

(A free translation of the original in Portuguese)



Patrimar Engenharia S.A.

Quarterly Information (ITR)

at June 30, 2021





(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
Patrimar Engenharia S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Patrimar Engenharia S.A. ("Parent company" or "Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2021, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, as well as a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC), and the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), including Circular Letter CVM/SNC/SEP 02/2018, related to application of Guidance OCPC 04, as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, including Circular Letter CVM/SNC/SEP 02/2018, related to application of Guidance OCPC 04, and presented in accordance with the standards issued by the CVM.



Patrimar Engenharia S.A.

Emphasis of matter

As described in Note 2, the accompanying parent company and consolidated interim accounting information included in the Quarterly Information (ITR) was prepared in accordance with CPC 21 (R1) and IAS 34 applicable to Brazilian real estate development entities registered with the CVM. Accordingly, the accounting policies adopted by the Company to recognize revenue from purchase and sale of incomplete real estate units under construction, with regards to determining the timing of transfer of control, follow the guidance in CVM's Circular Letter CVM/SNC/SEP 02/2018 when applying CPC 47 (IFRS 15) and Technical Guidance OCPC 04. Our conclusion is not qualified in respect of this matter.

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the six-month period June 30, 2021. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if its form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria defined in this accounting standard and in a consistent manner in relation to the parent company and consolidated interim accounting information taken as a whole.

Belo Horizonte, August 5, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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



Balance sheet

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Assets					
Current assets					
Cash and cash equivalents	6(a)	93,388	11,095	295,533	119,256
Trade receivables	7	27,729	27,854	161,219	142,038
Properties for sale	8	13,620	26,249	345,754	328,108
Taxes recoverable		1,218	1,277	6,637	5,487
Prepaid expenses	9	7,324	7,046	19,303	16,186
Other receivables		2,843	2,365	17,115	13,642
Total current assets		146,122	75,886	845,561	624,717
Non-current assets					
Long-term receivables					
Restricted financial investments	6(b)	2,275	2,250	2,275	2,250
Trade receivables	7	2,081	1,926	154,311	97,985
Properties for sale	8	5,676	4,235	16,720	14,845
Judicial deposits	20	112	75	1,196	1,529
Related parties	10	71,773	46,967	12,109	6,686
		81,917	55,453	186,611	123,295
Investments	11	314,042	258,532	48,710	47,117
Property and equipment	12	11,171	7,760	27,509	16,341
Intangible assets	13	8,854	9,987	9,220	10,417
Lease right-of-use assets		5,582	1,438	6,083	3,430
		339,649	277,717	91,522	77,305
Total non-current assets		421,566	333,170	278,133	200,600
Total assets		567,688	409,056	1,123,694	825,317

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



Balance sheet

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Liabilities and equity					
Current liabilities					
Borrowings	14	19,410	17,609	77,890	49,686
Leases	15	1,884	501	2,328	1,486
Trade payables	16	6,994	2,392	57,233	27,373
Salaries and social charges		4,012	2,077	8,511	4,283
Tax liabilities	17	1,914	2,463	20,373	15,742
Real estate purchase obligations	18	800	863	22,472	54,965
Dividends payable		80	8,235	80	8,235
Advances from customers	19	1,350	2,942	219,013	151,075
Other payables		299	264	2,702	4,088
Total current liabilities		36,743	37,346	410,602	316,933
Non-current liabilities					
Borrowings	14	180,100	65,051	191,807	84,200
Leases	15	3,831	1,214	3,884	2,383
Real estate purchase obligations	18	-	-	42,918	30,238
Advances from customers	19	20	51	-	44
Provision for contingencies	20	1,427	1,427	6,147	5,588
Provision for real estate maintenance	21	1,454	1,532	10,331	8,762
Related parties	10	11,926	5,700	10,984	2,489
Provision for net capital deficiency	11	3,785	1,607	5,259	2,365
Total non-current liabilities		202,543	76,582	271,330	136,069
Total liabilities		239,286	113,928	681,932	453,002
Equity					
Capital	22	269,172	269,172	269,172	269,172
Capital reserve		259	259	259	259
Revenue reserves		18,820	25,697	18,820	25,697
Retained earnings		40,151	-	40,151	-
		328,402	295,128	328,402	295,128
Non-controlling interests		-	-	113,360	77,187
Total equity		328,402	295,128	441,762	372,315
Total liabilities and equity		567,688	409,056	1,123,694	825,317

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



Statement of income
Quarter and six-month period ended June 30

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	Parent company			
		4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020
Net operating revenue	24	12,867	29,609	19,058	32,926
Cost of properties sold	25	(8,950)	(18,851)	(11,569)	(20,380)
Gross profit		3,917	10,758	7,489	12,546
Operating income (expenses)					
General and administrative expenses	25	(7,427)	(15,929)	(4,732)	(10,448)
Selling expenses	25	(1,095)	(2,562)	(810)	(1,420)
Equity in the results of investees	11(a)	27,985	52,057	7,642	18,709
Other operating income (expenses), net	25	(2,978)	(2,874)	(2)	(839)
Operating profit		20,402	41,450	9,587	18,548
Finance income	27	1,594	2,579	905	3,545
Finance costs	27	(2,424)	(3,524)	(1,525)	(4,687)
Finance income (costs), net		(830)	(945)	(620)	(1,142)
Equity in the results of investees	11(c)	-	-	-	-
Profit before income tax and social contribution		19,572	40,505	8,967	17,406
Income tax and social contribution	28	(134)	(354)	(335)	(630)
Profit for the period		19,438	40,151	8,632	16,776
Basic earnings per share - R\$	23	0.346946	0.716649	0.154071	0.299432
Diluted earnings per share - R\$	23	0.346946	0.716649	0.154071	0.299432

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



Statement of income
Quarter and six-month period ended June 30

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	Consolidated			
		4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020
Net operating revenue	24	189,522	366,665	81,219	155,231
Cost of properties sold	25	(117,898)	(227,253)	(48,642)	(90,388)
Gross profit		71,624	139,412	32,577	64,843
Operating income (expenses)					
General and administrative expenses	25	(9,028)	(19,450)	(6,443)	(14,163)
Selling expenses	25	(11,953)	(21,180)	(5,175)	(11,466)
Equity in the results of investees	11(a)	-	-	-	-
Other operating income (expenses), net	25	(8,279)	(7,581)	(2,930)	(6,270)
Operating profit		42,364	91,201	18,029	32,944
Finance income	27	4,167	8,303	1,878	5,811
Finance costs	27	(2,804)	(4,168)	(1,817)	(4,978)
Finance income (costs), net		1,363	4,135	61	833
Equity in the results of investees	11(c)	(995)	(8,115)	(212)	1,844
Profit before income tax and social contribution		42,732	87,221	17,878	35,621
Income tax and social contribution	28	(3,763)	(7,830)	(2,100)	(3,443)
Profit for the period		38,969	79,391	15,778	32,178
Attributable to:					
Owners of the Company		19,438	40,151	8,632	16,776
Non-controlling interests		19,531	39,240	7,146	15,402
		38,969	79,391	15,778	32,178

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



Statement of comprehensive income
Quarter and six-month period ended June 30

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Quarter ended June 30	
			Consolidated	
	2021	2020	2021	2020
Profit for the period	19,438	8,632	38,969	15,778
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>19,438</u>	<u>8,632</u>	<u>38,969</u>	<u>15,778</u>
Attributable to:				
Owners of the Company			19,438	8,632
Non-controlling interests			<u>19,531</u>	<u>7,146</u>
			<u>38,969</u>	<u>15,778</u>

	Parent company		Six-month period ended June 30	
			Consolidated	
	2021	2020	2021	2020
Profit for the period	40,151	16,776	79,391	32,178
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>40,151</u>	<u>16,776</u>	<u>79,391</u>	<u>32,178</u>
Attributable to:				
Owners of the Company			40,151	16,776
Non-controlling interests			<u>39,240</u>	<u>15,402</u>
			<u>79,391</u>	<u>32,178</u>

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



Patrimar Engenharia S.A.

Statement of changes in equity Six-month period ended June 30 All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Attributable to owners of the parent company						
	Revenue reserves			Retained earnings (accumulated deficit)	Equity	Non-controlling interests	Total equity
	Capital	Capital reserve	Legal reserve	Retention reserve			
At December 31, 2019	281,602	259	-	-	264,560	47,804	312,364
Contributions to subsidiaries by non-controlling interests	-	-	-	-	-	(4,262)	(4,262)
Profit for the period	-	-	-	-	16,776	15,402	32,178
At June 30, 2020	281,602	259	-	-	281,336	58,944	340,280
At December 31, 2020	269,172	259	2,819	22,878	295,128	77,187	372,315
Contributions to (return on capital of) subsidiaries	-	-	-	-	-	(3,067)	(3,067)
Profit for the period	-	-	-	-	40,151	39,240	79,391
Dividends from previous years (Note 22 (d))	-	-	-	(6,877)	(6,877)	-	(6,877)
At June 30, 2021	269,172	259	2,819	16,001	328,402	113,360	441,762

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



Statement of cash flows
Six-month period ended June 30

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit for the period	40,151	16,776	79,391	32,178
Adjustments to reconcile profit with cash flows from operating activities				
Depreciation and amortization	3,386	2,607	5,175	4,389
Present value adjustment of receivables	(574)	3	(3,017)	(2,877)
Equity in the results of investees	(52,057)	(629)	8,115	(1,844)
Provision for real estate maintenance	(78)	(21)	1,569	141
Provision for labor, civil and tax contingencies	-	(18,709)	1,357	2,670
Provision for losses on subsidiaries	-	283	-	(686)
Provision for interest on borrowings	4,231	1,496	6,782	1,751
Income tax and social contribution	354	630	7,830	3,443
Disposal of property and equipment	-	-	698	785
	(4,587)	2,436	107,900	39,950
Changes in working capital				
Increase (decrease) in assets and liabilities				
Trade receivables	544	(9,032)	(72,490)	(43,377)
Properties for sale	11,188	7,742	(19,521)	(11,095)
Taxes recoverable	59	155	(1,150)	(369)
Other assets	(793)	(4,785)	(6,257)	(7,297)
Trade payables	4,602	(4,560)	29,860	(3,654)
Salaries and social charges	1,935	1,161	4,228	2,564
Tax liabilities	154	(532)	2,163	(916)
Real estate purchase obligations	(63)	(1,113)	(19,813)	(6,214)
Advances from customers	(1,623)	651	67,894	5,915
Other liabilities	(1,017)	2,608	(3,003)	(1,851)
Amounts paid for civil, labor and tax contingencies	-	-	(798)	-
	14,986	(7,705)	(18,887)	(62,592)
Interest paid	(3,957)	(2,363)	(6,283)	(3,183)
Income tax and social contribution paid	(1,057)	(339)	(5,362)	(1,923)
Net cash provided by operating activities	5,385	(7,971)	77,368	(27,748)
Cash flows from investing activities				
Changes in restricted financial investments	(25)	(35)	(25)	(35)
Capital contribution in investees	-	10,744	-	1,254
Advances to related parties	(18,580)	(15,577)	3,072	11,720
Contributions to (return on) investments	(1,275)	-	(6,814)	-
Purchases of property and equipment and Intangible assets	(4,787)	(952)	(14,568)	(4,441)
Net cash provided by investing activities	(24,667)	(5,820)	(18,335)	8,498
Cash flows from financing activities				
New borrowings	133,753	27,852	169,809	45,726
Repayment of borrowings - principal	(17,177)	(17,248)	(34,497)	(31,097)
Dividends paid	(15,001)	-	(15,001)	-
Distributions to non-controlling interests, net	-	-	(3,067)	(4,262)
Net cash provided by financing activities	101,575	10,604	117,244	10,367
Increase (decrease) in cash and cash equivalents, net	82,293	(3,187)	176,277	(8,883)
Cash changes				
Cash and cash equivalents at the beginning of the period	11,095	11,082	119,256	50,234
Cash and cash equivalents at the end of the period	93,388	7,895	295,533	41,351
Net increase (decrease) in cash and cash equivalents	82,293	(3,187)	176,277	(8,883)

