Patrimar Engenharia S.A.

Quarterly Information (ITR)

at March 31, 2021

(A free translation of the original in Portuguese)

Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Patrimar Engenharia S.A. ("Parent company" or "Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2021, comprising the balance sheet at that date and the statements of operations, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of review

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

Conclusion on the interim information

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

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Emphasis of matter

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

Other matters
Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the quarter ended March 31, 2021. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if its form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria defined in this accounting standard and in a consistent manner in relation to the parent company and consolidated interim accounting information taken as a whole.

Belo Horizonte, May 5, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

Balance sheet

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		3/31/2021	12/31/2020	3/31/2021	12/31/2020
Assets					
Current assets					
Cash and cash equivalents	6(a)	46,692	11,095	190,336	119,256
Trade receivables	7	32,508	27,854	159,098	142,038
Properties for sale	8	20,246	26,249	345,560	328,108
Taxes recoverable		1,206	1,277	6,082	5,487
Prepaid expenses	9	5,791	7,046	16,260	16,186
Other receivables		1,421	2,365	16,367	13,642
Total current assets		107,864	75,886	733,703	624,717
Non-current assets					
Long-term receivables					
Restricted financial investments	6(b)	2,259	2,250	2,259	2,250
Trade receivables	7	2,472	1,926	131,358	97,985
Properties for sale	8	4,794	4,235	15,226	14,845
Judicial deposits	20	112	75	1,495	1,529
Related parties	10	54,373	46,967	12,363	6,686
		64,010	55,453	162,701	123,295
Investments	11	280,441	258,532	44,275	47,117
Property and equipment	12	7,541	7,760	20,275	16,341
Intangible assets	13	9,318	9,987	9,716	10,417
Right-of-use asset		5,488	1,438	6,205	3,430
		302,788	277,717	80,471	77,305
Total non-current assets		366,798	333,170	243,172	200,600
Total assets		474,662	409,056	976,875	825,317

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

Patrimar Engenharia S.A.

Balance sheet

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Note	Parent company 3/31/2021	Parent company 12/31/2020	Consolidated 3/31/2021	Consolidated 12/31/2020
Liabilities and equity					
Current liabilities					
Borrowings	14	16,755	17,609	68,635	49,686
Leases	15	1,689	501	2,294	1,486
Trade payables	16	4,283	2,392	33,524	27,373
Salaries and social charges		2,768	2,077	6,042	4,283
Tax liabilities	17	2,355	2,463	19,394	15,742
Real estate purchase obligations	18	863	863	55,560	54,965
Dividends payable		6,854	8,235	6,854	8,235
Advances from customers	19	2,179	2,942	203,461	151,075
Other payables		319	264	2,911	4,088
Total current liabilities		38,065	37,346	398,675	316,933
Non-current liabilities					
Borrowings	14	100,000	65,051	109,868	84,200
Leases	15	3,944	1,214	4,048	2,383
Real estate purchase obligations	18	-	-	26,669	30,238
Advances from customers	19	20	51	-	44
Provision for contingencies	20	1,427	1,427	4,343	5,588
Provision for real estate maintenance	21	1,464	1,532	9,317	8,762
Related parties	10	10,977	5,700	9,610	2,489
Provision for net capital deficiency	11	2,924	1,607	4,711	2,365
Total non-current liabilities		120,756	76,582	168,566	136,069
Total liabilities		158,821	113,928	567,241	453,002
Equity	22				
Capital		269,172	269,172	269,172	269,172
Capital reserve		259	259	259	259
Revenue reserves		25,697	25,697	25,697	25,697
Retained earnings		20,713		20,713	
		315,841	295,128	315,841	295,128
Non-controlling interests		-	-	93,793	77,187
Total equity		315,841	295,128	409,634	372,315
Total liabilities and equity		474,662	409,056	976,875	825,317

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

Patrimar Engenharia S.A.

Statement of income
Quarters ended March 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	16,742	13,867	177,143	74,012
Cost of properties sold	25	(9,901)	(8,811)	(109,355)	(41,746)
Gross profit		6,841	5,056	67,788	32,266
Operating income (expenses)					
General and administrative expenses	25	(8,502)	(5,716)	(10,422)	(7,720)
Selling expenses	25	(1,467)	(610)	(9,227)	(6,291)
Equity in the results of investees	11(a)	24,072	11,067	-	-
Other operating income (expenses), net	25	104	(837)	698	(3,340)
Operating profit		21,048	8,960	48,837	14,915
Finance income	27	985	2,641	4,136	3,933
Finance costs	27	(1,100)	(3,162)	(1,364)	(3,161)
Finance income (costs), net		(115)	(521)	2,772	772
Equity in the results of investees	11(c)	-	-	(7,120)	2,056
Profit before income tax and social contribution		20,933	8,439	44,489	17,743
Income tax and social contribution	28	(220)	(295)	(4,067)	(1,343)
Profit for the period		20,713	8,144	40,422	16,400
Attributable to:					
Owners of the Company				20,713	8,144
Non-controlling interests				19,709	8,256
				40,422	16,400
Basic earnings per share - R$	23	0.369703	0.145361		
Diluted earnings per share - R$	23	0.369703	0.145361		

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

Statement of comprehensive income
Quarters ended March 31
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2021	**2020**	**2021**	**2020**
Profit for the period	20,713	8,144	40,422	16,400
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	20,713	8,144	40,422	16,400
Attributable to:				
Owners of the Company			20,713	8,144
Non-controlling interests			19,709	8,256
			40,422	16,400

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

Patrimar Engenharia S.A.

Statement of changes in equity
Quarters ended March 31
All amounts in thousands of reais (A free translation of the original in Portuguese)

		Attributable to owners of the parent company							
				Revenue reserves					
	Note	Capital	Capital reserve	Legal reserve	Retention reserve	Retained earnings (accumulated deficit)	Equity	Non-controlling interests	Total equity
At December 31, 2019		281,602	259	-	-	(17,301)	264,560	47,804	312,364
Contributions to subsidiaries by non-controlling interests		-	-	-	-	-	-	(5,273)	(5,273)
Profit for the period		-	-	-	-	8,144	8,144	8,256	16,400
At March 31, 2020		281,602	259	-	-	(9,157)	272,704	50,787	323,491
At December 31, 2020		269,172	259	2,819	22,878	-	295,128	77,187	372,315
Contributions to (return on capital of) subsidiaries		-	-	-	-	-	-	(3,103)	(3,103)
Profit for the period		-	-	-	-	20,713	20,713	19,709	40,422
At March 31, 2021		269,172	259	2,819	22,878	20,713	315,841	93,793	409,634

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

Patrimar Engenharia S.A.

Statement of cash flows
Quarters ended March 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 period	20,713	8,144	40,422	16,400
Adjustments to reconcile profit (loss) to cash flows from operating activities				
Depreciation and amortization	1,661	1,286	2,557	1,848
Present value adjustment of receivables	(876)	(573)	(2,027)	(2,802)
Equity in the results of investees	(24,072)	(11,067)	7,120	(2,056)
Provision for real estate maintenance	(68)	-	861	475
Provision for labor, civil, and tax contingencies	-	89	593	1,333
Provision for losses on subsidiaries	-	282	-	704
Provision for interest on borrowings	1,377	693	2,690	741
Income tax and social contribution	220	295	4,067	1,343
	(1,045)	(851)	56,283	17,986
Changes in working capital				
Increase (decrease) in assets and liabilities				
Trade receivables	(4,324)	562	(48,406)	(14,518)
Properties for sale	5,444	2,593	(17,833)	(4,480)
Taxes recoverable	71	71	(595)	(171)
Other assets	2,162	(3,616)	(2,765)	(5,783)
Trade payables	1,891	(2,843)	6,151	(7,195)
Salaries and social charges	691	1,252	1,759	2,703
Tax liabilities	(59)	(405)	1,921	(1,521)
Real estate purchase obligations	-	(1,068)	(2,974)	(4,674)
Advances from customers	(794)	2,074	52,342	4,756
Other liabilities	5,380	18	4,194	619
Amounts paid for civil, labor and tax contingencies	-	(18)	(1,838)	(1,397)
	10,462	(1,380)	(8,044)	(31,661)
Interest paid	(1,444)	-	(2,616)	-
Income tax and social contribution paid	(269)	-	(2,336)	-
Net cash provided by (used in) operating activities	7,704	(2,231)	43,287	(13,675)
Cash flows from investing activities				
Changes in restricted financial investments	(9)	(20)	(9)	(20)
Capital contribution in investees	-	8,139	-	2,395
Advances to related parties	(2,129)	(15,800)	1,444	11,486
Contributions to investments	3,480	-	(1,932)	-
Purchases of property and equipment and intangible assets	(6,261)	(707)	(11,800)	(1,301)
Net cash provided by (used in) investing activities	(4,919)	(8,388)	(12,297)	12,560
Cash flows from financing activities				
New borrowings	51,391	24,194	68,004	40,101
Repayment of borrowings - principal	(17,229)	(6,853)	(23,462)	(12,832)
Dividends paid	(1,350)	-	(1,350)	-
Distributions to non-controlling interests, net	-	-	(3,102)	(5,273)
Net cash provided by (used in) financing activities	32,812	17,341	40,090	21,996
Net increase in cash and cash equivalents	35,597	6,722	71,080	20,881
Cash changes				
Cash and cash equivalents at the beginning of the period	11,095	11,082	119,256	50,234
Cash and cash equivalents at the end of the period	46,692	17,804	190,336	71,115
Net increase in cash and cash equivalents	35,597	6,722	71,080	20,881

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

Patrimar Engenharia S.A.

