



(A free translation of the original in Portuguese)

Patrimar Engenharia S.A.

Parent company and consolidated
financial statements at
September 30, 2022
and independent auditor's report



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A free translation from Portuguese into English of Independent Auditor's Review Report on individual and consolidated quarterly information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) applicable to Brazilian real estate development entities registered with the Brazilian Securities and Exchange Commission (CVM)

Independent auditor's review report on quarterly information

Shareholders, Board of Directors and Officers of
Patrimar Engenharia S.A.
Belo Horizonte - MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Patrimar Engenharia S.A. for the quarter ended September 30, 2022, comprising the statement of financial position as of September 30, 2022 and the related statements of profit or loss and of comprehensive income for the three and nine-month periods then ended, and of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), applicable to real estate development entities in Brazil registered with the Brazilian Securities Commission (CVM), as well as for the fair presentation of this information in conformity with the rules issued by the CVM applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity, respectively). A review of interim financial 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 auditing standards 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 individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above is not prepared, in all material aspects, in accordance with NBC TG 21 and IAS 34 applicable to Brazilian real estate development entities registered with the Brazilian Securities and Exchange Commission (CVM), and presented consistently with the rules issued by the CVM applicable to the preparation of the Quarterly Information Form (ITR).

Emphasis of matter

As described in Note 2, the individual and consolidated interim financial information contained in the Quarterly Information Form (ITR) was prepared in accordance with NBC TG 21 and IAS 34, applicable to Brazilian real estate development entities registered with the CVM. Accordingly, the determination of the accounting policy adopted by the Company for recognition of revenue in contracts for the purchase and sale of unfinished real estate units on the aspects related to transfer of control follow the Company management's understanding as to application of NBC TG 47, aligned with CVM's determination expressed in Memorandum Circular CVM/SNC/SEP No. 02/2018. Our conclusion is not qualified in respect of this matter.

Other matters

Corresponding figures audited or reviewed by the previous auditor

The audit of the individual and consolidated balance sheet as at December 31, 2021 and the review of the individual and consolidated interim financial information for the period ended September 30, 2021, presented for comparison purposes, were conducted by another auditor, who issued an unqualified audit report and review report, dated March 09, 2022 and November 09, 2021, respectively.



Statements of value added

The above mentioned quarterly information include the individual and consolidated statement of value added (SVA) for the nine-month period ended September 30, 2022, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Belo Horizonte, November 08, 2022.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6



Bruno Costa Oliveira
Contador CRC-1BA031359/O-8



Balance sheet at September 30

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Assets					
Current assets					
Cash and cash equivalents	6	82,125	31,765	342,527	243,926
Marketable securities	7	6,108	7,785	86,155	56,415
Trade receivables	8	13,886	26,661	330,326	201,174
Properties for sale	9	3,643	9,005	393,997	402,608
Taxes recoverable		2,788	1,574	14,706	9,270
Prepaid expenses	10	4,697	4,323	24,928	22,011
Other receivables		1,883	1,233	13,776	14,138
Total current assets		115,130	82,346	1,206,415	949,542
Non-current assets					
Long-term receivables					
Restricted financial investments	6	2,527	2,339	2,527	2,339
Trade receivables	8	12,258	1,852	247,403	245,753
Properties for sale	9	8,589	12,504	79,097	24,403
Judicial deposits	21	359	86	1,507	1,189
Related parties	11	111,134	91,708	7,978	12,013
		134,867	108,489	338,512	285,697
Investments	12	414,379	349,432	28,060	27,697
Property and equipment	13	14,864	15,462	39,560	36,087
Intangible assets	14	6,099	7,494	6,306	7,796
Lease right-of-use		3,229	4,641	3,699	5,102
		438,571	377,029	77,625	76,682
Total non-current assets		573,438	485,518	416,137	362,379
Total assets		688,568	567,864	1,622,552	1,311,921



Balance sheet at September 30

All amounts in thousands of reais

(continued)

		Parent company		Consolidated	
	Note	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Liabilities and equity					
Current liabilities					
Borrowings and debentures	15	27,663	11,243	64,462	60,797
Leases	16	1,937	1,905	2,407	2,362
Trade payables	17	2,261	6,012	71,576	44,402
Salaries and social charges		7,506	5,146	14,478	9,531
Tax liabilities	18	1,097	1,610	31,346	26,197
Real estate purchase obligations	19	800	1,401	23,002	35,942
Dividends payable		80	80	155	80
Advances from customers	20	49	996	472,390	373,167
Provision for real estate maintenance		186	769	1,603	6,425
Other payables		11	21	1,743	1,963
Total current liabilities		41,590	29,183	683,162	560,866
Non-current liabilities					
Borrowings and debentures	15	248,781	168,828	346,885	206,853
Leases	16	1,417	2,874	1,417	2,874
Real estate purchase obligations	19	-	400	19,906	32,001
Provision for contingencies	21	1,556	1,542	3,645	6,626
Provision for real estate maintenance	22	653	583	13,461	6,358
Related parties	11	13,312	15,568	6,072	4,268
Provision for investees' net capital deficiency	12	5,290	4,477	5,576	4,793
Total non-current liabilities		271,009	194,272	396,962	263,773
Total liabilities		312,599	223,455	1,080,124	824,639
Equity					
Equity	23				
Capital		269,172	269,172	269,172	269,172
Capital reserve		259	259	259	259
Revenue reserves		106,538	74,978	106,538	74,978
		375,969	344,409	375,969	344,409
Non-controlling interests		-	-	166,459	142,873
Total equity		375,969	344,409	542,428	487,282
Total liabilities and equity		688,568	567,864	1,622,552	1,311,921

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



Statement of income
Quarter and nine-month period ended September 30

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	Parent company			
		07/01/2022 a 09/30/2022	01/01/2022 a 09/30/2022	07/01/2021 a 09/30/2021	01/01/2021 a 09/30/2021
Net operating revenue	25	6,534	10,942	14,922	44,531
Cost of properties sold	26	(409)	(3,181)	(9,423)	(28,274)
Gross profit		6,125	7,761	5,499	16,257
Operating income (expenses)					
General and administrative	26	(5,913)	(18,525)	(9,100)	(25,029)
Selling	26	(2,005)	(6,904)	(2,012)	(4,574)
Equity in the results of investees	12	35,042	69,853	21,443	73,500
Other operating income (expenses), net	26	54	(583)	(1,701)	(4,576)
Operating profit		33,303	51,602	14,129	55,578
Finance income	28	3,523	4,969	1,163	2,182
Finance costs	28	(11,152)	(23,695)	(5,351)	(7,314)
Finance (costs) income, net		(7,629)	(18,726)	(4,188)	(5,132)
Profit before income tax and social contribution		25,674	32,876	9,941	50,446
Income tax and social contribution	29	(39)	(102)	(160)	(514)
Profit for the year		25,635	32,774	9,781	49,932
Basic earnings per share - R\$	24	0,457555	0,584978	0,174580	0,891229
Diluted earnings per share - R\$	24	0,457555	0,584978	0,174580	0,891229

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



Statement of income
Quarter and nine-month period ended September 30

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

		Consolidated			
	Note	07/01/2022 a 09/30/2022	01/01/2022 a 09/30/2022	07/01/2021 a 09/30/2021	01/01/2021 a 09/30/2021
Net operating revenue	25	313,544	648,780	182,248	548,913
Cost of properties sold	26	(233,902)	(477,759)	(108,785)	(336,038)
Gross profit		79,642	171,021	73,463	212,875
Operating income (expenses)					
General and administrative	26	(14,420)	(40,339)	(10,100)	(29,550)
Selling	26	(19,163)	(54,485)	(17,113)	(38,293)
Equity in the results of investees	12	(1,938)	(3,400)	(1,119)	(9,234)
Other operating income (expenses), net	26	647	(1,048)	(5,718)	(13,299)
Operating profit		44,768	71,749	40,532	131,733
Finance income	28	14,253	31,871	3,529	9,432
Finance costs	28	(11,399)	(24,922)	(6,557)	(8,325)
Finance (costs) income, net		2,854	6,949	(3,028)	1,107
Profit before income tax and social contribution		47,622	78,698	36,385	123,606
Income tax and social contribution	29	(5,809)	(14,776)	(3,860)	(11,690)
Profit for the year		41,813	63,922	35,525	111,916
Attributable to:					
Owners of the parent		25,635	32,774	9,781	49,932
Non-controlling interests		16,178	31,148	22,744	61,984
		41,813	63,922	32,525	111,916

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



Statement of comprehensive income
Quarter and nine-month period ended September 30

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Three-month period ended September 30			
	Parent company		Consolidated	
	2022	2021	2022	2021
Profit for the year	25,635	9,781	41,813	32,525
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	<u>25,635</u>	<u>9,781</u>	<u>41,813</u>	<u>32,525</u>
Attributable to:				
Owners of the parent			25,635	9,781
Non-controlling interests			16,178	22,744
			<u>41,813</u>	<u>32,525</u>

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



Statement of comprehensive income
Quarter and nine-month period ended September 30

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Nine-month period ended September 30			
	Parent company		Consolidated	
	2022	2021	2022	2021
Profit for the year	32,774	49,932	63,922	111,916
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	<u>32,774</u>	<u>49,932</u>	<u>63,922</u>	<u>111,916</u>
Attributable to:				
Owners of the parent			32,774	49,932
Non-controlling interests			31,148	61,984
			<u>63,922</u>	<u>111,916</u>

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



Statement of changes in equity
Nine-month period ended September 30

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Attributable to owners of the parent					Non-controlling interests	Total equity
		Share capital	Capital reserve	Legal reserve	Retention reserve	Revenue reserves Retained earnings (accumulated deficit)		
At December 31, 2020		269,172	259	2,819	22,878	-	77,187	372,315
Contributions to subsidiaries by non-controlling interests		-	-	-	-	-	(8,755)	(8,755)
Complementary dividends (note 22 (d))		-	-	-	(10,378)	-	-	(10,378)
Profit for the year		-	-	-	-	49,932	61,984	111,916
At September 30, 2021		269,172	259	2,819	12,500	49,932	130,416	465,098
At December 31, 2021		269,172	259	6,802	68,176	-	142,873	487,282
Return of capital of subsidiaries		-	-	-	-	-	(7,562)	(7,562)
Profit for the year		-	-	-	-	32,774	31,148	63,922
Dividends paid		-	-	-	(1,214)	-	-	(1,214)
At September 30, 2022		269,172	259	6,802	66,962	32,774	166,459	542,428

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



Statement of cash flows
Quarter and nine-month period ended September 30

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit for the year	32,774	49,932	63,922	111,916
Adjustments to reconcile profit with cash flows from operating activities				
Depreciation and amortization	5,210	5,106	10,945	7,956
Adjustment of trade receivables to present value	-	(751)	8,530	(4,194)
Equity in the results of investees	(69,853)	(73,500)	3,400	9,234
Provision for real estate maintenance	(513)	51	2,281	3,477
Provision for cancellations	-	-	(921)	-
Provision for losses	-	-	838	-
Provision for labor, civil, and tax contingencies	8	-	3,286	986
Provision for interest on borrowings	22,737	8,086	30,718	11,852
Income tax and social contribution	102	514	14,776	11,690
Write-off of fixed assets	962	-	1,048	698
	(8,573)	(10,562)	138,823	153,615
Changes in working capital				
Increase (decrease) in assets and liabilities				
Trade receivables	2,369	(374)	(139,249)	(110,439)
Properties for sale	9,430	12,906	(45,553)	(229,431)
Taxes recoverable	(1,214)	(27)	(5,436)	(2,126)
Other assets	(1,297)	879	(2,873)	(4,967)
Trade payables	(3,751)	5,672	27,174	26,276
Salaries and social charges	2,360	3,893	4,947	6,594
Tax liabilities	(341)	(303)	(1,174)	(2,667)
Real estate purchase obligations	(1,001)	(63)	(25,035)	(18,268)
Advances from customers	(947)	(1,669)	99,223	263,156
Other liabilities	(1,753)	(1,474)	(2,352)	(2,087)
Amounts paid for civil, labor, and tax contingencies	6	-	(6,267)	(1,506)
	3,861	19,440	(96,595)	(75,465)
Interest paid	(4,989)	(7,308)	(12,098)	(10,655)
Income tax and social contribution paid	(274)	(1,057)	(8,453)	(5,362)
Net cash provided by (used in) operating activities	(9,975)	513	21,677	62,133
Cash flows from investing activities				
Investment in marketable securities	1,677	-	(29,740)	-
Changes in restricted financial investments	(188)	(49)	(188)	(49)
Advances to related parties	(21,682)	(38,838)	5,839	8,547
Investment contribution (return)	5,719	14,523	(2,980)	4,079
Purchases of property and equipment and intangible assets	(2,837)	(5,447)	(12,563)	(19,645)
Net cash provided by (used in) investing activities	(17,311)	(29,811)	(39,632)	(7,068)
Cash flows from financing activities				
New borrowings	146,108	132,169	266,585	236,797
Repayment of borrowings - principal amount	(67,248)	(17,311)	(141,253)	(83,506)
Dividends paid	(1,214)	(18,502)	(1,214)	(18,502)
Distributions paid to non-controlling interests, net	-	-	(7,562)	(8,755)
Net cash provided by financing activities	77,646	96,356	116,556	126,034
Increase in cash and cash equivalents, net	50,360	67,058	98,601	181,099
Changes in cash and cash equivalents				
Cash and cash equivalents at the beginning of the year	31,765	11,095	243,926	119,256
Cash and cash equivalents at the end of the year	82,125	78,153	342,527	300,355
Net increase in cash and cash equivalents	50,360	67,058	98,601	181,099