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



Statement of value added
Six-month period ended June 30

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2021	2020	2021	2020
Revenue:				
Revenue from sales and services	29,723	33,850	374,872	159,083
	29,723	33,850	374,872	159,083
Inputs acquired from third parties:				
Cost of properties sold	(18,070)	(20,380)	(215,431)	(90,388)
Electricity, third-party services and other expenses	(8,304)	(3,647)	(42,040)	(17,967)
	(26,374)	(24,027)	(257,471)	(108,355)
Gross value added	3,349	9,823	117,401	50,728
Retentions:				
Depreciation and amortization	(3,386)	(2,607)	(5,175)	(4,389)
Net value added generated	(37)	7,216	112,226	46,776
Value added received through transfers:				
Equity in the results of investees	52,057	18,709	(8,115)	1,844
Finance income	2,579	3,545	8,303	5,811
	54,636	22,254	188	7,655
Total value added for distribution	54,599	29,470	112,414	53,994
Distribution of value added:				
Personnel				
Compensation	5,429	535	7,452	1,079
Charges	1,949	1,948	2,605	2,620
Benefits	2,281	3,685	2,318	5,185
	9,659	6,168	12,375	8,884
Taxes and contributions				
Federal	1,204	1,571	16,062	7,315
Municipal	61	268	418	639
	1,265	1,839	16,480	7,954
Remuneration of third-party capital:				
Finance costs	3,524	4,687	4,168	4,978
	3,524	4,687	4,168	4,978
Remuneration of own capital:				
Profit for the period	40,151	16,776	40,151	16,776
Non-controlling interests - retained earnings		-	39,240	15,402
	40,151	16,776	79,391	32,178
Value added distributed	54,599	29,470	112,414	53,994

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



**Notes to the quarterly information
at June 30, 2021**

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

1 Operations

1.1. General information

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

Patrimar is a real-estate development and construction company with a focus on residential developments founded in 1968, which 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 class segment, 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 part 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) in the normal course of business in order to enable the establishment of partnerships, allow the individual monitoring of the undertakings, facilitate 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.

1.2. Impacts of COVID-19

On March 2, 2020, the World Health Organization (WHO) officially declared the novel Coronavirus outbreak (COVID-19) a pandemic. This event has affected Brazil and several countries around the world, posing risks to public health and impacting the global economy.

The Group has been taking risk prevention and mitigation measures, in line with the guidelines provided by Brazilian and international health authorities, with the aim of minimizing possible impacts on the health and safety of employees, their families, partners and communities, as well as on the continuity of its operations and business. Against this backdrop, the Group performed a series of analyses on the impact of COVID-19, which included:

(a) Analysis of estimated impairment of trade receivables

In view of this challenging and unprecedented scenario, management analyzed the potential risk of default on trade receivables. By contacting each individual customer and based on credit analyses and reinforcement of security interest criteria, management carried out some commercial negotiations to lengthen payment terms, and also intensified collection criteria. The operational impacts of such measures were favorable, as they prevented increased default and resulted in customer retention and reduction in canceled sales.



**Notes to the quarterly information
at June 30, 2021**

All amounts in thousands of reais unless otherwise stated

(b) Review of the assumptions used to measure financial instruments

As the Group's business model for managing financial assets and the characteristics of the contractual cash flow of financial assets remained unchanged, there was no need to review the measurement assumptions.

(c) Analysis of compliance with obligations assumed with customers and suppliers

Management reviewed the main contracts with suppliers and customers, respectively, and concluded that, despite the impacts caused by COVID-19, the contractual obligations have been fulfilled and there is no evidence of insolvency or discontinuity in relation to these contracts.

(d) Analysis of performance of contractual obligations - covenants

The Group has complied with restrictive clauses (covenants) included in the working capital contract in force at the end of the second quarter of 2021 (Note 14).

(e) Analysis of the Group's liquidity

Given the extreme importance of cash preservation in this period, various contingency actions were taken in 2020, such as the reassessment of strategic investment priorities, reduction of operational expenses, salary and working hours reduction for some employees, in addition to the implementation of measures with the same purpose in the Company's operations, in respect of organizational restructuring, reduction of consulting expenses, and review of strategic planning.

These analyses did not identify any relevant impact which should be reflected in this quarterly information and related explanatory notes.

2 Presentation of the quarterly information and summary of significant accounting policies

2.1. Presentation of the quarterly information

The Group's quarterly information comprises:

The parent company and consolidated condensed interim accounting information included in the Quarterly Information Form (ITR) for the quarter and six-month periods ended June 30, 2021, has been prepared and is being presented in accordance with CPC 21 (R1) - Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC), and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), in a manner consistent with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of quarterly information, and disclose all (and only) the applicable significant information related to the parent company and consolidated quarterly information, which is consistent with the information utilized by management in the performance of its duties.



**Notes to the quarterly information
at June 30, 2021**

All amounts in thousands of reais unless otherwise stated

Aspects related to the transfer of ownership for sales of real estate properties are based on the Company's understanding, which is consistent with that expressed in Circular Official Letter CVM/SNC/SEP 02/2018 on the adoption of the Technical Pronouncement CPC 47 (IFRS 15) in conformity with CVM rules applicable to the preparation of quarterly information.

The condensed interim accounting information included in the Quarterly Information Form (ITR) has been prepared under the historical cost convention. Certain financial assets and liabilities have their cost 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 condensed interim accounting information.

In the preparation of this condensed interim financial information included in the Quarterly Information Form (ITR), the principles, estimates, accounting practices, measurement methods, and standards adopted are consistent with those presented in the financial statements at December 31, 2020, except when otherwise disclosed. This interim accounting information for the six-month period ended June 30, 2021 should be read together with the Group's financial statements for the year ended December 31, 2020.

Considering that there were no material changes in the composition and nature of the balances presented in the financial statements for the year ended December 31, 2020, the Notes below are presented in a condensed manner for the six-month period ended June 30, 2021.

Note

2	Presentation of the quarterly information and summary of significant accounting policies
11	Investments
12	Property and equipment
13	Intangible assets
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, while it is not required by IFRS. Therefore, under IFRS, the presentation of these statements is considered as supplementary information.

The condensed interim accounting information included in the Group's Quarterly Information Form (ITR) for the quarter and six-month period ended June 30, 2021 was approved at the Board of Directors' meeting held on August 5, 2021.

2.2. New accounting pronouncements

On April 20, 2021 the technical coordination of the Brazilian Accounting Pronouncements Committee (CPC) issued a pronouncement that establishes specific accounting criteria and procedures for entities in liquidation. Management's assessment of this new pronouncement did not identify any impact on the Company's financial information.



**Notes to the quarterly information
at June 30, 2021**

All amounts in thousands of reais unless otherwise stated

3 Critical accounting estimates and judgments

Based on assumptions, the Group makes estimates concerning the future. The resulting accounting 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, are regularly reviewed with reference to the percentage of completion of the works. Adjustments based on this review, if any, are reflected in the Group's results.

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

The Company and its subsidiaries use the Percentage of Completion (POC) method to account for their contracts for 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 the construction and the delivery of the units of each real estate development, to establish a 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

The provision is based on assumptions that consider the history and prospects of expected losses, and on an individual review of sales contracts. These assumptions are reviewed annually to reflect any changes in circumstances and history.



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(v) Present value adjustment

Monetary assets and liabilities are adjusted to their present value in the initial recognition of the transaction, taking into account the contractual cash flows, 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.

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

(vi) Provision for real estate maintenance

This provision is recorded during construction to cover expenses with repairs in developments completed and covered by an average warranty period of five years, as from the delivery date. Properties for which the 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 its 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

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

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



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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 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 credit quality of financial assets can be assessed by reference to external credit ratings (when available) or to historical information about counterparty default rates.

The Group considers that its cash and cash equivalents have low credit risk, based on external credit ratings of the counterparties and the related internal reviews.

Trade receivables

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Completed units (Note 7)				
With statutory lien	7,053	11,090	43,009	55,347
Without statutory lien	1,942	2,201	11,839	9,612
	<u>8,995</u>	<u>13,291</u>	<u>54,848</u>	<u>64,959</u>
Units under construction (Note 7)				
With statutory lien	21,520	19,683	264,170	187,882
Administration services (Note 7)				
Without statutory lien	2,081	798	11,705	7,197
	<u>32,596</u>	<u>33,772</u>	<u>330,723</u>	<u>260,038</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 will have difficulty in meeting its obligations associated with financial liabilities that are settled in cash or other financial assets. The Group's approach to managing liquidity is to ensure and maximize management so that it will always have sufficient liquidity to meet its obligations as they fall due, under normal or stress conditions, without incurring unacceptable losses or adversely affecting the Group's reputation.

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 the financial liabilities (except for "Trade payables") for the following 30 days.



