



(A free translation of the original in Portuguese)

Patrimar Engenharia S.A.

**Parent company and consolidated
financial statements at
December 31, 2021
and independent auditor's report**



(A free translation of the original in Portuguese)

Independent auditor's report

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

Opinion on the parent company and consolidated financial statements prepared in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) applicable to Brazilian real estate development entities registered with the Brazilian Securities Commission (CVM)

We have audited the accompanying parent company financial statements of Patrimar Engenharia S.A. (the "Company"), which comprise the balance sheet as at December 31, 2021 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Patrimar Engenharia S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2021 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patrimar Engenharia S.A. and of Patrimar Engenharia S.A. and its subsidiaries as at December 31, 2021, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS), applicable to Brazilian real estate development entities registered with the Brazilian Securities Commission (CVM).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

As described in Note 2.1., the parent company and consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil and the IFRS applicable to Brazilian real estate development entities registered with the CVM. Accordingly, the accounting policies adopted by the Company to recognize revenue from incomplete real estate units under construction, with regards to

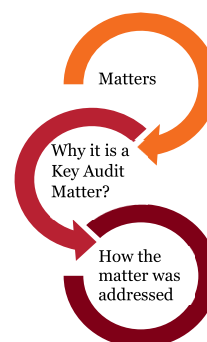
Patrimar Engenharia S.A.

determining the timing of transfer of control, follows the guidance in CVM's Circular Letter CVM/SNC/SEP/ No. 02/2018 when applying NBC TG 47 (IFRS 15). Our opinion is not qualified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Our audit for the year ended December 31, 2021 was planned and performed taking into consideration that the operations carried out by Patrimar Engenharia S.A. and by Patrimar Engenharia S.A. and its subsidiaries did not present significant changes in comparison with the prior year. The Key Audit Matters, as well as our audit approach, were similar to those in the prior year.



Why it is a Key Audit Matter

How the matter was addressed in the audit

Recognition of revenue from sale of real estate units under construction (Notes 2.19 and 24)

The Company and its subsidiaries use the Percentage-of-Completion (POC) method to recognize revenue from sales of incomplete real estate development project units and from construction services rendered, pursuant to Circular Letter CVM/SNC/SEP/ No. 02/2018, issued by the CVM.

The POC method requires management to estimate costs through to completion of construction and delivery of the real estate units for each stage of the construction. This establishes the proportion of costs incurred to-date in relation to the total estimated costs. The resultant percentage is applied to the fair value of the revenue from real estate units sold or construction services provided, adjusted for contract terms and conditions, to determine the timing of recognition of sales revenue to be recognized in each period.

Our audit procedures included, among other procedures, understanding and testing management's main internal controls used for the recognition of revenue from the sale of real estate units under construction; these include the preparation, approval, and timely review of estimates of costs to be incurred and the monitoring of costs incurred by project. This information was then compared with budgeted costs.

We tested, on a sample basis, the budgeted construction project data and costs incurred, by reviewing contracts, tax documents and payments made. We also analyzed the progress of construction works through physical inspections.

On a sample basis, we compared the systems input data related to recognition of revenue from the sale of real estate units under construction with the



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Why it is a Key Audit Matter

How the matter was addressed in the audit

We decided to focus again on this area in our audit because the revenue recognition process is complex and requires critical management estimates and judgment in determining and reviewing cost budgets. Any changes in these estimates and judgments may significantly affect the determination of profit or loss.

supporting documentation provided by management for recognition of revenue (sale and construction service contracts). We reperformed revenue recognition calculations for sales of units under construction and compared the amounts to the Company's and its subsidiaries' records.

Our audit procedures indicated management's estimates and judgment to be consistent with Circular Letter CVM/SNC/SEP/ No. 02/2018 and with information and documentation obtained.

Provisions for contingencies (Note 20)

In the course of its activities, the Group is a party to civil, tax and labor judicial discussions and proceedings. Management records a liability when the risk of loss from such proceedings is considered probable; when risk of loss is judged only to be possible, no provision is recorded though disclosures of the related circumstances and amounts involved are provided.

Our audit procedures included, among others, understanding the significant internal controls used to identify and record liabilities and the disclosures in the explanatory notes.

We decided to focus again on this area in our audit because the nature of the proceedings usually involves disputes that require management to exercise judgment in relation to the fact patterns. Changes in the classification of the expected likelihood of loss and/or judgment might significantly affect the Company's financial statements.

We updated our understanding of the calculation method adopted, which takes into consideration the history of unfavorable outcomes in civil and labor proceedings of the same nature, as well as the lawyers' positions who are accompanying the cases.

Through confirmation procedures with the external legal counsel accompanying the administrative and legal proceedings, we obtained counsels' assessment of the cases, confirmed the completeness of data and appropriateness of provisions and disclosures. For the more significant proceedings, we discussed the related matter with the lawyers as well as with management, to understand the likelihood of loss.

We consider that the criteria and assumptions adopted by management to determine the provision for contingencies, as well as the relevant disclosures, to be consistent with the information provided by legal counsel.



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Other matters

Statements of value added

The parent company and consolidated statements of value added for the year ended December 31, 2021, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added ". In our opinion, these statements of value added have been properly prepared, in all material respects, in accordance with the criteria established in the Technical Pronouncement and are consistent with the parent company and consolidated financial statements taken as a whole.

Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or with our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the IFRS applicable to real estate development entities in Brazil registered with the CMV, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Company and its subsidiaries.



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Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit work and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Belo Horizonte, March 9, 2022

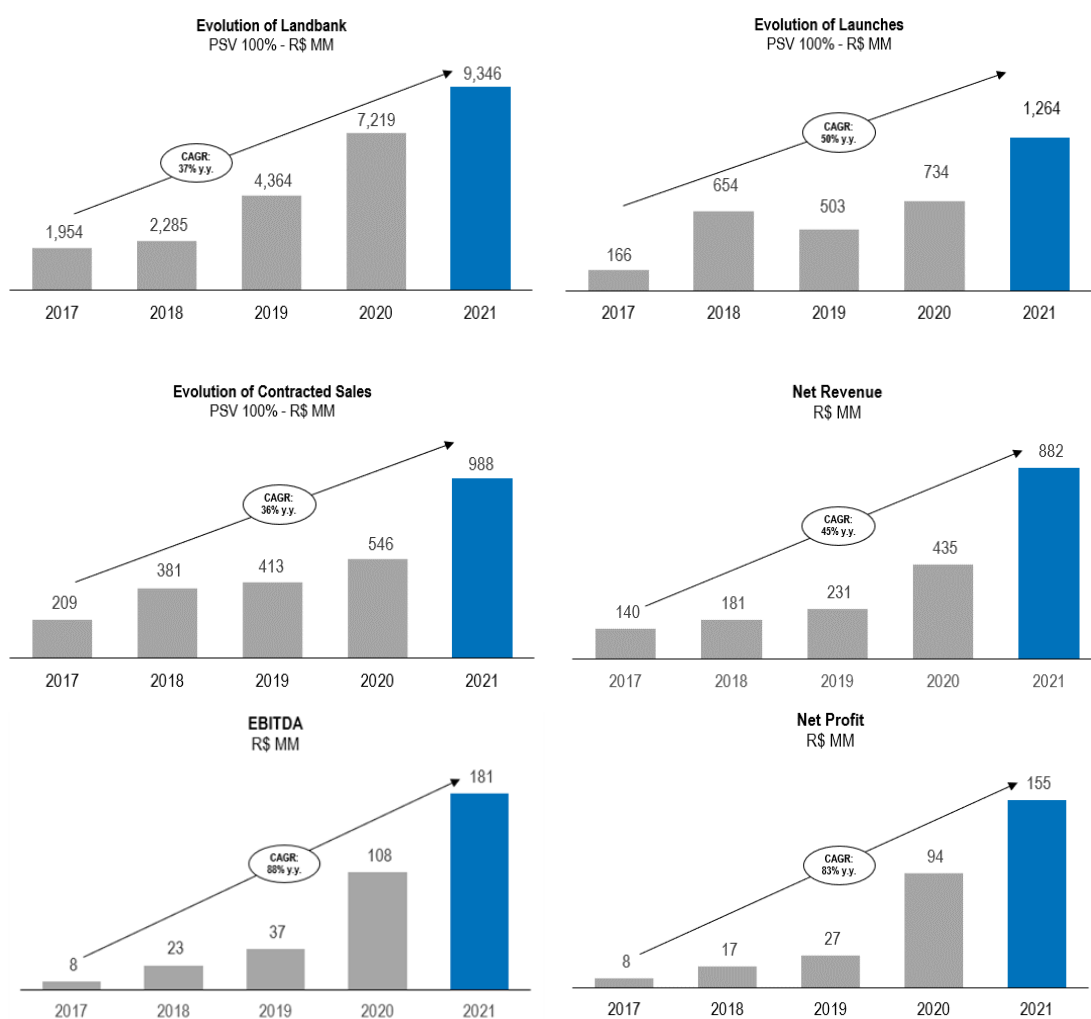
A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers', written over a faint, larger version of the same signature.

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

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

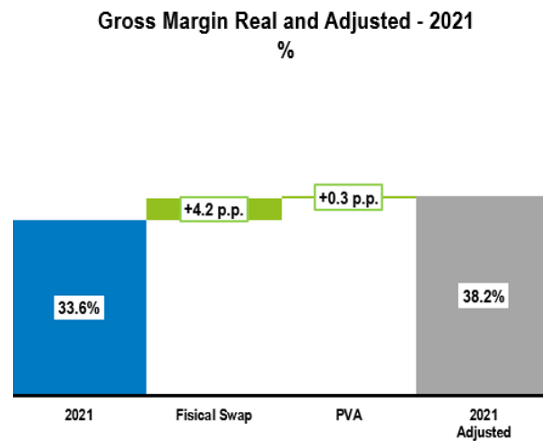
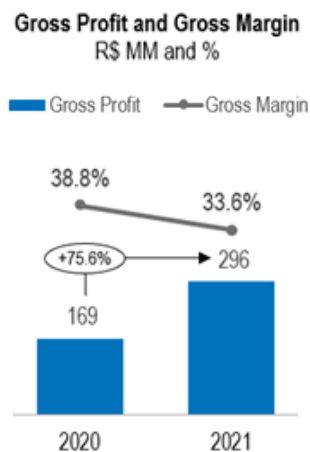
Management Report

It is with great satisfaction that we present Patrimar's results for the fiscal year of 2021, the best year in the history of the company, with all-time records in both operational and financial aspects. Our strategies of product and geographical diversification, in addition to the full performance of our teams allowed us to expand our business with solidity and profitability. In 2021, we continued to feel conjunctural impacts caused by the resistance of COVID-19 pandemic, with emphasis, in macroeconomic environment, to inflation pressures caused by global production chains unbalance and, in microeconomic environment, to a longer cycle of approval in municipalities where we have greater performance.

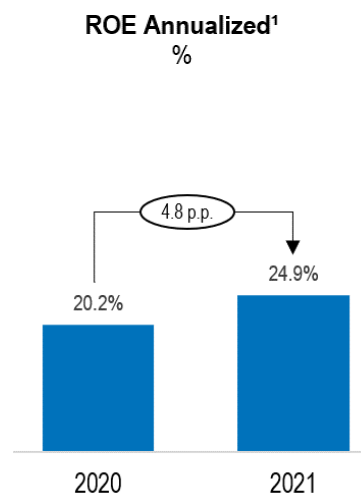
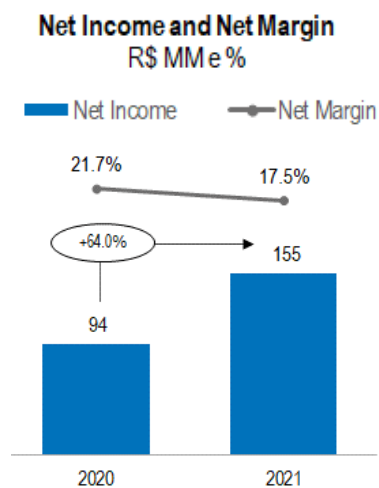


Throughout 2021, our businesses were greatly developed, especially in the second half of the year, when we launched R\$ 1.2 billion in VGV, about 1,366 units. Highlight for Novolar Recreio and Oceana Golf, respectively from economic and high income projects, both located in the city of Rio de Janeiro, with which of both achieved great sales success.

With the launches made in 2021, we currently have 17 construction sites in progress, four more than those we have at the end of 2020. We maintain constant monitor on materials price variation and on our budgets, aiming to understand and anticipate impacts of any kind caused by the acceleration of these items and the INCC on our results. This year, we were able to absorb these impacts well, but as anticipated in in the same report of the previous year, we had a higher proportion of physical swaps in our cost composition, and that mainly explains the oscillation in the margin compared to 2020, which in turn continues to show levels above the industry average.

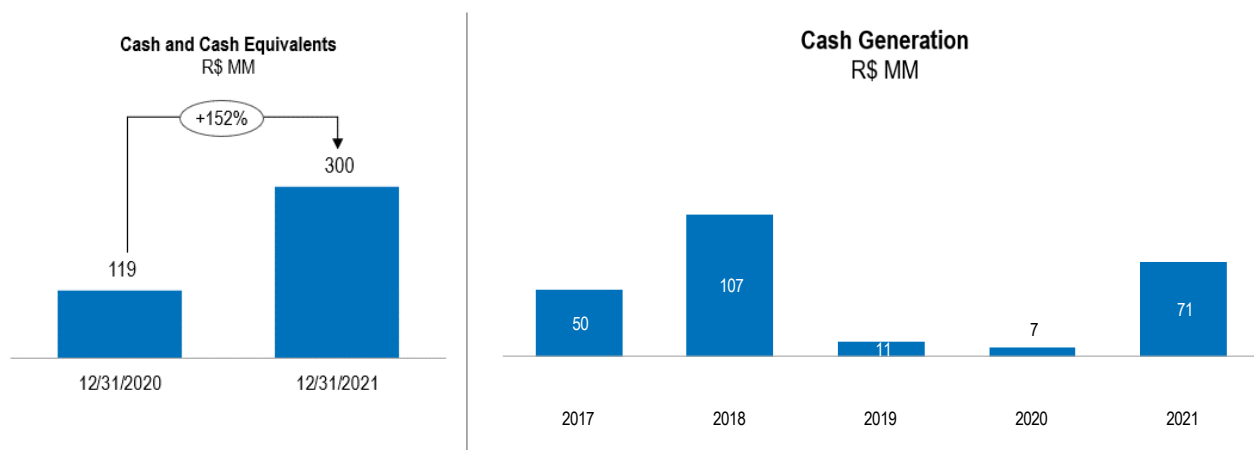


Furthermore, with scale gains provided by higher sales and increased revenue recognition by the progress of our constructions – which ultimately led to a higher revenue record by the POC accounting method – our business showed improved profitability, with evolution of ROE.

