Multiplan

MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

In compliance with legal requirements and in accordance with the Brazilian Corporate Laws, Multiplan Empreendimentos Imobiliários S.A. ("Company") presents, as follows, its Management Discussion and Analysis for the financial and operational results for the year ended on December, 31, 2020.

Multiplan Empreendimentos Imobiliários S.A., a real estate company that manages, develops and owns shopping centers and office towers for lease, as well as mixed-use projects for sale, ended the fiscal year 2020 with resilient operating and financial results. Despite the decrease of the the Company's main source of revenue, rental revenue, which was 11.2% lower in 2020 impacted by operating restrictions in shopping centers, net income was benefited by the sale of the Diamond Tower corporate tower, reaching a record high of R$964.0 million, more than doubling the performance of the previous year.

Operating Performance

	2020	2019	2020 x 2019
(R$ million)			
Total Tenants Sales	**9,915.4**	**15,856.8**	**-37.5%**
Rental revenue	978.1	1,100.9	-11.2%
Parking revenue	114.5	219.3	-47.8%
Others	77.0	114.9	-33.0%
Gross Operating Revenues	**1,169.6**	**1,435.1**	**-18.5%**
Taxes and contributions on sales and services	(88.0)	(129.5)	-32.0%
Net Operating Revenues	**1,081.6**	**1,305.6**	**-17.2%**
Cost of services rendered and properties sold	(274.8)	(272.2)	1.0%
Administrative expenses - head office	(139.4)	(160.1)	-12.9%
Administrative expenses – properties	(82.2)	(70.2)	17.1%
New projects for lease expenses	(10.9)	(15.0)	-27.3%
New projects for sale expenses	(5.2)	(6.8)	-23.5%
Other revenues (expenses)	577.4	(76.8)	-851.8%
Operating Income Before Financial Income	**1,146.5**	**704.5**	**62.7%**
Net financial income (loss)	(76.1)	(145.5)	-47.7%
Income and social contribution taxes	(106.4)	(89.8)	18.5%
Net Income	**964.0**	**469.2**	**105.5%**
NOI	**940.9**	**1,181.7**	**-20.4%**
EBITDA	**1,370.2**	**925.0**	**48.1%**

Total Tenants Sales: Tenants sales in Multiplan's shopping centers reached R$9.9 billion in 2020, a decrease of 37.5% compared to 2019, as a result of the new coronavirus pandemic (Covid-19), and its consequent operational restrictions for the Company's shopping centers since March 2020. During the first quarter, operational restrictions caused a negative impact of 10.5% compared to the sales in the same period of 2019, intensifying the impact in the second quarter to 84.5% and then reducing it considerably to 42.1% in the third quarter and 17.2% in the fourth quarter, as shopping center operating hours increased and restrictions eased.

Gross Revenue: reached R$1,169.6 million in the year, a 18.5% decrease over 2019, mainly due to the 11.2% decrease in rental revenue, which represented 83.6% of gross revenue.

Rental Revenues: totaled R$978.1 million, a 11.2% decrease over 2019 or 88.8% of the previous year performance, while the shopping centers operated for the equivalent of 58.5% of the regular opening hours in 2020. The decrease in rental revenues was mitigated by the positive straight-line effect of R$215.5 million accounted throughout the year.

Parking Revenues: reached R$114.5 million, a decrease of 47.8% over 2019, impacted by the operating restrictions and its effect on the car flow and time spent by customers in the shopping centers.

Other Revenues: reached R$77.0 million in 2020, 33.0% lower than 2019's figure, mainly due to the decrease in services revenue from management fees due to the lower condominium and marketing fund expenses.

Cost of Services Rendered and Properties Sold: totaled R$274.8 million, a 1.0% increase when compared to 2019. One of the main reasons for this increase was higher property costs with vacant areas (mainly property taxes, rental and condominium fees).

Administrative Expenses – Head Office: 12.9% lower when compared to 2019, totaling R$139.4 million, reflecting the contingency measures implemented throughout the year, including temporary salary reduction, corporate structure adjustments, as well as reductions in services, marketing and travel expenses.

Administrative Expenses – Properties: totaled R$82.2 million in the year, 17.1% higher when compared to 2019 due to the increase in delinquency provisions given a higher delinquency rate.

New Projects for Lease Expenses: presented a 27.3% decrease to R$10.9 million in 2020 mainly due to lower marketing expenses related to ParkJacarepaguá.

New Projects for Sale Expenses: presented a 23.5% decrease to R$ 5.2 million in 2020, mainly due to lower expenses with properties for sale already delivered.

Other Revenues (Expenses): presented revenues of R$577.4 million in 2020 compared to expenses of R$76.8 million in 2019, mainly due to the sale of Diamond Tower in July 2020 for R$810.0 million, which recorded a net result of R$574.3 million after the deduction of its cost of properties sold, provisions for a minimum guaranteed monthly income, costs with lease contracts and funding costs.

Net Operating Income (NOI): totaled R$940.9 million in 2020, 20.4% lower than in the previous year, reflecting the reductions in rental and parking revenues (due to the operating restrictions in shopping centers and the reduction in the Gross Leaseable Area after the sale of Diamond Tower) and higher property costs and expenses during the period.

EBITDA: reached R$1,370.2 million in 2020, the highest mark in the Company's history, with an increase of 48.1% compared to 2019, benefiting from the sale of Diamond Tower in July 2020.

Net Income: in line with EBITDA performance, reached R$964.0 million in 2020, the highest mark in the Company's history with an increase of 105.5% compared to 2019, benefiting from the sale of Diamond Tower in July 2020. Net income was also driven by the improvement in financial results, reducing its loss from R$145.5 million in 2019 to R$76.1 million in 2020, due to recent renegotiations and prepayments of loans and financings and the reduction in Brazil´s basic interest rate (Selic).

Net Cash Position: the Company ended the year with cash, cash equivalents and financial investments of R$1,223.4 million, and a gross debt of R$3,378.1 million. As a result, the Company presented a net debt of R$2,154.7 million, equivalent to 1.57x its EBITDA generated in 2020.

Projects development: in 2020, the Company continued to invest in the construction works and leasing process of ParkJacarepaguá, leasing more than 70% of its Gross Leasable Area and preparing its operning by the end of 2021. Other important investments include the modernization of BarraShopping, BHShopping and ParkShopping, beyond additional investments in digital innovation initiatives.

Independent auditors

Pursuant to the provisions of the Brazilian Securities Commission ("CVM") Instruction No. 381 of January 14, 2003, the Company sets forth below the description of information about non-external audit services provided by our independent auditors or parties to them related to the fiscal year ended on December, 31, 2020:

Contract Date	Duration	Nature of Service
01/08/2020	9 months	Tax advice regarding the use of tax benefits
01/24 /2020	2 months	Tax advice regarding analysis of the operational procedure
07/04 /2020	2 months	Review of procedures related to corporate structure adjustments

The global amount of fees contracted for the services described above (R$121.2 thousand) represents about 12% (twelve percent) of the fees related to external audit services.

Except for the aforementioned services, no other non-external audit services were contracted with our independent auditors and / or their related parties during the fiscal year ended on December, 31, 2020.

The Company adopts governance policies aimed at avoiding conflicts of interest and preserving the independence and objectivity of the independent auditors hired, namely: (i) the auditor should not audit his own work; (ii) the auditor should not perform managerial duties on his client; and (iii) the auditor should not promote the interests of his client.

The contracted companies have declared to the Company that they have performed all internal procedures to ensure that the services mentioned above do not constitute a conflict of interest, and have confirmed that the provision of such services does not compromise the independence and objectivity required for the performance of the external audit services

Human Resources

The Human Resources management in Multiplan involves employees directly from the head office - 360 in 2019 and 287 in 2020 - and approximately 8,500 direct and indirect employees in the Company's assets. The Company works constantly to retain its talents and, therefore, promotes a pleasant and motivating work environment, offers training opportunities and promotes the construction of a career: in addition to benefits such as transport, health and food aids, the company promotes educational programs (PORTAL DO SABER, ELOS, ESTUDA RH and V.O.C.Ê. FAZ A DIFERENÇA) and awards (FUNCIONÁRIO NOTA 10). Multiplan also holds regular meetings with the tenants' sales teams, through lectures and short courses, to assist in their training (RETAIL CLUB).

Social

Multiplan and its shopping centers organize and run a wide range of actions that seek to benefit the residents and the communities in the surrounding areas of their properties. Valuing people is one of the Company’s main commitments and is reflected in the relationship with its employees and third parties, as well as in the dialogue with tenants, communities, social organizations and other community members.

Since the beginning of the Covid-19 pandemic, Multiplan has engaged in a number of initiatives to support its tenants and neighboring communities in mitigating the impacts of the pandemic. Among the initiatives are the donation of more than 100,000 masks for tenants and shopping centers employees, the donation of 10,000 Covid-19 test kits and the use of parking lots to collect donations and to do Covid-19 testing.

Environmental

Multiplan is constantly seeking available technologies to minimize the environmental impact of its projects and operations. Besides complying with current legislation - laws, rules and resolutions - the company uses best industry practices to ensure that its asset use fewer natural resources and produce the least amount of waste.

Environmental impact initiatives include the integration of green areas into its projects, generation of renewable energy, use of LED lamps and high-performance glasses, with a significant reduction of energy consumption, waste recycling, rainwater reuse systems, and water treatment to be used in the shopping center activities that do not involve human consumption.

In July, 2020, Multiplan inaugurated a new solar plant located in Paty do Alferes (Rio de Janeiro State) that will supply all the energy consumed by its corporate headquarters and will allow Multiplan to avoid the emission of 154 tons of CO2 per year.

In June 2020, the solar plant developed by Multiplan to supply the energy demand of VillageMall (Rio de Janeiro State), completed its first year in operation. The project reached, in 12 months, 93% of the previously estimated generation avoiding the emission of 15.000 tons of CO2 into the atmosphere in the period.

ParkJacarepaguá, Multiplan 20th shopping center, is being built in Rio de Janeiro following the process of obtaining a LEED (Leadership in Energy and Environmental Design) certification. The project includes rainwater reuse, effluent treatment systems, presence sensor on taps, and infrastructure for future solar panel installations.

In addition to the 19 shopping centers in operation, Multiplan also owns commercial towers with LEED certification - the Golden Tower, in São Paulo, and ParkShopping Corporate, in Brasília.

Multiplan has been progressively reducing its carbon footprint, maintaining inventory of its Greenhouse Gas Emissions (GHG) in accordance with the Brazilian GHG Protocol Program. The use of more efficient and less polluting materials allows the reduction of maintenance expenses.

These are some of the examples that allow Multiplan to reduce consumption, avoid waste and collaborate with the environment, while also generate financial savings in the management of its assets.

Management

Supervisory Board's Opinion

The Supervisory Board, in the exercise of its legal and statutory functions, after evaluating and discussing the financial statements of the Company, individuals and consolidated, for the year ended December 31, 2020, including a proposal for the allocation of the net profit, issued a favorable opinion to the approval of such matters by the Board of Directors and the General Meeting of Shareholders, as applicable.

Rio de Janeiro, February 09, 2021.

Vitor Rogério da Costa
Effective member of the Supervisory Board

Ian de Porto Alegre Muniz
Effective member of the Supervisory Board

Carlos Alberto Alvahydo de Ulhôa Canto
Effective member of the Supervisory Board

Officers' Representation on the Financial Statements

The officers state that, pursuant to CVM Ruling No. 480, item VI of article 25, dated December 7, 2009, they have reviewed, discussed and agreed to the Company's Financial Statements for 2020.

Rio de Janeiro, February 09, 2021.

José Isaac Peres
Chairman

Armando D'Almeida Neto
Vice Chairman and Investor Relations Officer

Eduardo Peres
Vice Chairman

Marcelo Barnes
Vice Chairman

Vander Giordano
Vice Chairman

Hans Melchers
Officer

Officers' representation on the Independent Auditor's Report

The officers state that, pursuant to CVM Ruling No. 480, item V of article 25, dated December 7, 2009, they have reviewed, discussed and agreed to the Independent Auditor's Report on the Company's Financial Statements for 2020.