Statement of value added
Quarters ended March 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	17,151	14,427	181,034	75,589
	17,151	14,427	181,034	75,589
Inputs acquired from third parties:				
Cost of properties sold	(9,531)	(8,811)	(103,844)	(41,746)
Electricity, third-party services and other expenses	(3,897)	(1,900)	(15,581)	(9,530)
	(13,428)	(10,711)	(119,425)	(51,276)
Gross value added	3,723	3,716	61,609	24,313
Retentions:				
Depreciation and amortization	(1,661)	(1,286)	(2,557)	(1,848)
Net value added generated by the entity	2,062	2,430	59,052	22,465
Value added received through transfers:				
Equity in the results of investees	24,072	11,067	(7,120)	2,056
Finance income	985	2,641	4,136	3,933
	25,057	13,708	(2,984)	5,989
Total value added for distribution	27,119	16,138	56,068	28,454
Distribution of value added:				
Personnel				
Compensation	2,294	2,264	3,697	3,239
Charges	1,011	955	1,193	1,215
Benefits	1,342	318	1,070	607
	4,647	3,537	5,960	5,061
Taxes and contributions				
Federal	629	799	7,965	3,060
Municipal	30	327	357	416
	659	1,126	8,322	3,476
Remuneration of third-party capital:				
Finance costs	1,100	3,331	1,364	3,517
	1,100	3,331	1,364	3,517
Remuneration of own capital:				
Profit for the period	20,713	8,144	20,713	8,144
Non-controlling interests - retained earnings	-	-	19,709	8.256
	20,713	8,144	40,422	16,400
Value added distributed	27,119	16,138	56,068	28,454

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

1 Operations

1.1. General information

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

Patrimar is a real-estate development and construction company with a focus on residential developments. It was founded in 1968, and it primarily operates in Minas Gerais, Rio de Janeiro and São Paulo. In 2000, Construtora Novolar Ltda. ("Novolar") a wholly-owned subsidiary of Patrimar since October 1, 2019, was established to serve the middle class and currently it operates in the development, construction and sale of real estate developments in Minas Gerais, Rio de Janeiro and São Paulo.

Previously, Novolar was already part of the Patrimar Group through the direct participation of the same stockholders through PRMV Participações S.A.

The Company and its subsidiary Novolar perform development and construction activities through Special Partnerships (SCPs) and Special-Purpose Entities (SPEs) in the normal course of business in order to enable the establishment of partnerships, permit the individual monitoring of the projects, facilitate production funding, and improve the financial and accounting control of the projects.

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

1.2. Impacts of COVID-19

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

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

(a) Analysis of estimated impairment of trade receivables

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

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

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

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

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

(d) Analysis of performance of contractual obligations - covenants

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

(e) Analysis of the Group's liquidity

Considering that preserving cash is of extreme importance at this time, several contingency actions were taken, such as the review of priorities in respect of strategic investments and reduction of operating expenses, reduction of salaries and working hours of some employees, in addition to the implementation of measures with the same purpose in the Company's operations in relation to the organizational restructuring, reduction of consulting expenses, and review of strategic planning.

These analyses did not identify any material impact which should be reflected in this accounting information for the quarter ended March 31, 2021 and related Notes.

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

2.1. Presentation of the quarterly information

The Group's quarterly information comprises:

The parent company and consolidated condensed interim accounting information included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2021, which has been prepared and is being presented in accordance with CPC 21 (R1) - Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC), and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), in a manner consistent with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of quarterly information, and disclose all (and only) the applicable significant information related to the parent company and consolidated quarterly information, which is consistent with the information utilized by management in the performance of its duties.

Aspects related to the transfer of ownership for sales of real estate properties are based on the Company's understanding, which is consistent with the understanding expressed by CVM in Circular

Official Letter CVM/SNC/SEP/No. 02/2018 on the adoption of the Technical Pronouncement CPC 47 (IFRS 15) in conformity with CVM rules applicable to the preparation of quarterly information.

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

The accounting practices adopted by the subsidiaries are consistent with those adopted by the Company. Where applicable, all intercompany transactions, balances, revenue and expenses are fully eliminated in the condensed interim accounting information.

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

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

2 Presentation of the quarterly information and summary of significant accounting policies;
11 Investments;
12 Property and equipment;
13 Intangible assets;
22 Equity.

The presentation of the parent company and consolidated statement of value added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies, while it is not required by IFRS. Therefore, under IFRS, the presentation of such statement is considered supplementary information, and not part of the set of condensed interim accounting information.

The condensed interim accounting information included in the Group's Quarterly Information Form (ITR) for the quarter ended March 31, 2021 was approved by management at a meeting held on May 5, 2021.

2.2. New accounting pronouncements

In the quarter ended March 31, 2021, no new standards, or amendments to or interpretations of existing standards were issued.

3 Critical accounting estimates and judgments

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

(i) Budgeted costs

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

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

The Company and its subsidiaries use the POC method to account for their contracts for the sale of real estate units 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, to establish a proportion in relation to the costs already incurred. Revenue is calculated by multiplying this percentage (POC) by the fair value of the revenue from sales already contracted. Accordingly, revenue is recognized continuously throughout the construction phase of the real estate development. This determination requires an estimate and the use of significant judgment by management.

(iii) Provision for contingencies

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

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

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

(iv) Provision for canceled sales

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

(v) Present value adjustment

Monetary assets and liabilities are adjusted to present value upon the initial recognition of the transaction, taking into consideration the contractual cash flows and the explicit or implicit interest rate of the assets and liabilities and the market rates for similar transactions. Subsequently, this interest is reallocated in the statement of income, utilizing the effective interest method in relation to the contractual cash flows.

Regarding trade receivables, the present value adjustment takes into account the rate that has as its basis and assumption the weighted average rate of borrowings obtained by the Company, discounted by inflation, as trade receivables are indexed to inflation.

(vi) Provision for real estate maintenance

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

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 a central treasury department (Group treasury) under policies approved by senior management. These policies are established to identify and analyze the risks to which the Group is exposed, define the risk limits and proper controls, and monitor risks and adherence to defined limits.

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

(a) Credit risk

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

The carrying value of the financial assets is the maximum exposure to credit risk.

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

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

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

Credit quality of financial assets

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

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

Trade receivables

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Completed units (Note 7)				
With statutory lien	13,003	11,090	53,029	55,347
Without statutory lien	1,800	2,201	10,073	9,612
	14,803	13,291	63,102	64,959
Units under construction (Note 7)				
With statutory lien	22,228	19,683	237,360	187,882
Management services (Note 7)				
With statutory lien	1,253	798	9,390	7,197
	38,284	33,772	309,852	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 amounts already provisioned.

(b) Liquidity risk

Liquidity risk is the risk that the Group will have difficulty in complying with its obligations associated with its financial liabilities that are settled in cash or other financial assets. The Group's approach to managing liquidity is to ensure and maximize management so that it will always have sufficient liquidity to comply with its obligations as they fall due, under normal or stress conditions, without incurring unacceptable losses or adversely affecting the Group's reputation.

The forecast of cash flows is made by the Group’s Treasury department, which monitors the continuous forecasts of the liquidity requirements to ensure that it has sufficient cash at an amount that is higher than the required cash outflows to settle the financial liabilities (except for “trade payables”) for the following 30 days.

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

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

					Parent company
	Less than one year	Between one and two years	Between two and three years	Over three years	Total
At March 31, 2021					
Borrowings (Note 14)	16,755	10,000	38,750	51,250	116,755
Lease (Note 15)	1,689	1,551	1,586	807	5,633
Trade payables (Note 16)	4,283	-	-	-	4,283
Real estate purchase obligations (Note 18)	863	-	-	-	863

					Consolidated
	Less than one year	Between one and two years	Between two and three years	Over three years	Total
At March 31, 2021					
Borrowings (Note 14)	68,635	10,000	48,618	51,250	178,503
Lease (Note 15)	2,294	1,681	1,570	797	6,342
Trade payables (Note 16)	33,524	-	-	-	33,524
Real estate purchase obligations (Note 18)	55,560	26,669	-	-	82,229

					Parent company
	Less than one year	Between one and two years	Between two and three years	Over three years	Total
At December 31, 2020					
Borrowings (Note 14)	17,609	25,051	20,000	20,000	82,660
Lease (Note 15)	501	569	645	-	1,715
Trade payables (Note 16)	2,392	-	-	-	2,392
Real estate purchase obligations (Note 18)	863	-	-	-	863

					Consolidated
	Less than one year	Between one and two years	Between two and three years	Over three years	Total
At December 31, 2020					
Borrowings (Note 14)	49,686	39,924	24,276	20,000	133,886
Lease (Note 15)	1,486	1,143	1,109	131	3,869
Trade payables (Note 16)	27,373	-	-	-	27,373
Real estate purchase obligations (Note 18)	81,871	3,332	-	-	85,203

The Group has financial assets (essentially represented by cash, cash equivalents, and trade receivables for real estate development) that are considered sufficient to honor the commitments arising from its operating activities.

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

(c) Market risk

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

(i) Interest rate and foreign exchange risk exposure

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

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

The balances of financial investments are exposed to the fluctuations in interest rates, more specifically, the CDI rate. At March 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, which did not necessarily represent the Group's expectations.