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



Statement of value added
Quarter and nine-month period ended September 30

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2022	2021	2022	2021
Revenue:				
Revenue from sales and services	11,448	45,278	662,373	560,852
	11,448	45,278	662,373	560,852
Inputs acquired from third parties:				
Cost of properties sold	(2,932)	(26,968)	(446,953)	(316,756)
Electricity, third-party services, and other expenses	7,551	(12,703)	(87,302)	(71,273)
	4,619	(39,671)	(534,255)	(388,029)
Gross value added	16,067	5,607	128,118	172,823
Retentions:				
Depreciation and amortization	(5,210)	(5,106)	(10,945)	(7,956)
Net value added generated by the entity	10,857	501	117,173	164,867
Value added received through transfers:				(9,234)
Equity in the results of investees	69,853	73,500	(3,400)	9,432
Finance income	4,969	2,181	31,872	198
	74,822	75,681	28,472	
Total value added to be distributed	85,679	76,182	145,645	165,065
Distribution of value added:				
Personnel				
Compensation	16,018	9,304	17,429	12,021
Charges	5,752	3,341	6,093	4,202
Benefits	6,732	3,910	5,420	3,738
	28,502	16,555	28,942	19,961
Taxes and contributions				
Federal	551	1,997	27,497	24,010
Municipal	157	384	362	853
	708	2,381	27,859	24,863
Remuneration of third-party capital:				8,325
Finance costs	23,695	7,314	24,922	8,325
	23,695	7,314	24,922	
Remuneration of own capital:				
Profit for the year	32,774	49,932	32,774	49,932
Non-controlling interests - retained earnings	-	-	31,148	61,984
	32,774	49,932	63,922	111,916
Value added distributed	85,679	76,182	145,645	165,065

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



**Notes to the financial statements
at September 30, 2022**

All amounts in thousands of reais unless otherwise stated

1 Operations

1.1. General information

Patrimar Engenharia S.A. ("Patrimar" or the "Company") is an unlisted publicly-held company registered under category A with the Brazilian Securities Commission (CVM), and headquartered in the city of Belo Horizonte, State of Minas Gerais, Brazil, at Rodovia Stael Mary Bicalho Motta Magalhães, 521, 17th floor, Belvedere District.

Patrimar is a real-estate development and construction company founded in 1968 with a focus on residential developments. The Company primarily operates in the States of Minas Gerais, Rio de Janeiro and São Paulo. In 2000, Construtora Novolar Ltda. ("Novolar"), a wholly-owned subsidiary of Patrimar since October 1, 2019, was established to serve the middle-income sector, and currently operates in the development, construction, and sale of real estate developments in Minas Gerais, Rio de Janeiro, and São Paulo. Novolar was already a member of the Patrimar Group through the direct interest held by the same stockholders in PRMV Participações S.A.

The Company and its subsidiary Novolar perform development and construction activities through Special Partnerships (SCPs) and Special-Purpose Entities (SPEs) by forming partnerships to facilitate the individual monitoring of the undertakings, the raising of funds to finance production, and improve the financial and accounting control of the projects.

The Company and its subsidiaries are jointly referred to as the "Group". The SCPs and SPEs operate exclusively in the real estate sector and, in most cases, are associated with a specific venture.

2 Financial statement presentation and summary of significant accounting policies

2.1. Information presentation

The Group's accounting information comprises:

The parent company and consolidated financial statements, prepared in accordance with accounting policies adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to real estate development entities in Brazil, as approved by the Brazilian Accounting Pronouncements Committee (CPC), the Brazilian Securities Commission (CVM) and the Federal Accounting Council (CFC), and disclose all the applicable information of significance to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

Aspects related to the transfer of ownership in sales of real estate units are based on the understanding of the Company management, which is consistent with that expressed by the CVM Official Letter CVM/SNC/SEP/02/2018 on the adoption of the Technical Pronouncement CPC 47 (IFRS 15), in accordance with rules issued by the CVM, applicable to the preparation of the Quarterly Information – ITR.

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



**Notes to the financial statements
at September 30, 2022**

All amounts in thousands of reais unless otherwise stated

The quarterly information have been prepared under the historical cost convention, which, for certain financial assets and liabilities, are adjusted to reflect measurement at fair value.

The accounting practices adopted by the subsidiaries are consistent with those adopted by the Company. Where applicable, all intercompany transactions, balances, revenue and expenses are fully eliminated in the accounting information. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company and consolidated financial statements, are disclosed in Note 3.

In preparing this condensed interim financial information contained in the Quarterly Information Form - ITR, the principles, estimates, accounting practices, measurement methods and standards adopted are consistent with those presented in the financial statements of December 31, 2021, except when disclosed. Therefore, the interim financial information for the period ended September 30, 2022 should be read together with the Group's financial statements for the year ended December 31, 2021.

Considering that there were no relevant changes in relation to the composition and nature of the balances presented in the financial statements for the year ended December 31, 2021, the following Explanatory Notes are presented in a condensed form for the period ended September 30, 2022:

- 2. Financial statement presentation and summary of significant accounting policies
- 22. Equity

The presentation of the parent company and consolidated statements of value added, is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies. Under IFRS, the presentation of such statements is considered supplementary information. The condensed interim accounting information contained in the Group's Quarterly Information Form - ITRs for the period ended September 30, 2022 was approved at the Board of Directors' Meeting held on November 08, 2022.

2.2. New accounting pronouncements

In the period ended September 30, 2022, no new standards, amendments and interpretations of standards were issued.

3 Critical accounting estimates and judgments

The Group makes estimates concerning the future based on assumptions. The estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Budgeted costs

Total budgeted costs, including costs incurred or expected to be incurred during the completion of the construction work, are regularly reviewed by reference to the percentage of completion of the works, and adjustments based on this review, if any, are reflected in the Group's results.

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



**Notes to the financial statements
at September 30, 2022**

All amounts in thousands of reais unless otherwise stated

(ii) Recognition of revenue from real estate units under construction

The Group uses the Percentage of Completion (POC) method to account for its contracts for the sale of units in real estate development projects and provision of services. The use of the POC method requires the Group to estimate the costs to be incurred up to the completion of construction and the delivery of the real estate units of each real estate development unit to establish the proportion in relation to the costs already incurred. Revenue is calculated by multiplying this percentage (POC) by the fair value of the revenue from sales already contracted. Accordingly, revenue is recognized on a continuous basis throughout the construction of the real estate development. This determination requires the use of estimates and significant judgment by management.

(iii) Provision for contingencies

Provisions for civil, labor, and tax contingencies are recognized when the Company has a present legal or constructive obligation as a result of past events, the amounts can be reliably estimated, and it is probable that an outflow of resources will be required to settle the obligation.

The amount recognized as a provision is the best estimate of the amount required to settle the obligation at the end of each reporting period, taking into consideration the risks and uncertainties related to the obligation.

When some or all of the economic benefits required for the settlement of a provision are expected to be recovered from a third party, an asset is recognized if, and only if, the reimbursement is certain, and the amount can be reliably measured.

(iv) Provision for canceled sales

This provision is based on assumptions that consider the history and prospects of expected losses, and an individual review of sales contracts.

These assumptions are reviewed annually for any changes in circumstances and trends.

(v) Present value adjustment

Monetary assets and liabilities are adjusted to their present value upon the initial recognition of the transaction, taking into account the contractual cash flows, and the explicit (and in certain cases implicit) interest rate for the respective assets and liabilities, and the rates prevailing in the market for similar transactions. Subsequently, this interest is reallocated to profit or loss using the effective interest rate method in relation to the contractual cash flows.

For trade receivables, the discount rate used considers the weighted annual average of securities issued by the federal government (NTN-B), which have a maturity term similar to that of the receivables.

(vi) Provision for real estate maintenance

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



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This provision is recorded during construction to cover expenses with repairs for developments completed and covered by an average warranty period of five years, as from the delivery date. Properties for which occupancy permit has already been issued and registered are considered completed real estate units.

4 Financial risk management

4.1. Financial risk factors

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

Risk management is carried out by the Group's central treasury department, under policies approved by management. These policies are established to identify and analyze the risks to which the Group is exposed, to define risk limits and proper controls, and to monitor the risks and compliance with the defined limits.

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

(a) Credit risk

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

The maximum exposure to credit risk is represented by the carrying amount of the financial assets.

The utilization of credit limits is regularly monitored by the Treasury department, and credit risk is managed on a Group basis. For investments in banks and other financial institutions, only securities from entities independently rated with a minimum rating of "Good", and with minimum risk of market exposure are accepted.

Individual risk limits are set based on internal or external ratings in accordance with limits set by management with the aim of minimizing risk concentration and, therefore, mitigating the risk of loss in the event of a potential bankruptcy of a counterparty.

Credit quality of financial assets

The Group presents a conservative investment profile, making use of private bonds issued by top-tier financial institutions, exclusive funds, and open-ended investment funds. These investments aim at earning interest from funds available at levels similar to the market, without exposure to relevant market

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



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risks (asset price fluctuations) or counterparty credit risk. The consolidated balances at September 30, 2022 of financial assets that comprised short-term investments are classified as follows, by rating:

Fitch Rating	Consolidated
AAA	269,194
AA	101,180
A	7,301
Other ratings	2,971
Total	380,646

- (i) Open-end investment funds of conservative profile, administered by first-tier managers, with investments in government bonds, shares in other investment funds of the same profile, and private securities predominantly rated as AA+ or higher.

The investments made by the Group comply with risk rating limits defined in the Financial Executive Board's management guidelines.

Trade receivables

	Parent company		Consolidated	
	2022	2021	2022	2021
Completed units (Note 8)				
With statutory lien	6,572	6,377	40,941	37,481
Without statutory lien	-	-	17,452	5,788
	<u>6,572</u>	<u>6,377</u>	<u>58,393</u>	<u>43,269</u>
Units under construction (Note 8)	-	-	-	-
With statutory lien	-	9,312	520,666	405,895
	<u>-</u>	<u>-</u>	<u>1,297</u>	<u>-</u>
	-	9,312	521,963	405,895
Administration services (Note 8)				
Without statutory lien	19,572	12,824	23,195	15,138
	<u>19,572</u>	<u>12,824</u>	<u>23,195</u>	<u>15,138</u>
	<u>26,144</u>	<u>28,513</u>	<u>603,551</u>	<u>464,302</u>

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties in excess of the amount already accrued.

(b) Liquidity risk

Liquidity risk is the risk that the Group may have difficulty in meeting its obligations associated with financial liabilities that are settled in cash or other financial assets. The Group's approach to manage liquidity is to ensure that it always has sufficient liquidity to meet its obligations when they fall due, under normal and stress conditions, without causing unacceptable losses or adversely affecting the Group's reputation.

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Cash flow forecasting is performed by the Group's Treasury department, which monitors rolling forecasts of liquidity requirements to ensure it has cash at an amount greater than the cash outflows required to settle financial liabilities (except for "Trade payables") for the following 30 days.

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

	Parent company				
	2022	2023	2024	2025	Total
At September 30, 2022					
Borrowings (Note 15)	1,582	42,203	64,491	169,168	276,444
Lease (Note 16)	480	1,948	926	-	3,354
Trade payables (Note 17)	2,261	-	-	-	2,261
Real estate purchase obligations (Note 19)	800	-	-	-	800
	Consolidated				
	2022	2023	2024	2025	Total
At September 30, 2022					
Borrowings (Note 15)	12,861	71,732	139,367	187,387	411,347
Lease (Note 16)	644	2,254	927	-	3,825
Trade payables (Note 17)	71,576	-	-	-	71,576
Real estate purchase obligations (Note 19)	23,002	19,906	-	-	42,908
	Parent company				
	2022	2023	2024	2025	Total
At September 30, 2021					
Borrowings (Note 15)	11,243	55,975	84,368	28,485	180,071
Lease (Note 16)	1,905	1,948	926	-	4,779
Trade payables (Note 17)	6,012	-	-	-	6,012
Real estate purchase obligations (Note 19)	1,401	400	-	-	1,801
	Consolidated				
	2022	2023	2024	2025	Total
At December 31, 2021					
Borrowings (Note 15)	60,797	90,014	88,354	28,485	267,650
Lease (Note 16)	2,362	1,948	926	-	5,236
Trade payables (Note 17)	44,402	-	-	-	44,402
Real estate purchase obligations (Note 19)	81,871	3,332	-	-	85,203

The Group has financial assets (essentially represented by cash, cash equivalents, and trade receivables for real estate developments) that are considered sufficient to meet the commitments associated with its operations.