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

	Parent company				
	Less than one year	Between one and two years	Between two and three years	Over three years	Total
At June 30, 2021					
Borrowings (Note 14)	19,410	10,000	48,850	121,250	199,510
Lease (Note 15)	844	1,978	1,969	924	5,715
Trade payables (Note 16)	6,994	-	-	-	6,994
Real estate purchase obligations (Note 18)	800	-	-	-	800
	Consolidated				
	Less than one year	Between one and two years	Between two and three years	Over three years	Total
At June 30, 2021					
Borrowings (Note 14)	70,667	19,007	58,773	121,250	269,697
Lease (Note 15)	1,270	2,069	1,948	925	6,212
Trade payables (Note 16)	57,233	-	-	-	57,233
Real estate purchase obligations (Note 18)	22,472	42,918	-	-	65,390
	Parent company				
	Less than one year	Between one and two years	Between two and three years	Over three years	Total
At December 31, 2020					
Borrowings (Note 14)	17,609	25,051	20,000	20,000	82,660
Lease (Note 15)	501	569	645	-	1,715
Trade payables (Note 16)	2,392	-	-	-	2,392
Real estate purchase obligations (Note 18)	863	-	-	-	863
	Consolidated				
	Less than one year	Between one and two years	Between two and three years	Over three years	Total
At December 31, 2020					
Borrowings (Note 14)	49,686	39,924	24,276	20,000	133,886
Lease (Note 15)	1,486	1,143	1,109	131	3,869
Trade payables (Note 16)	27,373	-	-	-	27,373
Real estate purchase obligations (Note 18)	81,871	3,332	-	-	85,203



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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 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 interruptions and volatility in the price of construction materials and equipment, changes in the supply and demand for real estate developments in certain regions, strikes and environmental and zoning regulations, the activities of the Group are specifically affected by the following risks.

(i) Interest rate and foreign exchange risk exposure

The Group analyzes its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift.

The Group has financial investments earning interest indexed to the Interbank Deposit Certificate (CDI) rate, and borrowings from third parties bearing interest linked to the CDI rate and the Reference Rate (TR).

The balances of financial investments are exposed to the fluctuations in interest rates, more specifically, the CDI rate. At June 30, 2021, the Group's management carried out a sensitivity analysis for a 12-month scenario, as required by CVM Instruction 475 of December 17, 2008, which did not necessarily represent the Group's expectations.

According to the guidance provided for in 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:

Parent company							Consolidated			
Indicators	Index	Rate	6/30/2021	Scenario I Probable	Scenario II (25%)	Scenario III (50%)	6/30/2021	Scenario I Probable	Scenario II (25%)	Scenario III (50%)
Assets										
Financial investments	CDI	2.26 %	95,524	2,159	1,619	1,080	251,824	5,691	4,268	2,846
Liabilities										
Borrowings for working capital (In Reais - R\$)	CDI	2.26 %	50,366	1,138	854	569	50,366	1,138	854	569
Debentures	CDI	2.26%	130,454	2,948	2,211	1,474	130,454	2,948	2,211	1,474

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.



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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.

Consistently with other players in the industry, the Group monitors capital on the basis of the gearing ratio, which corresponds to net debt divided by total capitalization. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the balance sheet) less cash and cash equivalents and financial investments. Total capitalization is calculated as equity as shown in the balance sheet, plus net debt.

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Total borrowings (Note 14)	199,510	82,660	269,697	133,886
Less: Cash and cash equivalents (Note 6)	(93,388)	(11,095)	(295,533)	(119,256)
Net debt	106,122	71,565	(25,836)	14,630
Total equity	328,402	295,128	441,762	372,315
Total capitalization	434,524	366,693	415,926	386,945
Gearing ratio - %	24%	20%	(6)%	4%

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 market players 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 quoted prices are readily and regularly available from an exchange or organized over-the-counter market, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent regularly market transactions carried out 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. Criteria such as data on the current fair value of another substantially similar instrument, discounted cash flow analyses, and option pricing models can be utilized. The valuation method aims to establish the transaction price that would be practiced at the measurement date, in an arm's length transaction, motivated by business objectives.
- **Level 3: No active market:** Equity instruments - Fair value of investments in equity instruments that do not have market prices quoted in an active market and of derivatives that are linked to them and that must be settled by the delivery of unquoted equity instruments.

Borrowings are recognized at amortized cost, while fair value is reported within Level 2 of the fair value hierarchy. The Group does not have any financial assets classified in Levels 1 and 3.



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Impairment

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 which was not noted in this period.

5 Financial instruments by nature

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Financial assets				
Measured at amortized cost				
Cash and bank accounts (Note 6(a))	139	2,537	45,984	24,012
Highly liquid financial investments (Note 6 (a))	93,249	8,558	249,549	95,244
Restricted financial investments (Note 6)	2,275	2,250	2,275	2,250
Trade receivables (Note 7)	29,810	29,780	315,530	240,023
Judicial deposits (Note 20)	112	75	1,196	1,529
Related parties (Note 10)	71,773	46,967	12,109	6,686
	<u>197,358</u>	<u>90,167</u>	<u>626,643</u>	<u>369,744</u>
Financial liabilities				
Measured at amortized cost				
Borrowings (Note 14)	199,510	82,660	269,697	133,886
Lease (Note 15)	5,715	1,715	6,212	3,869
Trade payables (Note 16)	6,994	2,392	57,233	27,373
Real estate purchase obligations (Note 18)	800	863	65,390	85,203
Related parties (Note 10)	11,926	5,700	10,984	2,489
	<u>224,945</u>	<u>93,330</u>	<u>409,516</u>	<u>252,820</u>

6 Cash and cash equivalents and financial investments

(a) Cash and cash equivalents

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Cash	29	30	44	56
Banks	110	2,507	45,940	23,956
Highly liquid financial investments	93,249	8,558	249,549	95,244
	<u>93,388</u>	<u>11,095</u>	<u>295,533</u>	<u>119,256</u>

During the quarter ended June 30, 2021, 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 106% of the CDI rate (from 95% to 106% of the CDI rate at December 31, 2020).



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(b) Restricted financial investments

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Restricted financial investments - non-current	2,275	2,250	2,275	2,250
	<u>2,275</u>	<u>2,250</u>	<u>2,275</u>	<u>2,250</u>

The Group's restricted financial investments in Bank Deposit Certificates (CDB), which mature in over one year, correspond to a collateral for the borrowing obtained for purchase of land. These investments earn 108% of the CDI rate (108% of the CDI rate at December 31, 2020), based on the nature and maturity of the instrument.

7 Trade receivables

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
<u>Trade receivables from real estate developments</u>				
Completed units	8,995	13,291	54,848	64,959
Units under construction	21,520	19,683	264,170	187,882
Administration services	2,081	798	11,705	7,197
	<u>32,596</u>	<u>33,772</u>	<u>330,723</u>	<u>260,038</u>
Provision for canceled sales	(2,450)	(1,999)	(6,482)	(7,439)
Provision for losses	-	(1,083)	(1,050)	(1,898)
Adjustments to present value	<u>(336)</u>	<u>(910)</u>	<u>(7,661)</u>	<u>(10,678)</u>
	<u>(2,786)</u>	<u>(3,992)</u>	<u>(15,193)</u>	<u>(20,015)</u>
	<u>29,810</u>	<u>29,780</u>	<u>315,530</u>	<u>240,023</u>
Current assets	27,729	27,854	161,219	142,038
Non-current assets	2,081	1,926	154,311	97,985

The balance of receivables from the sale of units under construction is not fully recognized in the interim information, as revenue is recognized by reference to the stage of completion of the works, net of installments already received.

Trade receivables from real estate sales include indexation accruals based on the National Civil Construction Index (INCC) up to the delivery of the units sold. As from that date, these amounts accrue indexation based on the General Market Price Index (IGP-M) and bear an average interest rate of 6% p.a.

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



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Maturities of trade receivables from real estate developments

The balance of the Group's trade receivables is presented below, and does not include the book balance of developments not yet completed, which are recorded based on the POC method.

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Falling due in up to 1 year	30,831	39,632	310,884	265,526
Falling due from 1 to 2 years	1,962	1,900	300,058	133,575
Falling due from 2 to 3 years	-	-	139,643	150,233
Falling due from 3 to 4 years	-	-	29,653	75,858
Falling due in more than 4 years	-	-	2,246	937
	<u>32,793</u>	<u>41,532</u>	<u>782,484</u>	<u>626,129</u>
Overdue for up to 1 year	90	330	10,056	23,913
Overdue from 1 to 2 years	-	1,999	1,620	4,217
Overdue from 2 to 3 years	2,450	-	3,518	3,277
Overdue from 3 to 4 years	-	-	1,983	885
Overdue for more than 4 years	-	1,021	1,099	1,040
	<u>2,540</u>	<u>3,350</u>	<u>18,276</u>	<u>33,332</u>
	<u>35,333</u>	<u>44,882</u>	<u>800,760</u>	<u>659,461</u>
Trade receivables - accounting	29,810	29,780	315,530	240,023
Deferred revenue (Note 29)	4,064	14,008	582,488	473,015
Advances from customers (Note 19)	(1,327)	(2,898)	(112,451)	(73,592)
Present value adjustment	336	910	7,661	10,678
Provision for canceled sales	2,450	1,999	6,482	7,439
Provision for losses	-	1,083	1,050	1,898
	<u>35,333</u>	<u>44,882</u>	<u>800,760</u>	<u>659,461</u>

8 Properties for sale

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

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Inventories of land	9,182	14,253	154,536	153,021
Properties under construction	6,806	7,002	194,627	167,955
Completed properties	2,109	8,030	10,815	18,772
Provision for canceled sales	1,199	1,199	2,496	3,205
	<u>19,296</u>	<u>30,484</u>	<u>362,474</u>	<u>342,953</u>
Current assets	13,620	26,249	345,754	328,108
Non-current assets	5,676	4,235	16,720	14,845

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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 utilized for interest capitalization is specific for each real estate development, ranging from 5.17% to 11.25% p.a. (from 6.9% to 11.25% p.a. at December 31, 2020).

At June 30, 2021, interest capitalized within real estate in inventory totaled R\$991 in the Consolidated, and R\$203 in the Parent company. (R\$1,387 in the Consolidated and R\$556 in the Parent company at December 31, 2020).

9 Prepaid expenses

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2021</u>	<u>12/31/2020</u>	<u>6/30/2021</u>	<u>12/31/2020</u>
Insurance	30	21	1,100	584
Commissions and brokerage	39	340	10,792	8,762
Sales promotions	-	-	111	111
Projeto Wave	6,942	6,625	6,987	6,669
Software maintenance	313	60	313	60
	<u>7,324</u>	<u>7,046</u>	<u>19,303</u>	<u>16,186</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.