According to the guidance included in Circular Official Letter/CVM 01/2021, the Group considered appropriate a fluctuation of 25% and 50% on the balances, considering a decrease in financial assets and an increase in financial liabilities:

			Parent company				Consolidated			
Indicators	Index	Rate	3/31/2021	Scenario I Probable	Scenario II (25%)	Scenario III (50%)	3/31/2021	Scenario I Probable	Scenario II (25%)	Scenario III (50%)
Assets										
Financial investments	CDI	2.22 %	47,056	1,045	784	523	172,626	3,832	2,874	1,916
Liabilities										
Borrowings for working capital (In Reais - R$)	CDI	2.22 %	50,271	1,116	837	558	50,271	1,116	837	558
Debentures	CDI	2.22%	50,000	1,110	833	555	50,000	1,110	833	555

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 capital structure of the Group, management can make, or may propose to the stockholders when their approval is required, adjustments to the amount of profit to be distributed, return capital to stockholders, make payments of new shares or sell assets to reduce, for example, debt.

In a manner consistent with other players in the industry, the Group monitors its 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.

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Total borrowings (Note 14)	116,755	82,660	178,503	133,886
Less: Cash and cash equivalents (Note 6)	(46,692)	(11,095)	(190,336)	(119,256)
Net debt	70,063	71,565	(11,833)	14,630
Total equity	315,841	295,128	409,634	372,315
Total capitalization	385,904	366,693	397,801	386,945
Gearing ratio - %	18 %	20 %	-3 %	4 %

4.3 Fair value estimation

The Group adopts the measurement at fair value of its financial assets and liabilities. Fair value is measured at market value based on assumptions using which market participants can measure an asset or liability. To increase coherence and comparability, the fair value hierarchy prioritizes the inputs used in measurement considering three major levels, as follows:

- **Level 1. Active market:** Quoted market price - A financial instrument is considered to be quoted in an active market if quoted prices are readily and regularly available from an exchange or organized over-the-counter market, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent regularly 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 or 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 purpose of the valuation technique is to establish what the transaction price would be on the measurement date in an interest-free exchange motivated by business considerations.

- **Level 3. No active market:** Equity instruments - Fair value of investments in equity instruments that do not have market prices quoted in an active market and of derivatives that are linked to them and that must be settled by the delivery of unquoted equity instruments.

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

Impairment

The Group assesses on a prospective basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk, or any other indication, which was not noted in the quarter.

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

5 Financial instruments by nature

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Financial assets				
Measured at amortized cost				
Cash and bank accounts (Note 6(a))	1,895	2,537	19,969	24,012
Highly liquid financial investments (Note 6 (a))	44,797	8,558	170,367	95,244
Restricted financial investments (Note 6)	2,259	2,250	2,259	2,250
Trade receivables (Note 7)	34,980	29,780	290,456	240,023
Judicial deposits (Note 20)	112	75	1,495	1,529
Related parties (Note 10)	54,373	46,967	12,363	6,686
	138,416	90,167	496,909	369,744
Financial liabilities				
Measured at amortized cost				
Borrowings (Note 14)	116,755	82,660	178,503	133,886
Lease (Note 15)	5,633	1,715	6,342	3,869
Trade payables (Note 16)	4,283	2,392	33,524	27,373
Real estate purchase obligations (Note 18)	863	863	82,229	85,203
Related parties (Note 10)	10,977	5,700	9,610	2,489
	138,511	93,330	310,208	252,820

6 Cash and cash equivalents and financial investments

(a) Cash and cash equivalents

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Cash	31	30	51	56
Banks	1,864	2,507	19,918	23,956
Highly liquid financial investments	44,797	8,558	170,367	95,244
	46,692	11,095	190,336	119,256

During the quarter ended March 31, 2021, the yields 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 99% to 106% of the CDI rate (from 95% to 106% of the CDI rate at December 31, 2020).

(b) Restricted financial investments

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Restricted financial investments - non-current	2,259	2,250	2,259	2,250
	2,259	2,250	2,259	2,250

The Group's restricted financial investments in Bank Deposit Certificates (CDB) to be redeemed in not less than one year, correspond to collateral for the borrowing obtained for the purchase of land. The yields on these investments are linked to and correspond to 108% of the CDI rate (108% of the CDI rate at December 31, 2020), according to the nature and timing of the instrument.

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

7 Trade receivables

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Trade receivables from real estate developments				
Completed units	14,803	13,291	63,102	64,959
Units under construction	22,228	19,683	237,360	187,882
Management services	1,253	798	9,390	7,197
	38,284	33,772	309,852	260,038
Provision for canceled sales	(2,187)	(1,999)	(8,782)	(7,439)
Provision for losses	(1,083)	(1,083)	(1,963)	(1,898)
Present value adjustments	(34)	(910)	(8,651)	(10,678)
	(3,304)	(3,992)	(19,396)	(20,015)
	34,980	29,780	290,456	240,023
Current assets	32,508	27,854	159,098	142,038
Non-current assets	2,472	1,926	131,358	97,985

The balance of receivables from the sale of units under construction is not fully recognized in the financial statements, because the amount of revenue recorded is limited to the portion of revenue recognized considering the progress of the works, net of the installments already received.

Trade receivables from real estate sales include indexation accruals based on the National Civil Construction Index (INCC) up to the delivery of the real estate units. As from that date, these amounts accrue indexation based on the General Market Price Index (IGP-M) and bear an average interest rate of 12% p.a.

The amounts referring to management services are composed of the management fee and remuneration for the management and control of the works with other partners.

Maturities of trade receivables from real estate developments

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

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Falling due in up to 1 year	36,449	39,632	307,251	265,526
Falling due from 1 to 2 years	6,370	1,900	180,276	133,575
Falling due from 2 to 3 years	-	-	244,388	150,233
Falling due from 3 to 4 years	-	-	36,346	75,858
Falling due in more than 4 years	-	-	1,350	937
	42,819	41,532	769,611	626,129
Overdue for up to 1 year	62	330	36,695	23,913
Overdue from 1 to 2 years	-	1,999	3,859	4,217
Overdue from 2 to 3 years	2,186	-	6,143	3,277
Overdue from 3 to 4 years	-	-	51	885
Overdue for more than 4 years	-	1,021	968	1,040
	2,248	3,350	47,716	33,332
	45,067	44,882	817,327	659,461
Trade receivables - accounting	34,980	29,780	290,456	240,023
Deferred revenue (Note 29)	8,959	14,008	612,536	473,015
Advances from customers (Note 19)	(2,176)	(2,898)	(105,061)	(73,592)
Present value adjustment	34	910	8,651	10,678
Provision for canceled sales	2,187	1,999	8,782	7,439
Provision for losses	1,083	1,083	1,963	1,898
	45,067	44,882	817,327	659,461

8 Properties for sale

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

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Inventories of land	11,935	14,253	155,742	153,021
Properties under construction	6,900	7,002	188,499	167,955
Completed properties	5,006	8,030	12,926	18,772
Provision for canceled sales	1,199	1,199	3,619	3,205
	25,040	30,484	360,786	342,953
Current assets	20,246	26,249	345,560	328,108
Non-current assets	4,794	4,235	15,226	14,845

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

Capitalized interest

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

At March 31, 2021, interest capitalized within real estate in inventory totaled R$ 941 in Consolidated, and R$ 193 in the Parent company (R$ 1,387 in Consolidated and R$ 556 in the Parent company at December 31, 2020).

9 Prepaid expenses

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Insurance	14	21	855	584
Commissions and brokerage	80	340	9,553	8,762
Sales promotions	-	-	111	111
Projeto Wave	5,333	6,625	5,377	6,669
Software maintenance	364	60	364	60
	5,791	7,046	16,260	16,186

Prepaid expenses are recognized in the statement of income on an accrual basis or allocated to the proper accounts according to the nature of the expenses.

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

10 Related parties

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
(a) Receivables from developments	54,373	46,967	12,363	6,686
Construtora Novolar	21,932	19,569	5	-
Golf II Empreendimentos Imobiliarios	12,269	10,506	118	-
Jardinaves Empreendimentos Imobiliarios	3,221	3,261	-	-
Golf I Empreendimentos Imobiliarios	2,792	1,244	-	-
Duo Empreendimentos Imobiliarios SPE	2,317	771	-	351
Patrimar Somattos Rio de Janeriros Empr Imob	1,799	1,836	-	-
EPIC - Antônio de Albuquerque	1,585	-	1,585	-
Vale dos Cristais	1,168	-	-	-
Américas	968	-	-	-
Jambreiro	665	-	665	-
Bernardo Vasconcelos Empr Imob Spe	587	558	587	-
Mrv Patrimar Galleria Incorp Spe	544	412	5	-
Jota Patrimar Engefor Empr Imob Spe	465	338	-	-
Avenida de Ligação	423	-	423	-
Mia Felicita	383	329	383	-
Saint Tropez	334	-	183	-
Olga Chiari	319	-	-	-
Scp Park Residence	309	274	-	-
Ruth Silveira	157	-	158	-
Apia Edificações Empreendimentos	82	-	-	302
Palo Alto Residences	59	55	-	-
Scp Vila Carioca - from 1 to 6	20	20	2	-
Patrimar Somattos Gasparini	1	3,028	1	3,028
Barao Homem de Melo Empr Imob	-	-	347	317
High Line Empreendimentos Imobiliarios	-	1,323	-	-
Moinho Empreendimentos Imobiliarios	-	350	-	-
Mrv Mrl Novolar Ii Incorporacoes Spe .	-	-	1,523	687
Park Reality	-	-	-	228
Brito II	-	-	743	-
Fleming	-	-	976	-
Perario Silva	-	-	606	-
SCP Novolar-Paçuare	-	-	187	-
SCP Novolar-Reality	-	-	386	-
SCP Novolar-Riveira do Sol	-	-	493	-
Tratex Plot of Land	-	-	1,603	-
Other developments	1,974	3,093	1,384	1,773
	54,373	46,967	12,363	6,686