Rio de Janeiro, February 09, 2021.

José Isaac Peres
Chairman

Armando D'Almeida Neto
Vice Chairman and Investor Relations Officer

Eduardo Peres
Vice Chairman

Marcelo Barnes
Vice Chairman

Vander Giordano
Vice Chairman

Hans Melchers
Officer

Individual and Consolidated Financial Statements

Multiplan Empreendimentos Imobiliários S.A.

December 31, 2020 and 2019
with Independent Auditor’s Report

Multiplan Empreendimentos Imobiliários S.A.

Individual and consolidated financial statements

December 31, 2020 and 2019

Contents

Centro Empresarial PB 370
Praia de Botafogo, 370
6º ao 10º andar - Botafogo
22250-040 - Rio de Janeiro - RJ - Brasil
Tel: +55 21 3263-7000
ey.com.br

A free translation from Portuguese into English of Independent auditor's report on individual and consolidated financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards applicable to real estate development entities

Independent auditor's report on the individual and consolidated financial statements

To the Shareholders, Board of Directors and Officers
Multiplan Empreendimentos Imobiliários S.A.
Rio de Janeiro - RJ

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

We have audited the individual and consolidated financial statements of Multiplan Empreendimentos Imobiliários S.A. (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2020, and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Multiplan Empreendimentos Imobiliários S.A. as at December 31, 2020, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) applicable to real estate development entities in Brazil registered with the Brazilian Securities and Exchange Commission (CVM).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

As described in Note 2.1, the individual and consolidated financial statements were prepared in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS), applicable to real estate development entities in Brazil registered with the Brazilian Securities and Exchange Commission (CVM). Therefore, the determination of the accounting policy adopted by the entity for revenue recognition on contracts of purchase and sales of uncompleted real estate units, as it relates to the transfer or control aspects, follow the CVM understanding manifested through Circular Letter/CVM/SNC/SEP No. 02/2018 on the application of NBC TG 47 (IFRS 15). Our opinion is not qualified in relation to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1. Recoverable amount of investment properties and goodwill

   As at December 31, 2020, the balances of investment properties measured using the cost method (Note 9) and of goodwill (Note 11) totaled R$7.439.580 thousand and R$303,430 thousand, respectively, and represent 73% of total consolidated assets on that date. The Company and its subsidiaries support the realization of these assets through estimates of their future profitability and cash generation prepared by management, based on their judgment and supported by the business plan and budget approved annually by the corporate governance bodies. These estimates are prepared and reviewed internally in accordance with the Company's governance structure since they involve a high degree of judgment. The Company evaluates the assumptions and estimates of future profitability and cash generation by Cash-Generating Units (CGUs) to which the properties and respective goodwill are allocated on a quarterly basis, as well as growth rates, discount rates and projected cash flows, among other indicators, since there may be changes in the business markets, whether economic or regulatory in nature.

Given the subjective nature of these assessments and the changes that may occur in these estimates, which may have a material impact on the recoverable amount of these assets, we consider this to be a significant audit matter.

How our audit addressed this matter

Our audit procedures included, among others: (a) use of valuation model specialists to assist us in testing the assumptions and methodologies used by management in preparing cash flow projections, through comparisons with methodologies used in valuing similar assets, and tracing assumptions (such as gross revenue, operating expenses, net operating income (loss), vacancy, default, discount rate and growth rate in perpetuity, among others) to internal and external sources, segment information and historical data, as well as assessment of the effects of the current COVID-19 pandemic on the assumptions used; (b) validation of the information used as well as the mathematical calculations presented in the model; (c) retrospective review of previous projections and crosschecking information with other estimates prepared by management to identify any potential inconsistencies in developing estimates in the future; (d) independent calculation sensitizing the main assumptions used; and (e) review of the adequacy of the disclosures made in the financial statements.

Based on the results of the audit procedures performed on the impairment testing of investment properties and goodwill, which is consistent with management's assessment, we consider that the criteria and assumptions adopted by management, as well as the related disclosures in the respective notes are adequate in the context of the financial statements as a whole.

2. Recognition of rental income and key money

As mentioned in Note 2.9, the Company and its subsidiaries recognize their rental income and key money using the straight-line method over the lease period, included in revenue in the statement of profit or loss due to their operational nature. These operations are classified as operating leases, since the Company does not transfer substantially all the risks and rewards of ownership of the asset.

For rental income, the lease agreements in general establish that the lessees are required to pay the higher of a stipulated minimum contractual amount and a variable amount, calculated through a percentage on the sale of each establishment. Minimum lease payments are adjusted by regular fixed increases over the term of the lease contracts, double lease payments in December, and by inflation. In accordance with CPC 06 (R1)/IAS 17 - Leases, revenue from minimum lease payments, considering any effects of grace periods and discounts, and excluding inflationary effects, must be recognized on a straight-line basis over the lease term, and any excess of the lease variable amount is recognized as incurred. Similarly, revenues from key money are also recognized on a straight-line basis over the lease terms, from the inception of the lease. The significant number of contracts and the peculiarity of the contractual conditions, as well as the potential risks involved as regards the revenue recognition period led us to identify this matter as a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others: (a) an assessment of the design and effectiveness of the controls implemented by the Company in the process of recognizing rental income and key money; (b) document testing through sampling, including examination of the respective contracts and recalculation of the straight-line amounts recognized throughout the year; (c) understanding and assessing the impacts of concessions made to storeowners due to the COVID-19 pandemic on the rental income calculation on a straight-line basis, through document testing of a selected sample; (d) analytical procedures on the monthly changes in rental income and key money, using data separated by shopping mall, to identify changes inconsistent with our expectations obtained from our prior knowledge of the Company and the industry and which may indicate potential accrual problems; and (e) review of the adequacy of disclosures made in the financial statements.

Based on the results of audit procedures performed on the recognition of revenue from rental income and key money, which is consistent with management’s assessment, we understand that the revenue recognition criteria used by the Company management, as well as the respective disclosures in the explanatory information are acceptable in context of the financial statements as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2020, prepared under the responsibility of the Company management and presented as supplementary information for IFRS purposes were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purpose of forming our opinion, we evaluate whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set forth in Accounting Pronouncement NBC TG 09 - Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria set forth in this Accounting Pronouncement and are consistent with the overall individual and consolidated financial statements.

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

Management is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

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

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

Management is responsible for the preparation and fair presentation of these individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS) applicable to real estate development entities in Brazil registered with the CVM, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the corresponding transactions and events in a manner that achieves fair presentation.

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

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

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

Rio de Janeiro, February 09, 2021

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

Roberto Martorelli
Accountant CRC-1RJ106103/O-0

Multiplan Empreendimentos Imobiliários S.A.

Statements of financial position
December 31, 2020 and 2019
(In thousands of reais – R$)

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Assets				
Current assets				
Cash and cash equivalents (Note 3)	**644,875**	22,562	**1,223,414**	36,463
Short-term investments (Note 3)	**-**	623,912	**-**	871,506
Accounts receivable (Note 4)	**363,625**	195,248	**501,716**	284,116
Land and properties for sale (Note 6)	**5,094**	6,976	**16,332**	25,737
Accounts receivable from related parties (Note 5)	**14,508**	11,046	**19,684**	15,167
Taxes and social contributions to offset (Note 16)	**4,822**	15,193	**13,578**	17,917
Deferred costs (Note 18)	**26,056**	24,998	**41,921**	41,741
Other	**14,438**	17,357	**21,463**	26,648
Total current assets	**1,073,418**	917,292	**1,838,108**	1,319,295
Noncurrent assets				
Accounts receivable (Note 4)	**15,476**	20,147	**42,434**	56,406
Land and properties for sale (Note 6)	**19,681**	19,581	**431,127**	424,052
Accounts receivable from related parties (Note 5)	**30,650**	8,823	**38,068**	9,143
Judicial deposits (Note 17.2)	**37,157**	31,861	**39,750**	34,848
Deferred income and social contribution taxes (Note 7)	**-**	-	**18,417**	17,171
Deferred costs (Note 18)	**60,462**	75,203	**87,987**	118,606
Other	**2,709**	1,785	**5,521**	6,102
Investments (Note 8)	**4,172,022**	3,315,065	**150,123**	176,663
Investment properties (Note 9)	**4,241,212**	3,976,033	**7,439,580**	6,948,372
Property and equipment (Note 10)	**89,374**	91,769	**107,483**	105,651
Intangible assets (Note 11)	**363,114**	359,768	**365,686**	360,440
Total noncurrent assets	**9,031,857**	7,900,035	**8,726,176**	8,257,454
Total assets	**10,105,275**	8,817,327	**10.564.284**	9,576,749

	Individual		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Liabilities and equity				
Current liabilities				
Loans and financing (Note 12)	**363,821**	240,440	**393,594**	295,688
Accounts payable (Note 13)	**100,421**	151,111	**138,895**	193,202
Property acquisition obligations (Note 15)	**130,380**	30,758	**135,426**	35,755
Income and social contribution taxes (Note 16)	**11,574**	7,313	**49,055**	26,021
Interest on equity payable (Note 19.d)	**237,048**	148,375	**237,048**	148,375
Payables to related parties (Note 5)	**-**	38	**-**	109
Deferred revenue (Note 18)	**13,167**	14,310	**17,317**	18,436
Debentures (Note 14)	**2,961**	204,475	**2,961**	204,475
Other	**5,548**	4,387	**24,222**	6,617
Total current liabilities	**864,920**	801,207	**998,406**	928,678
Noncurrent liabilities				
Loans and financing (Note 12)	**894,968**	862,036	**1,081,842**	1,361,947
Accounts payable (Note 13)	**43,185**	38,501	**43,369**	38,684
Property acquisition obligations (Note 15)	**121,364**	-	**121,364**	4,738
Debentures (Note 14)	**1,642,902**	1,241,327	**1,642,902**	1,241,327
Provision for contingencies (Note 17.1)	**5,165**	5,321	**13,457**	11,811
Payables to related parties (Note 5)	**-**	-	**-**	2,125
Deferred income and social contribution taxes (Note 7)	**261,828**	203,087	**277,446**	209,359
Deferred revenue (Note 18)	**36,397**	36,579	**57,793**	55,618
Advances from customers	**-**	-	**89,861**	89,861
Phantom stock options (Note 20.b)	**4,821**	41,600	**20,725**	41,600
Total noncurrent liabilities	**3,010,630**	2,428,451	**3,332,855**	3,057,070
Equity (Note 19)				
Capital	**2,988,062**	2,988,062	**2,988,062**	2,988,062
Share issue costs	**(43,548)**	(43,548)	**(43,548)**	(43,548)
Capital reserves	**1,028,113**	1,017,475	**1,028,113**	1,017,475
Income reserves	**2,499,901**	1,804,831	**2,499,901**	1,804,831
Treasury shares	**(152,807)**	(89,155)	**(152,807)**	(89,155)
Effects on capital transaction	**(89,996)**	(89,996)	**(89,996)**	(89,996)
Total equity	**6,229,725**	5,587,669	**6,229,725**	5,587,669
Noncontrolling interests	**-**	-	**3,298**	3,332
Total equity	**6,229,725**	5,587,669	**6,233,023**	5,591,001
Total liabilities and equity	**10,105,275**	8,817,327	**10,564,284**	9,576,749

See accompanying notes.

Multiplan Empreendimentos Imobiliários S.A.

