b>		<b>629,279</b>

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

#### (d) Financial assets at amortized cost

	09/30/2019	12/31/2018
Partners (i)	202,213	734,648
Others	10,205	12,237
<b>Total</b>	<b>212,418</b>	<b>746,885</b>

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

## PPLA Participations Ltd.

### Notes to the interim condensed financial statements

As of September 30, 2019

(In thousands of reais)

As of September 30, 2019 and December 31, 2018, the fair value attributed to the Loans and receivables is similar to its amortized cost.

#### (e) Financial liabilities at amortized cost

	Maturity	Index	09/30/2019	
			Cost	Amortized Cost
Loans with financial institutions	December-19 to October-21	Libor and 1.5% to 5.3% p.a.	1,167,349	1,168,737
Medium term notes	July-19 to June-20	3.6%p.a. to 100% CDI	249,864	234,002
<b>Total</b>			<b>1,417,213</b>	<b>1,402,739</b>
	Maturity	Index	12/31/2018	
			Cost	Amortized Cost
Loans with financial institutions	Sep-21	Libor and 1.15% to 5.3% p.a.	2,017,480	2,024,190
Medium term notes	January-16 to June-19	0.8%p.a. to 100% CDI	290,975	290,975
<b>Total</b>			<b>2,308,455</b>	<b>2,315,165</b>

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

#### (f) Fair value Hierarchy

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

##### (i) Investment entity portfolio

	9/30/2019			
	Level 1	Level 2	Level 3	Total
<b>Investment entity portfolio</b>				
Merchant Banking investments				
Private equity funds	-	-	101,286	101,286
Subsidiaries, associates and jointly controlled entities	-	615,948	130,783	746,731
Global markets investments	-	5,192	-	5,192
Loans	-	792,554	-	792,554
Others	-	(983,598)	-	(983,598)
<b>Total</b>	-	<b>430,096</b>	<b>232,069</b>	<b>662,165</b>
	12/31/2018			
	Level 1	Level 2	Level 3	Total
<b>Investment entity portfolio</b>				
Merchant Banking investments				
Private equity funds	-	-	148,382	148,382
Subsidiaries, associates and jointly controlled entities	-	678,326	125,402	803,728
Global markets investments	-	5,378	-	5,378
Loans	-	999,105	-	999,105
Others	-	(1,141,994)	-	(1,141,994)
<b>Total</b>	-	<b>540,815</b>	<b>273,784</b>	<b>814,599</b>

##### (ii) Investments at fair value through other comprehensive income

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

## PPLA Participations Ltd.

### Notes to the interim condensed financial statements

As of September 30, 2019

(In thousands of reais)

	9/30/2019			
	Level 1	Level 2	Level 3	Total
Investments at fair value through other comprehensive income				
Merchant Banking investments - FIP	-	-	576,455	576,455
Others	-	(28,904)	-	(28,904)
<b>Total</b>	<b>-</b>	<b>(28,904)</b>	<b>576,455</b>	<b>547,551</b>

  

	12/31/2018			
	Level 1	Level 2	Level 3	Total
Investments at fair value through other comprehensive income				
Merchant Banking investments - FIP	2,739	-	626,540	629,279
Others	-	(29,008)	-	(29,008)
<b>Total</b>	<b>2,739</b>	<b>(29,008)</b>	<b>626,540</b>	<b>600,271</b>

#### (iii) Loans and receivables

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

#### (iv) Financial liabilities at amortized cost

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

#### (v) Derivatives

Derivatives are presented at fair value at PPLA Participations' level using pricing models in which current market transactions or observable data are not available and require a high degree of judgment and estimation. Therefore, they were classified as a Level 3.

#### (vi) Summary of valuation techniques

There were no changes from the valuation techniques disclosed in the financial statements for the period ended in September 30, 2019.

#### (vii) Reclassification between levels

During the period ended September 30, 2019, there were no reclassification between levels and fair value hierarchy.

## PPLA Participations Ltd.

### Notes to the interim condensed financial statements

As of September 30, 2019

(In thousands of reais)

## 6. Shareholders' equity

### a. Capital

In August, 2017, the reverse stock split of Class A shares and Class B shares issued by the Company, as approved by the Company's Board of Directors' Meeting, held on August 4, 2017 (the "Shareholders' Meeting") was ratified.

As of the trading session of September 8, 2017, the Company's units started to be listed and traded reflecting the new proportions of the Reverse Stock Split, as well as the BDRs representing shares issued by the Company were listed reflecting the new proportions of the Reverse Stock Split, at a ratio of nine-to-one.

As of September 30, 2019 and December 31, 2018, the Company's capital was comprised by the following class of shares:

	9/30/2019				
	Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
Class A (i)	5,000,000,000	28,146,637	-	Yes	1
Class B (i)	10,000,000,000	56,293,346	-	No	-
Class C	1	1	10	Yes	(*)
Class D	1,000,000,000	-	0,0000000001	Yes	1
<b>Total</b>	<b>16,000,000,001</b>	<b>84,440,020</b>			

  

	12/31/2018				
	Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
Class A (i)	5,000,000,000	28,146,637	-	Yes	1
Class B (i)	10,000,000,000	56,293,346	-	No	-
Class C	1	1	10	Yes	(*)
Class D	1,000,000,000	-	0,0000000001	Yes	1
<b>Total</b>	<b>16,000,000,001</b>	<b>84,440,020</b>			

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

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

### b. Treasury shares

During the period ended September 30, 2019, the Company did not repurchased units.

### c. Dividends

The Company did not distribute dividends for the period ended on September 30, 2019 and year ended December 31, 2018.

## PPLA Participations Ltd.

### Notes to the interim condensed financial statements

As of September 30, 2019

(In thousands of reais)

## 7. Loss per share

	Quarters ended on:		Nine-month periods ended on:	
	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Loss attributed to controlling shareholders	(102)	(20,980)	(3,446)	(156,916)
Weighted average per thousand shares outstanding during the quarter (i)	69,689	69,689	69,689	69,689
<b>Loss per share - Basic (in Reais)</b>	<u>(0.00)</u>	<u>(0.30)</u>	<u>(0.05)</u>	<u>(2.25)</u>
<b>Loss per share - Diluted (in Reais)</b>	<u>(0.00)</u>	<u>(0.30)</u>	<u>(0.05)</u>	<u>(2.25)</u>

(i) Class A and class B shares.

## 8. Loss from investment entity portfolio measured at fair value

The breakdown of this item for the period ended September 30, 2019 and 2018 as follows:

	Quarters ended on:		Nine-month periods ended on:	
	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Loss on investment entity portfolio	(102)	(20,980)	(3,446)	(156,916)
Total	<u>(102)</u>	<u>(20,980)</u>	<u>(3,446)</u>	<u>(156,916)</u>

## 9. Related Parties

As of September 30, 2019 and December 31, 2018, PPLA Participations presented no balances of related-party transactions.

No management compensation was recorded during the period ended September 30, 2019 and year ended December,31, 2018.