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	3/31/2021	**12/31/2020**	**3/31/2021**	**12/31/2020**
(b) Intercompany loans payable	-	-	833	-
HB Engenharia	-	-	833	-
			-	
(a) Payables for developments	10,977	5,700	8,755	2,489
Manhattan Square	4,306	1,910	4,446	-
Olga Chiari	1,840	1,788	-	-
Villagio Florença	-	-	-	829
Holiday Inn	-	-	311	539
Santa Cecilia Empreendimento	762	1,584	-	-
Mrv Engenharia E Participações	-	354	260	-
Jardim das Mangabeiras	3,245	-	-	-
Saint Tropez	-	-	256	-
Scp Silva Lobo	-	-	572	-
Terreno Tratex	-	-	792	-
Colina Engefor	250	-	250	-
Naples	338	-	338	-
Engefor Engenharia E Construções	-	-	924	-
Other developments	236	64	628	1,121
	10,977	5,700	9,610	2,489
(c) Related-party transactions with effects on profit or loss	(115)	(683)	12,423	10,755
Sales of apartments (i)	-	-	12,223	11,493
Indexation accruals of sales made (i)	-	-	733	340
Lease of the headquarters' building (ii)	(115)	(683)	(533)	(1,078)
Deferred revenue (i)	-	-	2,413	3,100

(a) Receivables from and payables for developments

Refer to:

(i) Contributions in a proportion different from that of the interest held by quotaholders in the related SCPs and SPEs, which will be offset and/or capitalized after a supplementary contribution to adjust the quotaholders' interests.

(ii) Routine transactions carried out between the Parent company and SCPs and SPEs, mainly characterized by the payment of expenses that are reimbursed or repaid later. The amounts of receivables from and payables for developments relate exclusively to the development of the projects, there is no interest and the maturity occurs up to the completion of the project.

(b) Intercompany loans payable

HB Engenharia is a partner of SPE DUO, the respective amount payable refers to initial expenses spent at the beginning of the works of SPE DUO that were paid by HB Engenharia for the feasibility of the project, without interest remuneration and expectation of settlement at the end of construction in 2023.

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

(i) Sale of an apartment

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In June 2020, an apartment in the Apogée building, SPE Patrimar Somattos Jardim das Mangabeiras, in the amount of R$ 14,500 thousand (R$15,369 thousand - updated at March 31, 2021), was sold to Construtora Real. The revenue recognized based on the POC method up to March 31, 2021 was

R$12,223, and the amount of R$12,956, including proportional indexation accruals, was recognized in trade receivables. The entire transaction was carried out at market value, which was obtained in the sales table of the development adopted by the Company.

(ii) Lease of the headquarters' building

Payment to Construtora Real of the lease related to the building where the headquarters are located. Construtora is controlled by the same group of stockholders comprising the Company's controlling interests. The entire transaction was carried out at market value, which was based on rental transactions of an equivalent nature.

During the assessment of the lease contracts for the adoption of CPC 06 (R2)/IFRS 16, we noted that the lease contract of the property met the requirements of the standard and, therefore, the net debt value was recorded after discounting the incremental rate of the Company's borrowings in right-of-use property and equipment as a corresponding entry to lease liabilities payable.

11 Investments and provision for net capital deficiency

The Group recognizes its investments in companies that have recorded net capital deficiency in liabilities within "provision for net capital deficiency".

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Investments	280,441	258,532	44,275	47,117
Provision for net capital deficiency	(2,924)	(1,607)	(4,711)	(2,365)
	277,517	256,925	39,564	44,752

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

(a) The breakdown of the Parent company's investments at March 31, 2021 was as follows:

Companies	Equity holding 2021	Profit (loss) for the year 2021	Equity 2021	Equity in the results of investees in the year 2021	Investment and net capital deficiency 2021	Equity holding 2020	Investment and net capital deficiency 2020
Subsidiaries							
Construtora Novolar	100 %	11,683	126,805	11,683	126,859	100 %	115,175
SPE Álamo Patrimar	98 %	(1)	(20)	(1)	(20)	98 %	(19)
SPE Patrimar Engefor	50 %	105	674	53	337	50 %	316
SPE Maura Valadares	50 %	(30)	(31)	(15)	(15)	50 %	-
SPE Engefor Patrimar V.S. E.Imob Ltda.	50 %	2	(117)	1	(59)	50 %	(58)
SCP Professor Danilo Ambrósio	95 %	-	(18)	-	(17)	95 %	(17)
SCP Jornalista Oswaldo Nobre	90 %	(1)	(212)	(1)	(191)	90 %	(191)
SCP Gioia dell Colle	90 %	(1)	(33)	(1)	(30)	90 %	(29)
SCP Olga Chiari	85 %	112	3,300	95	2,805	85 %	5,842
SCP Manhattan Square	90 %	(14)	6,558	(12)	5,902	90 %	5,916
SCP Priorato Residences	90 %	53	1,337	48	1,203	90 %	1,155
SCP Holiday Inn	80 %	613	18,147	491	14,518	80 %	14,155
SCP Mayfair Offices	90 %	(32)	151	(29)	136	90 %	165
SCP Quintas do Morro	69 %	1,309	3,687	900	2,535	69 %	1,721
SCP MG 02 Chopin	50 %	(1)	(2)	-	(1)	50 %	(1)
SCP Neuchatel	90 %	-	430	-	387	90 %	387
SPE MRV Galleria	50 %	25	(1,355)	12	(678)	50 %	60
SPE Jardinaves	50 %	4,445	7,164	2,223	3,582	50 %	1,320
SPE Jota Patrimar Engefor	50 %	(47)	(523)	(24)	(262)	50 %	(189)
SPE Colina Engefor Patrimar	50 %	(37)	(60)	(19)	(30)	50 %	(6)
SPE Jardim das Mangabeiras	50 %	9,798	93,078	4,899	46,539	50 %	41,640
SPE EPIC	50 %	3,054	22,645	1,527	11,317	50 %	9,794
SPE DUO - Alameda do Morro	40 %	5,527	21,320	2,211	8,528	40 %	7,691
SPE Vale dos Cristais	50 %	-	423	-	211	50 %	122
SPE High Line	100 %	2,726	10,442	2,726	10,442	100 %	7,666
SPE 2300 Rio de Janeiro	50 %	9,021	12,020	4,510	6,010	50 %	1,460
SPE Le Terrace	43 %	-	(15)	-	(6)	43 %	(6)
SPE Golf I	100 %	(15)	5	(15)	5	100 %	(30)
SPE Golf II	100 %	(352)	(1,013)	(352)	(1,013)	100 %	(711)
SPE Das Americas 1	100 %	-	46	-	46	100 %	(3)
		47,942	324,833	30,910	239,040		213,325
Jointly-controlled investees							
Alba	14 %	-	31,231	(2,055)	2,617	14 %	4,680
SCP RJ 04	50 %	(68)	651	(34)	325	50 %	359
SPE Mirante do Ibituruna Ltda.	34 %	-	8,023	-	2,709	34 %	2,709
SCP Portal do Bosque	50 %	(10)	147	(5)	74	50 %	79
SCP Park Ritz	48 %	(1)	957	-	459	48 %	460
SCP Recanto das Águas	51 %	(10)	168	(5)	94	51 %	99
SCP MRV Belo Campo	50 %	(39)	(36)	(296)	(18)	50 %	175
SCP MRV Rec. Pássaros (Rouxinol)	40 %	(43)	620	(282)	261	40 %	523
SCP MRV Res. Beija Flor	40 %	(347)	(570)	(521)	(207)	40 %	102
SPE Padre Marinho	50 %	205	9,350	103	4,675	50 %	5,792
SCP Rívoli 1 and 2	40 %	(20)	189	(51)	76	40 %	84
SPE Acaba Mundo Emp. Imob. Ltda.	50 %	-	1,628	-	803	50 %	804
SPE MRV Patrimar RJ IX Ltda. (Andorinhas) 1 and 2	40 %	11	413	(106)	165	40 %	188
SPE Barbacena Empr Imob. S.A.	50 %	(145)	39,670	(73)	19,861	50 %	19,933
SPE Patrimar Somattos Gasparini Ltda.	50 %	12	12,184	(3,369)	6,152	50 %	6,792
Ponctuel	50 %	-	81	-	41	50 %	41
SPE Direcional Patrimar Maragogi Ltda.	45 %	(11)	9	(5)	(13)	45 %	(8)
		(466)	104,715	(6,699)	38,074		42,812

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

Companies	Equity holding 2021	Profit (loss) for the year 2021	Equity 2021	Equity in the results of investees in the year 2021	Investment and net capital deficiency 2021	Equity holding 2020	Investment and net capital deficiency 2020
Associates							
SCP Safira (Decaminada 10)	24 %	(96)	(970)	(23)	(232)	24 %	(209)
SCP João XXIII	24 %	(6)	8	(1)	9	24 %	10
SCP Naples	20 %	(1)	23	-	5	20 %	5
SCP Palo Alto	10 %	(21)	2,164	(2)	216	10 %	218
SCP Park Residences	10 %	(110)	1,370	(11)	137	10 %	265
SCP Silva Lobo	15 %	25	592	5	89	15 %	86
SCP Tavares Bastos	25 %	(5)	(25)	(1)	(6)	25 %	(5)
SPE Novo Lar Greenport	20 %	(5)	(633)	(1)	(127)	20 %	(126)
SPE Axis 1 Porto Fino	10 %	281	3,130	2	313	10 %	544
Other investments	100 %			(107)	(1)	100 %	-
		62	5,659	(139)	403		788
		47,538	435,207	24,072	277,517		256,925