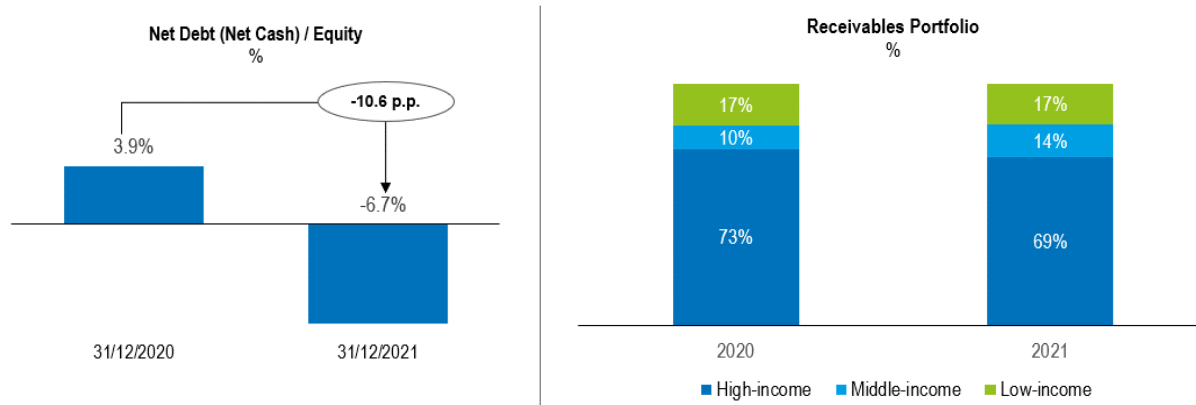


In terms of the scenario for 2022, we still foreseen a year with significant levels of uncertainty, either by the presidential elections, some unanticipated persistence of COVID-19 or even by global geopolitical instability, which effects are not yet known, but could interfere in a higher or lower degree at global production chains. Our expectation, therefore, is to still have inflationary pressures in 2022, especially on materials, even if it is on a downward scale throughout the year, as market generally expects, including a number closer to target at year's ending. Regardless the external environment difficulties, we remain confident, since we have an increasingly solid business balance sheet.

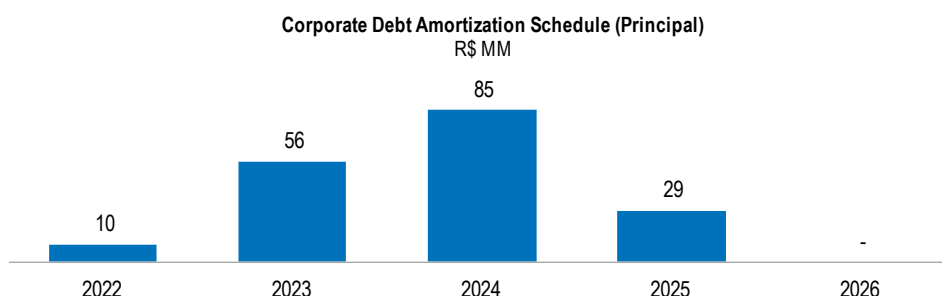
From 2020 to 2021, we presented a strong evolution in cash availability. This significant growth is largely explained by the increase in sales incoming flow, especially in high-income operation, with a shortest cycle period and constructions flow aligned. Thus, we achieved a cash generation of R\$ 71 million, recording a positive value for the fifth consecutive year in this indicator (cash generation). It is important to highlight that in the first semester of 2021, with the 1st and 2nd issues of debentures, we raised R\$ 130 million, as much for to strengthen our cash and as to pay off short-term debts in order to extend the profile of our liabilities.



Due to the strength of our operation and liquidity management, the Company still has a net cash position and, therefore, a low leverage in relation to shareholders equity. This combination allows us to maintain our growth curve with a low-risk operation. We present a healthy receivables portfolio of more than R\$ 1.0 billion, with a large percentage of receivables linked to high-income operation, with lower risk and inflation protection.



With the rise in interest rate, we understand that the indebtedness payments flow should be longer than the ones in the years 2020 and 2021, with possible impact on Company's cash generation, in addition to a longer sales curve, with higher prevalence by price rather than by speed, preserving margins without impacting our capital structure. We have a balanced debt structure, with long-term profile.



Our profile of construction liabilities still has a relevant percentage attached to CDI, although projects linked to these debts are in construction final phase and subject to transfer. We remain attentive to market opportunities that can strengthen the company's cash position and lengthen the debt profile.

ESG

The Patrimar Group is heavily investing in training for the implementation of ESG strategies within the company's processes. For this, a thematic committee was created with the participation of collaborators strategically chosen.

With respect to the environmental part of ESG strategies, we have created a sustainability seal for our enterprises, the so called "Sempre Verde". The seal includes more than 40 (forty) sustainability requirements and covers all projects implementation process phases, from its conception, through under construction until delivery of finished product to customer.

As for the social aspect, it is worth highlighting improvements employed for our collaborators, such as the introduction of climate research and individual performance evaluation (directly linked to performance compensation program). Additionally, we run charitable campaigns, for example helping rain victims of Nova Lima and Petrópolis and partnering with the NGO TETO, where we will build emergency homes in vulnerable communities.

Our goal is to seek the best practices in environmental, social and governance in order to become a recognized company for caring for the environment, promoting positive social impact and adopting an ethical corporate conduct.

TEAM

We are reinforcing our team with new members arrival and the changing positions in our Executive and Manager Boards and management positions. This reinforcement of our human resources aims at the expected growth of our operations with the certainty that we have a unique team within the business model of operating the three income levels of real estate development with volume, profitability and quality. We currently have 625 employees and we ended 2021 with approximately 1,870 employees in our sites, between direct and indirect people.

DIVIDENDS

The Company's Bylaws provide that 25% of net income, after deducting the constitution of the Legal Reserve, will be credited as mandatory minimum dividends. The retained profit portion will be later allocated by shareholders' resolution. On April 30, 2021, the 2020 managers accounts and profits for the year were approved at the Annual General Meeting. In addition to the mandatory minimum dividends of 25% over the net income after legal reserve, extraordinary dividends of R\$ 6,878 were approved, with a payment schedule in April, May and June 2021, to shareholders holding shares issued by the Company on the base date of April 29, 2021. Dividends were paid in the respective months. On August 11, 2021, the anticipation of interim dividends in the amount of R\$ 3,500 for the current fiscal year was resolved and approved, being these fully paid on August 12, 2021, and will be attributed to the minimum mandatory dividend related to profit of that period. On November 29, 2021, a meeting was held to resolve on the anticipation of interim profits to the Company's shareholders in advance of the profit related to the current fiscal year, in the amount of R\$ 20,000, which was fully paid on the same date and attributed to the dividends related to the profit for that year. According to the Company's bylaws, 25% of the net income for the year, after offsetting losses and setting up a legal reserve, is allocated to the distribution of the mandatory annual dividend. The mandatory minimum dividend for the fiscal year ended December 31, 2021, was calculated as indicated below:

Mandatory minimum dividends	Value
Profit for the year attributable to controlling shareholders	79,658
Constitution of the legal reserve	(3,983)
Net income from the legal reserve	75,675
Mandatory minimum dividends	18,919
Interim dividends (EIF 05 October 2020)	(23,500)
Proposed dividends	(4,581)

Dividends paid in excess will be discussed at the Annual General Meeting to be held in April 2022, as well as the proposal for the results allocation.

CORPORATE GOVERNANCE

The Company's Board of Directors is composed of the following members:

Executive	Position
Heloisa Magalhães Martins Veiga	President
Renata Martins Veiga Couto	Effective Member
Renata Maria Paes de Vilhena	Independent Member
Fernando Antônio Moreira Calaes	Independent Member
Milton Loureiro Junior	Independent Member

The Executive Board is composed of the following members:

Executive	Position
Alexandre Araujo Elias Veiga	CEO
Lucas Felipe Melo Couto	Commercial and Marketing Director
Felipe Enck Gonçalves	Finance and Investor Relations Director
Alexandre Lara Nicácio	Technical Director
Ronaldo Rabelo Leitão de Almeida	Construction Director
Dennyson Porto Teixeira	New business and incorporation Director
Paulo Samarco Araujo	Regional Director

Relationship with Independent Auditors

The Company's policy in the contracting of services of independent auditors ensures that there is no conflict of interest, loss of independence or objectivity. In accordance with CVM Instruction No. 381/03, we inform you that our independent auditors – PricewaterhouseCoopers ("PWC") – provided in the year of 2020 services other than those related to the external audit linked to other pre-agreed services referring to the stock offering operation (IPO). In the case of PWC, considering that the pre-agreed services and procedures, according to the contracting letter, were different and were not confused with the object and procedures of an audit or review of the Company's financial statements in accordance with the audit/review standards applicable in Brazil, PWC considers that the provision of other pre-agreed services does not affect the independence and objectivity necessary for the performance of external audit services.

The Administration

PATRIMAR ENGENHARIA S.A.



Balance sheet at December 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	2021	2020	2021	2020
Assets					
Current assets					
Cash and cash equivalents	6(a)	31,765	11,095	243,926	119,256
Marketable securities	6(b)	7,785	-	56,415	-
Trade receivables	7	26,661	27,854	201,174	142,038
Properties for sale	8	9,005	26,249	402,608	328,108
Taxes recoverable		1,574	1,277	9,270	5,487
Prepaid expenses	9	4,323	7,046	22,011	16,186
Other receivables		1,233	2,365	14,138	13,642
Total current assets		82,346	75,886	949,542	624,717
Non-current assets					
Long-term receivables					
Restricted financial investments	6(c)	2,339	2,250	2,339	2,250
Trade receivables	7	1,852	1,926	245,753	97,985
Properties for sale	8	12,504	4,235	24,403	14,845
Judicial deposits	20	86	75	1,189	1,529
Related parties	10	91,708	46,967	12,013	6,686
		108,489	55,453	285,697	123,295
Investments	11	349,432	258,532	27,697	47,117
Property and equipment	12	15,462	7,760	36,087	16,341
Intangible assets	13	7,494	9,987	7,796	10,417
Lease right-of-use		4,641	1,438	5,102	3,430
		377,029	277,717	76,682	77,305
Total non-current assets		485,518	333,170	362,379	200,600
Total assets		567,864	409,056	1,311,921	825,317



Statement of income
Years ended December 31

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
	Note	2021	2020	2021	2020
Net operating revenue	24	58,517	57,308	882,168	435,227
Cost of properties sold	25	(32,217)	(34,609)	(585,907)	(266,525)
Gross profit		26,300	22,699	296,261	168,702
Operating income (expenses)					
General and administrative	25	(35,018)	(23,849)	(40,551)	(31,305)
Selling	25	(6,549)	(3,371)	(55,392)	(29,331)
Equity in the results of investees	11	112,015	66,426	(9,137)	3,401
Other operating income (expenses), net	25	(7,893)	(1,259)	(19,851)	(12,174)
Operating profit		88,855	60,646	171,330	99,293
Finance income	27	3,542	9,839	14,505	17,282
Finance costs	27	(12,124)	(12,986)	(13,478)	(13,784)
Finance (costs) income, net		(8,582)	(3,147)	1,027	3,498
Profit before income tax and social contribution		80,273	57,499	172,357	102,791
Income tax and social contribution	28	(615)	(1,110)	(17,593)	(8,424)
Profit for the year		79,658	56,389	154,764	94,367
Attributable to:					
Owners of the parent				79,658	56,389
Non-controlling interests				75,106	37,978
				154,764	94,367
Basic earnings per share - R\$	23			1.421804	1.006479
Diluted earnings per share - R\$	23			1.421804	1.006479

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



Statement of comprehensive income

Years ended December 31

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2021	2020	2021	2020
Profit for the year	79,658	56,389	154,764	94,367
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	<u>79,658</u>	<u>56,389</u>	<u>154,764</u>	<u>94,367</u>
Attributable to:				
Owners of the parent			79,658	56,389
Non-controlling interests			<u>75,106</u>	<u>37,978</u>
			<u>154,764</u>	<u>94,367</u>

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



Statement of changes in equity

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Attributable to owners of the parent							
			Revenue reserves		Retained earnings (accumulated deficit)		Non-controlling interests	Total equity
Note	Share capital	Capital reserve	Legal reserve	Retention reserve		Equity		
At December 31, 2019	281,602	259	-	-	(17,301)	264,560	47,804	312,364
Contributions to subsidiaries by non-controlling interests	-	-	-	-	-	-	(8,595)	(8,595)
Partial split-off	(12,430)					(12,430)		(12,430)
Profit for the year	-	-	-	-	56,389	56,389	37,978	94,367
Allocation of profit								
Legal reserve	-	-	2,819	-	(2,819)	-	-	-
Proposed dividends	-	-	-	-	(13,391)	(13,391)	-	(13,391)
Profit retention	-	-	-	22,878	(22,878)	-	-	-
At December 31, 2020	269,172	259	2,819	22,878	-	295,128	77,187	372,315
Return of capital of subsidiaries	-	-	-	-	-	-	(9,420)	(9,420)
Profit for the year	-	-	-	-	79,658	79,658	75,106	(154,764)
Allocation of profit								
Legal reserve	-	-	3,983	-	(3,983)	-	-	-
Profit retention	-	-	-	52,175	(52,175)	-	-	-
Dividends paid (Note 22 (d))	-	-	-	(6,877)	(23,500)	(30,377)	-	(30,377)
At December 31, 2021	269,172	259	6,802	68,176	-	344,409	142,873	487,282