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10 Related parties

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
(a) Receivables from real estate developments	71,773	46,967	12,109	6,686
Construtora Novolar	32,962	19,569	-	-
Bernardo Vasconcelos	638	558	638	-
Jardinaves	3,249	3,261	6	-
Jota Patrimar Engefor	500	338	-	-
Mia Felicita	421	329	421	7
Mrv Patrimar Galleria	997	412	5	5
Park Residences	323	274	65	10
Gasparini	-	3,028	-	3,028
Alta Vila	-	1,323	-	-
Duo	2,359	771	-	351
Rio de Janeiro Lourdes	1,811	1,836	-	-
Golf I	5,007	1,244	-	-
Golf II	14,653	10,506	-	118
Manhattan Square	-	-	219	94
Apia Edificações Empreendimentos	-	1	-	302
Barao	-	-	539	317
Reality	-	-	416	228
Epic	1,585	-	1,585	-
Americas	1,879	538	-	68
Part. Fleming	-	-	1,222	-
Mrv Mrl Novolar I	-	-	1,382	213
Jambreiro	665	-	665	-
Saint Tropez	292	-	245	-
Avenida de Ligação	628	220	628	-
Vale Dos Cristais	1,168	308	-	-
Riviera Do Sol	-	-	590	351
Brito Fase 2 Lote 4	-	-	755	-
Part. Operario Silva	-	-	642	-
Maragogi	128	128	128	131
Mrv Mrl Novolar X	-	-	219	29
Mrv Mrl Novolar V	-	-	167	19
Mrv Mrl Novolar II	-	-	-	459
Other developments	2,508	2,323	1,572	956
	71,773	46,967	12,109	6,686



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	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
(b) Intercompany loans payable	-	-	2,549	-
Somattos Engenharia	-	-	924	-
Hb Engenharia	-	-	833	-
Minas Brisa	-	-	792	-
(a) Payables for real estate developments	11,926	5,700	8,435	2,489
Engefor Engenharia E Construções	-	-	293	-
Mrv Engenharia E Participações	-	-	655	-
Avignon	342	-	331	-
Saint Tropez	-	-	260	-
Alta Vila	3,676	-	-	-
Marcelo Magalhães Martins	-	-	572	-
Holiday Inn	2,244	1,788	-	-
Jardim Das Mangabeiras	1,378	1,584	-	-
Manhattan Square	3,999	1,910	3,999	-
Mrv Engenharia E Participações	-	36	-	593
Marcelo Magalhães Martins	-	-	-	572
Santa Cecilia Empreendimento	-	-	-	829
Other developments	287	382	2,325	495
	11,926	5,700	10,984	2,489
(c) Related-party transactions with effects on profit or loss	958	(683)	18,191	10,755
Sales of apartments (i)	-	-	15,964	11,493
Indexation accruals of sales made (i)	-	-	1,269	340
Lease of the headquarters' building and Ventral Warehouse (ii)	958	(683)	958	(1,078)
Deferred revenue (i)	-	-	4,813	3,100

(a) Receivables from and payables for developments

Refer to:

- (i) Contributions in a proportion different from that of the interest held by the 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 from and payables for developments relate exclusively to the development of the projects, are interest-free, and mature by the completion of the project.

(b) Intercompany loans payable

The companies are partners of SPE DUO, and the respective amount payable relates to expenses incurred at the beginning of the works of SPE DUO, which were paid by the partner companies to enable the development, without interest and foreseen to be settled at the end of the construction phase, in 2023.

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(c) 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\$ 16,371 – updated at June 30, 2021). The revenue recognized based on the POC method up to June 30, 2021 amounted to R\$14,758, with the proportional monetary adjustment recognized in 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 in the Uniquee building, SPE Jardinaves Empreendimentos Imobiliários, was sold to Patrícia Veiga for R\$4,368 (R\$ 4,406 – updated amount at June 30, 2021). The revenue recognized based on the POC method up to June 30, 2021 amounted to R\$1,207, with the proportional monetary adjustment recognized in 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.

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

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

Based on the assessment of lease contracts for the adoption of CPC 06 (R2)/IFRS 16, management 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, in the right-of-use assets with a corresponding entry to lease liabilities.

11 Investments and provision for net capital deficiency

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

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Investments	314,042	258,532	48,710	47,117
Provision for net capital deficiency	(3,785)	(1,607)	(5,259)	(2,365)
	<u>310,257</u>	<u>256,925</u>	<u>43,451</u>	<u>44,752</u>



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All amounts in thousands of reais unless otherwise stated

(a) Breakdown of the Parent company's investments at June 30, 2021:

Companies	Equity holding	Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and net capital deficiency	Equity holding	Investment and net capital deficiency
	2021	2021	2021	2021	2021	2020	2020
Subsidiaries							
Construtora Novolar	100%	18,643	133,765	18,643	133,819	100%	115,175
SPE Álamo Patrimar	98%	(7)	-	(7)	-	98%	(19)
SPE Patrimar Engefor	50%	171	740	86	370	50%	316
SPE Maura Valadares	50%	(41)	(41)	(20)	(20)	50%	-
SPE Engefor Patrimar.	50%	101	(18)	50	(9)	50%	(58)
SCP Professor Danilo Ambrósio	95%	(3)	(21)	(3)	(20)	95%	(17)
SCP Jornalista Oswaldo Nobre	90%	(1)	(213)	(1)	(192)	90%	(191)
SCP Gioia dell Colle	90%	(2)	(35)	(2)	(31)	90%	(29)
SCP Olga Chiari	85%	222	3,410	189	2,899	85%	5,842
SCP Manhattan Square	90%	685	7,256	617	6,531	90%	5,916
SCP Priorato Residences	90%	103	1,386	92	1,247	90%	1,155
SCP Holiday Inn	80%	1,142	18,676	913	14,941	80%	14,155
SCP Mayfair Offices	90%	(32)	151	(29)	136	90%	165
SCP Quintas do Morro	69%	1,048	3,425	720	2,355	69%	1,721
SCP MG 02 Chopin	50%	(1)	(3)	-	(1)	50%	(1)
SCP Neuchatel	90%	(1)	429	-	387	90%	387
SPE MRV Galleria	50%	(1,273)	(2,653)	(636)	(1,326)	50%	60
SPE Jardinaves	50%	4,988	7,707	2,494	3,854	50%	1,320
SPE Jota Patrimar Engefor	50%	(365)	(842)	(183)	(421)	50%	(189)
SPE Colina Engefor Patrimar	50%	(73)	(95)	(37)	(48)	50%	(6)
SPE Jardim das Mangabeiras	50%	19,190	102,470	9,595	51,235	50%	41,640
SPE EPIC	50%	11,145	30,784	5,573	15,363	50%	9,794
SPE DUO - Alameda do Morro	40%	19,310	35,104	7,724	14,041	40%	7,691
SPE Vale dos Cristais	50%	(2)	421	(1)	211	50%	122
SPE High Line	100%	8,079	15,795	8,079	15,795	100%	7,666
SPE 2300 Rio de Janeiro	50%	11,647	14,646	5,823	7,323	50%	1,460
SPE Le Terrace	43%	-	(15)	-	(7)	43%	(6)
SPE Golf I	100%	(33)	(13)	(33)	(13)	100%	(30)
SPE Golf II	100%	(639)	(1,299)	(639)	(1,299)	100%	(711)
SPE Das Americas 1	100%	(8)	39	(8)	39	100%	(3)
		93,993	370,956	58,999	267,159		213,325
Jointly-controlled investees							
Alba	14%	(115)	29,766	(2,065)	2,643	14%	4,680
SCP RJ 04	50%	(89)	630	(45)	315	50%	359
SPE Mirante do Ibituruna Ltda.	34%	(1)	8,016	-	2,705	34%	2,709
SCP Portal do Bosque	50%	(11)	146	(5)	73	50%	79
SCP Park Ritz	48%	(1)	957	-	460	48%	460
SCP Recanto das Águas	51%	(22)	171	(11)	87	51%	99
SCP MRV Belo Campo	50%	(131)	(67)	(342)	(7)	50%	175
SCP MRV Rec. Passaros	40%	(124)	702	(314)	294	40%	523
SCP MRV Res. Beija Flor	40%	192	255	(306)	112	40%	102
SPE Padre Marinho	50%	659	9,795	329	4,856	50%	5,792
SCP Rivoli 1 and 2	40%	19	424	(124)	113	40%	84
SPE Acaba Mundo	50%	(1)	1,628	-	803	50%	804
SPE MRV Patrimar RJ IX Ltda	40%	19	424	(103)	169	40%	188
SPE Barbacena Empr Imob. S.A.	50%	(20)	39,795	(10)	19,923	50%	19,933
SPE Patrimar Somatto Gasparini	50%	85	12,256	(3,423)	6,128	50%	6,792
Ponctuel	50%	-	81	-	41	50%	41
SPE Direcional Patrimar Maragogi	45%	(13)	16	(6)	(14)	45%	(8)
SPE Jardinaves II	50%	-	7,499	(1)	3,749	0%	-
SPE Avenida de Ligação	50%	(6)	589	(160)	290	0%	-
		440	113,083	(6,586)	42,740		42,812



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	Equity holding	Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and net capital deficiency	Equity holding	Investment and net capital deficiency
Companies	2021	2021	2021	2021	2021	2020	2020
Associates							
SCP Safira (Decaminada 10)	24%	(137)	(1,006)	(33)	(241)	24%	(209)
SCP João XXIII	24%	(19)	(6)	(5)	(1)	24%	10
SCP Naples	20%	(1)	23	-	5	20%	5
SCP Palo Alto	10%	(47)	2,128	(5)	213	10%	218
SCP Park Residences	10%	(154)	1,327	(15)	133	10%	265
SCP Silva Lobo	15%	34	601	5	90	15%	86
SCP Tavares Bastos	25%	(6)	(27)	(2)	(7)	25%	(5)
SPE Novo Lar Greenport	20%	(7)	(635)	(1)	(127)	20%	(126)
SPE Axis 1 Porto Fino	10%	468	2,954	21	295	10%	544
Other investments	100%			(321)	(2)	100%	-
		131	5,359	(356)	358		788
		94,564	489,398	52,057	310,257		256,925

Patrimar Engenharia S.A.