(c) Market risk

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



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

(i) Interest rate and foreign exchange risk exposure

The Group analyzes its interest rate exposure on a dynamic basis, performing simulations of various scenarios that consider refinancing, renewal of existing positions, and alternative financing. Based on these scenarios, the Group computes the effects on profit or loss from a defined change in interest rates.

The Group has financial investments, investments in an exclusive fund, and borrowings from third parties, with earnings linked to the Interbank Deposit Certificate (CDI, and interest linked to the CDI rate, the Reference Rate (TR), and savings account.

The balances of financial investments are exposed to fluctuations in interest rates (particularly the CDI rate). At September 30, 2022, the Group's management carried out a sensitivity analysis for a 12-month scenario, as required by CVM Instruction 475 of December 17, 2008. This analysis does not necessarily reflect the Group's expectations.

Under guidance of Circular Official Letter/CVM 01/2021, the Group considered a fluctuation of 25% and 50% on the balances, taking into account a decrease in financial assets and an increase in financial liabilities:

Indicators	Index	Rate	09/30/2022	Parent company			Consolidated			
				Scenario I - Probable	Scenario II (25%)	Scenario III (50%)	09/30/2022	Scenario I - Probable	Scenario II (25%)	Scenario III (50%)
Assets										
Financial investments	CDI	10.89%	90,681	9,875	7,406	4,938	375,889	40,934	30,701	20,467
Marketable securities	CDI	10.89%	-	-	-	-	86,155	9,382	7,037	4,691
Liabilities										
Construction financing	Poupança	6.40%	-	-	-	-	64,287	4,114	3,086	2,057
Debentures	CDI	10.89%	281,710	30,678	38,348	46,017	281,710	30,678	38,348	46,017

4.2 Capital management

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

In order to maintain or adjust the Group's capital structure, management can make, or may propose to the stockholders when their approval is required, adjustments to the dividend payment policy, return capital to stockholders, pay for new shares, or sell assets to reduce, for example, debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio, which The accompanying notes are an integral part of these financial statements.



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corresponds to net debt divided by total capitalization. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the balance sheet) less cash and cash equivalents and financial investments. Total capitalization is calculated as equity as shown in the balance sheet, plus net debt.

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Total borrowings (Note 13)	276,444	180,071	411,347	267,650
Less: Cash and cash equivalents (note 6)	(82,125)	(31,765)	(342,527)	(243,926)
Marketable securities (Note 7)	(6,108)	(7,785)	(86,155)	(56,415)
Net debt	188,211	140,521	(17,335)	(32,691)
Total equity	375,969	344,409	542,428	487,282
Total capitalization	564,180	484,930	525,093	454,591
Gearing ratio - %	33%	29%	-3%	-7%

4.3 Fair value estimation

The Group measures its financial assets and liabilities at fair value. Fair value is measured at market value based on the assumptions adopted by the market to measure an asset or a liability. To increase consistency and comparability, the fair value hierarchy prioritizes the inputs used in valuation techniques into three broad levels, as follows:

- **Level 1. Active market:** Quoted market price - A financial instrument is considered to be quoted in an active market if the quoted prices are readily and regularly made available from an exchange or organized over-the-counter market, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent regularly occurring market transactions on an arm's length basis.
- **Level 2. No active market:** Valuation techniques - if the market for a financial instrument is not active, fair value is established by using valuation/pricing techniques. These techniques may include reference to the fair value of another instrument that is substantially the same, discounted cash flows and option pricing models. The objective of the valuation technique is to establish what that fair value would be in an arm's length transaction motivated by normal business considerations.
- **Level 3. No active market:** Equity instruments - fair value of investments in equity instruments that do not have a quoted price in an active market, and derivatives that are linked to and must be settled by delivery of such an equity instrument.

Borrowings are recognized at amortized cost. The Group does not have financial assets measured at Level 1 and 3.

Impairment

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



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The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk or any other indication that was not identified in the period.

5 Financial instruments by nature

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Financial assets				
Measured at amortized cost				
Cash and bank accounts (Note 6)	79	546	77,937	30,267
Highly liquid financial investments (Note 6)	88,154	31,219	373,362	213,659
Marketable securities (Note 7)	6,108	7,785	86,155	56,415
Restricted financial investments (Note 6)	2,527	2,339	2,527	2,339
Trade receivables (Note 8)	26,144	28,513	577,729	446,927
Judicial deposits (Note 21)	359	86	1,507	1,189
Related parties (Note 11)	111,134	91,708	7,978	12,013
	<u>234,505</u>	<u>162,196</u>	<u>1,018,423</u>	<u>762,809</u>
Financial liabilities				
Measured at amortized cost				
Borrowings and debentures (Note 15)	180,071	82,660	267,650	267,650
Lease (Note 16)	4,779	4,779	3,825	5,236
Trade payables (Note 17)	2,261	6,012	71,576	44,402
Real estate purchase obligations (Note 19)	800	863	42,908	67,943
Related parties (Note 11)	13,312	5,700	4,281	4,268
	<u>201,223</u>	<u>110,820</u>	<u>390,240</u>	<u>389,499</u>

6 Cash and cash equivalents, financial investments

(a) Cash and cash equivalents

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Cash	20	26	36	43
Banks	59	520	50,527	30,224
Highly liquid financial investments	82,046	31,219	291,964	213,659
	<u>82,125</u>	<u>31,765</u>	<u>342,527</u>	<u>243,926</u>

During the period ended September 30, 2022, interest income on financial investments were linked to bank deposits and other short-term highly liquid investments with immaterial risk of change in value, and ranged from 96% to 109% of the CDI rate (from 96% to 106% of the CDI rate at December 31, 2021). The Company maintains the balance of cash, cash equivalents, and marketable securities for the strategic purpose of meeting short-term commitments and keeping an adequate liquidity level to seize investment opportunities.

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(b) Restricted financial investments

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Restricted financial investments - non-current	2,527	2,339	2,527	2,339
	<u>2,527</u>	<u>2,339</u>	<u>2,527</u>	<u>2,339</u>

The Group's restricted financial investments in Bank Deposit Certificates (CDB) maturing in over one year have been pledged as collateral for financing the purchase of land. These investments earn 108% of the CDI rate (108% of the CDI rate at December 31, 2021) based on the nature and maturity of the instrument.

7 Marketable Securities

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Cash	183	703	2,585	5,255
Financial treasury bill	2,199	2,411	31,016	17,530
CDB	183	467	2,585	2,966
Debentures	489	1,012	6,892	7,411
Financial bills - private	3,054	3,192	43,077	23,253
	<u>6,108</u>	<u>7,785</u>	<u>86,155</u>	<u>56,415</u>

The Group's exclusive investment fund portfolio, earning interest at 105% p.a. of the CDI rate at September 30, 2022 (105%p.a. of the CDI at December 31, 2021) is shown above.

8 Trade receivables

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
<u>Trade receivables from real estate developments</u>				
Completed units	6,573	6,378	58,393	43,270
Units under construction	-	9,312	521,963	405,895
Administration services	19,571	12,824	23,195	15,138
	<u>26,144</u>	<u>28,514</u>	<u>603,551</u>	<u>464,303</u>
Provision for canceled sales	-	-	(549)	(1,470)
Provision for losses	-	-	(1,884)	(1,046)
Adjustments to present value	-	(1)	(23,389)	(14,860)
	<u>-</u>	<u>-</u>	<u>(25,822)</u>	<u>(17,376)</u>
	<u>26,144</u>	<u>28,513</u>	<u>577,729</u>	<u>446,927</u>
Current assets	13,886	26,661	330,326	201,174
Non-current assets	12,258	1,852	247,403	245,753

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Receivables from the sale of units under construction is recognized by reference to the stage of completion of the works, net of already received installment.

Trade receivables from real estate sales are adjusted based on the National Civil Construction Index (INCC) up to the delivery of the units sold. After that, these amounts are restated based on the General Market Price Index (IGP-M) or Amplified Consumer Price Index (IPCA) and bear an average interest rate of 6% to 12% p.a.

Administration services refer to the administration fee and remuneration for the management and control of the works with other partners.

Maturity of trade receivables from real estate developments

The balance of the Group's trade receivables is presented below, not including the book balance of developments in progress, which are recorded based on the POC method.

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Falling due in up to 1 year	23,667	25,790	462,706	408,462
Falling due from 1 to 2 years	694	756	278,546	326,937
Falling due from 2 to 3 years	595	756	336,652	172,679
Falling due from 3 to 4 years	-	315	207,443	127,183
Falling due in more than 4 years	-	-	6,147	41,662
	<u>24,956</u>	<u>27,617</u>	<u>1,291,494</u>	<u>1,076,923</u>
Overdue for up to 1 year	753	874	14,189	14,182
Overdue from 1 to 2 years	435	-	6,511	1,164
Overdue from 2 to 3 years	-	-	886	765
Overdue from 3 to 4 years	-	-	1,201	371
Overdue for more than 4 years	-	-	367	34
	<u>1,188</u>	<u>874</u>	<u>23,154</u>	<u>16,516</u>
	<u>26,144</u>	<u>28,491</u>	<u>1,314,648</u>	<u>1,093,439</u>
Trade receivables - accounting	26,144	28,513	577,729	446,927
Deferred revenue (Note 29)	-	7	1,117,076	909,278
Advances from customers (Note 19)	-	(30)	(405,979)	(280,141)
Present value adjustment	-	1	23,389	14,860
Provision for canceled sales	-	-	549	1,470
Provision for losses	-	-	1,884	1,046
	<u>26,144</u>	<u>28,491</u>	<u>1,314,648</u>	<u>1,093,439</u>

9 Properties for sale

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

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	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Inventories of land	9,867	17,399	171,620	144,598
Units under construction	101	4,104	270,837	273,874
Completed units	2,263	6	30,311	7,792
Provision for canceled sales	-	-	326	747
	<u>12,231</u>	<u>21,509</u>	<u>473,094</u>	<u>427,011</u>
Current assets	3,643	9,005	393,997	402,608
Non-current assets	8,589	12,504	79,097	24,403

Capitalized interest

Interest paid on financing of production is accounted for as properties under construction, and charged to profit or loss when the property is sold. The rate used for interest capitalization is specific for each real estate development, ranging from 9.52% to 18.84% p.a. (from 8.3% to 11.25% p.a. at December 31, 2021).

At September 30, 2022, interest capitalized within real estate inventories totaled R\$ 1,398 and R\$ 74 in Consolidated and in the Parent company, respectively (R\$ 1,336 and R\$ 161, respectively, at December 31, 2021).

10 Prepaid expenses

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Insurance	21	25	4,302	2,979
Commissions and brokerage	-	-	15,975	14,686
Sales promotions	-	-	49	49
Wave Project	3,982	3,982	3,982	3,982
Software maintenance	694	316	620	315
	<u>4,697</u>	<u>4,323</u>	<u>24,928</u>	<u>22,011</u>

Prepaid expenses are recognized in the statement of income on an accrual basis or allocated to the relevant accounts according to the nature of the expenses and expectation of future economic benefits.