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



Statement of cash flows
Years ended December 31

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 year	79,658	56,389	154,764	94,367
Adjustments to reconcile profit with cash flows from operating activities				
Depreciation and amortization	6,827	5,176	9,950	8,951
Adjustment of trade receivables to present value	(909)	(807)	4,182	(2,124)
Equity in the results of investees	(112,015)	(66,426)	9,137	(3,401)
Provision for real estate maintenance	(180)	(34)	4,021	2,743
Provision for labor, civil, and tax contingencies	115	-	2,227	2,628
Provision for interest on borrowings	12,789	4,721	18,343	6,425
Income tax and social contribution	615	1,110	17,593	8,424
Disposal of property and equipment	-	10	698	1,318
	(13,100)	139	220,915	119,331
Changes in working capital				
Increase (decrease) in assets and liabilities				
Trade receivables	2,176	(1,426)	(211,086)	(104,223)
Properties for sale	8,975	34,353	(84,058)	(65,791)
Taxes recoverable	(297)	456	(3,783)	(57)
Other assets	3,844	(8,676)	(5,981)	(16,097)
Trade payables	3,620	(4,511)	17,029	(2,250)
Salaries and social charges	3,069	1,037	5,248	2,655
Tax liabilities	(597)	63	3,966	5,477
Real estate purchase obligations	938	(1,113)	(17,260)	31,824
Advances from customers	(1,997)	(22,221)	222,048	65,722
Other liabilities	(3,204)	(469)	(6,118)	(1,374)
Amounts paid for civil, labor, and tax contingencies	115	48	2,227	(3,960)
	16,642	(2,459)	(77,768)	(88,074)
Interest paid	(1,034)	(4,216)	(6,008)	(5,633)
Income tax and social contribution paid	(871)	(758)	(11,104)	(6,325)
Net cash provided by (used in) operating activities	1,637	(7,294)	126,035	19,299
Cash flows from investing activities				
Investment in marketable securities	(7,785)	-	(56,415)	-
Changes in restricted financial investments	(89)	(59)	(89)	(59)
Advances to related parties	(34,873)	(46,307)	(3,548)	13,801
Contributions to (return on) investments	23,985	39,985	12,711	3,209
Purchases of property and equipment and intangible assets	(10,484)	(1,593)	(28,656)	(7,174)
Purchases of intangible assets	(208)	-	(208)	-
Net cash provided by (used in) investing activities	(29,454)	(7,974)	(76,205)	9,777
Cash flows from financing activities				
New borrowings	133,982	105,659	260,709	164,819
Repayment of borrowings - principal amount	(46,963)	(72,680)	(137,917)	(98,580)
Dividends paid	(38,532)	(5,268)	(38,532)	(5,268)
Capital decrease	-	(12,430)	-	(12,430)
Distributions paid to non-controlling interests, net	-	-	(9,420)	(8,595)
Net cash provided by financing activities	48,487	15,281	74,840	39,946
Increase in cash and cash equivalents, net	20,670	13	124,670	69,022
Changes in cash and cash equivalents				
Cash and cash equivalents at the beginning of the year	11,095	11,082	119,256	50,234
Cash and cash equivalents at the end of the year	31,765	11,095	243,926	119,256
Net increase in cash and cash equivalents	20,670	13	124,670	69,022

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



Statement of value added
Years ended December 31

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	59,797	58,099	900,055	443,092
Provision for estimated impairment of trade receivables	-	694	-	1,356
	<u>59,797</u>	<u>58,793</u>	<u>900,055</u>	<u>444,448</u>
Inputs acquired from third parties:				
Cost of properties sold	(30,559)	(32,403)	(559,203)	(254,342)
Electricity, third-party services, and other expenses	(19,448)	(10,952)	(103,884)	(55,224)
	<u>(50,007)</u>	<u>(43,355)</u>	<u>(663,087)</u>	<u>(309,566)</u>
Gross value added	<u>9,790</u>	<u>15,438</u>	<u>236,968</u>	<u>134,882</u>
Retentions:				
Depreciation and amortization	(6,827)	(5,176)	(9,950)	(8,951)
Net value added generated by the entity	<u>2,963</u>	<u>10,262</u>	<u>227,018</u>	<u>125,931</u>
Value added received through transfers:				
Equity in the results of investees	112,015	66,426	(9,137)	3,401
Finance income	3,542	9,839	14,505	17,282
	<u>115,557</u>	<u>76,265</u>	<u>5,368</u>	<u>20,683</u>
Total value added to be distributed	<u>118,520</u>	<u>86,527</u>	<u>232,386</u>	<u>146,614</u>
Distribution of value added:				
Personnel				
Compensation	13,237	9,938	16,304	12,690
Charges	4,754	3,265	5,699	4,362
Benefits	5,564	994	5,070	2,776
	<u>23,555</u>	<u>14,197</u>	<u>27,073</u>	<u>19,828</u>
Taxes and contributions				
Federal	2,628	2,570	35,734	17,602
Municipal	555	385	1,337	1,033
	<u>3,183</u>	<u>2,955</u>	<u>37,071</u>	<u>18,635</u>
Remuneration of third-party capital:				
Finance costs	12,124	12,986	13,478	13,784
	<u>12,124</u>	<u>12,986</u>	<u>13,478</u>	<u>13,784</u>
Remuneration of own capital:				
Profit for the year	79,658	56,389	79,658	56,389
Non-controlling interests - retained earnings	-	-	75,106	37,978
	<u>79,658</u>	<u>56,389</u>	<u>154,764</u>	<u>94,367</u>
Value added distributed	<u>118,520</u>	<u>86,527</u>	<u>232,386</u>	<u>146,614</u>

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



Patrimar Engenharia S.A.

Notes to the financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

1 Operations

1.1. General information

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

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

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

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

The issue of these financial statements was authorized by the Company's management on March 9, 2022.

1.2. Impacts of COVID-19

The Coronavirus outbreak (COVID-19), which was officially declared a pandemic by the World Health Organization (WHO) on March 2, 2020, has affected Brazil and several countries worldwide, 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, to minimize possible effects on the health and wellbeing of employees, their families, partners and communities, and in assuring the continuity of its operations and business. The measures taken by the Group to mitigate the impact of COVID-19 include:

(a) Analysis of estimated impairment of trade receivables

Management has reassessed the potential risk of default on its trade receivables portfolio. Each individual customer was contacted, and, based on credit analyses and reinforcement of guarantees, when appropriate negotiations were conducted made to lengthen payment terms, increasing efforts to assure collections. These results were favorable as they prevented an increase in defaults, secured customer retention and reduced the sales cancellation rate.



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(b) Review of 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 fulfillment of contractual obligations with customers and suppliers

Management reviewed the main contracts with suppliers and customers, and concluded that the contractual obligations have been fulfilled and there was no evidence of insolvency or discontinuity in relation to these contracts.

(d) Analysis of compliance with debt covenants

The Group was in compliance with all the covenants, including the working capital contract (Note 14).

(e) Analysis of the Group's liquidity

Various actions were taken to preserve cash, such as the reassessment of strategic investment priorities, reduction of operational expenses, reduction of salary and working hours for certain employees, organizational restructuring, reduction of expenses with consulting firms and a strategic planning review.

These analyses did not identify any significant effects affecting these financial statements and related explanatory notes.

2 Financial statement presentation and summary of significant accounting policies

2.1. Information presentation

The Group's accounting information comprises:

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

Aspects related to the transfer of ownership in sales of real estate units are based on the understanding of the Company management, which is consistent with that expressed by the CVM Official Letter CVM/SNC/SEP/02/2018 on the adoption of the Technical Pronouncement CPC 47 (IFRS 15) (Note 2.19).



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

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

(a) Statement of value added

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. The Statement of Added Value was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - Demonstração do Valor Adicionado. Under IFRS, the presentation of such statements is considered supplementary information.

2.2. Consolidation

The Company consolidates all entities which it controls, that is, when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to direct the significant activities of the investee.

The subsidiaries included in the consolidated financial statements are presented in Note 11.

(a) Subsidiaries

Subsidiaries are all entities (including special-purpose entities and special partnerships) over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity instruments issued by the Group. The consideration transferred includes the fair value of assets or liabilities resulting from a contingent consideration arrangement, when applicable. Acquisition-related costs are expensed as incurred. The identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. Non-controlling interests are determined on each acquisition.

Transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.



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(b) Transactions with non-controlling interests

Transactions with non-controlling interests are treated as transactions with equity owners of the Group. For acquisitions from non-controlling interests, the difference between any consideration paid and the proportion acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded directly in equity, within "Carrying value adjustments".

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest in an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are reclassified to profit or loss.

(c) Associates and jointly-controlled investees

Associates are all entities over which the Group has significant influence but not control, generally accompanying a stockholding of between 20% and 50% of the voting rights.

Joint arrangements are all entities over which the Company shares control with one or more parties. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Joint arrangements are accounted for in the financial statements in a manner consistent with the Group's contractual rights and obligations. Therefore, the assets, liabilities, revenues and expenses related to its interests in joint operations are individually accounted for in its financial statements.

Investments in associates and jointly-controlled investees are accounted for on the equity method and are initially recognized at cost.

The Company's share of the profit or loss of its associates and jointly-controlled investees is recognized in the statement of income and its share of reserve movements is recognized in the Company reserves. When the Company's share of losses in an associate or jointly-controlled investee equals or exceeds the carrying amount of the investment, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associated or jointly-controlled investee.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of the associates and jointly-controlled investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss.



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Dilution gains and losses arising on investments in associates and jointly-controlled investees are recognized in the statement of income.

2.3. Foreign currency translation

(a) Functional and presentation currency

The parent company and consolidated financial statements are presented in Brazilian Real/Reais (R\$), which is the Group's functional currency and also the Group's presentation currency. All financial information presented in Brazilian Reais has been rounded up to the nearest thousand unless otherwise stated.

2.4. Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- at fair value through profit or loss.
- at amortized cost.

The Group classifies the following financial assets at fair value through profit or loss:

- Debt investments that do not qualify for measurement at amortized cost;
- Equity investments held for trading; and equity investments for which the Company has not elected to recognize fair value gains and losses through other comprehensive income.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election, at initial recognition, to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments only when the business model for managing those assets changes.

(b) Recognition and derecognition

Regular purchases and sales of financial assets are recognized on the trade-date, that is, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

(c) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.



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2.5. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and other short-term highly liquid investments maturing in up to three months, with immaterial risk of change in value.

Marketable securities

The balances represent investments in: restricted investment funds that include public and private securities and bank deposit certificates, as described in note 6 (b).

2.6. Trade receivables

Trade receivables are mainly represented by current and non-current receivables from sales of residential real estate units that are completed or to be completed.

Receivables related to units launched, but not completed, are determined by applying the percentage of completion (POC) to revenue from units sold, adjusted according to the terms of the sales contracts (indexation accruals), by deducting the amount of the installments received. If the balance of the installments received is higher than the accumulated revenue recognized, the balance is classified as advances from customers and recorded in liabilities.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment of trade receivables.

The result of sales on credit of completed units is appropriated at the time of the sale, regardless of the contracted payment terms of the sale.

If collection is expected in one year or less, the receivables are classified as current assets. If not, they are presented as non-current assets.

2.7. Provision for canceled sales

The Company records a provision for canceled sales when, based on management analyses, uncertainties are identified regarding the receipt of future cash flows by the Company. These adjustments are linked to the fact that revenue recognition is dependent on the degree of reliability regarding the receipt by the Company of the cash flows provided by a recognized revenue.

Contracts are monitored to determine the time these conditions are mitigated. As long as this does not occur, no revenue or cost is recognized in profit or loss, and amounts are recorded in asset and liability accounts only.

2.8. Inventories (properties for sale)

(a) Land for future development

Inventories of land are recorded at historical formation cost, which includes all related expenses, directly linked and measurable, including barter transactions calculated at fair value, plus any financial charges



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generated by their corresponding accounts payable. Land can be acquired through partnerships with landowners (physical exchanges and financial exchanges).

Physical exchanges: The fair value of land is recorded as a component of inventory of land for properties for sale, with a corresponding entry to "Advances from customers" at the time a private instrument is signed, or when the conditions of any termination clauses of the contracts have been met. Revenue arising from barter transactions is allocated to profit or loss over the real estate construction period.

Financial exchanges: In barter transactions involving financial exchanges, the Group transfers a percentage of the sales amount to the sellers of the land. This amount is recorded as a component of inventory of land for properties for sale, as a corresponding entry to accounts payable, at the time the contract related to the transaction is signed, or when the conditions of any termination clauses of the contracts have been met.

The measurement of the fair value of land acquired through barter transactions is defined in connection with the contractual commitments assumed and the budgeted costs defined in the project's feasibility study, the amount of which may vary up to the time of defining the project to be developed, which is usually confirmed on the development registration. At this time, the related charges are recognized in "Advances from customers - barter transactions".

Inventories of land to be developed are classified according to the expected launch of the project. If the project is expected to be launched in the next 12 months, land is classified in non-current assets. Otherwise, it is classified in non-current assets.

Land is only registered when the deed is drawn up, and is not recognized in the financial statements while under negotiation, regardless of the probability of success or stage of the negotiation.

(b) Properties for sale

Properties ready to be sold are stated at construction cost, which is lower than the net realizable value. For real estate under construction, the amount in inventory corresponds to the cost incurred of the units not yet sold.

Cost comprises the land's cost of acquisition/barter, expenses related to the project and legalization of the undertaking, materials, labor (own or outsourced) and other construction-related costs, including the financial cost of the capital invested (finance costs on payables for purchases of land and on financing incurred during the construction period).

Net realizable value is the estimated selling price in the ordinary course of business, less estimated completion costs and selling expenses.

2.9. Investments

In the parent company financial statements investments in subsidiaries, jointly-controlled subsidiaries and associates are accounted for using the equity method.



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2.10. Property and equipment

Property and equipment items are stated at acquisition or construction cost, less depreciation. Depreciation is calculated using the straight-line method, at tax rates, which are similar to the estimated useful life.

Subsequent costs are included into the residual amount of property and equipment or recognized as a specific item, as appropriate, only if the economic benefits associated with these items are considered probable and the related amounts can be reliably measured. The residual balance of the item replaced, sold or transferred to another unit is written off. Repair and maintenance costs are recognized directly in profit or loss as incurred. The residual value of property and equipment items is immediately reduced to its recoverable amount when the residual balance exceeds its recoverable amount.

Expenditures directly related to the construction of sales stands and model apartments (furniture and decoration items) are treated as property and equipment, and are depreciated in accordance with the estimated useful lives of these items, which usually cover the period from the launch to the beginning of construction. When the estimated useful life does not exceed 12 months, these expenditures are recognized directly in profit or loss as selling expenses.

Gains or losses on disposals are determined by comparing the amounts of sales with the carrying amounts and are recognized within "Other gains (losses), net" in the statement of income.

2.11. Intangible assets

Computer software licenses purchased are capitalized on the basis of the costs incurred to purchase and bring to use the specific software. These costs are amortized over their estimated useful lives of five years.

Costs associated with maintaining computer software programs are recognized as an expense as incurred.