Statements of income
Years ended December 31, 2020 and 2019
(In thousands of reais, except basic and diluted earnings per share, in reais)

	Individual		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Net operating income (Note 21)	**821,258**	980,527	**1,081,576**	1,305,587
Cost of services rendered and properties sold (Note 22)	**(156,494)**	(155,953)	**(274,780)**	(272,175)
Gross profit	**664,764**	824,574	**806,796**	1,033,412
Operating income (expenses):				
Administrative expenses – Headquarters (Note 22)	**(138,370)**	(158,702)	**(139,401)**	(160,085)
Administrative expenses – Properties (Note 22)	**(54,361)**	(42,608)	**(82,232)**	(70,221)
Expenses on projects for lease (Note 22)	**(4,423)**	(2,264)	**(10,851)**	(14,982)
Expenses on projects for sale (Note 22)	**(1,185)**	(1,791)	**(5,224)**	(6,785)
Share-based payment expenses (Note 20)	**(6,604)**	(65,544)	**(6,604)**	(65,544)
Equity pickup (Note 8)	**610,935**	93,219	**(5,221)**	5,648
Depreciation and amortization	**(21,614)**	(17,247)	**(22,698)**	(18,021)
Other operating income (expenses), net	**52,029**	2,342	**611,885**	1,101
Operating income before finance income (costs)	**1,101,171**	631,979	**1,146,450**	704,523
Finance costs	**(117,402)**	(163,672)	**(147,207)**	(216,153)
Finance income	**40,008**	50,012	**71,087**	70,639
Net finance income (costs) (Note 23)	**(77,394)**	(113,660)	**(76,120)**	(145,514)
Income before income and social contribution taxes	**1,023,777**	518,319	**1,070,330**	559,009
Income and social contribution taxes (Note 7)	**(58,707)**	(47,196)	**(106,352)**	(89,814)
Net income for the year	**965,070**	471,123	**963,978**	469,195
Income attributable to:				
Owners of the parent company	**965,070**	471,123	**964,174**	470,998
Noncontrolling interests	**-**	-	**(196)**	(1,803)
Basic earnings per share (Note 26)	**1.6169**	0.7911	**1.6154**	0.7909
Diluted earnings per share (Note 26)	**1.6027**	0.7857	**1.6012**	0.7855

See accompanying notes.

Multiplan Empreendimentos Imobiliários S.A.

Statements of comprehensive income
December 31, 2020 and 2019
(In thousands of reais - R$)

	Individual		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Net income for the year	**965,070**	471,123	**963,978**	469,195
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income for the year	**965,070**	471,123	**963,978**	469,195
Total comprehensive income attributed to:				
Noncontrolling interest	**-**	-	**(196)**	(1,803)
Owners of the parent company	**-**	-	**964,174**	470,998

See accompanying notes.

Multiplan Empreendimentos Imobiliários S.A.

Statements of changes in equity (Individual)
December 31, 2020 and 2019
(In thousands of reais – R$)

				Capital reserves			Income reserves					
	Capital	**Share issue costs**	**Stock options granted**	**Special goodwill reserve upon merger**	**Goodwill reserve on issue of shares**	**Other capital reserves**	**Legal reserve**	**Expansion reserve**	**Treasury shares**	**Effects on capital transaction**	**Retained earnings**	**Total**
Balances at December 31, 2018	2,988,062	(43,548)	106,918	186,548	706,517	-	164,330	1,449,378	(132,229)	(89,996)	-	5,335,980
Exercise of stock options	-	-	-	-	1,193	-	-	-	43,074	-	-	44,267
Other capital reserves (Note 1)	-	-	-	-	-	985	-	-	-	-	-	985
Stock options granted (Note 20.a)	-	-	15,314	-	-	-	-	-	-	-	-	15,314
Net income for the year	-	-	-	-	-	-	-	-	-	-	471,123	471,123
Allocation of net income for the year												
Interest on equity prepaid (Note 19.d)	-	-	-	-	-	-	-	-	-	-	(280,000)	(280,000)
Recognition of legal reserve	-	-	-	-	-	-	23,556	-	-	-	(23,556)	-
Recognition of expansion reserve	-	-	-	-	-	-	-	167,567	-	-	(167,567)	-
Balances at December 31, 2019	2,988,062	(43,548)	122,232	186,548	707,710	985	187,886	1,616,945	(89,155)	(89,996)	-	5,587,669
Exercise of stock options	**-**	**-**	**(15,694)**	**-**	**2,065**	**-**	**-**	**-**	**42,322**	**-**	**-**	**28,693**
Stock options granted (Note 20.a)	**-**	**-**	**24,267**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,267**
Share buyback	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(105,974)**	**-**	**-**	**(105,974)**
Net income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**965,070**	**965,070**
Allocation of net income for the year												
Interest on equity prepaid (Note 19.d)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(270,000)**	**(270,000)**
Recognition of legal reserve	**-**	**-**	**-**	**-**	**-**	**-**	**48,254**	**-**	**-**	**-**	**(48,254)**	**-**
Recognition of expansion reserve	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**646,816**	**-**	**-**	**(646,816)**	**-**
Balances at December 31, 2020	**2,988,062**	**(43,548)**	**130,805**	**186,548**	**709,775**	**985**	**236,140**	**2,263,761**	**(152,807)**	**(89,996)**	**-**	**6,229,725**

See accompanying notes.

Multiplan Empreendimentos Imobiliários S.A.

Statements of changes in equity (Consolidated)
December 31, 2020 and 2019
(In thousands of reais – R$)

				Capital reserves			Income reserves							
	Capital	Share issue costs	Stock options granted	Special goodwill reserve upon merger	Other capital reserves	Goodwill reserve on issue of shares	Legal reserve	Expansion reserve	Effects on capital transaction	Treasury shares	Retained earnings	Total	Noncontrolling interest	Total
Balances at December 31, 2018	2,988,062	(43,548)	106,918	186,548	-	706,517	164,330	1,449,378	(89,996)	(132,229)	-	5,335,980	16,207	5,352,187
Equity pickup – subsidiary (Note 2.3)	-	-	-	-	-	-	-	-	-	-	125	125	-	125
Capital increase by noncontrolling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(11,072)	(11,072)
Exercise of stock options	-	-	-	-	-	1,193	-	-	-	43,074	-	44,267	-	44,267
Other capital reserves (Note 1)	-	-	-	-	985	-	-	-	-	-	-	985	-	985
Stock options granted	-	-	15,314	-	-	-	-	-	-	-	-	15,314	-	15,314
Net income for the year	-	-	-	-	-	-	-	-	-	-	470,998	470,998	(1,803)	469,195
Allocation of net income for the year														
Recognition of legal reserve	-	-	-	-	-	-	23,556	-	-	-	(23,556)	-	-	-
Recognition of expansion reserve	-	-	-	-	-	-	-	167,567	-	-	(167,567)	-	-	-
Interest on equity prepaid (Note 19.d)	-	-	-	-	-	-	-	-	-	-	(280,000)	(280,000)	-	(280,000)
Balances at December 31, 2019	2,988,062	(43,548)	122,232	186,548	985	707,710	187,886	1,616,945	(89,996)	(89,155)	-	5,587,669	3,332	5,591,001
Equity pickup – subsidiary (Note 2.3)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**896**	**896**	**-**	**896**
Capital increase by noncontrolling shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**162**	**162**
Exercise of stock options	**-**	**-**	**(15,694)**	**-**	**-**	**2,065**	**-**	**-**	**-**	**42,322**	**-**	**28,693**	**-**	**28,693**
Share buyback	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(105,974)**	**-**	**(105,974)**	**-**	**(105,974)**
Stock options granted	**-**	**-**	**24,267**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,267**	**-**	**24,267**
Net income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**964,174**	**964,174**	**(196)**	**963,978**
Allocation of net income for the year														
Recognition of legal reserve	**-**	**-**	**-**	**-**	**-**	**-**	**48,254**	**-**	**-**	**-**	**(48,254)**	**-**	**-**	**-**
Recognition of expansion reserve	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**646,816**	**-**	**-**	**(646,816)**	**-**	**-**	**-**
Interest on equity prepaid (Note 19.d)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(270,000)**	**(270,000)**	**-**	**(270,000)**
Balances at December 31, 2020	**2,988,062**	**(43,548)**	**130,805**	**186,548**	**985**	**709,775**	**236,140**	**2,263,761**	**(89,996)**	**(152,807)**	**-**	**6,229,725**	**3.298**	**6,233,023**

See accompanying notes.

Multiplan Empreendimentos Imobiliários S.A.

Statements of cash flows
December 31, 2020 and 2019
(In thousands of reais – R$)

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cash flows from operating activities				
Income before taxes	1,023,777	518,319	1,070,330	559,009
Adjustments in:				
Depreciation and amortization	134,328	128,436	221,785	220,483
Equity pickup	(610,935)	(93,219)	5,221	(5,648)
Stock option-based payments	6,604	65,544	6,604	65,544
Allocation of repurchases of points of sale	-	3,011	-	3,317
Allocation of deferred revenues and costs	1,461	(32,495)	12,471	(52,875)
Restatement of debentures	50,035	90,667	50,035	90,667
Restatement of loans and financing	43,289	59,417	68,731	108,439
Swap	(7,444)	(47)	(7,444)	(47)
Restatement of property acquisition obligations	7,396	489	9,277	1,394
Restatement of related-party transactions	(1,123)	(983)	(1,332)	(1,118)
Write-off of investment properties	-	282	-	273
Allowance for doubtful accounts	41,617	24,927	57,465	36,122
Bargain purchase gain	(72,897)	-	(72,897)	-
Capital gain	-	(4,175)	-	(4,175)
Gain on the sale of Diamond Tower	-	-	(574,336)	-
Straight-line effect	(174,382)	-	(213,254)	-
Other	16,135	10,481	27,353	11,134
	457,861	770,654	660,009	1,032,519
Changes in operating assets and liabilities				
Land and properties held for sale	1,782	2,461	(7,739)	(10,549)
Accounts receivable	(25,818)	(17,206)	(38,019)	(12,448)
Judicial deposits	(5,296)	(1,184)	(4,855)	(1,441)
Deferred costs	(4,668)	(8,241)	(7,434)	17,862
Other assets	1,995	(170)	5,766	2,674
Accounts payable	(58,108)	55,452	(61,954)	56,702
Payables – related parties	-	38	-	2,234
Property acquisition obligations	(2,708)	-	(4,091)	(6)
Taxes and contributions payable	1,354	(25,767)	18,551	(26,296)
Deferred revenue	15,566	27,293	22,913	40,282
Other obligations	1,162	(406)	(4,397)	534
Phantom stock options	(8,113)	(49,205)	(8,113)	(49,205)
Income and social contribution taxes paid	(23,347)	(49,756)	(61,756)	(91,414)
Net cash from operating activities	351,662	703,963	508,881	961,448
Cash flows from investing activities				
Increase in investments	(709,326)	(226,417)	(25,136)	(37,222)
Sale of Diamond Tower	-	-	810,000	-
Dividends received	575,011	243,596		6,169
Receipt (payment) in related-party transactions	(27,173)	(2,600)	(40,207)	(6,993)
Additions to property and equipment	(3,966)	(16,247)	(3,967)	(25,461)
Additions to investment property	(185,304)	(561,836)	(546,685)	(720,841)
Write-off of investment property	22,087	70	4,094	76
Additions to intangible assets	(16,719)	(16,088)	(17,129)	(16,109)
Short-term investments	623,912	(107,173)	872,242	(54,601)
Acquisition of interest in subsidiary	(21,555)	-	(21,555)	-
Acquisition of subsidiary	-	-	217	-
Net cash used in investing activities	256,967	(686,695)	1,031,874	(854,982)
Cash flows from financing activities				
Repayment of loans and financing	(331,532)	(148,175)	(659,606)	(187,022)
Payment of debentures	(200,000)	(200,000)	(200,000)	(200,000)
Payment of interest on loans and financing	(47,880)	(67,046)	(83,957)	(118,893)
Cash from stock options exercised	32,400	44,267	32,400	44,267
Repurchase of shares to be held in treasury	(105,974)	-	(105,974)	-
Payment of charges on debentures	(51,599)	(92,137)	(51,599)	(92,137)
Debentures raised	397,190	348,838	397,190	348,838
Borrowings	469,454	320,136	465,955	320,136
Dividends and interest on equity	(148,375)	(225,306)	(148,375)	(225,306)
Noncontrolling interests	-	-	162	1,250
Net cash from (used in) financing activities	13,684	(19,423)	(353,804)	(108,867)
Decrease in cash and cash equivalents	622,313	(2,155)	1,186,951	(2,401)
Cash and cash equivalents at beginning of year	22,562	24,717	36,463	38,864
Cash and cash equivalents at end of year	644,875	22,562	1,223,414	36,463
Decrease in cash and cash equivalents	622,313	(2,155)	1,186,951	(2,401)

See accompanying notes.