11 Related parties

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
(a) Receivables from real estate developments	111,134	91,708	7,978	12,013
Bernardo Vasconcelos Empr Imob Spe	1,028	713	-	-
Construtora Novolar	41,814	48,271	4	-
Engefor-Patrimar Vila Da Serra Empreend	140	-	-	-

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	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Jardim Das Mangabeiras	1,051	-	-	-
Jardinaves Empreendimentos Imobiliarios	2,731	3,349	-	-
Jornalista Oswaldo Nobre	22	720	-	-
Jota Patrimar Engefor Empr Imob Spe	777	-	-	-
Mia Felicita	902	492	1	-
Mrv Patrimar Galleria Incorp Spe	2,158	1,762	3	-
Spe Novolar Apia Empreendimentos Imob.	246	-	108	-
Park Residences	271	245	-	-
Patrimar Somattos Gasparini	452	-	452	-
Priorato Residences	180	177	11	10
Residencial Inovatto	238	70	14	-
Rj 04 Oliveiras/Palmeiras	149	115	149	115
Ruth Silveira	208	-	-	-
Scp Novolar-Paquare	-	-	190	188
Scp Novolar-Reality	-	-	744	671
Scp Novolar-Riviera Da Costa	1	-	76	-
Scp Patrimar Spazio Ritz	39	-	39	-
Spe Axis 1 Empreendimento Imobiliario	44	-	30	-
Spe Barbacena Empreendimentos Imobiliario	85	4,354	85	4,354
Spe Mirataia Incorporadora E Construtor	596	-	8	-
Villagio Florença	217	-	10	-
Villagio Verona	157	-	-	-
York Vargem Grande I	281	90	-	-
Scp Novolar Renovare	-	-	370	-
Scp Novolar-Riviera Do Sol	-	-	794	707
Vale Dos Cristais	-	1,321	-	-
Spe Rio De Janeiro Lourdes	813	1,518	-	-
Brito I	552	-	-	-
Madison Square	581	-	-	-
Rua Do Campo	8,305	1,772	-	-
Rio 2 - Condomínio 1	1,554	-	-	-
Rio 2 - Condomínio 2	635	-	-	-
Av. Ligação 3 Empreendimentos	1,099	1,003	-	-
Av. Ligação 2 Empreendimentos	501	-	-	-
Ed Duo - Alameda Do Morro	2,122	-	-	-
Vale Dos Cristais	1,321	-	-	-
Jardinaves Ii	3,112	1,713	-	-
Le Terrace	162	-	-	-
Mrv Mrl Novolar I Inc.Spe	-	-	1,934	1,651
Mrv Mrl Novolar X Incorporações	-	-	283	254
Avenida De Ligação	553	-	553	1,003
Americas	5,790	3,668	-	-
Golf I	14,365	10,308	-	-
Golf Ii	810	5,294	-	-
Expressa Empreendimentos - Camargos	456	-	10	-
Epic - Antônio De Albuquerque	1,585	1,585	-	1,585
Fernandes Tourinho	4,520	-	-	-
Luxemburgo (Guacui)	639	-	-	-
Espírito Santo	6,089	-	-	-
Outros empreendimentos	1,783	3,168	2,110	1,475

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	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
	111,134	91,708	7,978	12,013
	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
(b) Loans to pay	-	-	1,791	-
Somattos Engenharia		-	1,791	
(a) Payables for real estate developments	13,312	15,568	4,281	4,268
Engefor Engenharia E Construções	-	-	815	597
Holiday Inn	2,170	2,210	47	-
Jardim Das Mangabeiras	-	1,390	-	-
Manhattan Square	5,043	4,805	-	-
Mrv Engenharia E Participações	-	-	1,830	1,493
Neuchatel	179	-	-	-
Quintas Do Morro	1,461	1,623	-	-
Alta Vila - High Line	3,296	3,391	-	-
Marcelo Magalhães Martins	-	-	572	572
Recreio Dos Bandeirantes	448	1,099	1	-
Expressa Empreendimentos - Camargos	-	703	-	-
Outros empreendimentos	715	347	1,016	1,606
	13,312	15,568	6,072	4,268
(c) Related-party transactions with effects on profit or loss	(1,480)	(1,580)	(27,194)	24,026
Sales of apartments (i)		-	26,443	24,674
Indexation accruals of sales made (i)		-	2,231	1,350
Lease of the headquarters' building and Central Warehouse (ii)	(1,480)	(1,580)	(1,480)	(1,998)
Deferred revenue (i)	-	-	5,268	5,865

(a) Receivables from and payables for developments

These refer to:

- (i) Contributions in a proportion different from that of the interest held by partners in the related SCPs and SPEs, which will be offset and capitalized upon a supplementary contribution to adjust the partners' interests.
- (ii) Routine transactions carried out between the Parent company and SCPs and SPEs, mainly characterized by the payment of expenses that are either reimbursed or repaid later. Receivables

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from and payables for developments, referring exclusively to the development of the projects, are interest-free, and mature by the completion of the project.

- (iii) Allocation of common expenses among group companies, performed monthly with objective criteria and based on expenses incurred.

(b) Receivables and related-party transactions with effects on profit or loss

(i) Sale of apartments

In June 2020, an apartment in the Apogée building, SPE Patrimar Somattos Jardim das Mangabeiras, was sold to Construtora Real for R\$ 14,500 (R\$ 16,423 - updated at September 30, 2022). The revenue recognized based on the POC method up to September 30, 2022, amounted to R\$ 16,423. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In September 2020, an apartment unit in SPE High Line Empreendimentos Imobiliários was sold to Ronaldo Rabelo Leitão for R\$ 405 (R\$ 513 - updated at September 30, 2022). The POC revenue at September 30, 2022 amounted to R\$ 397, including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In May 2021, an apartment unit in the Unique building, SPE Jardinaves Empreendimentos Imobiliários, was sold to Patrícia Veiga for R\$ 4,368 (R\$ 4,628 - updated at September 30, 2022). The revenue recognized based on the POC method up to September 30, 2022, amounted to R\$ 1,907. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In October 2021, an apartment in the L'Essence building, SPE Patrimar Somattos Jardim das Mangabeiras, was sold to a partner of the partner company for R\$ 7,535 (R\$ 7,653 - updated at September 30, 2022). The revenue recognized based on the POC method up to September 30, 2022 amounted to R\$ 7,653. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In November 2021, an apartment unit in SPE Golf 2 Empreendimentos Imobiliários was sold to Construtora Real for R\$ 3,951 (R\$ 3,951 - updated at September 30, 2022). The POC revenue at September 30, 2022 amounted to R\$ 1,519. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In August 2022, a SPE Novolar Ápreendimentos Imobiliários apartment was sold to Ronaldo Rabelo Leitão in the amount of R\$390 thousand (390 thousand - updated on September 30, 2022). The POC revenue until September 30, 2022 was R\$390 thousand, with a proportionally updated receipt. The entire sale was carried out at market value selected from the list of projects used by the Company.

In August 2022, an apartment was sold at SPE Novolar Ápia Empreendimentos Imobiliários, to Alexandre Lara in the amount of R\$385 thousand (385 thousand - updated on September 30, 2022). The POC

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revenue until September 30, 2022 was R\$385 thousand, with a proportionally updated receipt. The entire sale was carried out at market value selected from the list of projects used by the Company.

(ii) Lease of the headquarters' building and Central Warehouse

Payment to Construtora Real related to the lease of the building where the headquarters and the central warehouse are located. Construtora Real is controlled by the same stockholders of the Company. The entire transaction was carried out at market value, using lease transactions of an equivalent nature.

Management's assessment of lease contracts for the adoption of CPC 06 (R2)/IFRS 16 identified that the contract met the requirements of the standard and, therefore, the net debt amount was recorded, discounted at the Company's incremental borrowing rate, within right-of-use assets with a corresponding entry to lease liabilities.

12 Investments and provision for investee's net capital deficiency

The Group's investments in companies that recorded investees' net capital deficiency are recognized in liabilities within the "Provision for investees' net capital deficiency" account.

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Investments	414,379	349,432	28,060	27,697
Provision for investees' net capital deficiency	(5,290)	(4,477)	(5,576)	(4,793)
	<u>409,089</u>	<u>344,955</u>	<u>22,484</u>	<u>22,904</u>

(a) Balances of investments of the parent company at September 30, 2022:

Companies	Equity holding	Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and investees' net capital deficiency	Equity holding	Investment and investees' net capital deficiency
	2022	2022	2022	2022	2022	2021	2021
Subsidiaries							
Construtora Novolar	100%	17,348	165,590	17,348	165,642	100%	148,294
SPE Patrimar Engefor Imóveis Ltda.	50%	532	(108)	266	(54)	50%	(320)
SPE Maura Valadares	50%	(274)	(294)	(137)	(147)	50%	(10)
SPE Engefor Patrimar V.S. E.Imob Ltda.	50%	(37)	(422)	(19)	(211)	50%	(192)
SCP Professor Danilo Ambrósio	95%	(37)	(57)	(35)	(55)	95%	(20)
SCP Jornalista Oswaldo Nobre	90%	193	(20)	174	(18)	90%	(192)
SCP Gioia dell Colle	90%	(14)	(51)	(12)	(45)	90%	(33)
SCP Manhattan Square	90%	(576)	5,315	(519)	4,782	90%	5,301
SCP Priorato Residences	90%	117	1,575	105	1,416	90%	1,311
SCP Holiday Inn	80%	1,422	20,839	1,137	16,671	80%	15,534
SCP Mayfair Offices	90%	-	151	-	136	90%	136
SCP Quintas do Morro	69%	751	2,612	516	1,799	69%	2,166
SCP Neuchatel	90%	(125)	304	(113)	273	90%	386
SPE MRV Galleria	50%	328	(3,163)	164	(1,582)	50%	(1,270)

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SPE Jardinaves	50%	8,273	18,599	4,137	9,300	50%	5,163
SPE Jota Patrimar Engefor	50%	(27)	(1,308)	(13)	(655)	50%	(641)
SPE Colina Engefor	50%	(510)	(643)	(255)	(21)	50%	(67)
Patrimar E. Imob Ltda.							
SPE Patrimar Somattos	50%	(18,107)	71,488	(9,053)	35,744	50%	47,797
Jardim das Mangabeiras							
Antônio de Albuquerque	50%	10,453	39,579	5,232	19,789	50%	19,557
SPE LTDA (EPIC)							
SPE DUO - Alameda do Morro	40%	36,874	107,059	14,750	42,823	40%	28,074
SPE Vale dos Cristais	50%	1	420	1	210	50%	210
SPE High Line	100%	18,894	45,206	18,894	45,206	100%	26,312
SPE 2300 Rio de Janeiro	50%	9,318	24,706	4,659	12,354	50%	7,959
SPE Le Terrace	43%	1	27	-	36	43%	(7)
SPE Golf I	100%	249	(649)	249	(649)	100%	(898)
SPE Golf II	100%	14,123	25,238	14,123	25,237	100%	11,115
SPE Das Americas 1	100%	(15)	(204)	(15)	(204)	100%	(189)
SPE Vila Castela (Madson Square)	100%	-	50	-	50	100%	-
SPE Jardinaves II	50%	(187)	7,165	(94)	3,582	50%	3,676
SPE Rua do Campo (Vale so Sereno)	100%	(733)	(931)	(733)	(931)	100%	(248)
SPE Avenida De Ligacao 2	100%	(24)	26	(24)	26	100%	-
SPE Av Ligacao 3 - Lt 1A (Buffet)	100%	(1)	49	(1)	49	100%	-
SPE Jardinaves III	100%	(1)	49	(1)	49	100%	-
SPE Jardinaves IV	100%	-	50	-	50	100%	-
SPE Rio 2 Ltda	100%	(122)	(72)	(122)	(72)	100%	-
SPE Q25 JARDIM MANGABEIRAS	100%	-	-	-	-	0%	-
SPE Fernandes Tourinho	100%	(25)	2,770	(25)	2,771	0%	-
SPE GUACUI (luxemburgo)	100%	(5)	(5)	(5)	(5)	0%	-
SPE RUA ESPIRITO SANTO (MG)	100%	-	-	-	-	0%	-
		98,057	530,940	70,579	383,046		318,904
Jointly-controlled investees							
ALBA	9%	971	23,936	(628)	2,032	9%	2,314
SCP RJ 04	50%	34	544	17	272	50%	255
SPE Mirante do Ibituruna Ltda.	34%	(1)	8,015	-	2,704	34%	2,705
SCP Portal do Bosque	50%	(4)	139	(2)	71	50%	72
SCP Park Ritz	48%	(2)	900	(1)	432	48%	433
SCP Recanto das Águas	51%	(46)	93	(23)	48	51%	70
SCP MRV Belo Campo	50%	(4)	92	(6)	44	50%	31
SCP MRV Rec. Pássaros (Rouxinol)	40%	(627)	673	(294)	243	40%	230
SCP MRV Res. Beija Flor	40%	43	385	11	142	40%	110
SPE Padre Marinho	50%	521	4,792	216	2,396	50%	2,881
SPE Rívoli 1 e 2	40%	(26)	307	(4)	109	40%	95
SPE Acaba Mundo E. Imob Ltda.	50%	-	1,631	-	814	50%	814
SPE MRV Patrimar RJ Ix Ltda. (Andorinhas) 1 e 2	40%	(110)	368	(42)	145	40%	155
SPE Barbacena Empr Imobiliários S/A	50%	374	13,892	75	6,956	50%	8,612
SPE Patrimar Somattos Gasparini Ltda.	50%	(11)	12,239	(6)	6,095	50%	6,107
SPE Direcional Patrimar Maragogi Ltda.	45%	(206)	92	(99)	41	45%	(13)
SPE Avenida de Ligação empreendimentos	50%	1	5,906	-	2,949	50%	624
SPE Somattos Patrimar Quadra 40	50%	20	508	11	254	50%	243
		927	74,512	(775)	25,747		25,738

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Companies	Equity holding	Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and investees' net capital deficiency	Equity holding	Investment and investees' net capital deficiency
	2022	2022	2022	2022	2022	2021	2021
Associates							
SCP Safira (Decaminada 10)	24%	(78)	(1.116)	(19)	(268)	24%	(249)
SCP João XXIII	24%	(84)	(95)	(20)	(23)	24%	(3)
SCP Palo Alto	10%	(95)	2,869	(10)	287	10%	296
SCP Park Residences	10%	(73)	1,483	(7)	149	10%	181
SPE Novo Lar Greenport	20%	369	(259)	74	(52)	20%	(126)
SPE Axis Porto Fino	10%	307	2,035	31	203	10%	214
Outos Investimentos	100%	-	-	-	-	-	-
		346	4,917	49	296		313
		99,330	610,369	69,853	409,089		344,955