2.12. Impairment of non-financial assets

Property and equipment, intangible assets and, where applicable, other non-financial assets, are reviewed annually for impairment, primarily using internal and external indications that may affect the recovery of these assets, and always when significant events or changes in circumstances suggest that their carrying amount may not be recoverable. Accordingly, if the carrying amount of an asset exceeds its recoverable amount, which is defined as the higher of an asset's value in use and its net realizable value, a loss is recognized in the statement of income for the period.

Pursuant to CPC 01, management assessed the assets subject to review for impairment and did not identify any internal and/or external indicators that could impair the recovery of these assets in the years ended December 31, 2021 and 2020.



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2.13. Borrowings

Borrowings are recognized initially at the transaction price (that is, the amount received from the bank, including transaction costs), and are subsequently stated at amortized cost.

Interest expense is recognized on the basis of the effective interest method over the life of the loan to ensure that the carrying amount on the maturity date corresponds to the amount due. Interest is included in finance costs, except for interest linked to qualifying assets incurred during their construction period, which is allocated to the related asset.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.14. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest rate method. They are classified as current liabilities if payment is due in one year or less.

2.15. Income tax and social contribution on net income

The income tax and social contribution benefit or expense for the period comprise current and deferred taxes. Taxes on profit are recognized in the statement of income, except to the extent that they relate to items recognized in comprehensive income or directly in equity. In such cases, the taxes are also recognized in comprehensive income or directly in equity.

Current and deferred income tax and social contribution are calculated on the basis of the tax laws enacted at the end of the reporting period. Management periodically evaluates positions taken in the calculation of income taxes with respect to situations in which the applicable tax regulation is subject to interpretation, and establishes provisions, where appropriate, based on the amounts expected to be paid to the tax authorities.

Current income tax and social contribution are presented net, separated by taxpaying entity, in liabilities when there are amounts payable, or in assets when the amounts prepaid exceed the total amount due on the reporting date.

Deferred income tax and social contribution are recognized, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences and/or tax losses can be utilized.

Deferred tax assets and liabilities are presented net in the balance sheet when there is a legally enforceable right and the intention to offset them against current taxes, generally when related to the same legal entity and the same tax authority. Accordingly, deferred tax assets and liabilities in different entities or in different countries are generally presented separately, and not on a net basis.



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Deferred taxes are estimated based on the application of the statutory rate on the difference between the revenue calculated for accounting purposes and the actual cash receipts (taxation regime, based on Law 1,435/13, which established the Special Taxation Regime).

The Company segregates these taxes between current and non-current liabilities taking into account the allocation of the amounts receivable from properties sold in current and non-current assets, considering that when all amounts from completed and uncompleted units have been received there will be no difference between accounting and tax criteria.

The Company and its subsidiaries calculate Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) based on taxable income, deemed profit or the special taxation regime (RET), as detailed below:

- Taxable income method - Income tax is computed at the rate of 15%, plus a surcharge of 10% on taxable income exceeding R\$ 240, and social contribution is computed at the rate of 9% on taxable income.
- Deemed profit method - Income tax and social contribution for each entity is computed at 8% and 12%, respectively on revenues from real estate development. On the deemed profit, the income tax and social contribution rates in effect at the closing date of each year were applied (15% plus an additional 10% for profits over R\$240 annually for income tax and 9% for social contribution).
- Special Taxation Regime (RET) - Adopted for certain projects developed by the Company and its subsidiaries. As permitted by Law 12,024 of August 27, 2009, which amended Law 10,931/2004 that established RET, an option was made to include the projects in the segregated assets' structure and adopt the RET regime. For these developments, consolidated charges related to IRPJ and CSLL, Social Contribution on Revenues (COFINS) and Social Integration Program (PIS) are calculated at the aggregate rate of 4% on gross revenues, of which 1.92% for IRPJ and CSLL and 2.08% for PIS and COFINS; on revenue relating to the *Casa Verde e Amarela* Program for units up to R\$100, the aggregate rate applied is 1% on gross revenues, of which 0.47% for IRPJ and CSLL and 0.53% for PIS and COFINS.

2.16. Provisions

Provisions are recorded when: (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate before tax effects that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

2.17. Capital

Capital comprises fully subscribed and paid-up common shares with no par value.



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2.18. Legal and revenue reserves

The legal reserve is credited with 5% of the profit for the year, and cannot exceed 20% of the capital, as established by Law 6,404/76. This reserve can only be used to offset losses and increase capital.

2.19. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, cancellations, rebates and discounts and, in the consolidated financial statements, after eliminating sales within the Company.

The Group recognizes revenue at the fair value of sales contracts when specific criteria are met, as described below:

(a) Revenue from the sales of properties

In sales of units under construction the procedures established in Circular Official Letter/CVM/SNC/SEP No. 02/2018 on the adoption of the Technical Pronouncement CPC 47 (IFRS 15) were followed.

Based on these standards and the applicable accounting procedures established by Guideline OCPC 01 (R1) - "Real Estate Development Companies", the following procedures were adopted for the recognition of revenue from the sale of units under construction:

- The costs incurred on units sold (including land) are fully appropriated to the cost of sales.
- The percentage of the incurred cost of units sold, including land, in relation to their total estimated cost (POC) is computed, and this percentage is applied to the fair value of the revenue from units sold (including the fair value of barter made for land), adjusted according to the terms of the sales contracts, thereby obtaining the amount of revenue to be recognized.
- The determined amount of sales revenue, including indexation accruals on trade receivables based on the variation of the National Civil Construction Index (INCC), net of the installments received (including the fair value of barter made for land), are accounted for as trade receivables, or as advances from customers, when applicable.
- The fair value of revenue from units sold is calculated at the present value based on the interest rate indexed at the INCC between the date the agreement is signed and the date scheduled for the delivery of the completed unit to the purchaser (as from that date, trade receivables are subject to interest of 12% per annum plus indexation accruals). The interest rate applied on government bonds indexed to the INCC is compatible with the nature, term and risks of similar transactions under market conditions.

Subsequently, as time elapses, interest is included in the new fair value for calculating the revenue to be appropriated, on which the POC will be applied.



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If circumstances arise that may change the original estimates of revenues, costs, or extent of progress toward completion, the estimates are revised. These revisions may result in increases or decreases in estimates of revenues or costs and are reflected in the statement of income for the period in which the circumstances that give rise to the revision become known to management.

The amounts received for sales of units under construction of real estate projects launched that are still subject to the effects of the corresponding resolutive clause included in the development deed, are classified as advances from customers.

After the delivery of the units sold, trade receivables accrue indexation based on the variation of the General Market Price Index (IGP-M) or the Amplified Consumer Price Index (IPCA), plus interest ranging from 0.5% p.a. to 1% per month, calculated on a *pro rata temporis* basis. At this stage, interest or indexation accruals are recorded as finance income using the effective interest rate method and are no longer part of the sales revenue calculation basis.

In the case of sales of completed units, sales revenue is recognized upon delivery of the unit, when the most significant risks and rewards of ownership are transferred to the purchaser.

(b) Service revenue

The parent company provides services related to construction management and sales to subsidiaries. Revenue from services is recognized in the period the services are rendered, using the straight-line method to recognize the revenue in proportion to the costs incurred on the real estate development which is being managed.

(c) Finance income

Interest income is recognized on the accrual basis, using the effective interest rate method.

When the unit is completed, trade receivables are subject to interest or indexation accruals, which are appropriated, over time, to interest income.

2.20. Selling expenses

Expenses with advertising, marketing, promotions and other selling expenses are not considered as construction costs of the property and are recognized and allocated to the statement of income as incurred.

Expenses incurred in sales stands and model apartments, including their construction, furniture, and decoration items, are recognized as property and equipment, provided that their estimated useful lives exceed 12 months. Depreciation is recognized in the statement of income as selling expenses over the useful lives.

Expenses related to commissions paid to brokers for the sales of the units of each project are recognized in the statement of income based on the same criterion adopted for the recognition of revenues and costs of units sold.



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2.21. Lease

Upon the transition to CPC 06(R2)/IFRS 16, the Group applied the practical expedient with respect to the definition of lease that assesses whether a transaction is a lease. The Group has reviewed all the contracts in force, including those already classified as leases by CPC 06(R1)/IAS 17 and ICPC 03/IFRIC 4, as well as sundry rental contracts and subcontracting services provided with the use of equipment, applying the provisions of CPC 06 (R2)/IFRS 16 to identify, or not, the lease component.

A contract is, or contains a lease, if the contract transfers the right to control the use of an identified asset for a period of time in exchange of consideration. To assess whether a contract transfers the right to control the use of an identified asset, the Group uses the definition of lease in CPC 06 (R2)/IFRS 16.

(a) The Group as a lessee

The Group recognizes a right-of-use asset and a lease liability on the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial measurement value of the lease liability, adjusted for any lease payments up to the commencement date, plus any initial direct costs incurred and an estimation of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease., less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the lessee at the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise the purchase option. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the flow of future (contracted and estimated) payments, discounted using the interest rate implicit in the lease or, if this rate cannot be determined immediately, the Group's incremental borrowing rate for borrowings of similar nature, disregarding membership-based and production support loans, since their rates are exclusive and incomparable, due to their nature and related guarantees. The Group generally uses the incremental rate on its working capital loans, equipment and vehicle financing, plus the agreed inflation rate, as a discount rate.

The Group determines its incremental rate on borrowings by obtaining information on interest rates from various external financing sources and mainly by evaluating the borrowings in force, measuring the weighted average cost (annual interest divided by the debt balance of principal), adding the estimated inflation, and making adjustments to reflect the terms of the contract and the type of the leased asset.

The weighted average of the lessee's nominal incremental borrowing rate applied to new lease liabilities in 2021 was 2.31% p.a. (14.10% p.a. in 2020).



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The lease liability is measured at amortized cost, using the effective interest rate method. It is remeasured when there is a change in future lease payments resulting from a change in index or rate, if there is a change in the amounts that are expected to be paid according to the residual value guarantee, if the Group changes its evaluation as to whether it will exercise an option to purchase, extend or terminate or if there is a revised fixed lease payment in essence.

When the lease liability is remeasured in this manner, an adjustment is made corresponding to the carrying amount of the right-of-use asset or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption for contracts in which the lease terms are equal to or less than 12 months from the commencement date, and which do not include a purchase option. It also applies the low-value asset recognition exemption to leases of office equipment and computer equipment considered to be of low value. Short-term lease and low-value asset lease payments are recognized as an expense using the straight-line method over the lease term.

Determining the lease period

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or to not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if there is a reasonable expectation that the lease will be extended (or not terminated).

For the lease of its headquarters, the following factors were considered to determine the 60-month lease term, which exceeded the legal contract term, of 42 months:

- The fact that the Company is in the process of raising new funds, which can significantly increase its production capacity, and consequently increase the need to extend its facilities.
- The value of improvements made in the facilities and expected return on the amount invested;
- The period during which the Company remained in and used the previous headquarters;
- The proximity of the headquarters to several projects the Company has been developing.

Most extension options in furniture and machinery and equipment leases have not been included in the lease liability because the Group may replace the assets without significant cost or business disruption.

(b) As a lessor

At December 31, 2021, the Group did not have any lease contract as a lessor, sublessor or similar.

2.22. New accounting pronouncements

For the year beginning on January 1, 2021, the technical coordination of the Brazilian Accounting Pronouncements Committee (CPC) issued the pronouncements below, which, based on management's assessment, had no effect on the Group's consolidated statements.



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- CPC Liquidation - establishes specific accounting criteria and procedures for entities in liquidation, issued on April 20, 2021.
- CPC 50 Insurance Contracts - sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts, issued on August 6, 2021.

3 Critical accounting estimates and judgments

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

(i) Budgeted costs

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

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

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

(iii) Provision for contingencies

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

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

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



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(iv) Provision for canceled sales

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

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

(v) Present value adjustment

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

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

(vi) Provision for real estate maintenance

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

4 Financial risk management

4.1. Financial risk factors

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

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

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

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(a) Credit risk

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

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

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

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

Credit quality of financial assets

The Group presents a conservative investment profile, making use of private bonds issued by top-tier financial institutions, exclusive funds, and open-ended investment funds. These investments aim at earning interest from funds available at levels similar to the market, without exposure to relevant market risks (asset price fluctuations) or counterparty credit risk. The consolidated balances at December 31, 2021 of financial assets that comprised short-term investments are classified as follows, by rating:

<u>Fitch Rating</u>	<u>Consolidated</u>
AAA	201,846
AA+	8,321
A+	1,179
AA	7,528
AA-	506
Other ratings	8,039
Open-end investment funds (i)	42,655
Total	270,074

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

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

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Trade receivables

	Parent company		Consolidated	
	2021	2020	2021	2020
Completed units (Note 7)				
With statutory lien	6,378	11,090	37,481	55,347
Without statutory lien	-	2,201	5,789	9,612
	6,378	13,291	43,270	64,959
Units under construction (Note 7)				
With statutory lien	9,312	19,683	405,895	187,882
Administration services (Note 7)				
Without statutory lien	12,824	798	15,138	7,197
	28,514	33,772	464,303	260,038

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

(b) Liquidity risk

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

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

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

	Parent company				
	2022	2023	2024	2025	Total
At December 31, 2021					
Borrowings (Note 14)	11,243	55,975	84,368	28,485	180,071
Lease (Note 15)	1,905	1,948	926	-	4,779
Trade payables (Note 16)	6,012	-	-	-	6,012
Real estate purchase obligations (Note 18)	1,401	400	-	-	1,801

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	Consolidated				
	2022	2023	2024	2025	Total
At December 31, 2021					
Borrowings (Note 14)	60,797	90,014	88,354	28,485	267,650
Lease (Note 15)	2,362	1,948	926	-	5,236
Trade payables (Note 16)	44,402	-	-	-	44,402
Real estate purchase obligations (Note 18)	35,942	32,001	-	-	67,943
	Parent company				
	2021	2022	2023	2024	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				
	2021	2022	2023	2024	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)	54,965	30,238	-	-	85,203

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

(c) Market risk

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

(i) Interest rate and foreign exchange risk exposure

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

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

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The balances of financial investments are exposed to fluctuations in interest rates (particularly the CDI rate). At December 31, 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. This analysis does not necessarily reflect the Group's expectations.