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All amounts in thousands of reais unless otherwise stated

(b) Changes in balances from December 31, 2020 to June 30, 2021 were as follows:

Companies	At 12/31/2020	Contributions	Dividend distribution	Equity in the results	Reversals	At 6/30/2021
Construtora Novolar	115,175	-	-	18,643	1	133,819
SPE Álamo Patrimar Incorp. Imob. Ltda.	(19)	26	-	(7)	-	-
SPE Patrimar Engefor Imóveis Ltda.	316	-	-	86	(32)	370
SPE Maura Valadares	-	-	-	(20)	-	(20)
SPE Engefor Patrimar V.S. E.Imob Ltda.	(57)	-	-	50	(2)	(9)
SCP Professor Danilo Ambrósio	(17)	-	-	(3)	-	(20)
SCP Jornalista Oswaldo Nobre	(191)	-	-	(1)	-	(192)
SCP Gioia dell Colle	(29)	-	-	(2)	-	(31)
SCP Olga Chiari	5,842	-	(3,043)	189	(89)	2,899
SCP Manhattan Square	5,916	-	-	617	(2)	6,531
SCP Priorato Residences	1,155	-	-	92	-	1,247
SCP Holiday Inn	14,155	-	(128)	913	1	14,941
SCP Mayfair Offices	165	-	-	(29)	-	136
SCP Quintas do Morro	1,721	119	-	720	(205)	2,355
SCP MG 02 Chopin	(1)	-	-	-	-	(1)
SCP Neuchatel	387	-	-	-	-	387
SPE MRV Galleria	60	-	(750)	(636)	-	(1,326)
SPE Jardinaves	1,320	40	-	2,494	-	3,854
SPE Jota Patrimar Engefor	(189)	-	-	(183)	(49)	(421)
SPE Colina Engefor Patrimar E. Imob Ltda.	(6)	1	-	(37)	(6)	(48)
SPE Patrimar Somattos Jardim das Mangabeiras	41,640	-	-	9,595	-	51,235
Antônio de Albuquerque SPE LTDA (EPIC)	9,794	500	-	5,573	(504)	15,363
SPE DUO - Alameda do Morro	7,691	809	-	7,724	(2,183)	14,041
SPE Vale dos Cristais	122	89	-	(1)	1	211
SPE High Line	7,666	50	-	8,079	-	15,795
SPE 2300 Rio de Janeiro	1,460	40	-	5,823	-	7,323
SPE Le Terrace	(6)	-	-	-	(1)	(7)
SPE Golf I	(30)	50	-	(33)	-	(13)
SPE Golf II	(711)	50	-	(639)	1	(1,299)
SPE Das Americas 1	(3)	50	-	(8)	-	39
	213,326	1,824	(3,921)	58,999	(3,069)	267,159
Jointly-controlled investees						
ALBA	4,680	-	36	(2,065)	(8)	2,643
SCP RJ 04	359	-	-	(45)	1	315
SPE Mirante do Ibituruna Ltda.	2,709	-	-	-	(4)	2,705
SCP Portal do Bosque	79	-	-	(5)	(1)	73
SCP Park Ritz	460	-	-	-	-	460
SCP Recanto das Águas	99	-	-	(11)	(1)	87
SCP MRV Belo Campo	175	173	-	(342)	(13)	(7)
SCP MRV Rec. Pássaros (Rouxinol)	523	132	-	(314)	(47)	294
SCP MRV Res. Beija Flor	102	316	-	(306)	-	112
SPE Padre Marinho	5,792	-	(1,265)	329	-	4,856
SCP Rívoli 1 and 2	84	153	-	(124)	-	113
SPE Acaba Mundo E. Imob Ltda.	804	-	-	-	(1)	803
SPE MRV Patrimar RJ Ix Ltda. (Andorinhas) 1 and 2	188	125	(4)	(103)	(37)	169
SPE Barbacena Empr Imobiliários S/A	19,933	-	-	(10)	-	19,923
SPE Patrimar Somattos Gasparini Ltda.	6,792	4,424	(30)	(3,423)	(1,635)	6,128
Ponctuel	41	-	-	-	-	41
SPE Direcional Patrimar Maragogi Ltda.	(8)	-	-	(6)	-	(14)
SPE Jardinaves II	-	3,750	-	(1)	-	3,749
SPE Avenida de Ligação	-	573	-	(160)	(123)	290
	42,812	9,646	(1,263)	(6,586)	(1,869)	42,740
Subsidiaries / associates						
SCP Safira (Decaminada 10)	(209)	-	-	(33)	1	(241)
SCP João XXIII	10	-	-	(5)	(6)	(1)
SCP Naples	5	-	-	-	-	5
SCP Palo Alto	218	-	-	(5)	-	213
SCP Park Residences	265	7	(124)	(15)	-	133
SCP Silva Lobo	85	-	-	5	-	90
SCP Tavares Bastos	(5)	-	-	(2)	-	(7)
SPE Novo Lar Greenport	(126)	-	-	(1)	-	(127)
SPE Axis Porto Fino	544	-	(229)	21	(41)	295
Other investments	-	319	-	(321)	-	(2)
	787	326	(353)	(356)	(46)	358
	256,925	11,796	(5,537)	52,057	(4,984)	310,257


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(c) Breakdown of investments in the Consolidated (unconsolidated companies) at June 30, 2021:

Companies	Ownership interest (%)		Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and net capital deficiency
	2021	2020	2021	2021	2021	2021
Ponctuel Consultoria	50%	50%	-	81	-	41
Alba	14%	14%	(115)	29,766	(2,065)	2,643
SCP Manchete	40%	40%	(966)	2,818	(188)	1,151
SCP MRV Belo Campo	50%	50%	(131)	(67)	(342)	(7)
SCP MRV Rec. Pássaros (Rouxinol)	40%	40%	(124)	702	(314)	294
SCP MRV Res. Beija Flor	40%	40%	192	255	(306)	112
SCP Pacuare	50%	50%	(25)	(582)	(12)	(291)
SCP Park Ritz	48%	48%	(1)	957	-	460
SCP Park Rossete	51%	51%	26	2,186	13	1,115
SCP Parque Araras	50%	50%	(12)	64	12	34
SCP Parque Bem Te Vi	50%	50%	(59)	123	(9)	65
SCP Parque Gaivotas	50%	50%	(72)	75	(46)	47
SCP Parque Sabia	50%	50%	(7)	66	(8)	33
SCP Portal do Bosque	50%	50%	(11)	146	(5)	73
SCP Reality e Renovare	51%	51%	(901)	(1,174)	(460)	(599)
SCP Recanto das Águas	51%	51%	(22)	171	(11)	87
SCP Recanto do Tingui	35%	35%	(89)	(319)	(31)	(112)
SCP Riviera da Costa e Sol	48%	48%	(477)	(916)	(229)	(440)
SCP Rívoli 1 and 2	40%	40%	19	424	(154)	113
SCP RJ 04	50%	50%	(89)	630	(45)	315
SPE Acaba Mundo Emp. Imob Ltda.	50%	50%	(1)	1,628	-	803
SCP Andorinhas	40%	40%	19	424	(103)	169
SPE Barbacena Empr Imobiliários S.A.	50%	50%	(20)	39,795	(10)	19,923
SPE Direcional Patrimar Maragogi Ltda.	50%	50%	(13)	16	(6)	(14)
SPE Mirante do Ibituruna Ltda.	34%	34%	(1)	8,016	-	2,705
SPE Padre Marinho	50%	50%	659	9,795	329	4,856
SPE Park Riversul	35%	35%	(242)	10	(205)	44
SPE Patrimar Somattos Gasparini Ltda.	50%	50%	85	12,256	(3,423)	6,128
SPE Recreio Bandeirantes	35%	35%	(74)	(1,049)	(75)	(368)
SPE Recreio Gaveas	35%	35%	(91)	5,355	(201)	1,874
SPE Recreio Pontal	35%	35%	(754)	(5,335)	(429)	(1,868)
SPE Jardinaves II	50%	0%	-	7,499	(1)	3,749
SPE Avenida de Ligação	50%	0%	(6)	589	(160)	290
Other			-	-	369	26
			<u>(3,303)</u>	<u>114,405</u>	<u>(8,115)</u>	<u>43,451</u>



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- (d) At June 30, 2021, the balances of asset and liability accounts, net revenue and profit of unconsolidated entities, were as follows:

Companies	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Profit (Loss)	Net revenue
	2021	2021	2021	2021	2021	2021	2021
Ponctuel Consultoria	-	81	-	-	81	-	-
Alba	31,746	-	1,836	144	29,766	(115)	-
SCP Manchete	950	2,517	158	491	2,818	(966)	152
SCP MRV Belo Campo	131	47	60	185	(67)	(131)	4
SCP MRV Rec. Passaros (Rouxinol)	543	246	21	66	702	(124)	(8)
SCP MRV Res. Beija Flor	350	110	173	32	255	192	4
SCP Pacuare	37	(367)	7	245	(582)	(25)	-
SCP Park Ritz	1,090	25	88	70	957	(1)	-
SCP Park Rossete	2,366	(16)	164	-	2,186	26	-
SCP Parque Araras	110	3	50	(1)	64	(12)	-
SCP Parque Bem Te Vi	108	83	33	35	123	(59)	-
SCP Parque Gaivotas	102	8	35	-	75	(72)	-
SCP Parque Sabia	81	(7)	3	5	66	(7)	-
SCP Portal do Bosque	18	129	1	-	146	(11)	-
SCP Reality e Renovare	87	(782)	55	424	(1,174)	(901)	-
SCP Recanto das Águas	107	68	4	-	171	(22)	-
SCP Recanto do Tingui	(178)	(53)	(67)	155	(319)	(89)	-
SCP Riviera da Costa e Sol	426	(1,065)	16	261	(916)	(477)	-
SCP Rívoli 1 and 2	264	209	36	13	424	19	1
SCP RJ 04	750	(53)	55	12	630	(89)	-
SPE Acaba Mundo Emp. Imob Ltda.	1,631	-	3	-	1,628	(1)	-
SCP Andorinhas	264	209	36	13	424	19	1
SPE Barbacena Empr Imobiliários S.A.	41,067	263	1,216	319	39,795	(20)	(5,291)
SPE Direcional Patrimar Maragogi Ltda.	74	2	60	-	16	(13)	-
SPE Mirante do Ibituruna Ltda.	8,023	(5)	2	-	8,016	(1)	-
SPE Padre Marinho	10,763	-	968	-	9,795	659	-
SPE Park Riversul	85	33	102	6	10	(242)	2
SPE Patrimar Somatto Gasparini Ltda.	12,653	18	413	2	12,256	85	-
SPE Recreio Bandeirantes	106	10	1,129	36	(1,049)	(74)	3
SPE Recreio Gaveas	1,352	402	(3,680)	79	5,355	(91)	24
SPE Recreio Pontal	457	129	5,000	921	(5,335)	(754)	(6)
SPE Jardinaves II	7,499	-	-	-	7,499	-	-
SPE Avenida de Ligação	589	20	20	-	589	(6)	-
	123,651	2,264	7,997	3,513	114,405	(3,303)	(5,114)

12 Property and equipment

Property and equipment items are depreciated according to the table below:

	Annual depreciation rate
Sales stands and model apartments (i)	-
Leasehold improvements	20%
Machinery and equipment	10%
Vehicles	20%
Furniture and fittings	10%
IT equipment	20%
Management	20%

(i) Sales stands are depreciated according to the estimated flow of sales of each project or written off in case of phase-out.