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

(b) Changes in balances from December 31, 2020 to March 31, 2021 are as follows:

Companies	At December 31, 2020	Contributions	Dividend distribution	Equity in the results	Reversals	At March 31, 2021
Construtora Novolar	115,175	-	-	11,683	-	126,858
SPE Álamo Patrimar Incorp. Imob. Ltda.	(19)	-	-	(1)	-	(20)
SPE Patrimar Engefor Imóveis Ltda.	316	-	-	53	(32)	337
SPE Maura Valadares	-	-	-	(15)	-	(15)
SPE Engefor Patrimar V.S. E.Imob Ltda.	(57)	-	-	1	(2)	(58)
SCP Professor Danilo Ambrósio	(17)	-	-	-	-	(17)
SCP Jornalista Oswaldo Nobre	(191)	-	-	(1)	-	(192)
SCP Gioia dell Colle	(29)	-	-	(1)	-	(30)
SCP Olga Chiari	5,842	-	(3,043)	95	(89)	2,805
SCP Manhattan Square	5,916	-	-	(12)	(2)	5,902
SCP Priorato Residences	1,155	-	-	48	-	1,203
SCP Holiday Inn	14,155	-	(128)	491	-	14,518
SCP Mayfair Offices	165	-	-	(29)	-	136
SCP Quintas do Morro	1,721	119	-	900	(205)	2,535
SCP MG 02 Chopin	(1)	-	-	-	-	(1)
SCP Neuchatel	387	-	-	-	-	387
SPE MRV Galleria	60	-	(750)	12	-	(678)
SPE Jardinaves	1,320	40	-	2,223	-	3,583
SPE Jota Patrimar Engefor	(189)	-	-	(24)	(50)	(263)
SPE Colina Engefor Patrimar E. Imob Ltda.	(6)	1	-	(19)	(6)	(30)
SPE Patrimar Somattos Jardim das Mangabeiras	41,640	-	-	4,899	-	46,539
Antônio de Albuquerque SPE LTDA (EPIC)	9,794	500	-	1,527	(504)	11,317
SPE DUO - Alameda do Morro	7,691	809	-	2,211	(2,183)	8,528
SPE Vale dos Cristais	122	89	-	-	-	211
SPE High Line	7,666	50	-	2,726	-	10,442
SPE 2300 Rio de Janeiro	1,460	40	-	4,510	-	6,010
SPE Le Terrace	(6)	-	-	-	-	(6)
SPE Golf I	(30)	50	-	(15)	-	5
SPE Golf II	(711)	50	-	(352)	-	(1,013)
SPE Das Americas 1	(3)	50	-	-	-	47
	213,326	1,798	(3,921)	30,910	(3,073)	239,040
Jointly-controlled investees						
ALBA	4,680	-	-	(2,055)	(8)	2,617
SCP RJ 04	359	-	-	(34)	-	325
SPE Mirante do Ibituruna Ltda.	2,709	-	-	-	-	2,709
SCP Portal do Bosque	79	-	-	(5)	-	74
SCP Park Ritz	460	-	-	-	-	460
SCP Recanto das Águas	99	-	-	(5)	-	94
SCP MRV Belo Campo	175	117	-	(296)	(14)	(18)
SCP MRV Rec. Pássaros (Rouxinol)	523	67	-	(282)	(47)	261
SCP MRV Res. Beija Flor	102	212	-	(521)	-	(207)
SPE Padre Marinho	5,792	-	(1,220)	103	-	4,675
SCP Rívoli 1 and 2	84	42	-	(51)	-	75
SPE Acaba Mundo E. Imob Ltda.	804	-	-	-	-	804
SPE MRV Patrimar RJ Ix Ltda. (Andorinhas) 1 and 2	188	123	(4)	(106)	(36)	165
SPE Barbacena Empr Imobiliários S/A	19,933	-	-	(73)	-	19,860
SPE Patrimar Somattos Gasparini Ltda.	6,792	4,394	(30)	(3,369)	(1,635)	6,152
Ponctuel	41	-	-	-	-	41
SPE Direcional Patrimar Maragogi Ltda.	(8)	-	-	(5)	-	(13)
	42,812	4,955	(1,254)	(6,699)	(1,740)	38,074
Subsidiaries associates						
SCP Safira (Decaminada 10)	(209)	-	-	(23)	-	(232)
SCP João XXIII	10	-	-	(1)	-	9
SCP Naples	5	-	-	-	-	5
SCP Palo Alto	218	-	-	(2)	-	216
SCP Park Residences	265	7	(124)	(11)	-	137
SCP Silva Lobo	85	-	-	4	-	89
SCP Tavares Bastos	(5)	-	-	(1)	-	(6)
SPE Novo Lar Greenport	(126)	-	-	(1)	-	(127)
SPE Axis Porto Fino	544	-	(193)	3	(42)	312
Other investments	-	107	-	(107)	-	-
	787	114	(317)	(139)	(42)	403
	256,925	6,867	(5,492)	24,072	(4,855)	277,517

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

(c) The breakdown of investments in Consolidated (unconsolidated companies) at March 31, 2021 was as follows:

	Ownership interest (%)		Profit (loss) for the year	Equity	Equity in the results for the year	Investment and net capital deficiency
Companies	**2021**	**2020**	**2021**	**2021**	**2021**	**2021**
Ponctuel Consultoria	50 %	50 %	-	81	-	41
Alba	14 %	14 %	-	31,231	(2,055)	2,617
SCP Manchete	40 %	40 %	(387)	2,875	20	1,142
SCP MRV Belo Campo	50 %	50 %	(39)	(36)	(296)	(18)
SCP MRV Rec. Passaros (Rouxinol)	40 %	40 %	(43)	620	(282)	261
SCP MRV Res. Beija Flor	40 %	40 %	(347)	(570)	(521)	(207)
SCP Pacuare	50 %	50 %	(22)	(582)	(11)	(290)
SCP Park Ritz	48 %	48 %	(1)	957	-	459
SCP Park Rossete	51 %	51 %	10	2,170	5	1,107
SCP Parque Araras	50 %	50 %	(8)	68	14	34
SCP Parque Bem Te Vi	50 %	50 %	(23)	159	9	75
SCP Parque Gaivotas	50 %	50 %	(27)	77	(24)	40
SCP Parque Sabia	50 %	50 %	(2)	63	(5)	32
SCP Portal do Bosque	50 %	50 %	(10)	147	(5)	74
SCP Reality e Renovare	51 %	51 %	(263)	(558)	(134)	(284)
SCP Recanto das Águas	51 %	51 %	(10)	168	(5)	94
SCP Recanto do Tingui	35 %	35 %	(10)	(240)	(4)	(84)
SCP Riviera da Costa e Sol	48 %	48 %	(101)	(540)	(49)	(259)
SCP Rívoli 1 and 2	40 %	40 %	(20)	189	(51)	76
SCP RJ 04	50 %	50 %	(68)	651	(34)	325
SPE Acaba Mundo Emp. Imob Ltda.	50 %	50 %	-	1,628	-	803
SCP Andorinhas	40 %	40 %	11	413	(106)	165
SPE Barbacena Empr Imobiliários S.A.	50 %	50 %	(145)	39,670	(73)	19,861
SPE Direcional Patrimar Maragogi Ltda.	50 %	50 %	(11)	9	(5)	(13)
SPE Mirante do Ibituruna Ltda.	34 %	34 %	-	8,023	-	2,709
SPE Padre Marinho	50 %	50 %	205	9,350	103	4,675
SPE Park Riversul	35 %	35 %	(97)	36	(155)	22
SPE Patrimar Somattos Gasparini Ltda.	50 %	50 %	12	12,184	(3,369)	6,152
SPE Recreio Bandeirantes	35 %	35 %	(30)	(1,005)	(60)	(353)
SPE Recreio Gaveas	35 %	35 %	(3)	5,444	(170)	1,905
SPE Recreio Pontal	35 %	35 %	(181)	(4,762)	(228)	(1,668)
Other			-	-	371	71
			(1,610)	107,920	(7,120)	39,564

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

(d) At March 31, 2021, the balances of asset and liability accounts, net revenue and profit of unconsolidated entities, were as follows

	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Profit (Loss)	Net revenue
Companies	**2021**	**2021**	**2021**	**2021**	**2021**	**2021**	**2021**
Ponctuel Consultoria	-	81	-	-	81	-	-
Alba	33,396	-	2,020	145	31,231	-	-
SCP Manchete	814	2,674	131	482	2,875	(387)	83
SCP MRV Belo Campo	74	46	2	154	(36)	(39)	3
SCP MRV Rec. Passaros (Rouxinol)	542	242	56	108	620	(43)	(9)
SCP MRV Res. Beija Flor	248	87	171	734	(570)	(347)	3
SCP Pacuare	39	(366)	7	248	(582)	(22)	-
SCP Park Ritz	1,088	27	88	70	957	(1)	-
SCP Park Rossete	2,333	-	163	-	2,170	10	-
SCP Parque Araras	113	3	45	3	68	(8)	-
SCP Parque Bem Te Vi	112	83	31	5	159	(23)	-
SCP Parque Gaivotas	98	16	37	-	77	(27)	-
SCP Parque Sabia	79	(7)	4	5	63	(2)	-
SCP Portal do Bosque	20	129	2	-	147	(10)	-
SCP Reality e Renovare	221	(722)	57	-	(558)	(263)	-
SCP Recanto das Águas	120	63	15	-	168	(10)	-
SCP Recanto do Tingui	(124)	(12)	(62)	166	(240)	(10)	-
SCP Riviera da Costa e Sol	451	(883)	108	-	(540)	(101)	-
SCP Rívoli 1 and 2	145	157	15	98	189	(20)	(1)
SCP RJ 04	735	(29)	55	-	651	(68)	-
SPE Acaba Mundo Emp. Imob Ltda.	1,631	-	3	-	1,628	-	-
SCP Andorinhas	116	340	24	19	413	11	(1)
SPE Barbacena Empr Imobiliários S.A.	41,165	33	1,221	307	39,670	(145)	(3,592)
SPE Direcional Patrimar Maragogi Ltda.	71	3	65	-	9	(11)	-
SPE Mirante do Ibituruna Ltda.	8,024	2	3	-	8,023	-	-
SPE Padre Marinho	10,396	8	1,054	-	9,350	205	-
SPE Park Riversul	55	35	26	28	36	(97)	-
SPE Patrimar Somattos Gasparini Ltda.	12,592	18	424	2	12,184	12	-
SPE Recreio Bandeirantes	112	14	1,122	9	(1,005)	(30)	-
SPE Recreio Gaveas	1,391	451	(3,673)	71	5,444	(3)	(19)
SPE Recreio Pontal	432	132	4,663	663	(4,762)	(181)	(7)
	116,489	2,625	7,877	3,317	107,920	(1,610)	(3,540)