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

Indicators	Index	Rate	12/31/2021	Parent company			12/31/2021	Consolidated		
				Scenario I - Probable	Scenario II (25%)	Scenario III (50%)		Scenario I - Probable	Scenario II (25%)	Scenario III (50%)
Assets										
Financial investments	CDI	4.40%	33,558	1,477	1,108	739	215,998	9,504	7,128	4,752
Marketable securities	CDI	4.40%	7,785	343	257	172	56,415	2,482	1,862	1,241
Liabilities										
Borrowings for working capital (in Reais - R\$)	CDI	4.40%	50,608	2,227	1,670	1,114	50,608	2,227	1,670	1,114
Construction financing (in Reais - R\$)	CDI	4.40%	-	-	-	-	46,493	2,046	1,535	1,023
Debentures	CDI	4.40%	130,837	5,757	4,318	2,879	130,837	5,757	4,318	2,879

4.2 Capital management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio, which 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	
	2021	2020	2021	2020
Total borrowings (Note 14)	180,071	82,660	267,650	133,886
Less: Cash and cash equivalents (Note 6(a))	(31,765)	(11,095)	(243,926)	(119,256)
Less: Marketable securities (Note 6(b))	(7,785)	-	(56,415)	-
Net debt	140,521	71,565	(32,691)	14,630
Total equity	344,409	295,128	487,282	372,315
Total capitalization	484,930	366,693	454,591	386,945
Gearing ratio - %	29%	20%	-7%	4%



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4.3 Fair value estimation

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

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

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

Impairment

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

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5 Financial instruments by nature

	Parent company		Consolidated	
	2021	2020	2021	2020
Financial assets				
Measured at amortized cost				
Cash and bank accounts (Note 6(a))	546	2,537	30,267	24,012
Highly liquid financial investments (Note 6 (a))	31,219	8,558	213,659	95,244
Marketable securities (Note 6(b))	7,785	-	56,415	-
Restricted financial investments (Note 6(c))	2,339	2,250	2,339	2,250
Trade receivables (Note 7)	28,513	29,780	446,927	240,023
Judicial deposits (Note 20)	86	75	1,189	1,529
Related parties (Note 10)	91,708	46,967	12,013	6,686
	<u>162,196</u>	<u>90,167</u>	<u>762,809</u>	<u>369,744</u>
Financial liabilities				
Measured at amortized cost				
Borrowings and debentures (Note 14)	180,071	82,660	267,650	133,886
Lease (Note 15)	4,779	1,715	5,236	3,869
Trade payables (Note 16)	6,012	2,392	44,402	27,373
Real estate purchase obligations (Note 18)	1,801	863	67,943	85,203
Related parties (Note 10)	15,568	5,700	4,268	2,489
	<u>208,231</u>	<u>93,330</u>	<u>389,499</u>	<u>252,820</u>

6 Cash and cash equivalents and financial investments

(a) Cash and cash equivalents

	Parent company		Consolidated	
	2021	2020	2021	2020
Cash	26	30	43	56
Banks	520	2,507	30,224	23,956
Highly liquid financial investments	31,219	8,558	213,659	95,244
	<u>31,765</u>	<u>11,095</u>	<u>243,926</u>	<u>119,256</u>
Marketable securities (b)	7,785	-	56,415	-
	<u>7,785</u>	<u>-</u>	<u>56,415</u>	<u>-</u>

During the year ended December 31, 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).

The Company maintains the balance of cash, cash equivalents, and marketable securities for the strategic purpose of meeting short-term commitments and keeping an adequate liquidity level to seize investment opportunities.

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(b) Marketable Securities

	Parent company		Consolidated	
	2021	2020	2021	2020
Cash	703	-	5,255	-
Financial treasury bill	2,411	-	17,530	-
CDB	467	-	2,966	-
Debentures	1,012	-	7,411	-
Financial bills - private	3,192	-	23,253	-
	7,785	-	56,415	-

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

(c) Restricted financial investments

	Parent company		Consolidated	
	2021	2020	2021	2020
Restricted financial investments - non-current	2,339	2,250	2,339	2,250
	2,339	2,250	2,339	2,250

The Group's restricted financial investments in Bank Deposit Certificates (CDB) maturing in over one year have been pledged as collateral for financing the purchase of land. These investments earn 108% of the CDI rate (108% of the CDI rate at December 31, 2020) based on the nature and maturity of the instrument.

7 Trade receivables

	Parent company		Consolidated	
	2021	2020	2021	2020
<u>Trade receivables from real estate developments</u>				
Completed units	6,378	13,291	43,270	64,959
Units under construction	9,312	19,683	405,895	187,882
Administration services	12,824	798	15,138	7,197
	28,514	33,772	464,303	260,038
Provision for canceled sales	-	(1,999)	(1,470)	(7,439)
Provision for losses	-	(1,083)	(1,046)	(1,898)
Adjustments to present value	(1)	(910)	(14,860)	(10,678)
	(1)	(3,992)	(17,376)	(20,015)
	28,513	29,780	446,927	240,023
Current assets	26,661	27,854	201,174	142,038
Non-current assets	1,852	1,926	245,753	97,985

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

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

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

Maturity of trade receivables from real estate developments

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

	Parent company		Consolidated	
	2021	2020	2021	2020
Falling due in up to 1 year	25,790	39,632	408,462	265,526
Falling due from 1 to 2 years	756	1,900	326,937	133,575
Falling due from 2 to 3 years	756	-	172,679	150,233
Falling due from 3 to 4 years	315	-	127,183	75,858
Falling due in more than 4 years	-	-	41,662	937
	27,617	41,532	1,076,923	626,129
Overdue for up to 1 year	874	330	14,182	23,913
Overdue from 1 to 2 years	-	1,999	1,164	4,217
Overdue from 2 to 3 years	-	-	765	3,277
Overdue from 3 to 4 years	-	-	371	885
Overdue for more than 4 years	-	1,021	34	1,040
	874	3,350	16,516	33,332
	28,491	44,882	1,093,439	659,461
Trade receivables - accounting	28,513	29,780	446,927	240,023
Deferred revenue (Note 29)	7	14,008	909,278	473,015
Advances from customers (Note 19)	(30)	(2,898)	(280,142)	(73,592)
Present value adjustment	1	910	14,860	10,678
Provision for canceled sales	-	1,999	1,470	7,439
Provision for losses	-	1,083	1,046	1,898
	28,491	44,882	1,093,439	659,461

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8 Properties for sale

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

	Parent company		Consolidated	
	2021	2020	2021	2020
Inventories of land	17,399	14,253	144,598	153,021
Units under construction	4,104	7,002	273,874	167,955
Completed units	6	8,030	7,792	18,772
Provision for canceled sales	-	1,199	747	3,205
	<u>21,509</u>	<u>30,484</u>	<u>427,011</u>	<u>342,953</u>
Current assets	9,005	26,249	402,608	328,108
Non-current assets	12,504	4,235	24,403	14,845

Capitalized interest

Interest paid on financing of production is accounted for as properties under construction, and charged to profit or loss when the property is sold. The rate used for interest capitalization is specific for each real estate development, ranging from 8.30% to 11.25% p.a. (from 6.9% to 11.25% p.a. at December 31, 2020).

At December 31, 2021, interest capitalized within real estate inventories totaled R\$ 1,336 and R\$ 161 in Consolidated and in the Parent company, respectively (R\$ 1,387 and R\$ 556, respectively, at December 31, 2020).

9 Prepaid expenses

	Parent company		Consolidated	
	2021	2020	2021	2020
Insurance	25	21	2,979	584
Commissions and brokerage	-	340	14,686	8,762
Sales promotions	-	-	49	111
Wave Project	3,982	6,625	3,982	6,669
Software maintenance	316	60	315	60
	<u>4,323</u>	<u>7,046</u>	<u>22,011</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 and expectation of future economic benefits.

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10 Related parties

	Parent company		Consolidated	
	2021	2020	2021	2020
(a) Receivables from real estate developments	91,708	46,967	12,013	6,686
Construtora Novolar	48,271	19,569	-	-15
Bernardo Vasconcelos	713	558	-	-
Jardinaves	3,349	3,261	-	-
Jota Patrimar Engefor	720	338	-	-
Mia Felicita	492	329	-	7
MRV Patrimar Galleria	1,762	412	-	5
Park Residences	245	274	-	10
Gasparini	-	3,028	-	3,028
Alta Vila	-	1,323	-	-
Jardinaves II	1,713	-	-	-
Rio de Janeiro Lourdes	1,518	1,836	-	-
Golf I	10,308	1,244	-	-
Golf II	5,294	10,506	-	118
Mrv Mrl Novolar I	-	-	1,651	213
Patrimar Engefor	280	51	-	-
Reality	-	-	671	228
Epic	1,585	-	1,585	-
Americas	3,668	538	-	68
Avenida de Ligação	1,003	220	1,003	-
Vale Dos Cristais	1,321	308	-	-
Riviera Do Sol	-	-	707	351
Residencial Inovatto	70	43	-	49
York I	90	-	-	196
Barbacena	4,354	96	4,354	96
Rua Campo	1,772	-	-	-
Priorato Residences	177	248	10	13
Mrv Mrl Novolar X	-	-	254	29
Mrv Mrl Novolar V	-	-	171	19
Paquare	-	-	188	187
Rj 04 Oliveiras/Palmeiras	115	40	115	40
Manhattan Square	-	-	100	94
Manchete	-	-	146	70
Other developments	2,888	2,745	1,058	1,880
	91,708	46,967	12,013	6,686

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	Parent company		Consolidated	
	2021	2020	2021	2020
(b) Intercompany loans payable	-	-	688	-
Somattos Engenharia	-	-	688	-
			-	-
(a) Payables for real estate developments	15,568	5,700	3,580	2,489
		-		-
Alta Vila	3,391	-	-	-
Holiday Inn	2,210	1,788	-	-
Jardim Das Mangabeiras	1,389	1,584	-	-
Manhattan Square	4,805	1,910	-	-
Mrv Engenharia E Participações	-	36	1,493	593
Camargos	703	-	-	-
Belmart	4	-	117	-
Part. Masb	-	-	134	-
Quintas do Morro	1,623	-	-	-
Santa Cecilia Empreendimento	-	-	-	829
Prmv Participações	22	-	22	-
Gasparini	59	-	59	-
Recreio dos Bandeirantes	1,099	-	-	-
Engefor Engenharia e Construções	-	4	597	4
Rhadan Consultoria	-	-	112	106
Other developments	263	378	1,046	957
	15,568	5,700	4,268	2,489
(c) Related-party transactions with effects on profit or loss	(1,580)	(683)	24,026	10,755
Sales of apartments (i)	-	-	24,674	11,493
Indexation accruals of sales made (i)	-	-	1,350	340
Lease of the headquarters' building and Central Warehouse (ii)	(1,580)	(683)	(1,998)	(1,078)
Deferred revenue (i)	-	-	5,865	3,096

(a) Receivables from and payables for developments

These refer to:

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



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enable the development, without interest, and foreseen to be settled at the end of the construction phase, in 2023.

(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\$ 15,737 - updated at December 31, 2021). The revenue recognized based on the POC method up to December 31, 2021, amounted to R\$ 15,737, including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In September 2021, an apartment unit in SPE High Line Empreendimentos Imobiliários was sold to Ronaldo Rabelo Leitão for R\$ 405 (R\$ 476 - updated at December 31, 2021). The POC revenue at December 31, 2021 amounted to R\$ 242, including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In May 2021, an apartment unit in the Unique building, SPE Jardinaves Empreendimentos Imobiliários, was sold to Patrícia Veiga for R\$ 4,368 (R\$ 4,635 - updated at December 31, 2021). The revenue recognized based on the POC method up to December 31, 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.

In October 2021, an apartment in the L'Essence building, SPE Patrimar Somattos Jardim das Mangabeiras, was sold to a partner of the partner company for R\$ 7,535 (R\$ 7,573 - updated at December 31, 2021). The revenue recognized based on the POC method up to December 31, 2021 amounted to R\$ 7,573, including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

In November 2021, an apartment unit in SPE Golf 2 Empreendimentos Imobiliários was sold to Construtora Real for R\$ 3,951 (R\$ 3,951 - updated at December 31, 2021). The POC revenue at December 31, 2021 amounted to R\$ 1,380, including indexation of trade receivables. The entire transaction was carried out at market value, which was obtained from the sales table adopted by the Company for the development.

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

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

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



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11 Investments and provision for investee's net capital deficiency

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

	Parent company		Consolidated	
	2021	2020	2021	2020
Investments	349,432	258,532	27,697	47,117
Provision for investees' net capital deficiency	(4,477)	(1,607)	(4,793)	(2,365)
	<u>344,955</u>	<u>256,925</u>	<u>22,904</u>	<u>44,752</u>

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(a) Balances of investments of the parent company at December 31, 2021:

Companies	Equity holding	Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and investees' net capital deficiency	Equity holding	Investment and investees' net capital deficiency
	2021	2021	2021	2021	2021	2020	2020
Subsidiaries							
Construtora Novolar	100%	33,119	148,241	33,119	148,294	100%	115,175
SPE Álamo Patrimar	98%	(7)	-	(7)	-	98%	(19)
SPE Patrimar Engefor Imóveis Ltda.	50%	(1,208)	(640)	(604)	(320)	50%	316
SPE Maura Valadares	50%	(19)	(19)	(10)	(10)	50%	-
SPE Engefor Patrimar V.S. Emp. Imob Ltda.	50%	(266)	(385)	(133)	(192)	50%	(57)
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%	(5)	(37)	(4)	(33)	90%	(29)
SCP Manhattan Square	90%	(682)	5,890	(613)	5,301	90%	5,916
SCP Priorato Residences	90%	173	1,457	156	1,311	90%	1,155
SCP Holiday Inn	80%	1,884	19,418	1,507	15,534	80%	14,155
SCP Mayfair Offices	90%	(32)	151	(29)	136	90%	165
SCP Quintas do Morro	69%	772	3,149	531	2,169	69%	1,721
SCP Neuchatel	90%	(1)	429	(1)	386	90%	387
SPE MRV Galleria	50%	(1,161)	(2,541)	(581)	(1,271)	50%	60
SPE Jardinaves	50%	7,606	10,325	3,803	5,163	50%	1,320
SPE Jota Patrimar Engefor	50%	(805)	(1,282)	(403)	(642)	50%	(189)
SPE SPE Colina Engefor Patrimar E. Imob Ltda.	50%	(111)	(133)	(55)	(66)	50%	(6)
SPE Patrimar Somattos Jardim das Mangabeiras	50%	29,315	95,595	14,657	47,797	50%	41,640
Antônio de Alb. SPE Ltda. (EPIC)	50%	19,535	39,127	9,767	19,557	50%	9,794
SPE DUO - Alameda do Morro	40%	54,391	70,184	21,756	28,073	40%	7,691
SPE Vale dos Cristais	50%	(4)	419	(2)	209	50%	122
SPE High Line	100%	18,596	26,312	18,596	26,312	100%	7,666
SPE 2300 Rio de Janeiro	50%	12,920	15,919	6,460	7,960	50%	1,460
SPE Le Terrace	43%	-	(16)	-	(6)	43%	(6)
SPE Golf I	100%	(918)	(898)	(918)	(898)	100%	(30)
SPE Golf II	100%	11,775	11,115	11,775	11,114	100%	(711)
SPE Das Americas 1	100%	(236)	(189)	(236)	(189)	100%	(4)
Vila Castela (Madson Square)	100%	-	-	-	-	-	-
SPE Jardinaves II	50%	(146)	7,352	(74)	3,676	-	-
Rua do Campo	100%	(248)	(248)	(248)	(248)	-	-
SPE Olga Chiari	0%	375	-	319	-	85%	5,842
SPE MG 02 Chopin	0%	2	-	-	-	50%	(1)
Ponctuel	0%	-	-	-	-	-	41
		184,610	448,461	118,524	318,905		213,366
Jointly-controlled investees							
Alba	9%	708	27,377	(2,638)	2,314	14%	4,680
SCP RJ 04	50%	(209)	510	(104)	255	50%	359
SPE Mirante do Ibituruna Ltda.	34%	(1)	8,016	-	2,704	34%	2,709
SCP Portal do Bosque	50%	(13)	143	(4)	73	50%	79
SCP Park Ritz	48%	(56)	902	(27)	433	48%	460
SCP Recanto das Águas	51%	(55)	138	(28)	71	51%	99
SCP MRV Belo Campo	50%	(228)	62	(391)	30	50%	175
SCP MRV Rec. Pássaros (Rouxinol)	40%	(402)	624	(425)	230	40%	523
SCP MRV Res. Beija Flor	40%	70	279	(355)	110	40%	102
SPE Padre Marinho	50%	3,145	6,891	1,568	2,880	50%	5,792
SCP Rivoli 1 and 2	40%	(265)	282	(149)	95	40%	84
SPE Acaba Mundo E. Imob Ltda.	50%	(12)	1,631	10	814	50%	804
SPE MRV Patrimar RJ IX Ltda. (Andorinhas) 1 e 2	40%	(34)	406	(124)	155	40%	188
SPE Barbacena Empr Imob. S.A.	50%	(297)	16,739	(175)	8,612	50%	19,933
SPE Patrimar Somattos Gasparini Ltda.	50%	116	12,239	(3,431)	6,107	50%	6,792
SPE Direcional Patrimar Maragogi	45%	(402)	(29)	(184)	(13)	45%	(8)
SPE Avenida de Ligação	50%	4	1,503	(156)	624	0%	-
SPE Somattos Patrimar Quadra 40	50%	(14)	486	(7)	243	0%	-
		2,055	78,199	(6,620)	25,737		42,771

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	Equity holding	Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and investees' net capital deficiency	Equity holding	Investment and investees' net capital deficiency
Companies	2021	2021	2021	2021	2021	2020	2020
Associates							
SCP Safira (Decaminada 10)	24%	(169)	(1,038)	(40)	(249)	24%	(209)
SCP João XXIII	24%	(24)	(10)	(6)	(2)	24%	10
SCP Palo Alto	10%	790	2,965	79	297	10%	218
SCP Park Residences	10%	325	1,806	33	181	10%	265
SPE Novo Lar Greenport	20%	-	(628)	-	(126)	20%	(126)
SPE Axis 1 Porto Fino	10%	851	2,137	59	212	10%	544
SCP Naples	0%	-	-	-	-	20%	5
SCP Silva Lobo	0%	-	-	(5)	-	15%	85
SCP Tavares Bastos	0%	-	-	(9)	-	25%	(4)
Other investments	100%	-	-	-	-	100%	-
		1,773	5,232	111	313		788
		188,438	531,892	112,015	344,955		256,925

(b) Changes in balances at December 31, 2020 and 2021 were as follows:

Companies	At December 31, 2020	Contributions	Dividend distribution	Equity in the results	Reversals	Investment write-offs	At December 31, 2021
Construtora Novolar	115,175	-	-	33,119	-	-	148,294
SPE Álamo Patrimar Incorp. Imob. Ltda.	(19)	26	-	(7)	-	-	-
SPE Patrimar Engefor Imóveis Ltda.	316	-	-	(604)	(32)	-	(320)
SPE Maura Valadares	-	-	-	(10)	-	-	(10)
SPE Engefor Patrimar V.S. E.Imob Ltda.	(57)	-	-	(133)	(2)	-	(192)
SCP Professor Danilo Ambrósio	(17)	-	-	(3)	-	-	(20)
SCP Jornalista Oswaldo Nobre	(191)	-	-	(1)	-	-	(192)
SCP Gioia dell Colle	(29)	-	-	(4)	-	-	(33)
SCP Olga Chiari	5,842	-	(3,043)	319	(89)	(3,029)	-
SCP Manhattan Square	5,916	-	-	(613)	(2)	-	5,301
SCP Priorato Residences	1,155	-	-	156	-	-	1,311
SCP Holiday Inn	14,155	-	(128)	1,507	-	-	15,534
SCP Mayfair Offices	165	-	-	(29)	-	-	136
SCP Quintas do Morro	1,721	122	-	531	(205)	-	2,169
SCP MG 02 Chopin	(1)	1	-	-	-	-	-
SCP Neuchatel	387	-	-	(1)	-	-	386
SPE MRV Galleria	60	-	(750)	(581)	-	-	(1,271)
SPE Jardinares	1,320	40	-	3,803	-	-	5,163
SPE Jota Patrimar Engefor	(189)	-	-	(403)	(50)	-	(642)
SPE Colina Engefor Patrimar E. Imob Ltda.	(6)	1	-	(55)	(6)	-	(66)
SPE Patrimar Somattos Jardim das Mangabeiras	41,640	-	(8,500)	14,657	-	-	47,797
Antônio de Alb. SPE Ltda. (EPIC)	9,794	500	-	9,767	(504)	-	19,557
SPE DUO - Alameda do Morro	7,691	809	-	21,756	(2,183)	-	28,073
SPE Vale dos Cristais	122	89	-	(2)	-	-	209
SPE High Line	7,666	50	-	18,596	-	-	26,312
SPE 2300 Rio de Janeiro	1,460	40	-	6,460	-	-	7,960
SPE Le Terrace	(6)	-	-	-	-	-	(6)
SPE Golf I	(30)	50	-	(918)	-	-	(898)
SPE Golf II	(711)	50	-	11,775	-	-	11,114
SPE Das Americas 1	(4)	51	-	(236)	-	-	(189)
Vila Castela (Madson Square)	-	23	-	-	(23)	-	-
SPE Jardinares II	-	3,750	-	(74)	-	-	3,676
Rua do Campo	-	-	-	(248)	-	-	(248)
Ponctuel	41	-	-	-	-	(41)	-
	213,366	5,602	(12,421)	118,524	(3,096)	(3,070)	318,905
Jointly-controlled investees							
ALBA	4,680	-	280	(2,638)	(8)	-	2,314
SCP RJ 04	359	-	-	(104)	-	-	255
SPE Mirante do Ibituruna Ltda.	2,709	-	-	-	(5)	-	2,704
SCP Portal do Bosque	79	-	-	(4)	(2)	-	73
SCP Park Ritz	460	-	-	(27)	-	-	433
SCP Recanto das Águas	99	-	-	(28)	-	-	71
SCP MRV Belo Campo	175	260	-	(391)	(14)	-	30
SCP MRV Rec. Pássaros (Rouxinol)	523	179	-	(425)	(47)	-	230
SCP MRV Res. Beija Flor	102	363	-	(355)	-	-	110
SPE Padre Marinho	5,792	-	(4,480)	1,568	-	-	2,880
SCP Rivoli 1 and 2	84	160	-	(149)	-	-	95
SPE Acaba Mundo E. Imob Ltda.	804	-	-	10	-	-	814
SPE MRV Patrimar RJ Ix Ltda. (Andorinhas) 1 and 2	188	144	(17)	(124)	(36)	-	155

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Companies	At December 31, 2020	Contributi ons	Dividend distribution	Equity in the results	Reversals	Investment write-offs	At December 31, 2021
SPE Barbacena Empr Imobiliários S/A	19,933	244	(11,390)	(175)	-	-	8,612
SPE Patrimar Somattos Gasparini Ltda.	6,792	4,424	(43)	(3,431)	(1,635)	-	6,107
SPE Direcional Patrimar Maragogi Ltda.	(8)	179	-	(184)	-	-	(13)
SPE Avenida de Ligação	-	903	-	(156)	(123)	-	624
SPE Somattos Patrimar Quadra 40	-	250	-	(7)	-	-	243
	<u>42,771</u>	<u>7,106</u>	<u>(15,650)</u>	<u>(6,620)</u>	<u>(1,870)</u>	<u>-</u>	<u>25,737</u>
Subsidiaries / associates							
SCP Safira (Decaminada 10)	(209)	-	-	(40)	-	-	(249)
SCP João XXIII	10	-	-	(6)	(6)	-	(2)
SCP Naples	5	-	-	-	-	(5)	-
SCP Palo Alto	218	-	-	79	-	-	297
SCP Park Residences	265	7	(124)	33	-	-	181
SCP Silva Lobo	85	-	-	(5)	-	(80)	-
SCP Tavares Bastos	(4)	-	-	(9)	-	13	-
SPE Novo Lar Greenport	(126)	-	-	-	-	-	(126)
SPE Axis Porto Fino	544	-	(349)	59	(42)	-	212
Other investments	-	-	-	-	-	-	-
	<u>788</u>	<u>7</u>	<u>(473)</u>	<u>111</u>	<u>(48)</u>	<u>(72)</u>	<u>313</u>
	<u>256,925</u>	<u>12,715</u>	<u>(28,544)</u>	<u>112,015</u>	<u>(5,014)</u>	<u>(3,142)</u>	<u>344,955</u>

(c) Balances of investments in Consolidated (unconsolidated companies) at December 31, 2021:

	Equity holding (%)		Profit (loss) for the year	Equity	Equity in the results of investees in the year	Investment and investees' net capital deficiency
Companies	2021	2020	2021	2021	2021	2021
Alba	9%	9%	708	27,377	(1,992)	(117)
SCP Manchete	40%	40%	(1,758)	2,719	(504)	933
SCP MRV Belo Campo	50%	50%	(228)	62	(391)	31
SCP MRV Rec. Pássaros (Rouxinol)	40%	40%	(402)	624	(425)	230
SCP MRV Res. Beija Flor	40%	40%	70	279	(355)	110
SCP Pacuare	50%	50%	(27)	(585)	(14)	(292)
SCP Park Ritz	48%	48%	(56)	902	(27)	433
SCP Park Rossete	51%	51%	(12)	2,148	(6)	1,095
SCP Parque Araras	50%	50%	(85)	9	(24)	5
SCP Parque Bem Te Vi	50%	50%	(71)	118	(15)	59
SCP Parque Gaivotas	50%	50%	(171)	24	(96)	11
SCP Parque Sabia	50%	50%	(21)	78	(15)	39
SCP Portal do Bosque	50%	50%	(13)	143	(7)	72
SCP Reality e Renovare	51%	51%	(1,672)	(1,945)	(853)	(992)
SCP Recanto das Águas	51%	51%	(55)	138	(28)	70
SCP Recanto do Tingui	35%	35%	(99)	(329)	(34)	(115)
SCP Riviera da Costa e Sol	48%	48%	(870)	(1,309)	(418)	(628)
SCP Rivoli 1 and 2	40%	40%	(265)	282	(149)	95
SCP RJ 04	50%	50%	(209)	510	(104)	255
SPE Acaba Mundo Emp. Imob Ltda.	50%	50%	(12)	1,631	10	814
SCP Andorinhas	40%	40%	(34)	406	(124)	155
SPE Barbacena Empr Imobiliários S.A.	50%	50%	(297)	16,739	(175)	8,612
SPE Direcional Patrimar Maragogi Ltda.	50%	50%	(402)	(29)	(184)	(13)
SPE Mirante do Ibituruna Ltda.	34%	34%	(1)	8,016	-	2,705
SPE Padre Marinho	50%	50%	3,145	6,891	1,568	2,881
SPE Park Riversul	35%	35%	(646)	(7)	(347)	(11)
SPE Patrimar Somattos Gasparini Ltda.	50%	50%	116	12,239	(3,431)	6,107
SPE Recreio Bandeirantes	35%	35%	(155)	(1,130)	(104)	(397)
SPE Recreio Gaveas	35%	35%	(144)	5,301	(220)	1,852
SPE Recreio Pontal	35%	35%	(1,780)	(6,362)	(788)	(2,228)
SPE Avenida de Ligação	50%	0%	4	1,503	(156)	624
SPE Somattos Patrimar Quadra 40	50%	0%	(14)	486	(7)	243
Other			-	-	278	266
			(5,456)	76,929	(9,137)	22,904

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- (d) At December 31, 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
Alba	29,169	-	1,647	145	27,377	708	965
SCP RJ 04	768	(93)	55	110	510	(209)	(0)
SCP Mirante do Ibituruna Ltda.	8,022	(5)	2	(1)	8,016	(1)	-
SCP Portal do Bosque	15	129	1	-	143	(13)	-
SCP Park Ritz	1,103	(8)	88	105	902	(56)	-
SCP Recanto das Águas	100	66	4	24	138	(55)	-
SCP MRV Belo Campo	127	64	57	72	62	(228)	12
SCP MRV Rec. Pássaros (Rouxinol)	532	314	4	218	624	(402)	17
SCP MRV Res. Beija Flor	369	106	177	19	279	70	(3)
SCP Rivoli 1 and 2	214	180	77	35	282	(265)	21
SCP Andorinhas	119	348	30	31	406	(34)	(19)
SCP Pacuare	35	(364)	7	249	(585)	(27)	-
SCP Manchete	875	2,465	143	478	2,719	(1,758)	324
SCP Parque Araras	113	6	47	63	9	(85)	-
SCP Parque Bem Te Vi	173	1	19	37	118	(71)	0
SCP Parque Gaivotas	104	9	33	56	24	(171)	-
SCP Parque Sabia	78	3	3	-	78	(21)	-
SPE Park Riversul	80	40	43	84	(7)	(646)	(1)
SPE Recreio Bandeirantes	120	37	1,259	28	(1,130)	(155)	(10)
SPE Recreio Gaveas	1,430	277	(3,677)	83	5,301	(144)	22
SPE Recreio Pontal	458	174	6,076	918	(6,362)	(1,780)	(24)
SCP Park Rossete	2,427	(22)	165	92	2,148	(12)	-
SCP Reality e Renovare	112	(1,133)	47	877	(1,945)	(1,672)	-
SCP Recanto do Tingui	(128)	(98)	(69)	172	(329)	(99)	-
SCP Riviera da Costa e Sol	464	(1,323)	9	441	(1,309)	(870)	-
SPE Padre Marinho	8,092	-	1,201	-	6,891	3,145	9,570
SPE Acaba Mundo Emp. Imob Ltda.	1,631	-	-	-	1,631	(12)	-
SPE Barbacena Empr							
Imobiliários S.A.	26,824	136	9,986	235	16,739	(297)	(15,812)
SPE Patrimar Somattos Gasparini Ltda.	12,636	18	414	1	12,239	116	-
SPE Direcional Patrimar Maragogi Ltda.	229	-	50	208	(29)	(402)	-
SPE Somattos Patrimar Quadra 40	488	-	2	-	486	(14)	-
SPE Avenida de Ligação	1,521	20	38	-	1,503	4	-
	98,300	1,347	17,938	4,780	76,929	(5,456)	(4,938)