Multiplan Empreendimentos Imobiliários S.A.

Statements of value added
December 31, 2020 and 2019
(In thousands of reais – R$)

	Individual		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Revenues:				
Revenue from sales and services	**869,507**	1,075,239	**1,169,576**	1,435,037
Other revenues	**96,166**	27,243	**667,441**	26,839
Allowance for doubtful accounts	**(41,617)**	(11,185)	**(57,247)**	(17,223)
	924,056	1,091,297	**1,779,770**	1,444,653
Materials acquired from third parties				
Cost of sales and services	**(57,038)**	(81,961)	**(89,623)**	(112,722)
Power, services from suppliers and other	**(68,944)**	(56,695)	**(87,542)**	(78,847)
	(125,982)	(138,656)	**(177,165)**	(191,569)
Gross value added	**798,074**	952,641	**1,602,605**	1,253,084
Retentions				
Depreciation and amortization	**(134,328)**	(128,436)	**(223,799)**	(220,484)
Net value added	**663,746**	824,205	**1,378,806**	1,032,600
Value added received from transfers				
Share of profit of a subsidiary, an associate and a joint venture	**610,935**	93,219	**(5,221)**	5,648
Finance income	**44,883**	54,306	**76,561**	75,780
	655,818	147,525	**71,340**	81,428
Total value added to be distributed	**1,319,564**	971,730	**1,450,146**	1,114,028
Value added distributed				
Employee benefits expense				
Salaries	**(81,414)**	(147,180)	**(82,582)**	(148,779)
Benefits	**(8,680)**	(9,013)	**(8,813)**	(9,063)
Unemployment Compensation Fund (FGTS)	**(5,663)**	(4,238)	**(5,711)**	(4,270)
	(95,757)	(160,431)	**(97,106)**	(162,112)
Taxes and contributions				
Federal taxes	**(126,777)**	(158,020)	**(206,989)**	(221,298)
State taxes	**(34)**	(56)	**(84)**	(142)
Local taxes	**(7,077)**	(6,613)	**(24,639)**	(31,572)
	(133,888)	(164,689)	**(231,712)**	(253,012)
Debt remuneration				
Interest, foreign exchange difference and monetary difference	**(117,975)**	(168,958)	**(148,122)**	(221,715)
Rental expenses	**(6,874)**	(6,529)	**(9,228)**	(7,994)
	(124,849)	(175,487)	**(157,350)**	(229,709)
Equity remuneration				
Noncontrolling interests on profits	**-**	-	**196**	1,803
Interest on equity	**(270,000)**	(280,000)	**(270,000)**	(280,000)
Profits withheld	**(695,070)**	(191,123)	**(694,174)**	(190,998)
	(965,070)	(471,123)	**(963,978)**	(469,195)
Value added distributed	**(1,319,564)**	(971,730)	**(1,450,146)**	(1,114,028)

See accompanying notes.

1. Company information

The issue of the individual and consolidated financial statements of Multiplan Empreendimentos Imobiliários S.A. (the “Company”, “Multiplan” or “Multiplan Group” when referred to jointly with its subsidiaries) as of December 31, 2020 were authorized for issue by management on February,09, 2020. The Company was organized as a “limited liability company” and subsequently was transformed into a “joint-stock corporation”, and its registered office is located in the city and state of Rio de Janeiro, at Avenida das Américas 4.200, Bloco 2, sala 501, Barra da Tijuca, CEP 22.640-102.

The Company is a joint-stock corporation and has shares traded on B3 (MULT3). In addition, the Company is part of the special listing segment of B3 named Level 2 of Corporate Governance. Multiplan makes up the portfolio of the Bovespa Index (IBOVESPA), among others.

The Company was organized on December 30, 2005 and is engaged in (a) the planning, construction, development and sale of real estate projects of any nature, either residential or commercial, including mainly urban shopping malls and areas developed based on these real estate projects; (b) the purchase and sale of real properties and the acquisition and disposal of real estate rights, and their operation, through any means, including through lease; (c) the provision of management and administrative services for its own shopping malls, or those of third parties; (d) the provision of technical advisory and support services concerning real estate matters; (e) civil construction, the execution of construction works and provision of engineering and similar services in the real estate market; (f) development, promotion, management, planning and intermediation of real estate projects; (g) import and export of goods and services related to its activities; and (h) generation of electric power for own consumption, being able, however, to sell the surplus of electric power generated; and (i) the acquisition of ownership interest and share control in other entities, as well as joint ventures with other entities, where it is authorized to enter into shareholders’ agreements in order to attain or supplement its business purpose.

(In thousands of reais, unless otherwise stated)

1. Company information (Continued)

In December 2019, a new virus called novel Coronavirus, “Covid-19”, was reported in China. With the exponential growth of Covid-19 cases in several countries worldwide, the World Health Organization classified Covid-19 as a pandemic and a Public Health Emergency of International Concern.

In Brazil, in order to control contamination and prevent a possible collapse in the health system, State and Municipal authorities determined measures to implement social distancing, such as reduced business hours at shopping malls, including suspension of operations at shopping malls at different periods of time.

Multiplan continues to comply with these measures, in line with the recommendations of health authorities and following the determinations of State and Municipal decrees.

In order to preserve the physical and financial health of its customers, suppliers, employees and of the entire society, Multiplan has adopted several assistance measures, which are detailed in our management report for the period ended December 31, 2020. Such measures include the contractual conditions offered to storeowners affected by the adverse effects of the pandemic, such as hygiene and social distancing protocols implemented in all its properties.

The financial impacts on the Company’s individual and consolidated financial statements for the period ended December 31, 2020 are detailed in the following notes.

The Company holds direct and indirect interest in several shopping malls as at December 31, 2020 and 2019, in the following projects:

			Interest (%)	
Project	**Location**	**Operations started up in**	**12/31/2020**	**12/31/2019**
Shopping Malls				
BH Shopping	Belo Horizonte	1979	**100.0**	100.0
RibeirãoShopping	Ribeirão Preto	1981	**81.6**	81.6
BarraShopping	Rio de Janeiro	1981	**65.8**	65.8
MorumbiShopping	São Paulo	1982	**73.7**	73.7
ParkShopping	Brasília	1983	**73.4**	61.7
Diamond Mall	Belo Horizonte	1996	**90.0**	90.0
New York City Center	Rio de Janeiro	1999	**50.0**	50.0
Shopping Anália Franco	São Paulo	1999	**30.0**	30.0
ParkShopping Barigui	Curitiba	2003	**93.3**	93.3
Pátio Savassi	Belo Horizonte	2004	**96.5**	96.5
Shopping Santa Úrsula	Ribeirão Preto	1999	**100.0**	62.5
Barra Shopping Sul	Porto Alegre	2008	**100.0**	100.0
Shopping Vila Olímpia	São Paulo	2009	**60.0**	60.0
ParkShopping São Caetano	São Caetano	2011	**100.0**	100.0

(In thousands of reais, unless otherwise stated)

Jundiaí Shopping	Jundiaí	2012	**100.0**	100.0
ParkShopping Campo Grande	Rio de Janeiro	2012	**90.0**	90.0
Village Mall	Rio de Janeiro	2012	**100.0**	100.0
Parque Shopping Maceió	Maceió	2013	**50.0**	50.0
ParkShopping Canoas	Canoas	2017	**82.3**	82.3

Subsequently to the execution of the Private Instrument of Purchase and Sale Commitment and Other Covenants Subordinated to Suspensive Conditions, entered into with Clube Atlético on July 3, 2017, the Company executed the Public Deed of Purchase and Sale on January 20, 2020, through which it acquired 50.1% of Clube Atlético Mineiro's stake in DiamondMall shopping mall for R$268,000, restated at R$296,773 on the date the transaction was closed. Of that amount, R$5,935 was paid in January 2020, and the remaining balance of R$290,838 will be settled in 36 monthly and consecutive installments as follows: (i) one installment of R$23,742; (ii) three monthly installments of R$11,871; (iii) two monthly installments of R$8,903; and (iv) thirty monthly installments of R$7,123. All installments will be monetarily restated based on the Interbank Deposit Certificate (CDI). The Company has already paid off the installment of subitem (i), the three installments of (ii), the two installments of (iii) and three installments of (iv) totaling R$98,529, leaving a balance payable of R$192,309.

Additionally, Clube Atlético Mineiro will receive, for 48 successive months, 7,515% of Diamond Mall's monthly gross revenue, based on the same criteria used to calculate the lease contract in force. The sum of the 48 installments is estimated at R$18,000. This amount will not be restated.

1. **Company information** (Continued)

On February 20, 2020, the Company executed the public deed of purchase and sale commitment relating to the exercise of the preemptive right to acquire IRB Investimentos e Participações Imobiliárias S.A.'s stake in Parkshopping, corresponding to 20% of the ownership of some its units, for R$225,000. Of this amount, R$18,000 was paid through two deposits of R$11,250 and R$6,750 on November 19 and 25, 2019, respectively, R$94,500 was paid upon execution of the public deed of purchase and sale commitment, and R$112,500 on June 10, 2020, adjusted at 120% of the CDI. Subsequently to the execution of the public deed of purchase and sale commitment referred to above, the Company entered into the Public Deed of Purchase and Sale on June 10, 2020, discharging the balance on that date, totaling R$113,883 after restatements. It thus now holds the entire stake of IRB Investimentos e Participações Imobiliárias S.A. in Parkshopping.

On April 11, 2019, the Company executed the public deed of purchase and sale commitment relating to the exercise of the preemptive right to acquire the stake owned by its partner in BH Shopping, corresponding to 20% of the project, for R$360,000. Of this amount, R$330,000 was paid on the date the business was formalized and R$30,000 ("Balance") was to be paid within 12 months, restated at the positive change of Brazil's Extended Consumer Price Index (IPCA) disclosed by the Brazilian Institute of Geography and Statistics (IBGE), until the date of settlement. On April 8, 2020, the Company entered into an amendment to the said public deed of purchase and sale commitment, changing the balance maturity date to April 13, 2021, to be restated until its effective payment by the positive change of Brazil's Extended Consumer Price Index (IPCA) disclosed by IBGE, plus interest of 4.9% per annum. After the acquisition, the Company will then hold, directly and indirectly, 100% interest in BH Shopping.

On April 15, 2020, the Company entered into a bank credit note with Banco Itaú Unibanco S.A. to finance the acquisition of interest in ParkShopping, through its subsidiary Multiplan Parkshopping e Participações Ltda., of 20% of the registrations held by IRB Investimentos e Participações Imobiliárias S.A. Total financing amounted to R$225,000, which was released in two tranches of R$112,500 on April 17, 2020 and June 17, 2020. The charges on this financing vary according to the Central Bank benchmark rate (Selic), as shown in the table at the end of this note. The amount will be repaid in 180 monthly and consecutive installments from May 17, 2020. As collateral for the loan, the Company gave 67.56% on the 50% it held in the registrations involved in the transaction, and assigned the receivables from that same fraction in excess of ParkShopping's net operating income as security interest.

(In thousands of reais, unless otherwise stated)

1. Company information (Continued)

Range	Contract rate
Selic ≤ 3.75%	TR + 5.00%
Selic from > 3.75% to ≤ 4.25%	TR + 5.50%
Selic from > 4.25% to ≤ 5.00%	TR + 6.00%
Selic from > 5.00 % to ≤ 6.0%	TR + 6.50%
Selic from > 6.0% to ≤ 7.25%	TR + 7.50%
Selic from >7.25% to ≤ 8.25%	TR + 8.20%
Selic > 8.25%	TR + 8.60%

On April 23, 2020, the Company concluded the transaction provided for in the Investment Agreement entered into on January 20, 2020 and amended on April 16, 2020, through which it increased its equity interest to 22.95% in Delivery Center Holding S.A. (“DC”), by subscribing 159,675 new common shares at the issue price of R$117.42 each. This capital contribution, totaling R$18.7 million, was paid up in nine equal and successive monthly installments, between April and December 2020.