(b) Changes in balances at December 31, 2021 and September 30, 2022 were as follows:

Companies	At December 31, 2021	Contributions	Dividend distribution	Equity in the results	Reversals	Investment write-offs	At September 30, 2022
Construtora Novolar	148,294	-	-	17,348	-	-	165,642
SPE Álamo Patrimar Incorp. Imob. Ltda.	-	-	-	-	-	-	-
SPE Patrimar Engefor Imóveis Ltda.	(320)	-	-	266	-	-	(54)
SPE Maura Valadares	(10)	-	-	(137)	-	-	(147)
SPE Engefor Patrimar V.S. E.Imob Ltda.	(192)	-	-	(19)	-	-	(211)
SCP Professor Danilo Ambrósio	(20)	-	-	(35)	-	-	(55)
SCP Jornalista Oswaldo Nobre	(192)	-	-	174	-	-	(18)
SCP Gioia dell Colle	(33)	-	-	(12)	-	-	(45)
SCP Olga Chiari	-	-	-	-	-	-	-
SCP Manhattan Square	5,301	-	-	(519)	-	-	4,782
SCP Priorato Residences	1,311	1	-	105	(1)	-	1,416
SCP Holiday Inn	15,534	-	-	1,137	-	-	16,671
SCP Mayfair Offices	136	-	-	-	-	-	136
SCP Quintas do Morro	2,169	-	(886)	516	-	-	1,799
SCP MG 02 Chopin	-	-	-	-	-	-	-
SCP Neuchatel	386	-	-	(113)	-	-	273
SPE MRV Galleria	(1,271)	-	(475)	164	-	-	(1,582)
SPE Jardinaves	5,163	-	-	4,137	-	-	9,300
SPE Jota Patrimar Engefor	(642)	-	-	(13)	-	-	(655)
SPE Colina Engefor Patrimar E. Imob Ltda.	(66)	-	-	(255)	-	-	(321)
SPE Patrimar Somattos Jardim das Mangabeiras	47,797	-	(3,000)	(9,053)	-	-	35,744
Antônio de Albuquerque SPE LTDA (EPIC)	19,557	-	(5,000)	5,232	-	-	19,789
SPE DUO - Alameda do Morro	28,073	-	-	14,750	-	-	42,823
SPE Vale dos Cristais	209	-	-	1	-	-	210
SPE High Line	26,312	-	-	18,894	-	-	45,206
SPE 2300 Rio de Janeiro	7,960	-	-	4,659	(265)	-	12,354
SPE Le Terrace	(6)	42	-	-	-	-	36
SPE Golf I	(898)	-	-	249	-	-	(649)
SPE Golf II	11,114	-	-	14,123	-	-	25,237
SPE Das Americas 1	(189)	-	-	(15)	-	-	(204)
VILA CASTELA (Madson Square)	-	50	-	-	-	-	50
SPE Jardinaves II	3,676	-	-	(94)	-	-	3,582
RUA DO CAMPO (Vale so Sereno)	(248)	50	-	(733)	-	-	(931)
AVENIDA DE LIGACAO 2	-	50	-	(24)	-	-	26
AV LIGACAO 3 - LT 1A (BUFFET)	-	50	-	(1)	-	-	49
JARDINAVES III	-	50	-	(1)	-	-	49

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JARDINAVES IV	-	50	-	-	-	-	50
SPE RIO 2 LTDA	-	50	-	(122)	-	-	(72)
SPE FERNANDES TOURINHO	-	2,796	-	(25)	-	-	2,771
SPE QD 25 JARDIM MANGABEIRAS	-	-	-	-	-	-	-
SPE GUACUI (luxemburgo)	-	-	-	(5)	-	-	(5)
SPE RUA ESPÍRITO SANTO (MG)	-	-	-	-	-	-	-
	318,905	3,189	(9,361)	70,579	(266)	-	383,046
Jointly-controlled investees							
ALBA	2,314	-	(260)	(628)	619	(13)	2,032
SCP RJ 04	255	-	-	17	-	-	272
SPE Mirante do Ibituruna Ltda.	2,704	-	-	-	-	-	2,704
SCP Portal do Bosque	73	-	-	(2)	-	-	71
SCP Park Ritz	433	-	-	(1)	-	-	432
SCP Recanto das Águas	71	-	-	(23)	-	-	48
SCP MRV Belo Campo	30	20	-	(6)	-	-	44
SCP MRV Rec. Pássaros (Rouxinol)	230	307	-	(294)	-	-	243
SCP MRV Res. Beija Flor	110	21	-	11	-	-	142
SPE Padre Marinho	2,880	-	(700)	216	-	-	2,396
SCP Rívoli 1 e 2	95	25	-	(4)	(7)	-	109
SPE Acaba Mundo E. Imob Ltda.	814	-	-	-	-	-	814
SPE MRV Patrimar RJ Ix Ltda. (Andorinhas) 1 e 2	155	25	-	(42)	7	-	145
SPE Barbacena Empr Imobiliários S/A	8,612	4,250	(5,981)	75	-	-	6,956
SPE Patrimar Somatto Gasparini Ltda.	6,107	19	-	(6)	(25)	-	6,095
SPE Direcional Patrimar Maragogi Ltda.	(13)	407	-	(99)	(254)	-	41
SPE Avenida de Ligação	624	2,325	-	-	-	-	2,949
SPE Somatto Patrimar Quadra 40	243	-	-	11	-	-	254
	25,737	7,399	(6,941)	(775)	340	(13)	25,747
Affiliated Subsidiaries							
SCP Safira (Decaminada 10)	(249)	-	-	(19)	-	-	(268)
SCP João XXIII	(3)	-	-	(20)	-	-	(23)
SCP Naples	-	-	-	-	-	-	-
SCP Palo Alto	297	-	-	(10)	-	-	287
SCP Park Residences	181	-	(25)	(7)	-	-	149
SPE Novo Lar Greenport	(126)	-	-	74	-	-	(52)
SPE Axis Porto Fino	213	-	(40)	31	(1)	-	203
	313	-	(65)	49	(1)	-	296
	344,955	10,588	(16,367)	69,853	73	(13)	409,089

(c) Balances of investments in Consolidated (unconsolidated companies) at September 31, 2022:

Companies	Equity holding (%)		Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and investees' net capital deficiency
	2022	2021	2022	2022	2022	2022
Alba	9%	9%	971	23,936	(66)	2,032
SCP Manchete	40%	40%	(716)	2,421	(289)	996
SCP MRV Belo Campo	50%	50%	(4)	93	(6)	44
SCP MRV Rec. Pássaros (Rouxinol)	40%	40%	(627)	674	(294)	243
SCP MRV Res. Beija Flor	40%	40%	43	386	11	142
SCP Pacuare	50%	50%	211	(375)	105	(187)
SCP Park Ritz	48%	48%	(2)	900	(1)	432
SCP Park Rossete	51%	51%	90	2,239	46	1,141

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	Equity holding (%)		Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and investees' net capital deficiency
Companies	2022	2021	2022	2022	2022	2022
SCP Parque Araras	50%	50%	(40)	12	(21)	6
SCP Parque Bem Te Vi	50%	50%	(23)	100	(12)	50
SCP Parque Gaivotas	50%	50%	(102)	3	(54)	4
SCP Parque Sabia	50%	50%	(34)	56	(17)	28
SCP Portal do Bosque	50%	50%	(4)	139	(2)	70
SCP Reality e Renovare	51%	51%	(694)	(2,638)	(353)	(1,345)
SCP Recanto das Águas	51%	51%	(47)	92	(23)	47
SCP Recanto do Tingui	35%	35%	(12)	(341)	(4)	(119)
SCP Riviera da Costa e Sol	48%	48%	(423)	(1,731)	(203)	(831)
SCP Rívoli 1 e 2	40%	40%	(26)	307	(12)	108
SCP RJ 04	50%	50%	34	545	17	272
SPE Acaba Mundo Emp. Imob Ltda.	50%	50%	-	1,631	(1)	814
SCP Andorinhas	40%	40%	(110)	368	(42)	145
SPE Barbacena Empr Imobiliários S.A.	50%	50%	374	13,892	75	6,955
SPE Direcional Patrimar Maragogi Ltda.	45%	50%	(206)	92	(99)	42
SPE Mirante do Ibituruna Ltda.	34%	34%	(1)	8,014	(1)	2,705
SPE Padre Marinho	50%	50%	521	4,792	216	2,396
SPE Park Riversul	35%	35%	(82)	32	(50)	11
SPE Patrimar Somattos Gasparini Ltda.	50%	50%	(11)	12,238	(6)	6,094
SPE Recreio Bandeirantes	35%	35%	(49)	(1,182)	(18)	(415)
SPE Recreio Gaveas	35%	35%	(5,871)	(580)	(2,059)	(203)
SPE Recreio Pontal	35%	35%	(697)	(7,071)	(248)	(2,476)
SPE Avenida de Ligação empreendimentos	50%	50%	1	5,906	-	2,950
SPE Somattos Patrimar Quadra 40	50%	50%	20	508	11	254
Outros			-	-	-	79
Alba	9%	9%	971	23,936	(66)	2,032
SCP Manchete	40%	40%	(716)	2,421	(289)	996
SCP MRV Belo Campo	50%	50%	(4)	93	(6)	44
SCP MRV Rec. Passaros (Rouxinol)	40%	40%	(627)	674	(294)	243
SCP MRV Res. Beija Flor	40%	40%	43	386	11	142
SCP Pacuare	50%	50%	211	(375)	105	(187)
SCP Park Ritz	48%	48%	(2)	900	(1)	432
SCP Park Rossete	51%	51%	90	2,239	46	1,141
SCP Parque Araras	50%	50%	(40)	12	(21)	6
SCP Parque Bem Te Vi	50%	50%	(23)	100	(12)	50
SCP Parque Gaivotas	50%	50%	(102)	3	(54)	4
			(7,516)	65,458	(3,400)	22,484

- (d) At September 30, 2022, the balances of asset and liability accounts, net revenue and profit of unconsolidated entities were as follows:

	Current assets	Non- current assets	Current liabilities	Non-current liabilities	Equity	Profit (Loss)	Net revenue
Companies	2022	2022	2022	2022	2022	2022	2022
Alba	25,308	-	1,372	-	23,936	971	985
SCP Manchete	520	2,461	42	518	2,421	(716)	37
SCP MRV Belo Campo	109	70	6	80	93	(4)	(7)
SCP MRV Rec. Passaros (Rouxinol)	493	365	85	99	674	(627)	50
SCP MRV Res. Beija Flor	328	115	21	36	386	43	(14)
SCP Pacuare	23	(366)	7	25	(375)	211	-
SCP Park Ritz	1,115	(22)	157	36	900	(2)	(1)
SCP Park Rossete	2,489	(57)	167	26	2,239	90	25
SCP Parque Araras	117	6	37	74	12	(40)	3
SCP Parque Bem Te Vi	113	(11)	(7)	9	100	(23)	3
SCP Parque Gaivotas	99	9	60	45	3	(102)	3
SCP Parque Sabia	75	3	22	-	56	(34)	2

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SCP Portal do Bosque	12	128	1	-	139	(4)	-
SCP Reality e Renovare	266	(1,736)	47	1,121	(2,638)	(694)	43
SCP Recanto das Águas	97	8	4	9	92	(47)	1
SCP Recanto do Tingui	(231)	(128)	(69)	51	(341)	(12)	(91)
SCP Riviera da Costa e Sol	430	(1,582)	11	568	(1,731)	(423)	(35)
SCP Rívoli 1 e 2	204	178	16	59	307	(26)	-
SCP RJ 04	790	(141)	57	47	545	34	12
SPE Acaba Mundo Emp. Imob Ltda.	1,631	-	-	-	1,631	0	-
SCP Andorinhas	387	6	25	-	368	(110)	368
SPE Barbacena Empr Imobiliários S.A.	15,667	40	1,703	112	13,892	374	7,557
SPE Direcional Patrimar Maragogi Ltda.	102	-	10	-	92	(206)	3
SPE Mirante do Ibituruna Ltda.	8,022	(6)	2	-	8,014	(1)	-
SPE Padre Marinho	5,687	-	895	-	4,792	521	1,079
SPE Park Riversul	65	71	4	100	32	(82)	-
SPE Patrimar Somattos Gasparini Ltda.	12,635	18	414	1	12,238	(11)	-
SPE Recreio Bandeirantes	114	68	1,325	39	(1,182)	(49)	2
SPE Recreio Gaveas	1,335	198	2,028	85	(580)	(5,871)	80
SPE Recreio Pontal	434	140	6,816	829	(7,071)	(697)	1
SPE Avenida de Ligação empreendimentos	6,146	20	260	-	5,906	1	16
SPE Somattos Patrimar Quadra 40	512	-	4	-	508	20	22
	85,094	(145)	15,522	3,969	65,458	(7,516)	10,144