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12 Property and equipment

The balances of property and equipment at December 31, 2021 were as follows:

	Parent company					Consolidated				
	Balance at 12/31/2020	Additions	Write-offs	Transfers	Balance at 12/31/2021	Balance at 12/31/2020	Additions	Write-offs	Transfers	Balance at 12/31/2021
Cost										
Leasehold improvements	6,736	110	(136)	1,317	8,027	6,736	110	(136)	1,317	8,027
Machinery and equipment	3,723	6,430	-	-	10,153	6,140	6,430	(567)	-	12,003
Vehicles	897	203	(32)	-	1,068	897	203	(32)	-	1,068
Furniture and fittings	1,958	299	-	-	2,257	1,958	299	-	-	2,257
Sales stands and model apartments	925	5	(924)	490	496	9,623	730	8,021	9,628	11,960
IT equipment	511	964	(6)	-	1,469	540	964	(6)	-	1,498
Construction in progress	1,456	2,473	(6)	(1,807)	2,116	4,553	19,920	(2,004)	(10,945)	11,524
Total cost	16,206	10,484	(1,104)	-	25,586	30,447	28,656	(10,766)	-	48,337
Depreciation										
Leasehold improvements	(3,880)	(1,356)	136	-	(5,100)	(3,876)	(1,356)	136	-	(5,096)
Machinery and equipment	(2,879)	(298)	-	-	(3,177)	(3,545)	(753)	537	-	(3,761)
Vehicles	(614)	(122)	32	-	(704)	(614)	(122)	32	-	(704)
Furniture and fittings	(596)	(211)	-	-	(807)	(597)	(211)	-	-	(808)
Sales stands and model apartments	(352)	(191)	462	-	(81)	(5,340)	(1,896)	5,625	-	(1,611)
IT equipment	(125)	(130)	-	-	(255)	(134)	(136)	-	-	(270)
Total depreciation	(8,446)	(2,308)	630	-	(10,124)	(14,106)	(4,474)	6,330	-	(12,250)
Total property and equipment, net	7,760	8,176	(474)	-	15,462	16,341	24,182	(4,436)	-	36,087

Property and equipment items are depreciated as below:

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

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

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Reconciliation of depreciation and amortization for the purpose of preparing the statement of cash flows and the statement of income (including intangible assets and lease right-of-use):

	Parent company		Consolidated	
	2021	2020	2021	2020
Property and equipment (Note 12)	(2,308)	(2,172)	(4,474)	(5,333)
Amortization of intangible assets (Note 13)	(2,701)	(2,358)	(2,829)	(2,487)
Depreciation of right-of-use assets	(1,818)	(646)	(2,647)	(1,131)
Closing balance	(6,827)	(5,176)	(9,950)	(8,951)

13 Intangible assets

The balances of intangible assets at December 31, 2021 were as follows:

	Parent company					Consolidated				
	Balance at 12/31/2020	Additions	Write- offs	Transfers	Balance at 12/31/2021	Balance at 12/31/2020	Additions	Write- offs	Transfers	Balance at 12/31/2021
Cost										
Computer software license	13,156	208	-	-	13,364	13,800	208	-	-	14,008
Total cost	13,156	208	-	-	13,364	13,800	208	-	-	14,008
Amortization										
Computer software license	(3,169)	(2,701)	-	-	(5,870)	(3,383)	(2,829)	-	-	(6,212)
Total amortization	(3,169)	(2,701)	-	-	(5,870)	(3,383)	(2,829)	-	-	(6,212)
Total intangible assets, net	9,987	(2,493)	-	-	7,494	10,417	(2,621)	-	-	7,796

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



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14 Borrowings and debentures

	Parent company		Consolidated	
	2021	2020	2021	2020
Construction financing (c(i))	-	22,324	87,579	73,550
Borrowings for working capital (in Reais - R\$) (c(ii))	50,608	60,336	50,608	60,336
Debentures (c(iii))	130,837	-	130,837	-
Unamortized cost of debentures	(1,374)	-	(1,374)	-
	<u>180,071</u>	<u>82,660</u>	<u>267,650</u>	<u>133,886</u>
Current liabilities	11,243	17,609	60,797	49,686
Non-current liabilities	168,828	65,051	206,853	84,200

(a) Covenants

The Company has a working capital contract, which includes covenants that are tested on a quarterly basis and is committed to keep the net working debt below R\$ 30 million until the full settlement of the contracted obligations. The commitments undertaken by the Company are being fulfilled as agreed.

(b) Changes

Changes in borrowings in the year was as follows:

	Parent company		Consolidated	
	2021	2020	2021	2020
Opening balance	82,660	48,704	133,886	66,383
Releases	133,982	105,659	260,709	164,819
Provision for interest payable	12,789	4,721	18,343	6,425
Repayments - interest	(1,034)	(4,216)	(6,008)	(5,633)
Repayments - principal	(46,963)	(72,680)	(137,917)	(98,580)
Foreign exchange variation	-	472	-	472
Funding costs	(1,363)	-	(1,363)	-
Closing balance	<u>180,071</u>	<u>82,660</u>	<u>267,650</u>	<u>133,886</u>

(c) Types

- (i) Construction financing:** This type of borrowing is designed to fund projects during the construction period. The applicable interest rates range from 8.3% to 11.25 % p.a., depending on the operation, plus the Reference Rate (TR), CDI rate or savings rate (6.9% and 11.25% in December 2020). These financing arrangements are secured by real estate development/ideal fraction of future units to which it is related.



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- (ii) **Working capital:** This type of borrowing is designed to finance the Group's working capital requirements. The average interest rate applicable to this type of borrowing is the CDI rate+ 3.75% p.a. This borrowing is not backed by collateral.
- (iii) **Debentures:** On March 18, 2021, the Company's Board of Directors approved the first placement of simple unsecured debentures, not convertible into shares, in a single series, for private placement by the Company, in the total amount of up to R\$ 100 million, which were fully subscribed by ISEC Securitizadora S.A. ("ISEC") to back the 239th series of the 4th issue of Certificates of Real Estate Receivables (CRIs), to be distributed through a public offering with restricted placement efforts, pursuant to the terms of CVM 476/2009. The first tranche of R\$ 50 million was closed on March 31, 2021, and the second, of R\$ 30.1 million, on May 11, 2021, totaling R\$ 80.1 million raised by the first issue of debentures. The remuneration 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 placement of simple unsecured debentures, not convertible into shares, in a single series, for private placement by the Company, in the total amount of up to R\$ 50 million, to be distributed through a public offering with restricted placement efforts, pursuant to the terms of CVM 476/2009. On May 31, 2021, the total of R\$ 50 million was raised. The remuneration will be 100% of the DI rate exponentially increased by a surcharge of 2.39%, maturing in 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	
	2021	2020	2021	2020
2021	-	7,273	-	39,350
2022	-	15,051	49,554	29,924
2023	-	-	34,039	4,276
2024	-	-	3,986	-
		22,324	87,579	73,550

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

	Parent company		Consolidated	
	2021	2020	2021	2020
2021	-	10,336	-	10,336
2022	10,608	10,000	10,608	10,000
2023	20,000	20,000	20,000	20,000
2024	20,000	20,000	20,000	20,000
	50,608	60,336	50,608	60,336



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

	Parent company		Consolidated	
	2021	2020	2021	2020
2022	635	-	635	-
2023	35,975	-	35,975	-
2024	64,368	-	64,368	-
2025	28,485	-	28,485	-
	<u>129,463</u>	<u>-</u>	<u>129,463</u>	<u>-</u>

15 Leases

	Parent company		Consolidated	
	2021	2020	2021	2020
Leases	4,779	1,715	5,236	3,869
	<u>4,779</u>	<u>1,715</u>	<u>5,236</u>	<u>3,869</u>
Current liabilities	1,905	501	2,362	1,486
Non-current liabilities	2,874	1,214	2,874	2,383

Changes in leases were as follows:

	Parent company		Consolidated	
	2021	2020	2021	2020
Opening balance	1,715	2,025	3,869	4,346
Leases	4,823	571	5,566	2,261
Termination of lease contract	-	-	(1,577)	-
Repayments - lease - principal	(1,759)	(882)	(2,622)	(2,920)
Repayments - lease - interest	(141)	(57)	(207)	(319)
Financial charges - lease	141	58	207	501
Closing balance	<u>4,779</u>	<u>1,715</u>	<u>5,236</u>	<u>3,869</u>

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

	Parent company		Consolidated	
	2021	2020	2021	2020
2021	-	501	-	1,486
2022	1,905	569	2,362	1,143
2023	1,948	645	1,948	1,109
2024	926	-	926	131
	<u>4,779</u>	<u>1,715</u>	<u>5,236</u>	<u>3,869</u>

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Leases:

Rental agreement related to administrative facilities (warehouse, headquarters, offices), with a remaining term of 26 to 30 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 one month, discounted to present value at the rate of 2.31% p.a.

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

Lease agreement related to heavy equipment, with a remaining term of 1 to 12 months, discounted to present value at the rate of 2.31% p.a.

16 Trade payables

	Parent company		Consolidated	
	2021	2020	2021	2020
Trade payables	5,477	1,949	37,775	23,153
Technical retentions	535	443	6,627	4,220
	<u>6,012</u>	<u>2,392</u>	<u>44,402</u>	<u>27,373</u>

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

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

17 Tax liabilities

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



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	Parent company		Consolidated	
	2021	2020	2021	2020
Taxes payable				
National Institute for Social Security (INSS)	60	251	2,502	3,020
Services Tax (ISS)	168	177	925	529
Social Integration Program (PIS)	-	2	13	80
Other taxes withheld	455	556	501	1,980
	<u>683</u>	<u>986</u>	<u>3,941</u>	<u>5,609</u>
Deferred taxes				
Special Taxation Regime (RET)	606	1,469	20,975	9,498
Social Contribution on Revenues (COFINS)	321	8	668	530
Social Contribution on Net Income (CSLL)	-	-	399	67
Social Integration Program (PIS)	-	-	214	38
	<u>927</u>	<u>1,477</u>	<u>22,256</u>	<u>10,133</u>
	<u>1,610</u>	<u>2,463</u>	<u>26,197</u>	<u>15,742</u>

18 Real estate purchase obligations

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

	Parent company		Consolidated	
	2021	2020	2021	2020
Land developed	400	-	44,609	43,115
Land not developed	1,401	863	23,334	42,088
	<u>1,801</u>	<u>863</u>	<u>67,943</u>	<u>85,203</u>
Current liabilities	1,401	863	35,942	54,965
Non-current liabilities	400	-	32,001	30,238



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19 Advances from customers

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

	Parent company		Consolidated	
	2021	2020	2021	2020
Advances from customers and barter transactions for construction in progress	30	2,898	280,142	73,592
Advances related to customized units	-	-	47,435	33,925
Barter transactions for land - developments not launched	966	95	45,590	43,602
	<u>996</u>	<u>2,993</u>	<u>373,167</u>	<u>151,119</u>
Current liabilities	996	2,942	373,167	151,075
Non-current liabilities	-	51	-	44

20 Provision for contingencies and judicial deposits

Provision for contingencies

	Parent company		Consolidated	
	2021	2020	2021	2020
Civil	115	-	3,924	2,614
Tax	1,427	1,427	1,453	1,428
Labor	-	-	1,249	1,546
	<u>1,542</u>	<u>1,427</u>	<u>6,626</u>	<u>5,588</u>

Judicial deposits

	Parent company		Consolidated	
	2021	2020	2021	2020
Civil	-	-	869	1,165
Labor	86	75	320	364
	<u>86</u>	<u>75</u>	<u>1,189</u>	<u>1,529</u>

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Changes in the 12-month period ended December 31, 2021:

Contingencies

	Parent company	Consolidated
Opening balance	1,427	5,588
Additions	115	1,090
Write-offs		(1,189)
Update		1,137
Closing balance	<u>1,542</u>	<u>6,626</u>

Judicial deposits

	Parent company	Consolidated
Opening balance	75	1,529
Additions	57	161
Write-offs	(46)	(501)
Closing balance	<u>86</u>	<u>1,189</u>

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

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

Possible risk of loss contingencies:

The Group companies are parties to other legal proceedings of a tax, civil and labor nature arising in the normal course of business, for which the likelihood of an unfavorable outcome is considered possible by management under the advice of legal counsel. The amounts are approximately R\$ 3,216 (labor claims), R\$ 38,016 (tax claims) and R\$ 7,626 (civil claims), totaling R\$ 48,858 (R\$49,361 at December 31, 2020).

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

The most significant contingency relates to land exchange.

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

The Group, together with its legal counsel, has been discussing this matter at the administrative level, claiming that the assessment notice should be declared null and void on the grounds that the recognition of fair value arising from the execution of barter agreements cannot give rise to any effects on the calculation bases of the referred taxes.

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The likelihood of loss for this case has been classified as possible and the estimated risk involved at December 31, 2021, amounted to R\$ 37,869 (R\$ 35,442 at December 31, 2020). As the decisions already rendered, both within the scope of the Administrative Board of Tax Appeals (CARF) and the High Court of Justice (STJ), were favorable to taxpayers, no provision for contingencies with respect to this matter was recorded in 2021.

21 Provision for real estate maintenance

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

To support this commitment with no impact on future years and provide an adequate balance between revenues and costs for each project under construction, a provision of 1.5% of the estimated construction cost was recorded at December 31, 2021 and 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 this percentage to actual costs incurred. Maintenance costs are charged to the provision in accordance with the contractual requirements for warranty coverage.