On October 1, 2020, the Company subscribed 112,495 new common shares of DC at the issue price of R$165.13 each, totaling a capital contribution of R$18,576, to be paid up in 3 equal installments of R$6,192, the first to be paid by January 29, 2021; the second by February 26, 2021; and the third by April 2, 2021. With this contribution, the Company now holds 26.46% equity interest in DC. According to DC’s annual and special general meeting held on December 11, 2020, and after the cancellation of treasury shares, the Company's equity interest changed to 26.89%.

At December 31, 2020 and 2019, the Company manages and is the legal representative of all the above-mentioned shopping malls, except for Parque Shopping Maceió.

Business combination

On February 7, 2020, the Company concluded the transaction through which it acquired the remaining 50.0% in equity interest of Manati Empreendimentos e Participações S.A. (“Manati”) owned by Aliansce Sonae Shopping Centers S.A., which corresponds to an indirect interest of 37.5% in Shopping Santa Úrsula, for R$28,500 plus a price adjustment of R$368 (paid in March 2020), which is restated by the accumulated positive change of the CDI from October 18, 2019 to the business day immediately prior to payment. Of that amount, R$19,012 was paid on the transaction closing date and the balance will be paid in four fixed and semiannual equal installments, with the first installment paid on August 7, 2020. After this acquisition, the Company now holds, directly and indirectly, 100% interest in Shopping Santa Úrsula.

(In thousands of reais, unless otherwise stated)

1. Company information (Continued)

Business combination (Continued)

The Company made a step acquisition (purchase of control over a joint venture), thus, as provided for in CPC 15, remeasured its previously held equity interest also at fair value against profit or loss for the period.

The fair value of Manati's assets acquired and liabilities assumed at acquisition date was calculated by the Company Management through analysis of each equity account, and the impact was basically on the fair value of the investment property (Shopping Santa Úrsula).

It should be noted that the net assets acquired were accounted for in the quarterly information as of March 31, 2020 based on a preliminary assessment made through an internal study, which was corroborated by a report made by an independent valuation company. Although immaterial, the Company made the final adjustments required by IFRS 3/CPC 15.

Additional equity interest acquired (%)	**50.0%**
Total consideration	**28,868**
Consideration transferred at the acquisition date	**19,118**
Accounts payable for the acquisition (Note 15)	**9,750**
Previously held equity interest at fair value	**66,998**
Previously held equity interest at book value	**32,231**
Gain on business combination due to remeasurement of previously held interest	**34,767**
Deferred income and social contribution taxes	**(11,821)**
Net gain on business combination achieved in stages	**22,946**
Assets	
Cash and cash equivalents	**109**
Short-term investments	**367**
Accounts receivable, net	**1,830**
Related-party receivables	**69**
Taxes recoverable	**118**
Deferred costs	**2,523**
Judicial deposits	**24**
Deferred income and social contribution taxes	**2,787**
Investment properties	**58,604**
Intangible assets	**838**
Liabilities	
Accounts payable	**109**
Taxes payable	**53**
Deferred revenue	**19**
Total identifiable assets, net	**66,998**
Total consideration	**28,868**
Gain on bargain purchase upon acquisition	**38,130**
Gain on business combination due to remeasurement of previously held interest	**34,767**
Total gain on bargain purchase (i)	**72,897**
(-) Effects of deferred taxes (34%)	**(24,785)**
Net gain	**48,112**
Contribution for the Group of revenues since the acquisition date	**2,078**
Contribution for the Group of income before taxes since the acquisition date	**(18)**
Revenues from acquiree since the beginning of the period	**2,751**
Income from acquiree before taxes since the beginning of the period	**69**

(i) This amount is recorded in the statement of profit or loss for the period under "other operating income (expenses), net".

1. **Company information** (Continued)

Following is a summary of the activities of the main investees (see details about the Company's equity interest in these investees in Note 2.3):

a) Multiplan Administradora de Shopping Centers Ltda.

Engaged in the management of the parking lots of their own malls and in the provision of related services.

b) MPH Empreendimento Imobiliário Ltda.

The Company holds 100% interest in MPH Empreendimento Imobiliário Ltda., 50% directly and 50% through its subsidiary Morumbi Business Center Empreendimento Imobiliário Ltda. MPH Empreendimento Imobiliário Ltda. was organized on September 1, 2006, and is specifically engaged in the development and operation of, and in holding interest in Shopping Center Vila Olímpia, located in the City and State of São Paulo, in which it holds 60% interest.

c) Manati Empreendimentos e Participações S.A.

Engaged in the commercial operation of its own parking lot and of Shopping Center Santa Úrsula, located in the city of Ribeirão Preto, State of São Paulo. Control of Manati Empreendimentos e Participações S.A. is shared between the Company and Aliansce Sonae Shopping Centers S.A. ("Aliansce").

d) Parque Shopping Maceió S.A.

Engaged in the commercial operation of Parque Shopping Maceió and real estate developments in its surroundings, all located in the City of Maceió, State of Alagoas, as well as in the management of its own parking lots and garages. The control of Parque Shopping Maceió S.A. is shared between the Company and Aliansce.

e) Danville SP Empreendimento Imobiliário Ltda.

Engaged in the development of a real estate development located in the City of Ribeirão Preto, State of São Paulo.

f) Multiplan Greenfield I Empreendimento Imobiliário Ltda.

Engaged in the sale of "Diamond Tower", a commercial real estate venture located in the City of Porto Alegre, State of Rio Grande do Sul.

1. Company information (Continued)

g) Barrasul Empreendimento Imobiliário Ltda.

Engaged in the sale of “Résidence du Lac”, a residential real estate venture located in the City of Porto Alegre, State of Rio Grande do Sul.

h) Ribeirão Residencial Empreendimento Imobiliário Ltda.

Engaged in the development and sale of residential real estate projects located in the City of Ribeirão Preto, State of São Paulo.

i) Morumbi Business Center Empreendimento Imobiliário Ltda.

Engaged in the development and sale of “Morumbi Business Center”, a commercial real estate project located in the City and State of São Paulo, it holds a 30% indirect interest in Shopping Vila Olímpia, through the 50% interest held in MPH Empreendimento Imobiliário Ltda., which, in its turn, holds 60% of the referred to mall. The Company holds 100.0% interest in Morumbi Business Center Empreendimento Imobiliário Ltda.

j) Multiplan Greenfield II Empreendimento Imobiliário Ltda.

Engaged in the commercial operation of Shopping Center Jundiaí, located in the City of Jundiaí, State of São Paulo, in which it holds 100% interest. The Company holds 100.0% indirect interest in Morumbi Corporate.

k) Multiplan Greenfield IV Empreendimento Imobiliário Ltda.

Engaged in the commercial operation of “Morumbi Diamond Tower”, located in the City and State of São Paulo, in which it holds 100% interest. The Company holds 100.0% indirect interest in Morumbi Corporate.

l) Jundiaí Shopping Center Ltda.

Engaged in the commercial operation of Shopping Center Jundiaí, located in the City of Jundiaí, State of São Paulo, in which it holds 100% interest.

m) Pátio Savassi Administração de Shopping Center Ltda.

Engaged the management of the parking lot of Shopping Pátio Savassi, located in the City of Belo Horizonte, State of Minas Gerais.

1. Company information (Continued)

n) ParkShopping Corporate Empreendimento Imobiliário Ltda.

Engaged in the commercial operation of “ParkShopping Corporate”, located in Brasília, Federal District, in which it holds a 50.0% interest.

o) Multiplan ParkShopping e Participações Ltda. (formerly ParkShopping Canoas Ltda.)

Engaged in the commercial operation of real estate projects located in the City of Canoas, State of Rio Grande do Sul and in the City and State of Rio de Janeiro. The Company holds 100% interest in Multiplan ParkShopping e Participações Ltda.

p) ParkShopping Global Ltda.

Engaged in the development and sale of real estate projects located in the City and State of São Paulo.

q) ParkJacarepaguá Empreendimento Imobiliário Ltda. (formerly ParkShopping Jacarepaguá Ltda.)

Engaged in the development and sale of Park Jacarepaguá, located in the City and State of Rio de Janeiro.

r) Multiplan Greenfield XI Empreendimento Imobiliário Ltda.

Engaged in the commercial operation of ParkShoppingBarigui located in Curitiba, Paraná, in which it holds 9.33% interest, which added to the other equity interest held by the Company in the venture total 93.33%. The Company holds 100% interest in Multiplan Greenfield XI Empreendimento Imobiliário Ltda.

s) Multiplan Barra 1 Empreendimento Imobiliário Ltda.

Engaged in the commercial operation of BarraShopping located in the City and State of Rio de Janeiro, in which it holds 14.8% interest, which added to the other equity interest held by the Company in the venture total 65.8%. The Company holds 100% interest in Multiplan Barra 1 Empreendimento Imobiliário Ltda.

1. Company information (Continued)

t) Multiplan Morumbi 1 Empreendimento Imobiliário Ltda.

Engaged in the commercial operation of MorumbiShopping, located in the City and State of São Paulo, in which it holds an 8.04% interest, which added to the other equity interest held by the Company in the venture total 73.7%. The Company holds 100% interest in Multiplan Morumbi 1 Empreendimento Imobiliário Ltda.

u) Multiplan Holding S.A.

The Company's wholly-owned subsidiary, whose purpose is to hold interests in other Multiplan group companies.

v) Teatro VillageMall Ltda. (formerly Multiplan Greenfield XIII Empreendimento Imobiliário Ltda.)

Engaged in the management and operation of Teatro VillageMall, located in Shopping VillageMall, in the City and State of Rio de Janeiro.

w) Other investees

The investees Multiplan Greenfield III Empreendimento Imobiliário Ltda. Multishopping Shopping Center Ltda. Multiplan Greenfield XII Empreendimento Imobiliário Ltda. Multiplan XVI Empreendimento Imobiliário Ltda. Multiplan XVII Empreendimento Imobiliário Ltda. Multiplan XVIII Empreendimento Imobiliário Ltda. Multiplan XIX Empreendimento Imobiliário Ltda. Multiplan XX Empreendimento Imobiliário Ltda. Multiplan Golden I Empreendimento Imobiliário Ltda. Multiplan Golden II Empreendimento Imobiliário Ltda. Multiplan Golden III Empreendimento Imobiliário Ltda. Multiplan Golden IV Empreendimento Imobiliário Ltda. Multiplan Golden V Empreendimento Imobiliário Ltda. Multiplan Golden VI Empreendimento Imobiliário Ltda. Multiplan Golden VII Empreendimento Imobiliário Ltda. Multiplan Golden VIII Empreendimento Imobiliário Ltda. Multiplan Golden IX Empreendimento Imobiliário Ltda. Multiplan Golden X Empreendimento Imobiliário Ltda. Multiplan Golden XI Empreendimento Imobiliário Ltda. Multiplan Golden XII Empreendimento Imobiliário Ltda. Multiplan Golden XIII Empreendimento Imobiliário Ltda. Multiplan Golden XIV Empreendimento Imobiliário Ltda. Multiplan Golden XV Empreendimento Imobiliário Ltda. Multiplan Golden XVI Empreendimento Imobiliário Ltda. Multiplan Golden XVII Empreendimento Imobiliário Ltda. and Multiplan Golden XVIII Empreendimento Imobiliário Ltda. are engaged in the (i) planning, implementation, development and sale of real estate projects of any nature; (ii) purchase and sale of real estate and acquisition and sale of real estate rights and their use; (iii) provision of management and administration services for business centers; (iv) advisory and technical assistance concerning real estate matters; (v) civil construction, execution of works and provision of engineering and related services, in the real estate industry; and (vi) development, promotion, management and planning of real estate projects.

2. Presentation of the financial statements and accounting policies

2.1. Statement of compliance with the IFRS and Brazil's Financial Accounting Standards Board ("CPC") standards

The individual and consolidated financial statements have been prepared and are presented in accordance with the accounting practices adopted in Brazil, which comprise the rules issued by the Brazilian Securities and Exchange Commission ("CVM") and the pronouncements issued by Brazil's Financial Accounting Standards Board - FASB ("CPC"), which are in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

In addition, the Group considered the guidance provided for in Accounting Guidance OCPC 07, issued by Brazil's FASB (CPC) in November 2014, in preparing its financial statements. Accordingly, significant information inherent in the financial statements is being disclosed and corresponds to that used by management over its administration.