13 Property and equipment

Property, plant and equipment items are depreciated as bellow:

	Annual depreciation rate
Sales stands and model apartments (i)	-
Leasehold improvements	20.00%
Machinery and equipment	10.00%
Vehicles	20.00%
Furniture and fittings	10.00%
IT equipment	20.00%

(i) Sales stands depreciated per estimated flow of sales of each project or written off in case of phase-out:

(a) The balances of property and equipment at September 30, 2022 were as follows:

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



Notes to the financial statements at September 30, 2022

All amounts in thousands of reais unless otherwise stated

	Parent company					Consolidated				
	Balance at 12/31/2021	Additions	Write-offs	Transfers	Balance at 9/30/2022	Balance at 12/31/2021	Additions	Write-offs	Transfers	Balance at 9/30/2022
Cost										
Leasehold improvements	8,027	61	-	-	8,088	8,027	61	-	-	8,088
Machinery and equipment	10,153	-	-	-	10,153	12,003	-	-	-	12,003
Vehicles	1,068	131	(123)	-	1,076	1,068	132	(123)	-	1,077
Furniture and fittings	2,257	313	-	-	2,570	2,257	313	-	-	2,570
Sales stands and model apartments	496	-	(496)	-	-	11,960	4,349	(605)	5,142	20,846
IT equipment	1,469	374	(6)	-	1,837	1,498	375	(6)	-	1,867
Construction in progress	2,116	1,314	(559)	-	2,871	11,524	6,689	(559)	(5,142)	12,512
Total cost	25,586	2,193	(1,184)	-	26,595	48,337	11,919	(1,293)	-	58,963
Depreciation										
Leasehold improvements	(5,100)	(1,028)	-	-	(6,128)	(5,096)	(1,032)	-	-	(6,128)
Machinery and equipment	(3,177)	(217)	-	-	(3,394)	(3,761)	(502)	-	-	(4,263)
Vehicles	(704)	(122)	122	-	(704)	(704)	(122)	122	-	(704)
Furniture and fittings	(807)	(202)	-	-	(1,009)	(807)	(201)	-	-	(1,008)
Sales stands and model apartments	(81)	(18)	99	-	-	(1,612)	(5,294)	122	-	(6,784)
IT equipment	(255)	(242)	1	-	(496)	(270)	(247)	1	-	(516)
Total depreciation	(10,124)	(1,829)	222	-	(11,731)	(12,250)	(7,398)	245	-	(19,403)
Total property and equipment, net	15,462	364	(962)	-	14,864	36,087	4,521	(1,048)	-	39,560

14 Intangible assets

The balances of intangible assets at September 30, 2022 were as follows:

	Parent company					Consolidated				
	Balance at 12/31/2021	Additions	Write-offs	Transfers	Balance at 9/30/2022	Balance at 12/31/2021	Additions	Write-offs	Transfers	Balance at 9/30/2022
Cost										
Computer software license	13,364	644	-	-	14,008	14,008	644	-	-	14,652
Total cost	13,364	644	-	-	14,008	14,008	644	-	-	14,652
Amortization										
Computer software license	(5,870)	(2,039)	-	-	(7,909)	(6,212)	(2,134)	-	-	(8,346)
Total amortization	(5,870)	(2,039)	-	-	(7,909)	(6,212)	(2,134)	-	-	(8,346)
Total intangible assets, net	7,494	(1,395)	-	-	(6,099)	7,796	(1,490)	-	-	6,306

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



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at September 30, 2022**

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Computer software license is amortized at the rate of 20% p.a.

15 Borrowings and debentures

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Construction financing (c(i))	-	-	134,903	87,579
Borrowings for working capital (in Reais - R\$) (c(ii))	-	50,608	-	50,608
Debentures (c(iii))	281,710	130,837	281,710	130,837
Unamortized cost of debentures	(5,266)	(1,374)	(5,266)	(1,374)
	276,444	180,071	411,347	267,650
Current liabilities	27,663	11,243	64,462	60,797
Non-current liabilities	248,781	168,828	346,885	206,853

(a) Covenants

The 3rd issuance of simple, non-convertible debentures, in a Single Series, of the unsecured type, for private placement that were backed by the CRIs issuance, settled on July 29 (see note 15.c), has financial covenant clauses, verifiable annually, their first disclosure will be related to the Financial Statements of December 31, 2022.

(b) Changes

Changes in borrowings in the period was as follows:

	Parent company		Consolidated	
	2022	2021	2022	2021
Opening balance	180,071	82,660	267,650	133,886
Releases	150,000	133,982	270,477	260,709
Provision for interest payable	22,820	12,789	30,780	18,343
Repayments - interest	(4,989)	(1,034)	(12,098)	(6,008)
Repayments - principal	(67,248)	(46,963)	(141,253)	(137,917)
Funding costs	(3,892)	-	(3,892)	-
Others	(318)	(1,363)	(317)	(1,363)
Closing balance	276,444	180,071	411,347	267,650

(c) Types

- (i) Construction financing:** This type of borrowing is designed to fund projects during the construction period. The applicable interest rates range from 9.52% to 18.84 % p.a., depending on the operation, plus the Reference Rate (TR), CDI rate or savings rate (8.3% and 11.25% in

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



Notes to the financial statements at September 30, 2022

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December 2021), These financing arrangements are secured by real estate development/ideal fraction of future units to which it is related.

- (ii) **Debentures:** On March 18, 2021, the Company's Board of Directors approved the first placement of simple unsecured debentures, not convertible into shares, in a single series, for private placement by the Company, in the total amount of up to R\$100 million, which were fully subscribed by ISEC Securitizadora S.A, ("ISEC") to back the 239th series of the 4th issue of Certificates of Real Estate Receivables (CRIs), to be distributed through a public offering with restricted placement efforts, pursuant to the terms of CVM 476/2009, The first tranche of R\$ 50 million was closed on March 31, 2021, and the second, of R\$ 30,1 million, on May 11, 2021, totaling R\$ 80,1 million raised by the first issue of debentures, The remuneration is 100% of the DI rate exponentially increased by a surcharge of 2.99%, maturing on March 26, 2025.

On May 24, 2021, the Company's Board of Directors approved the 2nd placement of simple unsecured debentures, not convertible into shares, in a single series, for private placement by the Company, in the total amount of up to R\$ 50 million, to be distributed through a public offering with restricted placement efforts, pursuant to the terms of CVM 476/2009, On May 31, 2021, the total of R\$ 50 million was raised, The remuneration is 100% of the DI rate exponentially increased by a surcharge of 2.39%, maturing in four years from the issue date.

On June 20, 2022, the Company's board of directors approved the third issue of simple, non-convertible debentures, in a single series, of the unsecured type, for private placement by the Company in the total amount of R\$150 million, given that the Debentures are linked to the issue of 150,000 certificates of real estate receivables ("CRI") of the single series of the 38th issue of VIRGO Companhia de securitização ("Securitizadora"), to be distributed through a public offering with restricted distribution efforts, under the firm placement guarantee regime, pursuant to CVM Instruction No. 476, of January 16, 2009, as amended. The remuneration will be 100% of the DI plus exponentially a surcharge equivalent to 2.00%, maturing in 5 (five) years from the date of issuance. The effective settlement of this issue took place on July 29, 2022, in the total amount of R\$150 million at the rate defined in the bookbuilding process at CDI + 2.00% pa.

(d) Maturities

Amounts related to construction financing, recorded in current and non-current liabilities, mature as follows:

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
2022	-	-	11,279	49,554
2023	-	-	29,529	34,039
2024	-	-	74,876	3,986
2025	-	-	19,219	-
	-	-	134,903	87,579

Amounts related to working capital, recorded in current and non-current liabilities, mature as follows:

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



**Notes to the financial statements
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	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
2022	-	10,608	-	10,608
2023	-	20,000	-	20,000
2024	-	20,000	-	20,000
2025	-	-	-	-
	<u>-</u>	<u>50,608</u>	<u>-</u>	<u>50,608</u>

Amounts related to debentures, recorded in current and non-current liabilities, mature as follows:

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
2022	1,582	635	1,582	635
2023	42,203	35,975	42,203	35,975
2024	64,491	64,368	64,491	64,368
2025	57,299	28,485	57,299	28,485
2026	110,869	-	110,869	-
	<u>276,444</u>	<u>129,463</u>	<u>276,444</u>	<u>129,463</u>

16 Leases

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Leases	3,354	4,779	3,825	5,236
	<u>3,354</u>	<u>4,779</u>	<u>3,825</u>	<u>5,236</u>
Current liabilities	1,937	1,905	2,408	2,362
Non-current liabilities	1,417	2,874	1,417	2,874

Changes in leases were as follows:

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Opening balance	4,779	1,715	5,236	3,869
Leases	-	4,823	608	5,566
Termination of lease contract	-	-	(106)	(1,577)
Repayments - lease - principal	(1,425)	(1,759)	(1,914)	(2,622)
Repayments - lease - interest	(69)	(141)	(74)	(207)
Financial charges - lease	69	141	75	207
Closing balance	<u>3,354</u>	<u>4,779</u>	<u>3,825</u>	<u>5,236</u>

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



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

	Parent company		Consolidated	
	9/31/2022	12/31/2021	9/31/2022	12/31/2021
2022	480	1,905	644	2,362
2023	1,948	1,948	2,254	1,948
2024	926	926	927	926
2025	-	-	-	-
	<u>3,354</u>	<u>4,779</u>	<u>3,825</u>	<u>5,236</u>

Leases:

Rental agreement related to administrative facilities (warehouse, headquarters, offices), with a remaining term of 26 to 30 months, discounted to present value at rates from 1.56% to 2.31% p.a.

Rental agreement related to housing facilities for engineers, with a remaining term of one month, discounted to present value at the rate of 2.31% p.a.

Rental agreement related to commercial spaces (stores and sales stand), with a remaining term of nine months, discounted to present value at the rate of 2.31% p.a.

Lease agreement related to heavy equipment, with a remaining term of 1 to 12 months, discounted to present value at the rates from 0.68% to 7.92% p.a.

17 Trade payables

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Trade payables	1,937	5,477	62,898	37,775
Technical retentions	324	535	8,678	6,627
	<u>2,261</u>	<u>6,012</u>	<u>71,576</u>	<u>44,402</u>

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

Technical retentions correspond to a contractual agreement, which has the purpose of ensuring compliance with the construction contracts. Accordingly, a specific contractual percentage is withheld from the amounts payable to the contractor to cover any non-compliance with the contract provisions. At the end of the contract, once all requirements are met, the amount is refunded to the service provider.

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



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18 Tax liabilities

The income tax, social contribution on net income, and PIS and COFINS are calculated on a cash basis. The balances of taxes payable are estimated on the accrual basis of accounting and are recorded as deferred taxes, as shown below. Balances of taxes payable according to the prevailing tax system:

Taxes payable	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
National Institute for Social Security (INSS)	31	60	2,168	2,502
Services Tax (ISS)	152	168	759	925
Social Integration Program (PIS)	-	-	-	13
Other taxes withheld	378	455	639	501
	<u>561</u>	<u>683</u>	<u>3,566</u>	<u>3,941</u>

Deferred taxes	Parent company		Consolidated	
	12/31/2021	9/30/2022	12/31/2021	12/31/2021
Special Taxation Regime (RET)	215	606	26,622	20,975
Social Contribution on Revenues (COFINS)	265	321	428	668
Social Contribution on Net Income (CSLL)	-	-	489	399
Social Integration Program (PIS)	56	-	241	214
	<u>536</u>	<u>927</u>	<u>27,780</u>	<u>22,256</u>
	<u>1,097</u>	<u>1,610</u>	<u>31,346</u>	<u>26,197</u>

19 Real estate purchase obligations

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

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Land developed	800	400	29,448	44,609
Supplement	800	400	8,252	7,851
Financial exchange	-	-	21,196	36,758
Land not developed	-	1,401	13,460	23,334
Supplement	-	1,401	1,370	11,244
Financial exchange	-	-	12,090	12,090
	<u>800</u>	<u>1,801</u>	<u>42,908</u>	<u>67,943</u>
Current liabilities	800	1,401	23,002	35,942
Non-current liabilities	-	400	19,906	32,001

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



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

	Cash payment	
	Parent company	Consolidated
2022	-	883
2023	800	8,583
2024	-	90
2025	-	66
2026	-	-
	800	9,622

	Exchange	
	Parent company	Consolidated
2022	-	6,031
2023	-	11,267
2024	-	3,582
2025	-	5,685
2026	-	6,721
2027	-	-
	-	33,286

20 Advances from customers

Relate to sales of real estate units and the commitment to deliver completed units arising from the acquisition of land for real estate development through a barter arrangement:

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Advances from customers and barter transactions for construction in progress	-	30	405,979	280,142
Advances related to customized units	-	-	24,407	47,435
Barter transactions for land - developments not launched	49	966	42,004	45,590
	49	996	472,390	373,167

21 Provision for contingencies and judicial deposits

Provision for contingencies

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Civil	129	115	1,171	3,924
Tax	1,427	1,427	1,427	1,453
Labor	-	-	1,047	1,249

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



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	<u>1,556</u>	<u>1,542</u>	<u>3,645</u>	<u>6,626</u>
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Judicial deposits

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Civil	10	-	772	869
Tax	-	-	88	-
Labor	349	86	647	320
	<u>359</u>	<u>86</u>	<u>1,507</u>	<u>1,189</u>

Changes in the 3-month period ended September 30, 2022:

Contingencies

	Parent company	Consolidated
Opening balance	1,542	6,626
Additions	23	3,286
Write-offs	(23)	(7,321)
Update	14	1,054
Closing balance	<u>1,556</u>	<u>3,645</u>

Judicial deposits

	Parent company	Consolidated
Opening balance	86	1,189
Additions	294	730
Write-offs	(21)	(412)
Update	-	-
Closing balance	<u>359</u>	<u>1,507</u>

The Group companies are parties to tax, labor and civil disputes at the administrative and judicial levels, and, when applicable, are supported by judicial deposits.