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Opening balance	1,532	1,566	8,762	7,701
Additions	72	246	4,971	2,743
Write-offs (payments related to warranties)	(252)	(280)	(950)	(1,682)
Closing balance	<u>1,352</u>	<u>1,532</u>	<u>12,783</u>	<u>8,762</u>

22 Equity**(a) Capital**

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

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At January 1, 2021, the Company's stockholding structure was as follows:

Stockholders	Common shares
PRMV Participações S.A.	17,903,150,656
Alexandre Araújo Elias Veiga	503,466,438
Heloísa 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>

Change in the number of shares - reverse split

At an Extraordinary General Meeting held on August 5, 2020, the stockholders changed 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 from that date, the share capital comprised 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
Heloísa 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 changed 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 from that date, the share capital comprised 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
Heloísa Magalhães Martins Veiga	1,049
Renata Martins Veiga Couto	9,440
Patrícia Martins Veiga	9,440
	<u>58,276</u>

**Notes to the financial statements
at December 31, 2021**

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(b) Partial spin-off

At an Extraordinary General Meeting held on December 31, 2020, the stockholders approved a partial split-off of assets, with a reduction of the Company's capital by R\$12,429,952.73 through the cancellation of 2,250,498 common shares, of which 378,167 shares were held by stockholder Patrícia Martins Veiga; 378,167 were held by stockholder Renata Martins Veiga Couto, and 1,494,164 were held by stockholder PRMV Participações S.A. The proportional interest of each stockholder in Patrimar's capital was not considered, since the shares held by the other stockholders will not be canceled.

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

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

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

At the General Meeting held on April 30, 2021, the stockholders approved the 2020 financial statements, as well as the profit allocation for the year. In addition to the mandatory minimum dividends equivalent to 25% of the profit after the transfer to the legal reserve, supplementary dividends of R\$ 6,877 were approved, to be paid in April, May, and June 2021 to the holders of the Company's shares on April 29, 2021. These dividends were paid as scheduled.

On August 11, 2021, an advance payment of interim dividends related to the current year, amounting to R\$ 3,500, was approved. These dividends were fully paid on August 12, 2021, considered as mandatory minimum dividends related to the profit for this period.



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On November 29, 2021, a meeting was held to approve the advance payment of interim profits to the Company's stockholders as an advance to profit for the current year, amounting to R\$ 20,000. These dividends were fully paid on the same date, considered as mandatory minimum dividends related to profit for this year.

(e) Dividends

In accordance with the Company's bylaws, 25% of the profit, after the offsetting of losses and appropriation to legal reserve, will be set aside for distribution as mandatory minimum dividends. The mandatory minimum dividend for the year ended December 31, 2021, was calculated as follows:

Mandatory minimum dividends	Amount
Profit for the year	79,658
Legal reserve	(3,983)
Profit for the year - legal reserve	75,675
Mandatory minimum dividends	18,919
Interim dividends payments	(23,500)
Minimum Excess Dividend Payout Obligation	(4,581)

23 Earnings per share

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

	2021	2020
Basic and diluted earnings per share:		
Profit for the period	79,658	56,389
Weighted average number of shares (in thousands)	56,026	56,026
Basic and diluted earnings per share - R\$	1.421804	1.006479

24 Net operating revenue

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

	Parent company		Consolidated	
	2021	2020	2021	2020
Gross revenue from the sales of properties	49,067	61,047	905,968	457,698
Service revenue	11,908	1,108	13,502	7,544
Canceled sales	(1,351)	(4,354)	(26,839)	(27,334)
Changes in the provision for canceled sales	-	-	-	-
Present value adjustment (i)	909	992	7,929	6,540
Taxes on billings	(2,016)	(1,485)	(18,392)	(9,221)
Net operating revenue	58,517	57,308	882,168	435,227



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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.

25 Costs and expenses by nature

	Parent company		Consolidated	
	2021	2020	2021	2020
Cost of properties sold				
Materials	(6,381)	(9,736)	(175,205)	(81,837)
Land	(4,793)	(7,184)	(229,195)	(71,133)
Completed units	(9,787)	(7,308)	(22,688)	(27,936)
Personnel expenses	(1,658)	(2,206)	(26,704)	(12,183)
Subcontractors	(6,480)	(6,739)	(101,398)	(54,299)
Housing loan costs	(1,309)	-	(7,403)	(5,287)
Other	(1,809)	(1,436)	(23,314)	(13,850)
	<u>(32,217)</u>	<u>(34,609)</u>	<u>(585,907)</u>	<u>(266,525)</u>
	Parent company		Consolidated	
	2021	2020	2021	2020
General and administrative expenses				
Personnel expenses	(20,339)	(12,597)	(22,166)	(15,513)
Administrative general expenses	(3,628)	(2,339)	(4,448)	(3,957)
Depreciation and amortization	(6,531)	(4,944)	(7,147)	(6,125)
Outsourced services	(4,520)	(3,969)	(6,790)	(5,710)
	<u>(35,018)</u>	<u>(23,849)</u>	<u>(40,551)</u>	<u>(31,305)</u>
	Parent company		Consolidated	
	2021	2020	2021	2020
Selling expenses				
Personnel expenses	(3,217)	(1,600)	(4,907)	(4,315)
Commissions and brokerage	(432)	(93)	(19,085)	(7,618)
Sales stands/model apartments	(6)	(19)	(504)	(2,817)
Advertising	(944)	(738)	(16,980)	(8,675)
Other selling expenses	(1,950)	(921)	(13,916)	(5,906)
	<u>(6,549)</u>	<u>(3,371)</u>	<u>(55,392)</u>	<u>(29,331)</u>
	Parent company		Consolidated	
	2021	2020	2021	2020
Other operating income (expenses), net				
Real estate financing expenses	(671)	(327)	(833)	(508)
Tax expenses	(231)	(258)	(639)	(361)
Provision for contingencies	(115)	(262)	(1,110)	(2,812)
Losses from insufficient guarantees and others	(2,246)	-	(6,104)	-
(i)				
Other operating income and expenses	<u>(4,630)</u>	<u>(412)</u>	<u>(11,165)</u>	<u>(8,493)</u>
	<u>(7,893)</u>	<u>(1,259)</u>	<u>(19,851)</u>	<u>(12,174)</u>



**Notes to the financial statements
at December 31, 2021**

All amounts in thousands of reais unless otherwise stated

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

26 Management fees

Management compensation for the years ended December 31, 2021 and 2020 is shown below:

	2021	2020
Management fees	5,596	3,936
Welfare benefits	306	320
Charges	1,105	1,034

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

27 Finance income (costs) net

	Parent company		Consolidated	
	2021	2020	2021	2020
Finance income				
Contractual indexation and interest accruals	370	1,601	3,790	8,057
Interest on financial investments	3,022	315	10,495	1,126
Swap gains	-	9,984	-	9,984
Other finance income	150	(2,061)	220	(1,885)
	<u>3,542</u>	<u>9,839</u>	<u>14,505</u>	<u>17,282</u>
Finance costs				
Interest on borrowings	(11,676)	(3,540)	(12,319)	(4,093)
Bank fees and charges	(418)	(1,084)	(1,110)	(1,552)
Financing expenses	(13)	(526)	(13)	(515)
Swap losses	-	(7,878)	-	(7,878)
Other finance costs	(17)	42	(36)	254
	<u>(12,124)</u>	<u>(12,986)</u>	<u>(13,478)</u>	<u>(13,784)</u>
	<u>(8,582)</u>	<u>(3,147)</u>	<u>1,027</u>	<u>3,498</u>



**Notes to the financial statements
at December 31, 2021**

All amounts in thousands of reais unless otherwise stated

28 Income tax and social contribution expense

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

Reconciliation of tax rate from statutory to effective rate:

	Parent company		Consolidated	
	2021	2020	2021	2020
Profit before IRPJ and CSLL	80,273	57,499	172,357	102,791
ate - 34%	(27,293)	(19,550)	(58,601)	(34,949)
Effect on exclusions (equity accounting)	38,085	22,585	(3,107)	1,156
Segregated asset structure (RET)	257	352	7,450	2,691
Unrecognized tax losses (RET)	(11,664)	(4,497)	36,665	22,678
IRPJ and CSLL expenses	(615)	(1,110)	(17,593)	(8,424)
Effective rate	1%	2%	10%	8%

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



**Notes to the financial statements
at December 31, 2021**

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29 Deferred revenue and deferred costs

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

	<u>Parent company</u>	<u>Consolidated</u>
Developments under construction		
(i) Deferred revenue from units sold		
(a) Developments under construction:		
Revenue from contracted sales	73,454	2,344,538
Revenue from recognized sales	(77,040)	(1,475,014)
Canceled sales - reversed revenue	3,593	39,754
	<u> </u>	<u> </u>
(b) Revenue from recognized sales, net	(73,447)	(1,435,260)
	<u> </u>	<u> </u>
Deferred revenue (a+b)	<u>7</u>	<u>909,278</u>
(ii) Budgeted deferred cost of units sold		
(a) Developments under construction:		
Budgeted costs	40,675	1,500,181
Construction costs incurred	(40,675)	(872,664)
	<u> </u>	<u> </u>
(b) Incurred costs, net	(40,675)	(872,664)
	<u> </u>	<u> </u>
Deferred costs of units sold (a+b)	<u>-</u>	<u>627,517</u>
(iii) Budgeted deferred costs of units in inventory		
Developments under construction:		
(a) Budgeted costs	3,380	490,269
(b) Incurred costs	(3,380)	(218,296)
	<u> </u>	<u> </u>
Deferred costs of units in inventory (a+b)	<u>-</u>	<u>271,973</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 deed and transfer of the related property title to the Company, its subsidiaries or partners. These commitments total R\$ 698,432 (R\$ 1,210,025 at December 31, 2020) of which: R\$ 628,034 (R\$ 1,138,290 at December 31, 2020) relate to exchanges for real estate units to be constructed and/or to the share of the proceeds from the sale of the related developments, and R\$ 70,398 (R\$ 78,735 at December 31, 2020) relate to balancing payments.

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



**Notes to the financial statements
at December 31, 2021**

All amounts in thousands of reais unless otherwise stated

(b) Lease commitments

At December 31, 2021, commitments related to the lease of large items of equipment and real estate totaled R\$ 4,779 (R\$ 1,715 in 2020) in the Parent company and R\$ 5,236 (R\$ 3,869 in 2020) in the Consolidated.

31 Segment reporting

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

32 Insurance

At December 31, 2021, the Group held the following insurance policies:

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

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

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

(d) Civil liability insurance (management).



**Notes to the financial statements
at December 31, 2021**

All amounts in thousands of reais unless otherwise stated

At December 31, 2021, the insurance coverage was as follows:

Items	Type of coverage	Insured amount
		Consolidated
Contractor - Completion bond (SGTO)	Benefiting the financing agent in the event of technical and financial losses not met by the Company.	48,773
Civil liability (management)	Coverage for pain and suffering to the Company's managers (D&O)	15,000
Insurance - construction (engineering risk)/Civil liability	Indemnity for damage caused to the works during the construction period of the project, such as fire, lightning strike, theft, among other specific coverage for facilities and assemblies at the insured site. Indemnity, up to the policy's cap, of the amounts for which the Company may have civil liability related to repairs for involuntary personal and/or material damages caused to third parties.	960,716
Commercial multiple peril insurance	Indemnity for fire, lightning strike, and explosion. Also, coverage for windstorm, aircraft crashes, loss of rent, among others. In addition, they may include civil liability coverage (family insurance for the condominium, and/or condominium manager, material damages to third-party vehicles), medical/hospital/dental expenses for people etc.	27,742
Guarantee insurance - contractual obligations	For company and public agency fulfillment of contracts, by indemnifying the insured party for breaches of contracts (contractual obligations) of several types.	150,603
Post-completion bond - maintenance bond (SGPE)	For maintenance of units delivered for up to five years, for damages provided under the consumer protection code.	8,768
Equipment	Indemnity for losses directly from risks related to machinery, equipment and implements, of fixed or mobile types, for non-agricultural use.	90
Housing	Indemnity for damages caused by fire, lightning strike and explosion, in addition to other additional coverage that can be contracted, aiming at supplementing the insurance policy and protecting the property against other risks, including theft, collapse, vehicle crash, aircraft crash, windstorm, hurricane, cyclone, hailstorm, electrical damages etc.	159
Legal guarantee	As an alternative to judicial deposits and escrows for assets in cases of litigation. Widely accepted at the judicial level as a new guarantee or as a substitute for existing guarantees.	4,780
Contractor - Completion Bond - Infrastructure not included	For the execution of the external infrastructure works up ceiling for losses from failure to honor the obligations to complete the construction of related external infrastructure.	6,251

33 Transactions not involving cash or cash equivalents

	Parent company		Consolidated	
	2021	2020	2021	2020
Investing activities				
Transfers of property and equipment - Leases as per IFRS 16	3,203	18	1,674	2,170

34 Events after the reporting period

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

* * *

Opinions and Declarations of Officers on the Financial Statements

In compliance with the provisions of Article 25, paragraph 1, items V and VI of the CVM Instruction 480/09, of December 7, 2009, the Company's officers affirm that they have reviewed, discussed, and approved the parent company and consolidated financial statements (Parent company and Consolidated) for the year ended December 31, 2021.

Belo Horizonte, March 9, 2022.

Chief Executive Officer - ALEXANDRE ARAÚJO ELIAS VEIGA

Chief Financial Officer and Investor Relations Officer - FELIPE ENCK GONÇALVES

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

In compliance with the provisions of Article 25, paragraph 1, items V and VI of CVM Instruction 480/09, of December 7, 2009, the Company's officers affirm that they have reviewed, discussed and approved the opinion expressed in the Independent Auditor's Report dated March 9, 2022, on the parent company and consolidated financial statements for the year ended December 31, 2021.

Belo Horizonte, March 9, 2022.

Chief Executive Officer - ALEXANDRE ARAÚJO ELIAS VEIGA

Chief Financial Officer and Investor Relations Officer - FELIPE ENCK GONÇALVES

EXECUTIVE BOARD

ALEXANDRE ARAÚJO ELIAS VEIGA
Chief Executive Officer

FELIPE ENCK GONÇALVES
Chief Financial Officer and Investor Relations Officer

RESPONSIBLE ACCOUNTANT

ROGER TADEU VILELA FERREIRA
Contador

CRC - MG 122.560/O