2.2. Basis of measurement

The individual and consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value, as disclosed in Note 25.

2.3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2020 and 2019. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if, and only if, it has: (a) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); (b) exposure, or rights, to variable returns from its involvement with the investee; or (c) the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including: (a) the contractual arrangement between the investor and the other vote holders; (b) rights arising from other contractual arrangements; and (c) the Group's (investor) voting rights and potential voting rights.

2. Presentation of the financial statements and accounting policies (Continued)

2.3. Basis of consolidation (Continued)

The Company assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control mentioned above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses such control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the Company's controlling shareholders and noncontrolling shareholders, even if this results in a loss to noncontrolling shareholders. The financial statements of subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intra-group assets, liabilities, profit or loss, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill) and liabilities at their carrying value on the date it loses control, and it derecognizes the carrying amount of any noncontrolling interest on the date it loses control (including any components of other comprehensive income attributed thereto). Any difference resulting as gain or loss is accounted for in profit or loss. Any investment retained is recognized at fair value on the date it loses control.

The Group's consolidated financial statements include:

(In thousands of reais, unless otherwise stated)

2. Presentation of the financial statements and accounting policies (Continued)

2.3. Basis of consolidation (Continued)

	Interest (%)			
	December 31, 2020		December 31, 2019	
Company name	Direct	Indirect	Direct	Indirect
RENASCE - Rede Nacional de Shopping Centers Ltda.	**99.99**	**-**	99.99	-
County Estates Limited	**-**	**99.00**	-	99.00
Embassy Row Inc.	**-**	**99.00**	-	99.00
Embraplan Empresa Brasileira de Planejamento Ltda.	**99.99**	**-**	99.99	-
Manati Empreend. e Participações S.A.	**100.00**	**-**	-	-
CAA Corretagem e Consultoria Publicitária Ltda.	**99.00**	**-**	99.00	-
Multiplan Administradora de Shopping Centers Ltda.	**99.00**	**-**	99.00	-
CAA Corretagem Imobiliária Ltda.	**99.61**	**-**	99.61	-
MPH Empreendimento Imobiliário Ltda.	**50.00**	**50.00**	50.00	50.00
Danville SP Empreendimento Imobiliário Ltda.	**99.99**	**-**	99.99	-
Multiplan Holding S.A.	**100.00**	**-**	100.00	-
Multiplan Greenfield I Empreendimento Imobiliário Ltda.	**99.99**	**-**	99.99	-
Barrasul Empreendimento Imobiliário Ltda.	**99.99**	**-**	99.99	-
Ribeirão Residencial Empreendimento Imobiliário Ltda.	**99.90**	**-**	99.90	-
Multiplan Greenfield II Empreendimento Imobiliário Ltda.	**99.90**	**-**	99.90	-
Multiplan Greenfield III Empreendimento Imobiliário Ltda.	**99.90**	**-**	99.90	-
Multiplan Greenfield IV Empreendimento Imobiliário Ltda.	**99.90**	**-**	99.90	-
Morumbi Business Center Empreendimento Imobiliário Ltda.	**99.90**	**-**	99.90	-
Pátio Savassi Administração de Shopping Center Ltda.	**99.90**	**0.10**	99.90	0.10
Jundiaí Shopping Center Ltda.	**99.90**	**-**	99.90	-
ParkShopping Campo Grande Ltda.	**99.90**	**-**	99.90	-
ParkShopping Corporate Empreendimento Imobiliário Ltda.	**99.90**	**-**	99.90	-
Multiplan Arrecadadora Ltda.	**99.90**	**-**	99.90	-
ParkShopping Global Ltda.	**87.00**	**-**	87.00	-
Multiplan ParkShopping e Participações Ltda.	**94.67**	**-**	94.67	-
Multishopping Shopping Center Ltda.	**99.90**	**-**	99.90	-
ParkJacarepaguá Empreendimento Imobiliário Ltda.	**99.90**	**-**	99.90	-

(In thousands of reais, unless otherwise stated)

2. Presentation of the financial statements and accounting policies (Continued)

2.3. Basis of consolidation (Continued)

	Interest (%)			
	December 31, 2019		December 31, 2018	
Company name	Direct	Indirect	Direct	Indirect
Multiplan Greenfield XI Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Greenfield XII Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Greenfield XIII Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Barra 1 Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Morumbi 1 Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Golden I Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Golden II Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Golden III Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Golden IV Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Golden V Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Golden VI Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Golden VII Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Golden VIII Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Golden IX Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Golden X Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Golden XI Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Golden XII Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Teatro VillageMall Ltda.	99.90	-	99.90	-
Multiplan Golden XIV Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Golden XV Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Golden XVI Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Golden XVII Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan Golden XVIII Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan XVI Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan XVII Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan XVIII Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan XIX Empreendimento Imobiliário Ltda.	99.90	-	99.90	-
Multiplan XX Empreendimento Imobiliário Ltda.	99.90	-	99.90	-

The reconciliation between net income for the years ended December 31, 2020 and 2019 between Individual and Consolidated is as follows:

	Net income for the year	
	12/31/2020	12/31/2019
Individual	**965,070**	471,123
Equity pickup for the year - County (a)	**(896)**	(125)
Consolidated	**964,174**	470,998

(a) Subsidiary Renasce holds 100% in County’s capital, which is primarily engaged in holding interest in subsidiary Embassy. In order to properly prepare Multiplan's individual and consolidated balances, the Company adjusted Renasce's equity and the investment calculation for consolidation purposes only. The adjustment refers to the Company’s share in County’s P&L not reflected on equity pickup of Renasce, calculated and recorded by the Company.

2. Presentation of the financial statements and accounting policies (Continued)

2.4. Significant accounting policies adopted in the financial statements

<u>Business combination</u>

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any noncontrolling interests in the acquiree. For each business combination, the acquirer shall measure the noncontrolling interests in the acquiree at fair value or at its proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

In a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest is remeasured at its acquisition-date fair value, and any impacts are recognized in the statement of profit or loss.

If the consideration is lower than fair value of net assets acquired, the difference shall be recognized as a gain in the statement of profit or loss.

2.5. Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are called joint operators. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Company's investments in joint ventures are accounted for using the equity method.

2. Presentation of the financial statements and accounting policies (Continued)

2.5. Investment in joint ventures (Continued)

Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not amortized or tested for impairment separately.

The statement of profit or loss reflects the Company's share of the results of operations of the joint venture. Any change in other comprehensive income of those investees is presented as part of the Company's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the joint venture, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Company's share of profit or loss of a joint venture is shown in the statement of profit or loss and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss within "Share of profit of a joint venture" in the statement of profit or loss.

Upon loss of the joint control over the joint venture, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

2. Presentation of the financial statements and accounting policies (Continued)

2.6. Current versus noncurrent classification

The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when it is:

Expected to be realized or intended to be sold or consumed in the normal operating cycle.

- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.
- Cash or cash equivalent (as defined by Accounting Pronouncement CPC 03 – Statement of Cash Flows) unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent. A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified in noncurrent assets and liabilities.

2. Presentation of the financial statements and accounting policies (Continued)

2.7. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing an asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2. Presentation of the financial statements and accounting policies (Continued)

2.7. Fair value measurement (Continued)

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines policies and procedures for fair value measurement, such as investment properties and unquoted financial assets available for sale, and for non-recurring measurement, such as assets held for sale in discontinued operations.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the respective notes.

2.8. Functional and presentation currency

The functional currency of the Company and its subsidiaries in Brazil and abroad is the Brazilian real, the same currency used in the preparation and presentation of the individual and consolidated financial statements. All financial information presented in Real was rounded to the nearest thousand, unless otherwise stated.

2. Presentation of the financial statements and accounting policies (Continued)

2.9. Revenue recognition

Lease of stores and key money

The Company and its subsidiaries recognize lease income and key money using the straight-line method over the lease period, included in revenue in the statement of profit or loss due to their operational nature. These operations are classified as operating leases, since the Company does not transfer substantially all the risks and rewards of ownership of the asset.

The lease agreements in general establish that the lessees are required to pay the higher between a stipulated minimum contractual amount and a variable amount, calculated based on a percentage on the sales of each establishment. Minimum lease payments are adjusted by regular fixed increases over the term of the lease contracts, double lease payments in December, and by inflation. In accordance with CPC 06 (R1)/IAS 17 - Leases, revenue from minimum lease payments, considering any effects of grace periods, discounts, etc., and excluding inflationary effects, shall be recognized on a straight-line basis over the lease term, and any excess of the lease variable amount is recognized as incurred, regardless of the form of receipt.

Similarly, revenues from key money are also recognized on a straight-line basis over the lease terms, from the inception of the lease.

The operations of the Company, its subsidiaries and joint ventures are subject to seasonality. Historically, festive dates and holidays, such as Christmas, Mother's Day, among others, have a positive impact on shopping mall sales.

Sale of property

In installment sales of finished units, profit or loss is recorded when the sale is made, regardless of the term for receiving the contractual amount.

Fixed interest is recorded in profit or loss on an accrual basis regardless of its receipt.

2. Presentation of the financial statements and accounting policies (Continued)

2.9. Revenue recognition (Continued)

Sale of property (Continued)

In relation to sales of unfinished units, the Company adopts as an accounting practice the recognition of revenues and the corresponding costs of real estate development operations based on OCPC 01 (R1), i.e. based on the percentage of completion of the construction works. According to the provisions of OCPC 04, a property construction contract can fall under CPC 17 - Construction Contracts or CPC 47 - Revenue from Contracts with Customers. If the contract falls under CPC 17, profit or loss will be recognized according to percentage of completion of the works. Assuming the contract falls under CPC 47, the discussion moves to the issue of transfer of control, significant risks and rewards on continuing basis or in a single event (“key delivery”). If the transfer is made on a continuing basis, profit or loss shall be recognized according to the percentage of completion of the works. Otherwise, profit or loss will be recognized only upon key delivery. The procedures performed by the Company are the following:

The costs incurred are accumulated under “Inventories” and fully posted to profit or loss when the units are sold. After the sale, the costs to be incurred for the completion of the unit under construction are allocated to profit or loss as incurred.

(i) The percentage of the cost incurred for units sold is determined in relation to their total budgeted and estimated cost until completion of the construction work. This percentage determined is applied to the sales price of units sold, adjusted for selling expenses and other contractual conditions. The resulting amount is recorded as revenue matched against accounts receivable or any advances that have been received.

    From that moment on and until the work is completed, the unit’s sale price will be recognized as revenue in the statement of profit or loss in proportion to the evolution of costs that will be incurred for the completion of the unit under construction, in relation to the total budgeted cost.

    Changes in the execution and conditions of the project, as well as in the estimated profitability - including changes arising from penalty clauses and contractual settlements that could result in revision of costs and revenues - are recognized in the period in which such revisions are made.

2. Presentation of the financial statements and accounting policies (Continued)

2.9. Revenue recognition (Continued)

Sale of property (Continued)

(ii) The sales revenue determined, including monetary restatement, net of installments already received, are accounted for as accounts receivable, or as advances from customers, as applicable.

Parking lot

Refers to the revenue from the operation of shopping mall parking lots, posted to profit or loss on an accrual basis.

Services

Refers to revenue from the provision of brokerage and advisory services of a promotional and advertising nature, for lease and/or sale of spaces for commercial use (“merchandising”), revenue from the provision of specialized brokerage and real estate business advisory services in general, revenue from construction management and revenue from shopping mall management. These revenues are posted to profit or loss when control over the services is transferred to the customer.