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(a) The breakdown of property and equipment for the year ended June 30, 2021 was as follows:

	Parent company					Consolidated		
	Balance at 12/31/2020	Additions	Write-offs	Transfers	Balance at 6/30/2021	Balance at 12/31/2020	Write-offs	Transfers
Cost								
Leasehold improvements	6,736	-	-	1,068	7,804	6,736	-	1,068
Machinery and equipment	3,723	3,430	-	-	7,153	6,140	-	-
Vehicles	897	-	(32)	-	865	897	(32)	-
Furniture and fittings	1,958	-	-	-	1,958	1,958	-	-
Sales stands and model apartments	925	-	-	495	1,420	14,176	(1,269)	(3,948)
IT equipment	511	174	-	-	685	540	-	-
Construction in progress	1,456	974	-	(1,563)	867	-	-	2,880
Total cost	16,206	4,578	(32)	-	20,752	30,447	(1,301)	-
Depreciation								
Leasehold improvements	(3,880)	(674)	-	-	(4,554)	(3,876)	-	-
Machinery and equipment	(2,879)	(149)	-	-	(3,028)	(3,545)	-	-
Vehicles	(614)	(61)	32	-	(643)	(614)	32	-
Furniture and fittings	(596)	(105)	-	-	(701)	(597)	-	-
Sales stands and model apartments	(352)	(126)	-	-	(478)	(5,340)	571	-
IT equipment	(125)	(52)	-	-	(177)	(134)	-	-
Total depreciation	(8,446)	(1,167)	32	-	(9,581)	(14,106)	603	-
Total property and equipment, net	7,760	3,411	-	-	11,171	16,341	(698)	-



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- (b)** Reconciliation of depreciation and amortization expenses for the purpose of preparing the statement of cash flows and the statement of income (including intangible assets and investments):

	Parent company		Consolidated	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
	(1,167)	(1,121)	(2,493)	(2,424)
	(1,342)	(1,167)	(1,406)	(1,233)
	(877)	(319)	(1,276)	(732)
	(3,386)	(2,607)	(5,175)	(4,389)

13 Intangible assets

Breakdown of intangible assets for the period ended June 30, 2021:

	Parent company					Consolidated	
	Balance at 12/31/2020	Additions	Write-offs	Transfers (Note 11(ii))	Balance at 6/30/2021	Balance at 12/31/2020	Transfers (Note 11(ii))
Cost							
Computer software license	13,156	209	-	-	13,365	13,800	-
Total cost	13,156	209	-	-	13,365	13,800	-
Amortization							
Computer software license	(3,169)	(1,342)	-	-	(4,511)	(3,383)	-
Total amortization	(3,169)	(1,342)	-	-	(4,511)	(3,383)	-
Total intangible assets, net	9,987	(1,133)	-	-	8,854	10,417	-

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



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14 Borrowings and debentures

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Construction financing (i)	18,768	22,324	88,955	73,550
Borrowings for working capital (in Reais - R\$) (ii)	50,366	60,336	50,366	60,336
Debentures (iii)	130,454	-	130,454	-
Unamortized cost of debentures	(78)	-	(78)	-
	<u>199,510</u>	<u>82,660</u>	<u>269,697</u>	<u>133,886</u>
Current liabilities	19,410	17,609	77,890	49,686
Non-current liabilities	180,100	65,051	191,807	84,200

a) Covenants

The Company has a working capital contract, which includes covenants that are assessed on a quarterly basis, and the commitment to keep the net working debt below R\$30 million up to the full settlement of the contracted obligations. The Company has been fulfilling the commitments undertaken, as agreed upon.

b) Changes

Changes in borrowings in the period/year were as follows:

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Opening balance	82,660	48,704	133,886	66,383
Releases	133,822	105,659	169,873	164,819
Provision for interest payable	4,231	4,721	6,782	6,425
Payments - interest	(3,957)	(4,216)	(6,283)	(5,633)
Repayments - principal	(17,177)	(72,680)	(34,497)	(98,580)
Foreign exchange variation	-	472	-	472
Funding costs	(69)	-	(64)	-
Closing balance	<u>199,510</u>	<u>82,660</u>	<u>269,697</u>	<u>133,886</u>

c) Type

- (i) **Construction financing:** This type of borrowing is designed to fund projects during the construction period. The applicable interest rates range from 5.17% to 11.25% p.a., depending on the operation, plus the Reference Rate (TR). These financing arrangements are secured by the real estate development to which it is related.
- (ii) **Working capital:** This type of borrowing is designed to finance the Group's working capital requirements. The average interest rate applicable to borrowings of this type is the CDI rate plus 3.75% p.a. This borrowing is not backed by any collateral.



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- (iii) **Debentures:** On March 18, 2021, the Company's Board of Directors approved the first issue of simple unsecured debentures, non convertible into shares, in a single series, for private placement ("Debentures") 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 distribution efforts, pursuant to the terms of CVM 476/2009. The first part of the amount raised, of R\$ 50 million, was settled on March 31, 2021, and the second part, of R\$ 30.1 million, was settled on May 11, 2021, totaling R\$80.1 million raised by the 1st issue of debentures. The remuneration will be 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 issue of simple unsecured debentures, non convertible into shares, in a single series, for private placement ("Debentures") by the Company, in the total amount of up to R\$50 million, to be distributed through a public offering with restricted distribution efforts, pursuant to the terms of CVM 476/2009. On May 31, 2021, the total amount raised (R\$ 50 million) was settled. The remuneration will be 100% of the DI rate exponentially increased by a surcharge of 2.39%, maturing in 4 (four) years from the issue date.

d) Maturities

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

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
2021	18,768	7,273	70,434	39,350
2022	-	15,051	17,924	29,924
2023	-	-	78	4,276
2024	-	-	519	-
	<u>18,768</u>	<u>22,324</u>	<u>88,955</u>	<u>73,550</u>

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

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
2021	366	10,336	366	10,336
2022	10,000	10,000	10,000	10,000
2023	20,000	20,000	20,000	20,000
2024	20,000	20,000	20,000	20,000
	<u>50,366</u>	<u>60,336</u>	<u>50,366</u>	<u>60,336</u>



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

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
2021	276	-	276	-
2022	-	-	-	-
2023	36,288	-	36,288	-
2024	65,050	-	65,050	-
2025	28,762	-	28,762	-
	<u>130,376</u>	<u>-</u>	<u>130,376</u>	<u>-</u>

15 Lease

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Lease	5,715	1,715	6,212	3,869
	<u>5,715</u>	<u>1,715</u>	<u>6,212</u>	<u>3,869</u>
Current liabilities	1,884	501	2,328	1,486
Non-current liabilities	3,831	1,214	3,884	2,383

Changes in leases were as follows:

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Opening balance	1,715	2,025	3,869	4,346
Lease	4,823	571	4,937	2,261
Termination of lease contract	-	-	(1,375)	-
Repayments - lease - principal	(823)	(882)	(1,219)	(2,920)
Lease payments - interest	(91)	(57)	(152)	(319)
Financial charges - lease	91	58	152	501
Closing balance	<u>5,715</u>	<u>1,715</u>	<u>6,212</u>	<u>3,869</u>

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

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
2021	844	501	1,270	1,486
2022	1,978	569	2,069	1,143
2023	1,969	645	1,948	1,109
2024	924	-	925	131
	<u>5,715</u>	<u>1,715</u>	<u>6,212</u>	<u>3,869</u>



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Leases:

Rental agreement related to administrative facilities (warehouse, headquarters, offices), with a remaining term of 32 to 36 months, discounted to present value at the rate of 2.31% p.a.

Rental agreement related to housing facilities for engineers, with a remaining term of 7 months, 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 15 months, discounted to present value at the rate of 2.31% p.a.

Lease agreement related to heavy equipment, with a remaining term of 2 to 7 months, discounted to present value at the rate of 2.31% p.a.

16 Trade payables

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2021</u>	<u>12/31/2020</u>	<u>6/30/2021</u>	¹ <u>2/31/2020</u>
Trade payables	6,577	1,949	52,502	23,153
Technical retentions	417	443	4,731	4,220
	<u>6,994</u>	<u>2,392</u>	<u>57,233</u>	<u>27,373</u>

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

Technical retentions correspond to a contractual agreement, which aims to ensure that all existing technical details in the construction contracts are fully complied with. Accordingly, a specific percentage (provided for in the contract) is withheld from the amounts payable to the contractor so that, in case of any non-compliance with the contract provisions, the customer's interest is preserved. At the end of the contract, if all requirements are met, the amount is refunded to the service provider.

17 Tax liabilities

The income tax, social contribution on net income, and PIS and COFINSs 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.



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Breakdown of the balances of taxes payable according to the prevailing taxation system:

	Parent company		Consolidated	
Taxes payable	6/30/2021	12/31/2020	6/30/2021	12/31/2020
National Institute of Social Security (INSS)	136	251	2,800	3,020
Service Tax (ISS)	150	177	623	529
Social Contribution on Revenues (COFINS)	8	8	14	6
Social Integration Program (PIS)	2	2	12	80
Other taxes withheld	190	548	293	1,974
	<u>486</u>	<u>986</u>	<u>3,742</u>	<u>5,609</u>
Deferred taxes				
Special Taxation Regime (RET)	1,420	1,469	15,817	9,498
Social Contribution on Revenues (COFINS)	8	8	330	530
Social Contribution on Net Income (CSLL)	-	-	276	67
Social Integration Program (PIS)	-	-	208	38
	<u>1,428</u>	<u>1,477</u>	<u>16,631</u>	<u>10,133</u>
	<u>1,914</u>	<u>2,463</u>	<u>20,373</u>	<u>15,742</u>

18 Real estate purchase obligations

Include the amounts to be settled in cash for the acquisition of land used in real estate developments.

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Land developed	-	-	50,103	43,115
Land not yet developed	800	863	15,287	42,088
	<u>800</u>	<u>863</u>	<u>65,390</u>	<u>85,203</u>
Current liabilities	800	863	22,472	54,965
Non-current liabilities	-	-	42,918	30,238

19 Advances from customers

These advances relate to sales of real estate units and a commitment to deliver completed units arising from the acquisition of land for real estate development through a barter arrangement.