12 Property and equipment

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

	Annual depreciation rate
Sales stands and model apartments (i)	-
Leasehold improvements	20.00 %
Machinery and equipment	10.00 %
Vehicles	20.00 %
Furniture and fittings	10.00 %
IT equipment	20.00 %
Management	20.00 %
Aircraft	3.33 %

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

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

(a) The breakdown of property and equipment for the quarter ended March 31, 2021 was as follows

	Parent company					Consolidated				
	Balance 12/31/2020	Additions	Disposals	Transfers	Balance 3/31/2021	Balance 12/31/2020	Additions	Disposals	Transfers	Balance 3/31/2021
Cost										
Leasehold improvements	6,736	-	-	1,068	7,804	6,736	-	-	1,068	7,804
Machinery and equipment	3,723	-	-	-	3,723	6,140	-	-	-	6,140
Vehicles	897	-	-	-	897	897	-	-	-	897
Furniture and fittings	1,958	-	-	-	1,958	1,958	-	-	-	1,958
Sales stands and model apartments	925	-	-	495	1,420	14,176	722	-	605	15,503
IT equipment	511	66	-	-	577	540	66	-	-	606
Construction in progress	1,456	285	-	(1,563)	178	-	4,385	-	(1,673)	2,712
Total cost	16,206	351	-	-	16,557	30,447	5,173	-	-	35,620
Depreciation										
Leasehold improvements	(3,880)	(334)	-	-	(4,214)	(3,876)	(334)	-	-	(4,210)
Machinery and equipment	(2,879)	(75)	-	-	(2,954)	(3,545)	(195)	-	-	(3,740)
Vehicles	(614)	(30)	-	-	(644)	(614)	(30)	-	-	(644)
Furniture and fittings	(596)	(52)	-	-	(648)	(597)	(51)	-	-	(648)
Sales stands and model apartments	(352)	(55)	-	-	(407)	(5,340)	(604)	-	-	(5,944)
IT equipment	(125)	(24)	-	-	(149)	(134)	(25)	-	-	(159)
Total depreciation	(8,446)	(570)	-	-	(9,016)	(14,106)	(1,239)	-	-	(15,345)
Total property and equipment, net	7,760	(219)	-	-	7,541	16,341	3,934	-	-	20,275

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

(b) Reconciliation of depreciation and amortization for the purpose of preparing the statement of cash flows and the statement of income

	Parent company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Depreciation of property and equipment (Note 12)	(570)	(632)	(1,240)	(1,226)
Amortization of intangible assets (Note 13)	(669)	(583)	(701)	(615)
Depreciation of right-of-use assets	(422)	(71)	(616)	(7)
Total	(1,661)	(1,286)	(2,557)	(1,848)

13 Intangible assets

The breakdown of intangible assets for the quarter ended March 31, 2021 was as follows:

	Parent company					Consolidated				
	Balance 12/31/2020	Additions	Disposals	Transfers (Note 11(ii))	Balance 3/31/2021	Balance 12/31/2020	Additions	Disposals	Transfers (Note 11(ii))	Balance 3/31/2021
Cost										
Computer software license	13,156	-	-	-	13,156	13,800	-	-	-	13,800
Total cost	13,156	-	-	-	13,156	13,800	-	-	-	13,800
Amortization										
Computer software license	(3,169)	(669)	-	-	(3,838)	(3,383)	(701)	-	-	(4,084)
Total amortization	(3,169)	(669)	-	-	(3,838)	(3,383)	(701)	-	-	(4,084)
Total intangible assets, net	9,987	(669)	-	-	9,318	10,417	(701)	-	-	9,716

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

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

14 Borrowings and debentures

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Financing for construction	16,484	22,324	78,232	73,550
Borrowings for working capital (in Reais - R$) (i)	50,271	60,336	50,271	60,336
Debentures (ii)	50,000	-	50,000	-
	116,755	82,660	178,503	133,886
Borrowings - working capital and debentures				
Current liabilities	271	10,336	271	10,336
Non-current liabilities	100,000	50,000	100,000	50,000
Financing for construction				
Current liabilities	16,484	7,273	68,364	39,350
Non-current liabilities	-	15,051	9,868	34,200
Current liabilities	16,755	17,609	68,635	49,686
Non-current liabilities	100,000	65,051	109,868	84,200

(i) The Company has a working-capital contract, which includes covenants, verifiable on a quarterly basis and the commitment to keep the net working debt below R$ 30 million up to the full settlement of the contracted obligations. The commitments assumed have been complied with by the Company as agreed upon.

(ii) On March 18, 2021, the Company's Board of Directors approved the 1st issue of simple debentures, non-convertible into shares and unsecured, in a single series, for private placement ("Debentures") by the Company, in the total amount up to R$ 100 million, which will be fully and privately subscribed by ISEC Securitizadora SA ("ISEC"), to guarantee the 239th series of the 4th issue Certificates of Real Estate Receivables – CRI, distributed through a public offering with restricted efforts of distribution pursuant to CVM Instruction 479/2009. At March 31, 2021, 50% of the amount obtained (R$ 50 million) was settled.

Changes in borrowings in the quarter or year were as follows:

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Opening balance	82,660	48,704	133,886	66,383
Releases	51,391	105,659	68,004	164,819
Provision for interest payable	1,377	4,721	2,690	6,425
Payments - interest	(1,444)	(4,216)	(2,616)	(5,633)
Repayments - principal	(17,229)	(72,680)	(23,461)	(98,580)
Foreign exchange gains/losses	-	472	-	472
Closing balance	116,755	82,660	178,503	133,886

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

Amounts recorded in current and non-current liabilities of working capital and debentures by maturity year are as follows:

		Parent company		Consolidated
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
2021	271	10,336	271	10,336
2022	10,000	10,000	10,000	10,000
2023	38,750	20,000	38,750	20,000
2024	45,000	20,000	45,000	20,000
2025	6,250	-	6,250	-
	100,271	60,336	100,271	60,336

Amounts recorded in current and non-current liabilities of financing for construction by maturity year are as follows:

		Parent company		Consolidated
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
2021	16,484	7,273	68,364	39,350
2022	-	15,051	-	29,924
2023	-	-	9,868	4,276
	16,484	22,324	78,232	73,550

Financing for construction: This type of borrowing is designed to fund projects during the construction period. The applicable interest rates range from 6.9% to 11.25% p.a., depending on the operation, plus the Reference Rate (TR). These financing arrangements are secured by the real estate development to which it is related.

Working capital and debentures: This type of borrowing is designed to finance the Group's working capital requirements. The average interest rate applicable to borrowings of this type is the CDI rate ranging from 2.99% to 3.75% p.a. The Company did not offer guarantees for these lines of loans

15 Lease

		Parent company		Consolidated
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Lease	5,633	1,715	6,342	3,869
	5,633	1,715	6,342	3,869
Current liabilities	1,689	501	2,294	1,486
Non-current liabilities	3,944	1,214	4,048	2,383

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

Changes in leases were as follows:

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Opening balance	1,715	2,025	3,869	4,346
Lease	5,910	571	6,625	2,261
Termination of lease contract	(1,635)	-	(3,611)	-
Repayments - lease - principal	(357)	(882)	(541)	(2,920)
Payments - lease - interest	(58)	(57)	(103)	(319)
Financial charges - Lease	58	58	103	501
Closing balance	5,633	1,715	6,342	3,869

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

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
2021	1,689	501	2,294	1,486
2022	1,551	569	1,681	1,143
2023	1,586	645	1,570	1,109
2024	807	-	797	131
	5,633	1,715	6,342	3,869

Lease:

Rental agreement related to administrative facilities (warehouse, headquarters, offices) - remaining term of 35 to 39 months, discounted to present value at the rate of 2.31% p.a.

Rental agreement related to housing facilities for engineers - remaining term of 10 months, discounted to present value at the rate of 2.31% p.a.

Rental agreement related to commercial spaces (stores and sales stand) - remaining term of 3 to 18 months, discounted to present value at the rate of 2.31% p.a.

Lease contract related to heavy equipment - remaining term of 5 to 10 months, discounted to present value at the rate of 2.31% p.a.