2.10. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

2. Presentation of the financial statements and accounting policies (Continued)

2.10. Financial instruments (Continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade accounts receivable that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade accounts receivable that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under CPC 47. Refer to the accounting policies in Note 2.9 – Revenue recognition.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income (OCI), it needs to give rise to cash flows that are "solely payments of principal and interest" (also referred to as the SPPI test) on the principal amount outstanding. This assessment is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2. Presentation of the financial statements and accounting policies (Continued)

2.10. Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

i) *Financial assets at amortized cost (debt instruments)*

The Company measures financial assets at amortized cost if both the following conditions are met: (a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include trade accounts receivable and accounts receivable from related parties.

ii) *Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)*

The Company measures debt instruments at fair value through other comprehensive income if both the following conditions are met: (a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. Presentation of the financial statements and accounting policies (Continued)

2.10. Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement (Continued)

ii) *Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)* (Continued)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have instruments classified in this category as at December 31, 2020 and 2019.

iii) *Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under CPC 39 - Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment testing.

The Company does not have instruments classified in this category as at December 31, 2020 and 2019.

2. Presentation of the financial statements and accounting policies (Continued)

2.10. Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement (Continued)

iv) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition as at fair value through profit or loss or financial assets that are required to be measured at fair value. Financial assets are classified as held for trading if acquired to be sold or repurchased in the short term. Derivatives, including separate embedded derivatives, are also classified as held for trading, unless they are designated as effective hedging instruments. Financial assets with cash flows are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria used to classify debt instruments at amortized cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if this eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

2. Presentation of the financial statements and accounting policies (Continued)

2.10. Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement (Continued)

iv) *Financial assets at fair value through profit or loss* (Continued)

A derivative embedded in a hybrid contract with a financial liability is separated from the liability and accounted for as a separate derivative if: a) the economic characteristics and risks are not closely related to the host contract; b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and c) the hybrid contract is not measured at fair value through profit or loss with changes recognized in profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Company's financial assets at fair value through profit or loss include mainly financial investments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. Presentation of the financial statements and accounting policies (Continued)

2.10. Financial instruments (Continued)

Financial assets (Continued)

Derecognition (Continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of (i) the carrying amount of the asset and (ii) the maximum amount of consideration received that the entity could be required to repay (the guarantee amount).

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Significant accounting judgments, estimates and assumptions – Note 2.30.
- Accounts receivable - Note 4.
- Transactions with related parties – Note 5.

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2. Presentation of the financial statements and accounting policies (Continued)

2.10. Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade accounts receivable, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Presentation of the financial statements and accounting policies (Continued)

2.10. Financial instruments (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and financings, accounts payable, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are measured initially at fair value and, in the case of a financial liability not at fair value through profit or loss, plus or less transaction costs directly attributable to the issue of the financial liability.

The Company's financial liabilities include trade and other accounts payable, and loans and financing.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

i) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by CPC 48. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

2. Presentation of the financial statements and accounting policies (Continued)

2.10. Financial instruments (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

i) *Financial liabilities at fair value through profit or loss* (Continued)

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in CPC 48 are satisfied.

The Company has not designated any financial liability as at fair value through profit or loss.

ii) *Loans and receivables*

This is the category most relevant to the Company. After their initial recognition, interest-bearing loans/borrowings and receivables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing borrowings and financing. For more information, refer to Note 12.

Derecognition

A financial liability is derecognized when the obligation under the liability is terminated, i.e. when the obligation specified in contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

2. Presentation of the financial statements and accounting policies (Continued)

2.10. Financial instruments (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.11. Present value adjustment of assets and liabilities

Noncurrent monetary assets and liabilities are monetarily restated, and therefore adjusted to present value. The present value adjustment of current monetary assets and liabilities is calculated and only recorded when their effect is considered significant in relation to the financial statements as a whole. For reporting and materiality determination purposes, the present value adjustment is calculated by using contractual cash flows and the explicit, sometimes implicit, interest rate of the corresponding assets and liabilities.

2.12. Treasury shares

Own equity instruments that are repurchased (treasury shares) are recognized at cost and deducted from equity. No gains or losses on the purchase, sale, issue, or cancelation of the Company's equity instruments are recognized in the statement of profit or loss.

2.13. Investment properties

Investment properties are recorded at acquisition, build-up, or construction cost, less the respective accumulated depreciation, calculated using the straight-line method at rates that take into account the estimated useful life of assets. Repair and maintenance costs are recorded only if the economic benefits associated with these items are probable and the amounts can be reliably measured, while other expenses are directly charged to profit or loss as incurred. The recovery of investment properties through future transactions, the useful lives and residual value thereof, are periodically monitored and adjusted prospectively, if necessary. The fair value of investment properties is determined on a quarterly basis, for disclosure purposes only.

2. Presentation of the financial statements and accounting policies (Continued)

2.13. Investment properties (Continued)

Investment property is the property held to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the provision of services, or for administrative purposes. Buildings and improvements classified as investment property are measured at cost upon initial recognition and depreciated over their useful life of 30 to 50 years.

In compliance with CPC 28, the Company and its subsidiaries account for shopping malls in operation and under development as investment properties, given that these commercial ventures are held for operating lease purposes.

Goodwill recorded in subsidiaries is accounted for as investment property and depreciated using the straight-line method. The cost includes expenses directly attributable to the acquisition of an investment property. In the case of a self-constructed investment property, the following are considered costs: the capitalized interest on loans, the material used, the direct labor or any other costs attributable to bringing the asset to use, according to its purpose.

Capitalized interest refers to borrowings made by the Company for projects in the pre-operating phase or in the process of revitalization/expansion, as well as for borrowings intended for projects under construction.

The costs related to the repurchase of points of sale are added to the values of the respective investment properties. Repurchases of points of sale are allocated based on the useful life of the shopping malls.

2.14. Property and equipment

Property and equipment is recorded at acquisition, build-up, or construction cost, less the respective accumulated depreciation and impairment, calculated using the straight-line method at rates that take into account the estimated useful life of assets. Repair and maintenance costs are recorded only if the economic benefits associated with these items are probable and the amounts can be reliably measured, while other expenses are directly charged to profit or loss as incurred. The recovery of property and equipment through future transactions, as well as the useful lives and residual value thereof, are periodically monitored and reviewed prospectively, if necessary.

(In thousands of reais, unless otherwise stated)

2. Presentation of the financial statements and accounting policies (Continued)

2.14. Property and equipment (Continued)

The estimated useful lives for both current and comparative years are as follows:

	12/31/2019 and 12/31/2018
Machinery and equipment, furniture and fixtures and facilities	10 years
Buildings and improvements	25 years
Other components	5 to 10 years

2.15. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss using the straight-line method during the lease period. Leases entered into by the Company where it acts as a lessor are recognized as mentioned in Note 4.

2.16. Borrowing costs

Interest and financial charges, referring to financing obtained for investment in construction in progress, are capitalized until the assets start operating and are depreciated considering the same criteria and useful life determined for the investment property item to which they were incorporated and capitalized. All other borrowing costs are expensed in the period in which they occur.

2.17. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and, subsequently, they are carried at cost less any accumulated amortization and accumulated impairment losses, where applicable.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with an indefinite useful lives are not amortized, but are tested for impairment annually.

Goodwill arising from the acquisition of subsidiaries and based on future profitability is recorded as Intangible assets in accordance with CPC 04 (R1) - Intangible assets, as approved by CVM Rule No. 644, of December 2, 2010.

2. Presentation of the financial statements and accounting policies (Continued)

2.18. Land and properties held for sale

These are assessed at acquisition or construction cost not exceeding their net realizable value. The Company records under current assets ventures that have already been launched and are, therefore, available for sale. The remaining ventures are classified under noncurrent assets.

2.19. Property acquisition obligations

Contractual obligations for land acquisition are recorded at the original amount plus, when applicable, the corresponding charges and monetary differences incurred.

2.20. Impairment of nonfinancial assets

Management annually tests the net book value of the assets in order to determine whether there are any events or changes in economic, operating or technological circumstances that may indicate impairment. If such evidence is identified, and the net carrying amount exceeds the recoverable amount, a provision for impairment is established, adjusting the asset's carrying amount to its recoverable amount.

The recoverable amount of an asset or a cash-generating unit is defined as the higher of value in use and fair value less costs of disposal.

In assessing an asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the weighted average cost of capital (WACC) for the industry in which the cash-generating unit operates. Fair value less costs of disposal is determined considering, whenever possible, binding sales transactions, conducted at arm's length, between knowledgeable, willing parties, adjusted by costs to sell the asset, or when there is no binding sales transactions, based on the observable market price in an active market, or on the price of the most recent transaction involving similar assets.

In the case of goodwill paid on the acquisition of investments, the recoverable amount is estimated annually. An impairment loss is recognized if the carrying amount of the goodwill allocated in "Cash-Generating Unit (CGU)" exceeds its recoverable amount. The recoverable amount of the goodwill is determined by comparing it with the fair value of the investment properties that gave rise to the goodwill. The assumptions used to determine the fair value of investment properties are detailed in Note 9.

2. Presentation of the financial statements and accounting policies (Continued)

2.20. Impairment of nonfinancial assets (Continued)

Impairment losses are recognized in profit or loss. Recognized losses referring to “CGUs” are initially allocated to reduce any goodwill allocated to that “CGU” and, subsequently, to reduce other assets of that “CGU”.

An impairment loss relating to goodwill is not reversed. In relation to other assets, impairment loss is reversed only on condition that the carrying amount of the asset does not exceed the carrying amount that would otherwise be computed, net of depreciation or amortization, if the impairment loss had not been recognized. The Company identified no impairment losses to be recognized for any of the years presented.

2.21. Cash and cash equivalents

Cash and cash equivalents include cash, positive checking account balances and short-term investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Short-term investments included in cash and cash equivalents are classified as “financial assets at fair value through profit or loss”.

2.22. Provisions

Provisions are recognized for present obligations (legal or constructive) arising from past events, whose amounts can be reliably estimated and whose settlement is likely to take place. The amount recognized as a provision is the best estimate of the considerations required to settle the obligation at the end of each reporting period, considering the risks and uncertainties related to the obligation.

When the provision is measured based on the cash flows estimated for settling the obligation, the book value of this provision corresponds to the present value of these cash flows (in which the effect from the time value of money is material).

2. Presentation of the financial statements and accounting policies (Continued)

2.22. Provisions (Continued)

The Company is a party to various legal and administrative proceedings. Provisions are recognized for all legal and administrative proceedings for which an outflow of resources is likely to be required to settle that contingency/obligation at an amount that can be reasonably estimated. Assessment of the likelihood of loss includes the evaluation of available evidence, the hierarchy of laws, available case law, recent court decisions and their significance in the legal system, as well as the opinion of outside legal advisors. Provisions are reviewed and adjusted considering changes in existing circumstances, such as the applicable statutes of limitation, tax audit conclusions, or additional exposures identified based on new matters or court decisions.

The main contingencies whose risks have been assessed as possible are disclosed in Note 17.

2.23. Taxation

Sales and service revenues are subject to the taxes and social contributions below, at the following statutory rates:

		Rates Company and subsidiaries	
Tax	**Acronym**	**Taxable profit based on accounting records (*lucro real*)**	**Taxable profit computed as a percentage of gross revenue (*lucro presumido*)**
Contribution Tax on Gross Revenue for Social Integration Program	PIS	1.65%	0.65%
Contribution Tax on Gross Revenue for Social Security Financing	COFINS	7.6%	3.0%
Service Tax	ISS	2% to 5%	2% to 5%

These charges are presented as sales deductions in the statement of profit or loss. Credits deriving from noncumulative PIS/COFINS are recorded under Taxes and contributions on sales and services in the statement of profit or loss.

Income taxes include both income and social contribution taxes. Income tax is calculated based on taxable profit at the rate of 25% and social contribution tax at the rate of 9%, recognized on an accrual basis.

2. Presentation of the financial statements and accounting policies (Continued)

2.23. Taxation (Continued)

As allowed by tax legislation, certain companies of the Multiplan Group, whose annual revenue was less than R$78,000 in the immediately prior year, opted for the taxable profit computed as a percentage of gross revenue regime (*lucro presumido*). In these cases, the income tax base was determined considering the application of notional taxation percentages on gross revenue of 8%, 32% and 100%, depending on the nature of the revenues, as provided for in the tax legislation. The social contribution tax base, in this scenario, was determined based on notional taxation percentages on gross revenue of 12%, 32% and 100%, also depending on the nature of the revenues.