The corresponding provisions for contingencies were set considering the estimate made by management under the advice of legal counsel for proceedings involving the risk of probable loss.

Possible risk of loss contingencies:

The Group companies are parties to other legal proceedings of a tax, civil and labor nature arising in the normal course of business, for which the likelihood of an unfavorable outcome is considered possible by management under the advice of legal counsel, the amounts are approximately R\$ 3,209 (labor claims), R\$ 59,897 (tax claims) and R\$ 9,450 (civil claims), totaling R\$ 72,556 (R\$48,858 at December 31, 2021).

Accordingly, no provision was recorded for possible risk of loss, Judicial rulings are subject to appeals before the competent courts,

The most significant contingency relates to land exchange.

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



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As part of the process for purchase and sale of properties, the Group acquires land to be developed based on the "land exchange" method. On September 4, 2014, the Federal Revenue Secretariat (SRF) issued Cosit Normative Opinion # 9, which changed the understanding of the income tax legislation with respect to the deemed profit (Decree 3,000 of March 26, 1999), requiring that revenue from physical exchange transactions recognized at fair value should be considered as the tax basis for calculation of IRPJ, CSLL, PIS and COFINS. Based on this understanding, in 2017 and 2018 tax assessment notices amounting to R\$ 28,718 were served against the Group,

The Group, together with its legal counsel, has been discussing this matter at the administrative level, claiming that the assessment notice should be declared null and void on the grounds that the recognition of fair value arising from the execution of barter agreements cannot give rise to any effects on the calculation bases of the referred taxes. The likelihood of loss for this case has been classified as possible and the estimated risk involved at September 30, 2022, amounted to R\$ 57,027 (R\$ 37,869 at December 31, 2021). As the decisions already rendered, both within the scope of the Administrative Board of Tax Appeals (CARF) and the High Court of Justice (STJ), were favorable to taxpayers, no provision for contingencies with respect to this matter was recorded at September 30, 2022.

22 Provision for real estate maintenance

The Group offers warranties to cover construction issues, as required by Brazilian legislation.

To support this commitment with no impact on future years and provide an adequate balance between revenues and costs for each project under construction, a provision of 1.5% of the estimated construction cost was recorded at September 30, 2022.

This estimate is based on historical averages and expectations of future outflows, according to analyses performed by the Group's engineering department, which are reviewed annually.

The provision is recorded as the work progresses by applying this percentage to actual costs incurred. Maintenance costs are charged to the provision in accordance with the contractual requirements for warranty coverage.

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

	Parent company		Consolidated	
	9/30/2022	12/31/2021	9/30/2022	12/31/2021
Opening balance	1,352	1,532	12,783	8,762
Additions	229	72	4,717	4,971
Write-offs	(742)	(252)	(2,436)	(950)
	839	1,352	15,064	12,783
Current liabilities	186	769	1,603	6,425
Non current liabilities	653	583	13,461	6,358

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

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23 Equity**(a) Capital**

At September 30, 2022, share capital of R\$ 269,172 (R\$ 269,172 at December 31, 2021) was represented by 56,025,501 common shares.

At September 30, 2022, the Company's stockholding structure was as follows:

Stockholders	%	Common shares
PRMV Participações S.A.	63.92	35,804
Alexandre Araújo Elias Veiga	1.87	1,049
Heloísa Magalhães Martins Veiga	1.87	1,049
Renata Martins Veiga Couto	16.17	9,062
Patrícia Martins Veiga	16.17	9,062
	100%	56,026

(b) Legal reserve

This reserve is credited annually with 5% of the profit for the year in compliance with article 193 of Law 6,404/76, up to the limit of 20% of capital,

(c) Profit distribution policy

The Company's bylaws establish that 25% of the profit, after deducting the portion transferred to the legal reserve, will be distributed as mandatory minimum dividends. The retained portion of the profit will be subsequently allocated as determined by the stockholders.

24 Earnings per share

The table below presents the data on earnings and number of shares/quotas used in the calculation of basic and diluted earnings per share:

	9/30/2022	9/30/2021
Basic and diluted earnings per share:		
Profit for the period	32,774	9,781
Weighted average number of shares (in thousands)	56,026	56,026
Basic and diluted earnings per share - R\$	0,584978	0,174580

25 Net operating revenue

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

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



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	Parent company			
	7/01/2022 a 9/30/2022	01/01/2022 a 9/30/2022	7/01/2021 a 9/30/2021	01/01/2021 a 9/30/2021
Gross revenue from the sales of properties	1,695	4,741	14,485	44,146
Service revenue	5,058	6,747	1,155	2,467
Canceled sales	-	(41)	(263)	(1,351)
Present value adjustment (i)	-	-	177	751
Taxes on billings	(219)	(505)	(632)	(1,482)
Net operating revenue	6,534	10,942	14,922	44,531

	Consolidated			
	7/01/2022 a 9/30/2022	01/01/2022 a 9/30/2022	7/01/2021 a 9/30/2021	01/01/2021 a 9/30/2021
Gross revenue from the sales of properties	320,401	680,590	186,333	566,922
Service revenue	6,155	8,229	2,819	7,355
Canceled sales	(11,463)	(34,931)	(4,571)	(19,380)
Reversal (Provision) for cancellations	1,202	934	-	-
Present value adjustment (i)	2,559	6,714	1,749	6,306
Taxes on billings	(5,310)	(12,756)	(4,082)	(12,290)
Net operating revenue	313,544	648,780	182,248	548,913

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

26 Costs and expenses by nature

	Parent company			
	7/01/2022 a 9/30/2022	01/01/2022 a 9/30/2022	7/01/2021 a 9/30/2021	01/01/2021 a 9/30/2021
Cost of properties sold				
Materials	-	(739)	(2,021)	(5,086)
Land	(215)	(459)	(647)	(4,577)
Completed units	(154)	(194)	(2,209)	(9,732)
Personnel expenses	-	(249)	(525)	(1,306)
Subcontractors	-	(1,101)	(2,216)	(4,736)
Housing loan costs	(40)	(83)	(388)	(1,235)
Other	-	(356)	(1,417)	(1,602)
	(409)	(3,181)	(9,423)	(28,274)

	Parent company			
	7/01/2022 a 9/30/2022	01/01/2022 a 9/30/2022	7/01/2021 a 9/30/2021	01/01/2021 a 9/30/2021
General and administrative expenses				
Personnel expenses	(7,981)	(23,980)	(5,991)	(14,583)
Administrative general expenses	(1,221)	(2,663)	(507)	(1,428)
Depreciation and amortization	(1,761)	(5,269)	(1,681)	(4,836)
Outsourced services	5,050	13,387	(921)	(4,182)
	(5,913)	(18,525)	(9,100)	(25,029)

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

All amounts in thousands of reais unless otherwise stated

All amounts in thousands of reais unless otherwise stated

	Parent company			
	7/01/2022 a 9/30/2022	01/01/2022 a 9/30/2022	7/01/2021 a 9/30/2021	01/01/2021 a 9/30/2021
Selling expenses				
Personnel expenses	(1,333)	(4,522)	(905)	(1,972)
Commissions and brokerage	(51)	(139)	(135)	(415)
Sales stands/model apartments	(3)	(24)	(3)	(4)
Advertising	(297)	(1,073)	(226)	(687)
Other selling expenses	(321)	(1,146)	(743)	(1,496)
	<u>(2,005)</u>	<u>(6,904)</u>	<u>(2,012)</u>	<u>(4,574)</u>
Other operating income (expenses), net				
	7/01/2022 a 9/30/2022	01/01/2022 a 9/30/2022	7/01/2021 a 9/30/2021	01/01/2021 a 9/30/2021
Real estate financing expenses	-	(11)	(176)	(464)
Tax expenses	(401)	(519)	-	-
Provision for contingencies	(9)	(378)	-	-
Losses from insufficient guarantees and others	(161)	(352)	(152)	(2,452)
Other operating income and expenses	625	677	(1,373)	(1,660)
	<u>54</u>	<u>(583)</u>	<u>(1,701)</u>	<u>(4,576)</u>
	Parent company			
				Consolidated
	7/01/2022 a 9/30/2022	01/01/2022 a 9/30/2022	7/01/2021 a 9/30/2021	01/01/2021 a 9/30/2021
Cost of properties sold				
Materials	(52,617)	(138,295)	(50,603)	(135,808)
Land	(117,259)	(165,768)	(10,147)	(69,845)
Completed units	(1,691)	(8,806)	(4,118)	(19,431)
Personnel expenses	(10,641)	(30,807)	(7,460)	(19,282)
Subcontractors	(37,853)	(96,754)	(31,071)	(73,226)
Housing loan costs	(2,853)	(8,573)	(1,453)	(5,780)
Other	(10,988)	(28,756)	(3,933)	(12,666)
	<u>(233,902)</u>	<u>(477,759)</u>	<u>(108,785)</u>	<u>(336,038)</u>

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**Notes to the financial statements
at September 30, 2022**

All amounts in thousands of reais unless otherwise stated

	Consolidated			
	7/01/2022 a 9/30/2022	01/01/2022 a 9/30/2022	7/01/2021 a 9/30/2021	01/01/2021 a 9/30/2021
Selling expenses				
Personnel expenses	(1,502)	(4,797)	(1,278)	(3,596)
Commissions and brokerage	(5,411)	(15,977)	(5,414)	(13,419)
Sales stands/model apartments	(2,671)	(5,831)	(107)	(355)
Advertising	(6,744)	(17,938)	(5,697)	(10,991)
Other selling expenses	(2,835)	(9,942)	(4,617)	(9,932)
	<u>(19,163)</u>	<u>(54,485)</u>	<u>(17,113)</u>	<u>(38,293)</u>
	Consolidated			
	7/01/2022 a 9/30/2022	01/01/2022 a 9/30/2022	7/01/2021 a 9/30/2021	01/01/2021 a 9/30/2021
General and administrative expenses				
Personnel expenses	(7,990)	(24,145)	(6,308)	(16,365)
Administrative general expenses	(1,548)	(3,287)	(689)	(2,103)
Depreciation and amortization	(1,888)	(5,652)	(1,834)	(5,347)
Outsourced services	(2,994)	(7,255)	(1,269)	(5,735)
	<u>(14,420)</u>	<u>(40,339)</u>	<u>(10,100)</u>	<u>(29,550)</u>
	Consolidated			
	7/01/2022 a 9/30/2022	01/01/2022 a 9/30/2022	7/01/2021 a 9/30/2021	01/01/2021 a 9/30/2021
Other operating income (expenses), net				
Real estate financing expenses	-	(5)	(206)	(611)
Tax expenses	(510)	(658)	(5)	(32)
Provision for contingencies	(843)	(1,641)	(417)	(986)
Losses from insufficient guarantees and others (i)	(168)	(487)	(1,564)	(5,680)
Other operating income and expenses	2,168	1,741	(3,526)	(5,990)
	<u>647</u>	<u>(1,048)</u>	<u>(5,718)</u>	<u>(13,299)</u>

- (i) Property received in guarantee at amounts below the corresponding debt balance and discontinued projects written off,

27 Management fees

Management compensation for the years ended September 30, 2022 and 2021 is shown below:

	Parent company			
	7/01/2022 a 9/30/2022	1/01/2022 a 9/30/2022	7/01/2021 a 9/30/2021	1/01/2021 a 9/30/2021
Management fees	1,419	3,240	1,142	4,033
Welfare benefits	116	341	69	194
Charges	284	833	228	798