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	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Advances from customers and barter made for construction in progress	1,327	2,898	112,451	73,592
Advances from customers for customized units	-	-	49,070	33,925
Barter made for land - developments not yet launched	43	95	57,492	43,602
	<u>1,370</u>	<u>2,993</u>	<u>219,013</u>	<u>151,119</u>
Current liabilities	1,350	2,942	219,013	151,075
Non-current liabilities	20	51	-	44

20 Provision for contingencies and judicial deposits

Provision for contingencies

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Civil	-	-	2,863	2,614
Tax	1,427	1,427	2,070	1,428
Labor	-	-	1,214	1,546
	<u>1,427</u>	<u>1,427</u>	<u>6,147</u>	<u>5,588</u>

Judicial deposits

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Civil	-	-	869	1,165
Tax	-	-	-	-
Labor	112	75	327	364
	<u>112</u>	<u>75</u>	<u>1,196</u>	<u>1,529</u>

Changes in the six-month period ended June 30, 2021 were as follows:

Contingencies

	Parent company	Consolidated
Opening balance	1,427	5,588
Additions	-	792
Write-offs	-	(798)
Update	-	565
Closing balance	<u>1,427</u>	<u>6,147</u>

Judicial deposits

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	<u>Parent company</u>	<u>Consolidated</u>
Opening balance	75	1,529
Additions	50	122
Write-offs	(13)	(455)
Closing balance	<u>112</u>	<u>1,196</u>

The Group companies are parties to tax, labor and civil disputes and are discussing such matters at the administrative and judicial levels, which, where applicable, are supported by judicial deposits.

The corresponding provisions for contingencies were based on the estimate made by the legal counsel for proceedings involving the risk of probable loss.

Possible 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, in which the likelihood of loss, is assessed as possible by the Company's management and its legal counsel. These contingencies amount to approximately R\$3,737 for labor, R\$40,065 for tax and R\$10,865 for civil proceedings, totaling R\$54,667 at June 30, 2021 (R\$49,361 at December 31, 2020).

No provision was recorded for possible unfavorable outcomes, considering the possibility of reversal of the judicial decisions that are subject to appeals before the competent courts.

The most significant contingency relates to the physical exchange of land.

As part of the process for purchase and sale of properties, the Group acquires land to be developed based on the "physical exchange" method. On September 4, 2014, the Federal Revenue Secretariat (SRF) issued Cosit Regulatory Opinion # 9, which changed the understanding of the income tax legislation with respect to the deemed profit (Decree # 3000 of March 26, 1999) and started to consider revenue from physical exchange transactions recognized at fair value as the calculation bases for IRPJ, CSLL, PIS and COFINS. Based on this understanding, tax assessment notices in the amount of R\$28,718 were issued against the Group in 2017 and 2018.

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 in the case has been classified as possible and the estimated risk involved at June 30, 2021 amounted to R\$33,008 (R\$35,442 at December 31, 2020). Considering that the decisions already issued, either within the scope of the Administrative Board of Tax Appeals (CARF) or the High Court of Justice (STJ), were favorable to taxpayers, no provision with respect to this matter was recorded in this quarterly information.



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The Group offers a five-year warranty against construction problems, as required by the Brazilian legislation.

In order to fulfill this commitment with no impact on future years, and provide a proper balance between revenues and costs for each real estate development under construction, an amount corresponding to 1.5% of the construction cost was provided for, on an estimated basis, at June 30, 2021 and December 31, 2020.

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 the percentages above to the actual costs incurred. Provisions are recorded (used) as maintenance is required in accordance with the contractual requirements for warranty coverage.

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

	Parent company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Opening balance	1,532	1,566	8,762	7,701
Additions	88	246	2,200	2,743
Write-offs (Payments related to warranties)	(166)	(280)	(631)	(1,682)
Closing balance	<u>1,454</u>	<u>1,532</u>	<u>10,331</u>	<u>8,762</u>

22 Equity

(a) Capital

At June 30, 2021, share capital was R\$269,172 (R\$269,172 at December 31, 2020), represented by 56,025,501 common shares.

At January 1, 2021, the Company's shares were held as follows:

Stockholders	Common shares
PRMV Participações S.A.	17,903,150,656
Alexandre Araújo Elias Veiga	503,466,438
Heloisa Magalhães Martins Veiga	503,466,438
Renata Martins Veiga Couto	4,531,197,945
Patrícia Martins Veiga	4,531,197,945
	<u>27,972,479,422</u>



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Change in the number of shares - reverse split

At an Extraordinary General Meeting held on August 5, 2020, the stockholders decided to change the number of the Company's shares through a reverse split in the ratio of 160:1, that is, each group of 160 common shares was consolidated into one common share. As a result, the share capital started to comprise 174,827,996 registered, book-entry common shares, without par value.

Stockholders	Common shares
PRMV Participações S.A.	111,894
Alexandre Araújo Elias Veiga	3,147
Heloisa Magalhães Martins Veiga	3,147
Renata Martins Veiga Couto	28,320
Patrícia Martins Veiga	28,320
	<u>174,828</u>

At an Extraordinary General Meeting held on October 5, 2020, the stockholders decided to change the number of the Company's shares through a reverse split in the ratio of 3:1, that is, each group of three common shares was consolidated into one common share. As a result, the share capital started to comprise 58,275,999 registered, book-entry common shares, without par value.

Stockholders	Common shares
PRMV Participações S.A.	37,298
Alexandre Araújo Elias Veiga	1,049
Heloisa Magalhães Martins Veiga	1,049
Renata Martins Veiga Couto	9,440
Patrícia Martins Veiga	9,440
	<u>58,276</u>

(b) Partial split-off

At an Extraordinary General Meeting held on December 31, 2020, the stockholders decided to carry out a partial split-off of assets with a reduction in the Company's capital by R\$12,429,952.73, through the cancellation of 2,250,498 shares, of which 378,167 were held by stockholder Patrícia Martins Veiga; 378,167 shares held by stockholder Renata Martins Veiga Couto and 1,494,164 shares were held by stockholder PRMV Participações S.A., without considering the proportional interest of each stockholder in Patrimar's capital, since the shares held by the other stockholders would not be canceled.

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



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Account	Net effect
Properties for sale	(9,554)
Property and equipment	(2,876)
Capital	12,430
Total:	-

(c) 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.

(d) Profit distribution policy

In accordance with the Company's Bylaws, 25% of the profit, after deducting the portion transferred to the Legal Reserve, will be credited as minimum mandatory dividends. The retained portion of the profit will be subsequently allocated as decided by the stockholders.

On April 30, 2021, the 2020 management accounts and the additional dividend of R\$ 6,877 to shareholders were approved at the Annual Shareholders' Meeting, whose payment schedule is April, May and June 2021, holders of shares issued by the Company referring to April 29, 2021. Dividends were paid in the respective months.

23 Earnings per share

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

	Quarter ended 6/30/2021	Six-month period ended 6/30/2021
Basic and diluted earnings per share:		
Profit for the period	19,438	40,151
Weighted average number of shares (in thousands)	56,026	56,026
Basic and diluted earnings per share - R\$	0.346946	0.716649

24 Net operating revenue

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

	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	Parent company 1/1/2020 to 6/30/2020
Gross revenue from the sales of properties	12,277	29,661	19,441	35,194
Service revenue	842	1,312	14	287
Canceled sales	492	(1,088)	(8)	(673)
Changes in the provision for canceled sales	-	-	(82)	(1,587)
Adjustment to present value (i)	(302)	574	57	629
Taxes on billings	(442)	(850)	(364)	(924)
Net operating revenue	12,867	29,609	19,058	32,926

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(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.

				Parent company
	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020
Cost of properties sold				
Materials	(1,497)	(3,065)	(2,500)	(6,020)
Land	(216)	(3,930)	(1,932)	(3,623)
Completed properties	(5,067)	(7,523)	(3,465)	(3,581)
Personnel expenses	(411)	(781)	(595)	(1,553)
Subcontractors	(1,270)	(2,520)	(2,076)	(4,880)
Housing loan costs	(411)	(846)	(688)	(1,205)
Other	(78)	(186)	(313)	482
	<u>(8,950)</u>	<u>(18,851)</u>	<u>(11,569)</u>	<u>(20,380)</u>
	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	Parent company
General and administrative expenses				
Personnel expenses	(4,540)	(8,592)	(2,284)	(5,433)
Administrative general expenses	(272)	(922)	(605)	(1,106)
Depreciation and amortization	(1,549)	(3,155)	(1,228)	(2,468)
Outsourced services	<u>(1,066)</u>	<u>(3,260)</u>	<u>(615)</u>	<u>(1,441)</u>
	<u>(7,427)</u>	<u>(15,929)</u>	<u>(4,732)</u>	<u>(10,448)</u>



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	Parent company			
	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020
Selling expenses				
Personnel expenses	(472)	(1,067)	(347)	(735)
Commissions and brokerage	(228)	(279)	(99)	185
Sales stands/model apartments	-	(2)	(51)	(102)
Advertising	(166)	(461)	(159)	(373)
Other selling expenses	(229)	(753)	(154)	(395)
	<u>(1,095)</u>	<u>(2,562)</u>	<u>(810)</u>	<u>(1,420)</u>
	Parent company			
	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020
Other operating income (expenses), net				
Real estate financing expenses	(135)	(288)	79	(148)
Tax expenses	-	-	-	(258)
Provision for contingencies	-	-	(4)	(85)
Occasional losses (i)	(2,490)	(2,299)	-	-
Other operating income and expenses	(353)	(287)	(77)	(348)
	<u>(2,978)</u>	<u>(2,874)</u>	<u>(2)</u>	<u>(839)</u>
	Consolidated			
	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020
Cost of properties sold				
Materials	(54,690)	(85,205)	(16,301)	(28,698)
Land	(15,180)	(59,698)	(7,089)	(14,081)
Completed properties	(10,132)	(15,313)	(9,706)	(15,828)
Personnel expenses	(6,311)	(11,821)	(2,031)	(4,100)
Subcontractors	(24,892)	(42,155)	(11,683)	(20,650)
Housing loan costs	(2,603)	(4,327)	(1,536)	(3,104)
Other	(4,090)	(8,734)	(296)	(3,927)
	<u>(117,898)</u>	<u>(227,253)</u>	<u>(48,642)</u>	<u>(90,388)</u>
	Consolidated			
	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020
General and administrative expenses				
Personnel expenses	(5,227)	(10,057)	(2,961)	(6,882)
Administrative general expenses	(469)	(1,414)	(1,095)	(2,129)
Depreciation and amortization	(1,701)	(3,514)	(1,470)	(2,932)
Outsourced services	(1,631)	(4,465)	(917)	(2,220)
	<u>(9,028)</u>	<u>(19,450)</u>	<u>(6,443)</u>	<u>(14,163)</u>



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	Consolidated			
	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020
Selling expenses				
Personnel expenses	(1,188)	(2,318)	(861)	(2,002)
Commissions and brokerage	(5,351)	(8,005)	(1,178)	(2,161)
Sales stands/model apartments	(115)	(249)	(748)	(1,429)
Advertising	(2,409)	(5,294)	(1,401)	(3,620)
Other selling expenses	(2,890)	(5,314)	(987)	(2,254)
	<u>(11,953)</u>	<u>(21,180)</u>	<u>(5,175)</u>	<u>(11,466)</u>
	Consolidated			
	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020
Other operating income (expenses), net				
Real estate financing expenses	(212)	(405)	754	(258)
Tax expenses	(20)	(26)	(2)	(263)
Provision for contingencies	(1,814)	(569)	(2,492)	(3,827)
Occasional losses (i)	(4,278)	(4,114)		
Other operating income and expenses	(1,955)	(2,467)	(1,190)	(1,922)
	<u>(8,279)</u>	<u>(7,581)</u>	<u>(2,930)</u>	<u>(6,270)</u>

- (i) Receipt of property in guarantee with a value lower than the corresponding debt balance.