16 Trade payables

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Trade payables	3,838	1,949	29,032	23,153
Technical retentions	445	443	4,492	4,220
	4,283	2,392	33,524	27,373

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

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

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

17 Tax liabilities

Corporate income tax and social contribution on net income are calculated based on the amounts received (cash basis). The balances of taxes payable are estimated on the accrual basis of accounting and are recorded as deferred taxes, as shown below. The breakdown of the balances of taxes to be paid according to tax criteria is as follows:

	Parent company		Consolidated	
Taxes payable	**3/31/2021**	**12/31/2020**	**3/31/2021**	**12/31/2020**
National Institute of Social Security (INSS)	217	251	2,914	3,020
Services Tax (ISS)	150	177	583	529
Social Contribution on Revenues (COFINS)	8	8	10	6
Social Integration Program (PIS)	2	2	16	80
Other withheld taxes	479	548	133	1,974
	856	986	3,656	5,609
Deferred taxes				
Special Taxation Regime (RET)	1,491	1,469	15,187	9,498
COFINS	8	8	236	530
Social Contribution on Net Income (CSLL)	-	-	276	67
PIS	-	-	39	38
	1,499	1,477	15,738	10,133
	2,355	2,463	19,394	15,742

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

18 Real estate purchase obligations

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

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Land developed	-	-	49,888	43,115
Land not yet developed	863	863	32,341	42,088
	863	863	82,229	85,203
Current liabilities	863	863	55,560	54,965
Non-current liabilities	-	-	26,669	30,238

19 Advances from customers

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

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Advances from customers and barters made for construction in progress	2,176	2,898	105,061	73,592
Advances from customers for customized units	-	-	44,936	33,925
Barters made for land - not launched developments	23	95	53,464	43,602
	2,199	2,993	203,461	151,119
Current liabilities	2,179	2,942	203,461	151,075
Non-current liabilities	20	51	-	44

20 Provision for contingencies and judicial deposits

Provision for contingencies

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Civil	-	-	1,368	2,614
Tax	1,427	1,427	1,427	1,428
Labor	-	-	1,548	1,546
	1,427	1,427	4,343	5,588

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

Judicial deposits

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Civil	-	-	1,165	1,165
Tax	-	-	-	-
Labor	112	75	330	364
	112	75	1,495	1,529

Changes in the quarter ended March 31, 2021:

Contingencies

	Parent company	Consolidated
Opening balance	1,427	5,588
Additions	-	215
Write-offs	-	(1,838)
Update	-	378
Closing balance	1,427	4,343

Judicial deposits

	Parent company	Consolidated
Opening balance	75	1,529
Additions	50	78
Write-offs	(13)	(112)
Closing balance	112	1,495

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

The corresponding provisions for contingencies were set considering the estimate made by the legal counsel for proceedings involving probable loss.

Possible loss contingencies:

The Group companies are parties to other legal proceedings of a tax, civil and labor nature arising in the normal course of business, for which the likelihood of loss is assessed as possible by management and its legal counsel. The approximate amounts of R$ 3,532 for labor claims, R$43,964 for tax claims and R$8,950 for civil claims total R$56,446 (R$49,361 at December 31, 2020).

Accordingly, no provision was recorded to cover possible losses.

Of the amounts of possible contingencies, the most significant refers to the “physical exchange” of land.

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

As part of the process for purchase and sale of properties, the Group acquires land to be developed based on the "physical exchange" method. On September 4, 2014, the Federal Revenue Secretariat (SRF) issued Cosit Regulatory Opinion No. 9, which changed the understanding of the income tax legislation with respect to the deemed profit (Decree No. 3,000 of March 26, 1999) and started to consider revenue from physical-exchange transactions recognized at fair value as the calculation bases for IRPJ, CSLL, PIS and COFINS. Based on this understanding, in 2017 and 2018, tax assessment notices were issued against the Group in the amount of R$28,718.

The Group, together with its legal counsel, has been challenging this assessment at the administrative level, and has contended that the assessment notice should be considered as lacking grounds since the recognition of the fair value from the barter transactions carried out cannot give rise to any effect on the calculation bases of the mentioned taxes. The probability of loss in this case has been classified as possible and the estimated risk involved at March 31, 2021 amounted to R$ 32,597 (R$ 35,442 at December 31, 2020). The decisions already issued, either within the scope of the Administrative Board of Tax Appeals (CARF) or the High Court of Justice (STJ) were favorable to taxpayers. Therefore, no provision for contingencies with respect to this matter has been recorded in this interim financial information.

21 Provision for real-estate maintenance

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

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

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

The provision is recorded as the work progresses, by applying the percentage mentioned above to the actual costs incurred. Provisions are recorded (used) as maintenance is required in accordance with the contractual requirements for warranty coverage.

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

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Opening balance	1,532	1,566	8,762	7,701
Additions	39	246	861	2,743
Write-offs (Payments related to warranties)	(107)	(280)	(306)	(1,682)
Closing balance	1,464	1,532	9,317	8,762

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

22 Equity

(a) Capital

At March 31, 2021, capital was R$ 269,172 (R$ 269,172 at December 31, 2020) and was divided into 56,025,501 common shares.

(b) Corporate structure

At January 01, 2021, the Company's shares were held as follows:

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

Change in the number of shares - reverse split (Note 31(a))

On August 5, 2020, at an Extraordinary General Meeting the stockholders decided to change the number of the Company's shares through a reverse split in the ratio of 160:1, that is, each group of 160 common shares was consolidated into one common share. As a result, the share capital started to comprise 174,827,996 (one hundred and seventy-four million, eight hundred and twenty-seven thousand, nine hundred and ninety-six) 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
	174,828

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

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

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
	58,276

(c) Partial split-off

At an Extraordinary General Meeting held on December 31, 2020, the stockholders decided to carry out a partial split-off of assets with a reduction in the Company's capital by R$12,429,952.73, by canceling 2,250,498 common shares, of which 378,167 shares were held by stockholder Patrícia Martins Veiga; 378,167 shares were held by stockholder Renata Martins Veiga Couto and 1,494,164 shares were held by stockholder PRMV Participações S.A., without considering the proportional interest of each stockholder in Patrimar's capital, since the shares held by the other stockholders 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:	-

(d) 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.

(e) Profit distribution policy

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

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:

	3/31/2021	3/31/2020
Basic earnings per share:		
Profit for the period	20,713	8,144
Weighted average number of shares (in thousands)	56,026	56,026
Basic and diluted earnings per share - R$	0.369703	0.145361

24 Net operating revenue

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

	Parent company		Consolidated	
	3/31/2021	3/31/2020	3/31/2021	3/31/2020
Gross revenue from the sales of properties	17,384	15,751	185,712	77,191
Service revenue	470	273	2,207	290
Canceled sales	(1,579)	-	(9,485)	(7,947)
Changes in the provision for canceled sales	-	(2,170)	-	3,253
Present value adjustment (i)	876	573	2,600	2,802
Taxes on billings	(409)	(560)	(3,891)	(1,577)
Net operating revenue	16,742	13,867	177,143	74,012

(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.

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

25 Costs and expenses by nature

	Parent company		Consolidated	
	3/31/2021	3/31/2020	3/31/2021	3/31/2020
Cost of properties sold				
Materials	(1,568)	(3,520)	(30,515)	(12,397)
Land	(3,715)	(1,691)	(44,518)	(6,992)
Completed properties	(2,456)	(115)	(5,182)	(6,122)
Personnel expenses	(370)	(958)	(5,511)	(2,069)
Subcontractors	(1,250)	(2,803)	(17,263)	(8,967)
Other	(542)	276	(6,366)	(5,199)
	(9,901)	(8,811)	(109,355)	(41,746)

	Parent company		Consolidated	
	3/31/2021	3/31/2020	3/31/2021	3/31/2020
General and administrative expenses				
Personnel expenses	(4,052)	(3,149)	(4,830)	(3,920)
General and administrative expenses	(650)	(501)	(945)	(1,033)
Depreciation and amortization	(1,606)	(1,240)	(1,812)	(1,461)
Third-party services	(2,194)	(826)	(2,835)	(1,306)
	(8,502)	(5,716)	(10,422)	(7,720)

	Parent company		Consolidated	
	3/31/2021	3/31/2020	3/31/2021	3/31/2020
Selling expenses				
Personnel expenses	(595)	(388)	(1,130)	(1,141)
Commissions and brokerage	(51)	284	(2,654)	(983)
Sales stands/model apartments	(2)	(51)	(134)	(682)
Advertising	(295)	(213)	(2,885)	(2,219)
Other selling expenses	(524)	(242)	(2,424)	(1,266)
	(1,467)	(610)	(9,227)	(6,291)

	Parent company		Consolidated	
	3/31/2021	3/31/2020	3/31/2021	3/31/2020
Other operating income (expenses), net				
Real estate financing expenses	(153)	(70)	(193)	(131)
Tax expenses	-	(258)	(7)	(261)
Provision for contingencies	-	(89)	1,245	(1,333)
Other operating income and expenses	257	(420)	(347)	(1,615)
	104	(837)	698	(3,340)

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

26 Management fees

Management compensation for the quarter/year ended March 31, 2021 and March 31, 2020 is shown below:

	2021	2020
Parent company	1,823	890
Consolidated	2,054	1,005

27 Finance income (costs), net

		Parent company		Consolidated
	3/31/2021	3/31/2020	3/31/2021	3/31/2020
Finance income				
Indexation accruals and interest as per contracts	929	511	3,593	1,554
Interest on financial investments	54	134	526	383
Swap – credit balance	-	1,996	-	1,996
Other finance income	2	-	17	-
	985	2,641	4,136	3,933
Finance costs				
Interest on borrowings	(1,061)	(693)	(1,165)	(776)
Bank fees and charges	(30)	(187)	(177)	(330)
Financing expenses	-	(36)	(1)	(101)
Swap – debit balance	-	(2,246)	-	(1,954)
Other finance costs	(9)	-	(21)	-
	(1,100)	(3,162)	(1,364)	(3,161)
	(115)	(521)	2,772	772

28 Income tax and social contribution expenses

Corporate income tax and social contribution on net income are calculated on an accrual basis. However, considering that their payment is made on a cash basis, the Company records them as deferred taxes up to the time the payment is made. The breakdown of the balances of taxes to be paid according to tax criteria is as follows:

		Parent company		Consolidated
	3/31/2021	3/31/2020	3/31/2021	3/31/2020
Profit (loss) before IRPJ and CSLL	20,933	8,439	44,489	17,743
Rate 34%	(7,117)	(2,869)	(15,126)	(6,033)
Effect on exclusions (equity accounting)	8,184	(3,763)	(2,421)	(699)
Segregated assets structure (RET)	(49)	-	1,730	-
Unrecognized tax credits due to temporary differences (RET)	(1,238)	6,337	11,750	5,389
IRPJ and CSLL expenses	(220)	(295)	(4,067)	(1,343)
Effective rate	1 %	3 %	9 %	8 %

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

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

29 Deferred revenue and deferred costs

Pursuant to Circular Official Letter No. 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, we present the information below, mainly related to deferred revenue and deferred costs of units under construction.