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



**Notes to the financial statements
at September 30, 2022**

All amounts in thousands of reais unless otherwise stated

	Consolidated			
	7/01/2022 a 9/30/2022	1/01/2022 a 9/30/2022	7/01/2021 a 9/30/2021	1/01/2021 a 9/30/2021
Management fees	1,419	3,240	1,180	4,418
Welfare benefits	116	341	72	217
Charges	284	833	236	869

Based on the provisions of CPC 05, which address related-party disclosures, the Group considers that its key management include the members of the Board of Directors and all executive officers as per its bylaws, whose duties involve decision-making and control over the Group's activities,

28 Finance income (costs) net

	Parent company			
	7/01/2022 a 9/30/2022	1/01/2022 a 9/30/2021	7/01/2021 a 9/30/2022	1/01/2021 a 9/30/2021
Finance income				
Contractual indexation and interest accruals	98	426	46	371
Interest on financial investments	2,898	3,954	1,106	1,795
Swap gains	527	589	-	-
Other finance income			11	16
	<u>3,523</u>	<u>4,969</u>	<u>1,163</u>	<u>2,182</u>
Finance costs				
Interest on borrowings	(10,555)	(22,823)	(3,558)	(7,005)
Bank fees and charges	(589)	(862)	(227)	(294)
Other finance costs	(8)	(10)	(1,566)	(15)
	<u>(11,152)</u>	<u>(23,695)</u>	<u>(5,351)</u>	<u>(7,314)</u>
	<u>(7,629)</u>	<u>(18,726)</u>	<u>(4,188)</u>	<u>(5,132)</u>
	Consolidated			
	7/01/2022 a 9/30/2022	1/01/2022 a 9/30/2021	7/01/2021 a 9/30/2022	1/01/2021 a 9/30/2021
Finance income				
Contractual indexation and interest accruals	792	3,778	530	4,154
Interest on financial investments	12,532	26,956	2,975	5,225
Other finance income	929	1,137	24	53
	<u>14,253</u>	<u>31,871</u>	<u>3,529</u>	<u>9,432</u>
Finance costs				
Interest on borrowings	(10,562)	(22,845)	(3,701)	(7,447)
Bank fees and charges	(829)	(1,929)	(448)	(844)
Financing expenses	-	-	-	(1)
Swap losses	(8)	(148)	-	-
Other finance costs			(2,408)	(33)
	<u>(11,399)</u>	<u>(24,922)</u>	<u>(6,557)</u>	<u>(8,325)</u>
	<u>2,854</u>	<u>6,949</u>	<u>(3,028)</u>	<u>1,107</u>

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



**Notes to the financial statements
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29 Income tax and social contribution expense

Corporate income tax and social contribution on net income are calculated on an accrual basis, but paid on a cash basis. Therefore, the Company records them as deferred taxes through to date of payment.

Reconciliation of tax rate from statutory to effective rate:

	Parent company			
	7/01/2022 a 9/30/2022	1/01/2022 a 9/30/2022	7/01/2021 a 9/30/2021	1/01/2021 a 9/30/2021
Profit before IRPJ and CSLL	25,674	32,876	9,941	50,446
ate - 34%	(8,729)	(11,178)	(3,380)	(17,152)
Effect on exclusions (equity accounting)	(11,914)	(23,750)	(7,291)	(24,990)
Segregated asset structure (RET)	(32)	(274)	169	259
Unrecognized tax losses (RET)	20,636	35,100	10,342	41,369
IRPJ and CSLL expenses	(39)	(102)	(160)	(514)
Effective rate	0%	0%	1.61%	1.02%

	Consolidated			
	7/01/2022 a 9/30/2022	1/01/2022 a 9/30/2022	7/01/2021 a 9/30/2021	1/01/2021 a 9/30/2021
Profit before IRPJ and CSLL	47,622	78,698	36,385	123,606
ate - 34%	(16,191)	(26,757)	(12,371)	(42,026)
Effect on exclusions (equity accounting)	659	1,156	380	3,140
Segregated asset structure (RET)	(3,124)	(8,453)	(856)	5,744
Unrecognized tax losses (RET)	12,847	19,278	8,987	21,452
IRPJ and CSLL expenses	(5,809)	(14,776)	(3,860)	(11,690)
Effective rate	12%	19%	11%	9%

Management believes that deferred tax assets from tax losses should not be recognized as projected taxable income, as a substantial part of the Group's operations is carried out through SPEs and SCPs under the Special Taxation Regime (RET) adopted for certain projects developed by the Group. Accordingly, tax losses, if any, are not carried forward.

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



**Notes to the financial statements
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30 Deferred revenue and deferred costs

Disclosure pursuant to Circular Official Letter 02/2018 of December 12, 2018, which addresses revenue recognition by Brazilian companies from agreements for the purchase and sale of uncompleted real estate units. The information mainly relates to deferred revenue and deferred costs of units under construction.

	Consolidated
Developments under construction	
(i) Deferred revenue from units sold	
(a) Developments under construction:	
Revenue from contracted sales	3,040,893
Revenue from recognized sales	(1,980,502)
Canceled sales - reversed revenue	56,685
	<u>1,117,076</u>
(b) Revenue from recognized sales, net	(1,923,817)
Deferred revenue (a+b)	<u>1,117,076</u>
(ii) Budgeted deferred cost of units sold	
Developments under construction:	
(a) Budgeted costs	2,057,143
(b) Construction costs incurred	(1,225,760)
Financial charges to be appropriated	13,573
	<u>831,383</u>
Deferred costs of units sold (a+b)	<u>831,383</u>
Driver CI/CO (Without financial charges)	<u>59.59%</u>
(iii) Budgeted deferred costs of units in inventory	
Developments under construction:	
(a) Budgeted costs	577,156
(b) Incurred costs	(255,658)
Financial charges to be appropriated	1,167
	<u>321,498</u>
Deferred costs of units in inventory (a+b)	<u>321,498</u>

31 Commitments

(a) Commitments for purchase of land

The Group has undertaken commitments for purchases of land, which have not yet been reflected in the accounting records, as there are matters pending resolution by the sellers before the formalization of the deed and transfer of the related property title to the Company, its subsidiaries or partners. These commitments total R\$ 1,489,299 (R\$ 698,432 at December 31, 2021) of which: R\$ 1,419,851 (R\$ 628,034 at December 31, 2021) relate to exchanges for real estate units to be constructed and/or to the share of the proceeds from the sale of the related developments, and R\$ 69,448 (R\$ 70,398 at December 31, 2021) relate to balancing payments.

Land is accounted for when all resolute clauses, or any other type of restriction, have been remedied, that is, when the entity has control of the economic resource.

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

**Notes to the financial statements
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(b) Lease commitments

At September 30, 2022, commitments related to the lease of large items of equipment and real estate totaled R\$ 3,354 (R\$ 4,779 in 2021) in the Parent company and R\$ 3,824 (R\$ 5,236 in 2021) in the Consolidated.

32 Segment reporting

The Group's main source of revenue derives from real estate development activities. The chief operating decision-maker analyzes information on each development for the purpose of allocating resources and assessing the performance. The management of activities concerning strategic planning, finance, purchases, investment of resources and assessment of the performance of developments is centralized, and there is no segregation by type of development (residential - high and middle income and commercial) that could establish segment-based management or other factors that could identify a set of components as operating segments of the entity.

33 Insurance

At September 30, 2022, the Group held the following insurance policies:

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

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

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

(d) Civil liability insurance (management).

At September 30, 2022, the insurance coverage was as follows:

Itens	Tipo de cobertura	Importância Segurada
		Consolidado
Contractor - Completion bond (SGTO)	Benefiting the financing agent in the event of technical and financial losses not met by the Company.	64,885
Contractor - Completion Bond - Infrastructure not included	For the execution of the external infrastructure works up ceiling for losses from failure to honor the obligations to complete the construction of related external infrastructure.	14,186
Housing	Indemnity for damages caused by fire, lightning strike and explosion, in addition to other additional coverage that can be contracted, aiming at supplementing the insurance policy and protecting the property against other risks, including theft, collapse, vehicle crash, aircraft crash, windstorm, hurricane, cyclone, hailstorm, electrical damages etc.	200

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



**Notes to the financial statements
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Insurance - construction (engineering risk)/Civil liability	Indemnity for damage caused to the works during the construction period of the project, such as fire, lightning strike, theft, among other specific coverage for facilities and assemblies at the insured site, Indemnity, up to the policy's cap, of the amounts for which the Company may have civil liability related to repairs for involuntary personal and/or material damages caused to third parties.	1,394,474
Civil liability (management)	Coverage for pain and suffering to the Company's managers (D&O)	20,000
Commercial multiple peril insurance	Indemnity for fire, lightning strike, and explosion, Also, coverage for windstorm, aircraft crashes, loss of rent, among others, In addition, they may include civil liability coverage (family insurance for the condominium, and/or condominium manager, material damages to third-party vehicles), medical/hospital/dental expenses for people etc,	11,520
Guarantee insurance - contractual obligations	For company and public agency fulfillment of contracts, by indemnifying the insured party for breaches of contracts (contractual obligations) of several types,	9,442
Equipment	Indemnity for losses directly from risks related to machinery, equipment and implements, of fixed or mobile types, for non-agricultural use,	90
Legal guarantee	As an alternative to judicial deposits and escrows for assets in cases of litigation, Widely accepted at the judicial level as a new guarantee or as a substitute for existing guarantees.	5,689
Fire Insurance	Covers losses caused by fire	263
Vehicle Insurance	Covers damages caused by vehicles	100
Post-completion bond - maintenance bond (SGPE)	For maintenance of units delivered for up to five years, for damages provided under the consumer protection code,	10,153

34 Transactions not involving cash or cash equivalents

	Parent company		Consolidated	
	9/30/2022	9/30/2021	9/30/2022	9/30/2021
Investing activities				
Transfers of property and equipment - Leases as per IFRS 16	(1,412)	3,203	(786)	1,674
Capitalized Interest	87	92	62	125

35 Events after the reporting period

On November 1, 2022, the Company entered into a Memorandum of Understanding ("MOU") with Performance Empreendimentos Imobiliários Ltda ("Performance"), aiming at jointly exploring a business model for the development, construction, leasing and management of multifamily residential developments in Brazil, exclusively through the leasing and provision of services related to the leased units ("Modelo Rental" and "Developments"). According to the Rental Model, the Projects will be prospected and developed by a company to be incorporated, whose brand has already been designed by Performance ("Viv In"), and managed by another company to be established, whose brand has also been designed by Performance ("Livizi" and, together with Viv In, the "Companies").

To consummate the association, the Company and Performance will negotiate, for the next 60 (sixty) days, counted from the date of the MOU, definitive documents in order to regulate the relationship of the parties to develop the Enterprises and the Rental Model through Viv In and Livizi, being certain that each of the parties, directly or indirectly, will own 50% (fifty percent) of the capital stock of each of the Companies.

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



**Notes to the financial statements
at September 30, 2022**

All amounts in thousands of reais unless otherwise stated

The consummation of the transaction depends on the negotiation and execution of definitive documents between the parties and, also, the fulfillment of conditions precedent that are described therein.

On November 7, 2022, through the Minutes of the Board of Directors' Meeting - RCA, it was decided to distribute interim dividends to the company's shareholders in the amount of R\$ 1,000,000.00 (one million reais), in advance to the profit for the fiscal year that will end on December 31, 2022, which will be fully paid to the shareholders registered in the Company's records, on November 10, 2022 and will be attributed to the dividends related to the profit for this period.

* * *

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

Opinions and Declarations of Officers on the Financial Statements

In compliance with the provisions of Article 25, paragraph 1, items V and VI of the CVM Instruction 480/09, of December 7, 2009, the Company's officers affirm that they have reviewed, discussed, and approved the parent company and consolidated financial statements (Parent company and Consolidated) for the year ended September 30, 2022.

Belo Horizonte, November 08, 2022

Chief Executive Officer - ALEXANDRE ARAÚJO ELIAS VEIGA

Chief Financial Officer and Investor Relations Officer - FELIPE ENCK GONÇALVES

Opinions and Declarations of Officers on the Independent Auditor's Report

In compliance with the provisions of Article 25, paragraph 1, items V and VI of CVM Instruction 480/09, of December 7, 2009, the Company's officers affirm that they have reviewed, discussed and approved the opinion expressed in the Independent Auditor's Report dated November 8, 2022, on the parent company and consolidated financial statements for the year ended September 30, 2022.

Belo Horizonte, November 08, 2022,

Chief Executive Officer - ALEXANDRE ARAÚJO ELIAS VEIGA

Chief Financial Officer and Investor Relations Officer - FELIPE ENCK GONÇALVES

EXECUTIVE BOARD

ALEXANDRE ARAÚJO ELIAS VEIGA
Chief Executive Officer

FELIPE ENCK GONÇALVES
Chief Financial Officer and Investor Relations Officer

RESPONSIBLE ACCOUNTANT

ROGER TADEU VILELA FERREIRA
Contador