26 Management fees

Management compensation for the quarter and six-month period ended June 30, 2021 and 2020 is shown below:

	Parent company			
	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020
Management fees	1,065	2,888	460	1,349
Welfare benefits	63	125	68	137
Charges	277	570	119	350
	Consolidated			
	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020
Management fees	1,180	3,235	551	1,556
Welfare benefits	70	144	79	159
Charges	308	633	146	410

Based on the provisions of CPC 05, which address related-party disclosures, the Company considers that its key management personnel comprise the members of the Board of Directors, and all executive officers in accordance with its Bylaws, whose duties involve decision-making and control over the Company's activities.



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27 Finance income (costs) net

	Parent company			
	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020
Finance income				
Indexation accruals and interest as per contracts	957	1,886	393	903
Interest on financial investments	635	689	114	248
Swap gains	-	-	398	2,394
Other finance income	2	4	-	-
	<u>1,594</u>	<u>2,579</u>	<u>905</u>	<u>3,545</u>
Finance costs				
Interest on borrowings	(2,385)	(3,447)	(803)	(1,496)
Bank fees and charges	(38)	(67)	(218)	(405)
Financing expenses	-	-	(7)	(43)
Other finance costs	(1)	(10)	(497)	(2,743)
	<u>(2,424)</u>	<u>(3,524)</u>	<u>(1,525)</u>	<u>(4,687)</u>
	<u>(830)</u>	<u>(945)</u>	<u>(620)</u>	<u>(1,142)</u>
	Consolidated			
	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020
Finance income				
Indexation accruals and interest as per contracts	2,431	6,023	1,195	2,808
Interest on financial investments	1,724	2,250	285	609
Swap gains	-	-	398	2,394
Other finance income	12	30	-	-
	<u>4,167</u>	<u>8,303</u>	<u>1,878</u>	<u>5,811</u>
Finance costs				
Interest on borrowings	(2,582)	(3,747)	(975)	(1,751)
Bank fees and charges	(219)	(396)	(317)	(647)
Financing expenses	-	(1)	(10)	(111)
Swap losses	-	-	(515)	(2,469)
Other finance costs	(3)	(24)	-	-
	<u>(2,804)</u>	<u>(4,168)</u>	<u>(1,817)</u>	<u>(4,978)</u>
	<u>1,363</u>	<u>4,135</u>	<u>61</u>	<u>833</u>

28 Income tax and social contribution expenses

Corporate income tax and social contribution on net income are calculated on an accrual basis. However, considering that their payment is made on a cash basis the Company records them as deferred taxes up to the time the payment is made.



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Breakdown of the balances of taxes payable according to the prevailing taxation system:

			Parent company	
	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020
Profit (loss) before IRPJ and CSLL	19,572	40,505	8,967	17,406
Rate - 34%	(6,654)	(13,772)	(3,049)	(5,918)
Effect on exclusions (equity accounting)	(9,515)	(17,699)	(2,598)	(6,361)
Segregated assets structure (RET)	41	703	-	-
Unrecognized tax credits due to temporary differences (RET)	15,994	30,414	5,312	11,649
IRPJ and CSLL expenses	(134)	(354)	(335)	(630)
Effective rate	1%	1%	4%	4%
			Consolidated	
	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021	4/1/2020 to 6/30/2020	1/1/2020 to 6/30/2020
Profit (loss) before IRPJ and CSLL	42,732	87,221	17,878	35,621
Rate - 34%	(14,529)	(29,655)	(6,079)	(12,111)
Effect on exclusions (equity accounting)	338	2,759	72	(627)
Segregated assets structure (RET)	(738)	(2,468)	-	-
Unrecognized tax credits due to temporary differences (RET)	11,166	21,534	3,907	9,295
IRPJ and CSLL expenses	(3,763)	(7,830)	(2,100)	(3,443)
Effective rate	9%	9%	12%	10%

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

29 Deferred revenue and deferred costs

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



**Notes to the quarterly information
at June 30, 2021**

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	<u>Parent company</u>	<u>Consolidated</u>
Developments under construction		
(i) Deferred revenue from units sold		
(a) Developments under construction:		
Revenue from contracted sales	64,385	1,491,514
Revenue from recognized sales	(60,605)	(943,517)
Canceled sales - reversed revenue	284	34,491
	<u> </u>	<u> </u>
(b) Revenue from recognized sales, net	(60,321)	(909,026)
	<u> </u>	<u> </u>
Deferred revenue (a+b)	<u>4,064</u>	<u>582,488</u>
(ii) Budgeted deferred cost of sold units		
(a) Developments under construction:		
Budgeted costs	33,430	881,426
Construction costs incurred	(31,236)	(533,175)
	<u> </u>	<u> </u>
(b) Incurred costs, net	(31,236)	(533,175)
	<u> </u>	<u> </u>
Deferred costs of units sold (a+b)	<u>2,194</u>	<u>348,251</u>
(iii) Budgeted deferred costs of units in inventory		
Developments under construction:		
(a) Budgeted costs	7,267	315,971
(b) Incurred costs	(6,791)	(151,454)
	<u> </u>	<u> </u>
Deferred costs of units in inventory (a+b)	<u>476</u>	<u>164,517</u>

30 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 final deed and transfer of the related title to the Company, its subsidiaries or partners. These commitments total R\$1,189,790 (R\$1,210,025 at December 31, 2020) of which: R\$1,095,834 (R\$1,138,290 at December 31, 2020) will be settled by exchanges for real estate units to be constructed and/or through the use of a portion of the proceeds from the sale of the related developments, and R\$93,955 (R\$78,735 at December 31, 2020) will be settled as a balancing payment.

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

(b) Lease commitments

At June 30, 2021, commitments related to the lease of big-sized equipment and real estate totaled R\$5,715 (R\$1,715 in 2020) in the Parent company and R\$6,212 (R\$3,869 in 2020) in the Consolidated.



**Notes to the quarterly information
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31 Segment reporting

The Group's main source of revenue is derived from the real estate development activities. The chief operating decision-maker analyzes information on each development for the purposes of allocating resources and assessing the performance. The management of activities relating to 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 standard and commercial) that could indicate management by segment, or other factors that could identify a set of components as operating segments of the entity.

32 Insurance

At June 30, 2021, the Company had the following insurance policies:

- (a) Engineering risk insurance - civil works in progress: it 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 allows additional coverage considering the risks inherent to construction works, including civil liability and cross liability insurance, special expenses, riots, employer's civil liability and pain and suffering.
- (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)



Notes to the quarterly information at June 30, 2021

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At June 30, 2021, insurance coverage was as follows:

Items	Type of coverage	Insured amount Consolidated
Contractor - Completion bond (SGTO)	This type of insurance coverage assures to the development's financing agent the completion of the construction in the event of technical and financial unavailability by the Company.	41,235
Civil liability (management)	Assures coverage for pain and suffering damages to the Company's managers (D&O)	15,000
Insurance - construction (engineering risk)/Civil liability	Assures indemnity for damages 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. Assures indemnity, up to the policy's cap, of the amounts for which the Company may be held liable by reason of involuntary personal and/or material damages caused to third parties.	888,073
Commercial multiple peril insurance	Typically, this type of insurance assures indemnity for three risks: fire, lightening strike and explosion. These plans also offer a number of additional coverage for risks such as 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.	30,842
Guarantee insurance - contractual obligations	The Contractual Guarantee Insurance is designed to ensure companies and public agencies of the fulfillment of contracts, by indemnifying the insured party for breaches of contracts (contractual obligations) of several types.	40,236
Post-completion bond – maintenance bond (SGPE)	Assures maintenance and troubleshooting in units delivered for up to five years, with respect to the damages provided for in the consumer code.	7,187
Equipment	Assures indemnity for losses resulting directly from risks related to machines, equipment and implements, of fixed or mobile types, for non-agricultural use.	830
Housing	Assures indemnity for damages caused by fire, lightning strike and explosion, in addition to other additional coverage that can be contracted to protect the property against other risks, including theft, collapse, vehicle impact, aircraft crash, windstorm, hurricane, cyclone, hailstorm, electrical damages, etc.	950
Legal guarantee	The Legal Guarantee Insurance was created as an alternative to judicial deposits and the attachment of assets in litigation. This insurance has been widely accepted at the judicial level, either as a new guarantee in the case or as a substitute of the guarantees given.	4,622
Contractor - Completion bond - Infrastructure not included	Assures the execution of the external infrastructure works up to the maximum coverage established in the policy, for losses resulting from failure to honor the obligations assumed by the provider in relation to the obligation to complete the construction of the related external infrastructure.	1,807



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at June 30, 2021**

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33 Transactions not involving cash or cash equivalents

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Investing activities				
Transfers of property and equipment – Leases IFRS 16 (Note 12)	3,947	162	1,327	(130)

34 Events after the reporting period

There were no events after the reporting period which could have a material effect on the financial position of the Company.

* * *

(A free translation of the original in Portuguese)

Conclusions and Representations / Officers' Representation on the Financial Statements

Officers' Representation on the Financial Statements

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 represent that they have reviewed, discussed, and agreed with the parent company and consolidated financial statements for the six-month period ended June 30, 2021.

Belo Horizonte, August 5, 2021.

Chief Executive Officer – ALEXANDRE ARAÚJO ELIAS VEIGA

Chief Financial Officer and Investor Relations Officer - FELIPE ENCK GONÇALVES

(A free translation of the original in Portuguese)

Conclusions and Representations / Officers' Representation on the Independent Auditor's Report

Officers' Representation on the Independent Auditor's Report on Review

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 represent that they have reviewed, discussed, and agreed with the conclusions expressed in the Independent Auditor's Report on Review, dated August 5, 2021, of the parent company and consolidated financial statements for the six-month period ended June 30, 2021.

Belo Horizonte, August 5, 2021.

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

CRC - MG 122.560/O