	Parent company	Consolidated
Developments under construction		
(i) Deferred revenue from units sold		
(a) Developments under construction:		
Revenue from contracted sales	60,504	1,335,936
Revenue from recognized sales	(53,478)	(753,139)
Canceled sales - reversed revenue	1,933	29,739
(b) Revenue from recognized sales, net	(51,545)	(723,400)
Deferred revenue (a+b)	8,959	612,536
(ii) Budgeted deferred cost of sold units		
(a) Developments under construction:		
Budgeted costs	32,609	784,527
Construction costs	(27,763)	(431,105)
(b) Incurred costs, net	(27,763)	(431,105)
Deferred costs of units sold (a+b)	4,846	353,422
(iii) Budgeted deferred costs of units in inventory		
Developments under construction:		
(a) Budgeted costs	8,088	352,217
(b) Incurred costs	(6,886)	(157,166)
Deferred costs of units in inventory (a+b)	1,202	195,051

30 Commitments

(a) Commitments for purchase of land.

Commitments have been undertaken by the Group for purchases of land, which have not yet been reflected in the accounting records, as there are matters pending resolution by the sellers before the formalization of the final deed and transfer of the related title to Patrimar, its subsidiaries or partners. These commitments total R$ 1,157,850 (R$ 1,210,025 at December 31, 2020) of which: R$ 1,066,349 (R$ 1,138,290 at December 31, 2020) will be settled by transfers of real estate units to be constructed and/or by using a portion of the proceeds from the sale of the related developments, and R$ 91,501 (R$ 78,735 at December 31, 2020) will be settled as a balancing payment.

(b) Lease commitments

At March 31, 2021, Patrimar had R$ 5,633 (R$ 1,715 in 2020) in the Parent company and R$ 6,342 (R$ 3,869 in 2020) in Consolidated in commitments related to the lease of big-sized equipment and real estate.

31 Segment reporting

The main revenue of the Group is derived from real-estate development. The chief operating decision-maker analyzes information by development for the purposes of allocating resources and assessing its performance. The management of activities relating to strategic planning, finance, purchases, the investment of resources and the assessment of the performance of developments is centralized and there is no segregation by type of development (residential - high and middle standard and commercial) that could indicate management by segment, or other factors that could identify a set of components as operating segments of the entity.

32 Insurance

At March 31, 2021, the Company has the following insurance policies:

(a) Engineering risk insurance - civil works in progress: 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 considering the risks inherent to construction works, including civil liability and cross liability insurance, special expenses, riots, employer’s civil liability and moral 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)

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

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

Items	Type of coverage	Insured amount Consolidated
Contractor - Completion bond (SGTO)	It assures to the financing agent of the development the completion of the construction in the event of technical and financial unavailability by the Company.	27,767
Civil liability (management)	It assures the coverage of moral damages to the Company's management (D&O)	10,000
Insurance - construction (engineering risk)/Civil liability	It assures, during the construction period of the project, indemnity resulting from damages caused to the works, such as fire, lightning strike, theft, among other specific coverings of facilities and assemblies in the place covered by the insurance. It assures indemnity up to the maximum limit of the insured amount, 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.	682,562
Commercial multiple peril insurance	Typically, it assures indemnity for three risks: fire, lightning strikes and explosions. In addition to these risks, these plans combine several additional coverages, such as: windstorm, aircraft crashes, loss of rent, among several others. Also, they may include civil liability coverage (of family members, of the building manager and/or condominium, material damages to third-party vehicles), medical, hospital and dental expenses of individuals, etc.	24,178
Guarantee insurance - contractual obligations	The contractual guarantee insurance is designed to ensure companies and public agencies of the fulfillment of contracts, by indemnifying the insured for breaches of contracts (contractual obligations) of several types.	40,236
Post-completion bond – maintenance bond (SGPE)	It ensures maintenance and troubleshooting in units delivered for up to five years, with respect to the damages provided for in the consumer code.	5,378
Equipment	It guarantees indemnity for the losses directly resulting from the occurrence of risks related to machines, equipment and implements, of fixed or mobile types, for non-agricultural use.	830
House	It guarantees indemnity for the damages caused by fire, lightning strike and explosion; however, there are other additional coverages that can also be contracted, aiming at supplementing the insurance and protecting the property against other risks, including theft, collapse, vehicle impact, aircraft crash, windstorm, hurricane, cyclone, hailstorm, electrical damages, etc.	1,950
Legal guarantee	The legal guarantee Insurance is a type of insurance that was created as an alternative to judicial deposits and the attachment of assets in litigation. This insurance has been widely accepted at the judicial level, either as a new guarantee in the case or as a substitute of the guarantees given.	4,212
Contractor - Completion bond - Infrastructure not included	It guarantees the execution of the external infrastructure works up to the maximum guarantee amount established in the policy, for the losses resulting from failure to honor the obligations assumed by the provider in relation to the obligation to complete the construction of the external infrastructure of the property in question.	1,764

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

33 Transactions not involving cash or cash equivalents

	Parent company		Consolidated	
	3/31/2021	3/31/2020	3/31/2021	3/31/2020
Investing activities				
Transfers of property and equipment – Leases IFRS 16 (Note 12)	197	236	377	581

34 Events after the reporting period

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

* * *

Conclusions and Representations / Officers' Representation on the Financial Statements

Officers' Representation on the Financial Statements

Pursuant to the provisions of Article 25, paragraph 1, items V and VI, of the Brazilian Securities and Exchange Commission Instruction No. 480 of December 7, 2009, the officers represent that they have reviewed, discussed and are in agreement with the parent company and consolidated interim financial statements for the quarter ended March 31, 2021.

Belo Horizonte, May 5, 2021.

Chief Executive Officer – ALEXANDRE ARAÚJO ELIAS VEIGA

Chief Financial Officer and Investor Relations Officer - FELIPE ENCK GONÇALVES

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

Officers' Representation on the Independent Auditor’s Report

Pursuant to the provisions of Article 25, paragraph 1, items V and VI, of the Brazilian Securities and Exchange Commission Instruction No. 480 of December 7, 2009, the officers represent that they have reviewed, discussed and are in agreement with the conclusions expressed in the Independent Auditor’s Review Report dated May 5, 2021, on the parent company and consolidated interim financial statements for the quarter ended March 31, 2021.

Belo Horizonte, May 5, 2021.

Chief Executive Officer – ALEXANDRE ARAÚJO ELIAS VEIGA

Chief Financial Officer and Investor Relations Officer - FELIPE ENCK GONÇALVES

EXECUTIVE BOARD

ALEXANDRE ARAÚJO ELIAS VEIGA
Chief Executive Officer

FELIPE ENCK GONÇALVES
Chief Financial Officer and Investor Relations Officer

RESPONSIBLE ACCOUNTANT

ROGER TADEU VILELA FERREIRA
CRC - MG 122.560/O

Atenção! Esta folha não deverá ser destacada do trabalho! Não a descarte! Ela é essencial para a continuidade do trabalho toda vez que retornar ao DPT.

Controle do DPT-BH / Word

Dados do trabalho

Cliente	Patrimar Engenharia S/A		
Nº de registro	REDE	Tipo trab/data	DFS 31/12/2020
Nome do arquivo	PatrimarEngenharia31122020dfs.docx	Disco/arquivo	REDE
Diretório	F:\Data\Audit\dfs\Patrimar	Idioma	Português
DADOS DO DEPARTAMENTO			
Departamento	ABAS		
Sócio	GCS	Secretária	Viviane Macedo
Gerente/Supervisor	Rodrigo Ziccardi	Secretária	Viviane Macedo
CONTROLE DE GRAVAÇÃO DO "POOL"			
Gravação	Alex		
Data/Especific.	10/02/2021		
1ª correção	Alex – 23/02/2021	21ª correção	
2ª correção		22ª correção	
3ª correção		23ª correção	
4ª correção		24ª correção	
5ª correção		25ª correção	
6ª correção		26ª correção	
7ª correção		27ª correção	
8ª correção		28ª correção	
9ª correção		29ª correção	
10ª correção		30ª correção	
11ª correção		31ª correção	
12ª correção		32ª correção	
13ª correção		33ª correção	
14ª correção			
15ª correção			
16ª correção			
17ª correção			
18ª correção			
19ª correção			
20ª correção			