Current income and social contribution taxes represent taxes payable. Deferred income and social contribution taxes are recognized on temporary differences and income and social contribution tax loss carryforwards. It should be noted that deferred tax credits are recognized to the extent that there are future positive tax bases.

Income and social contribution tax expenses are segregated into current and deferred.

Current taxes are stated in assets/ liabilities at their net values, when taxes payable and to be offset have the same nature.

Likewise, deferred income and social contribution taxes are also stated by their net effects on assets/liabilities, as required by CPC 32.

2.24. Employee benefits

Obligations arising from short-term employee benefits are measured on an undiscounted basis and are incurred as expenses as the related service is provided.

A liability is recognized at the amount expected to be paid under short-term cash bonus or profit sharing plans when the Company has a legal or constructive obligation to pay this amount for a past service rendered by the employee, and the obligation can be reliably estimated.

2. Presentation of the financial statements and accounting policies (Continued)

2.25. Share-based payment

a) Stock option plan

The Company granted management members, employees and service providers of the Company or other companies under its control, elected as participants in the program, options to purchase equity-settled shares, which can only be exercised after specific grace periods. These options are measured at fair value, determined by the "Black-Scholes" valuation method on the dates when the option programs are granted, and are recognized in Operating income (expenses), under "Expenses from share-based compensation", on a straight-line basis from the grace periods, as a matching entry to the "Stock options granted" account under Capital reserves in Equity. For further details, see Note 20.a.

b) Stock option plan (Phantom stock options)

The Company granted management members, employees and service providers of the Company or other companies under its control, elected as participants in the program, investment units based on the valuation of the Company's shares and cash settled, which can only be redeemable after specific grace periods. These investment units are measured at fair value, determined by the "Black-Scholes" valuation method at the end of each accounting period, and are recognized in Operating income (expenses), on a straight-line basis from the grace periods, matched against liabilities. For further details, see Note 20.b.

c) Restricted Stock Option Plan

The Company granted management members, employees and service providers of the Company or other companies under its control, elected as participants in the program, common shares issued by the Company subject to certain restrictions, which will be fully vested to participants after specific grace periods. These restricted shares are measured at fair value, determined in accordance with the market price on the grant date discounted from expected future dividends, and are recognized in Operating income (expenses), on a straight-line basis from the grace periods, matched against liabilities. For further details, see Note 20.c.

2. Presentation of the financial statements and accounting policies (Continued)

2.26. Earnings (loss) per share

Basic earnings (loss) per share are calculated through net income (loss) for the period attributable to Company shareholders and the monthly average of outstanding shares in the respective period. Diluted earnings per share are calculated using the aforementioned average of outstanding shares, adjusted by instruments potentially convertible into shares, with a dilutive effect, in the years presented, pursuant to CPC 41/IAS 33.

2.27. Segment information

An operating segment is a component of the Company that develops business activities from which it can earn revenues and incur expenses, including revenues and expenses related to transactions with other components of the Company. All operating income (expenses) of the operating segments are frequently reviewed by management for decision-making on the resources to be allocated to the segment, and on performance assessments, for which individual financial information is available.

Income (expenses) of segments that are reported to management include items directly attributable to the segment, as well as those that can be reasonably allocated. Unallocated items comprise mainly headquarter expenses and income and social contribution tax assets and liabilities.

2.28. Statement of Value Added ("SVA")

This statement is intended to show the wealth created by the Company and its distribution during a certain period and is presented by the Company as part of its individual and consolidated financial statements, the presentation of which is required by the Brazilian Corporation Law for publicly-held companies and as supplementary information by the IFRS that do not require the presentation of the SVA.

2. Presentation of the financial statements and accounting policies (Continued)

2.28. Statement of Value Added ("SVA") (Continued)

The SVA has been prepared based on information obtained from the accounting records that serve as the basis of preparation of the financial statements and under the provisions contained in CPC 09 - Statement of Value Added. The first part of the statement presents the wealth created by the Company, represented by revenues (gross sales revenue, including taxes levied thereon, other revenues and the effects of the allowance for doubtful accounts), by materials acquired from third parties (cost of sales and acquisitions of materials, power and services from suppliers, including taxes levied at the time of acquisition, the effects of losses and recovery of asset amounts, and depreciation and amortization) and the value added received from third parties (share of profit of a subsidiary, an associate and a joint venture, finance income and other income). The second part of the SVA presents the distribution of wealth among personnel, taxes and contributions, debt remuneration and equity remuneration.

2.29. Statements of cash flows

The Company classifies in the statement of cash flows interest paid as financing activity and dividends received as investing activity, since it understands that interest represents costs to obtain its financial resources and dividends represent return on its investments.

2.30. Significant accounting judgments, estimates and assumptions

Judgments

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

Estimates and assumptions

These consolidated financial statements have been prepared under various measurement bases used in accounting estimates. The accounting estimates involved in the preparation of the financial statements were based on both objective and subjective factors, and in line with management's judgment to determine the appropriate amount to be recorded in the financial statements.

2. Presentation of the financial statements and accounting policies (Continued)

2.30. Significant accounting judgments, estimates and assumptions (Continued)

<u>Estimates and assumptions</u> (Continued)

The settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to uncertainties inherent in the estimation process. The Company reviews its estimates at least once a year.

The Company's main estimates are described below:

Fair value measurement of investment properties

The Company discloses the fair value of its investment properties as required by IAS 40/CPC 28. For investment properties, a valuation technique based on a discounted cash flow model was used, considering the absence of comparable market data due to the nature of the properties. The Company prepares the referred to calculations internally. The main assumptions used to determine the fair value of properties for purposes of disclosure are provided in Note 9.

Impairment of nonfinancial assets

The carrying amount of an asset or cash-generating unit that exceeds its recoverable amount corresponds to impairment losses, which is the higher of fair value less costs of disposal and the value in use. Fair value less costs of disposal is calculated based on information available about similar assets sold or market prices less costs of disposal. The value in use calculation is based on a DCF model. Cash flows arise from the Company's budget and do not include reorganization activities to which the Company has not yet committed or significant future investments that will improve the asset base of the cash-generating unit under test. The recoverable amount is sensitive to the discount rate used for the DCF model as well as to expected future cash inflows and growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount of the various cash-generating units, including the sensitivity analysis, are detailed in Notes 9 and 11.

2. Presentation of the financial statements and accounting policies (Continued)

2.30. Significant accounting judgments, estimates and assumptions (Continued)

Estimates and assumptions (Continued)

Allowance for expected credit losses on accounts receivable and contract assets

The Company uses a provision matrix to calculate the expected credit loss for lease receivables and key money. The provision rates applied are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company reviews the matrix prospectively to adjust it according to the historical credit loss experience. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 4.

Realization of deferred tax credits

Deferred tax assets are recognized for all unused tax losses to the extent that taxable profit will likely be available to allow the use of such losses. Management's significant judgment is required to determine the deferred tax asset amount to be recognized based on probable terms and future taxable income levels, in addition to future tax planning strategies. These losses refer to subsidiaries that have a history of losses, are not time barred and cannot be used to offset taxable profit elsewhere in the Company. The offset of tax loss carryforward is limited to 30% of the taxable profit generated in a given year. These subsidiaries do not have taxable temporary differences or tax plans that could partially justify the recognition of deferred tax assets. For further details on deferred taxes, see Note 7.

2. Presentation of the financial statements and accounting policies (Continued)

2.30. Significant accounting judgments, estimates and assumptions (Continued)

Estimates and assumptions (Continued)

Provisions for tax, civil and labor contingencies

The Company recognizes a provision for tax, civil and labor contingencies. Assessment of the likelihood of loss includes the evaluation of available evidence, the hierarchy of laws, available case law, recent court decisions and their significance in the legal system, as well as the opinion of internal and external legal advisors. Provisions are reviewed and adjusted to take into consideration any changes in circumstances, such as applicable statutes of limitation, tax audit conclusions, or additional exposures identified based on new matters or court decisions. For further details on deferred taxes, see Note 17.

2.31. New or revised pronouncements first-time adopted in 2020

The Company applied for the first time certain amendments to standards that are effective for annual periods beginning on or after January 1, 2020. The Group has decided not to early adopt any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to CPC 15 (R1): Definition of a business

The amendment to CPC 15 (R1) clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the individual and consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

2. Presentation of the financial statements and accounting policies (Continued)

2.31. New or revised pronouncements first-time adopted in 2020 (Continued)

Amendments to CPC 38, CPC 40 (R1) and CPC 48: Interest Rate Benchmark Reform

The amendments to CPC 38 and CPC 48 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the individual and consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to CPC 26 (R1) and CPC 23: Definition of material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”.

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the individual and consolidated financial statements of, nor is there expected to be any future impact to the Group.

Revision of CPC 00 (R2): Conceptual Framework for Financial Reporting

The revised pronouncement includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the individual and consolidated financial statements of the Group.

2. Presentation of the financial statements and accounting policies (Continued)

2.31. New or revised pronouncements first-time adopted in 2020 (Continued)

Amendments to CPC 06 (R2): Covid-19 related rent concessions

The amendments provide relief to lessees from applying CPC 06 (R2) guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under CPC 06 (R2), if the change were not a lease modification.

This amendment had no impact on the individual and consolidated financial statements of the Group.

(In thousands of reais, unless otherwise stated)

3. Cash and cash equivalents, and short-term investments

	December 31, 2020		December 31, 2019	
	Individual	Consolidated	Individual	Consolidated
Cash and cash equivalents				
Cash and banks	**21,168**	**31,351**	20,929	34,830
Short-term investments - Bank Deposit Certificates (CDB)	**623,707**	**1,192,063**	1,633	1,633
Total cash and cash equivalents	**644,875**	**1,223,414**	22,562	36,463

All short-term investments are made with prime financial institutions, at market price and terms.

The short-term investments classified as cash and cash equivalents can be redeemed at any time without penalty and without affecting earnings recognized or any risk of significant changes in value. These investments bear interest at an average effective rate of 100.38% of the Interbank deposit certificate (CDI) at December 31, 2020 (99.25% at December 31, 2019).

	December 31, 2020		December 31, 2019	
	Individual	Consolidated	Individual	Consolidated
Short-term investments with daily liquidity				
Investment fund DI - Fixed Income	-	-	623,912	871,506
Total short-term investments	-	-	623,912	871,506

The Fixed Income Investment Funds - DI are non-exclusive funds classified by the Brazilian Financial and Capital Markets Association (ANBIMA) as short-term, low-risk funds. At December 31, 2020, the Company had no resources invested in such investment fund.

The Company's exposure to interest rate, credit, liquidity and market risks, and the sensitivity analysis of financial assets and liabilities are disclosed in Note 25.

(In thousands of reais, unless otherwise stated)

4. Accounts receivable

	December 31, 2020		December 31, 2019	
	Individual	**Consolidated**	**Individual**	**Consolidated**
Lease	**193,470**	**245,798**	163,836	209,121
Straight-line effect (a)	**193,827**	**246,467**	19,445	33,213
Key money	**25,165**	**40,931**	24,923	38,617
Parking lots	**10,003**	**17,207**	14,473	23,980
Administration fees (b)	**9,170**	**11,378**	8,566	8,566
Sale	**467**	**467**	746	746
Advertising	**878**	**878**	993	993
Sale of properties	**13,247**	**64,171**	15,886	67,256
Other	**3,693**	**8,085**	5,962	8,359
	449,920	**635,382**	254,830	390,851
Allowance for doubtful accounts (ADA)	**(70,819)**	**(91,232)**	(39,435)	(50,329)
	379,101	**544,150**	215,395	340,522
Noncurrent	**(15,476)**	**(42,434)**	(20,147)	(56,406)
Current	**363,625**	**501,716**	195,248	284,116

(a) Since March 2020, due to the COVID-19 pandemic, which has had direct impacts on the Company's operations, management has changed its relationship with storeowners and reduced rent payable, as well as the condominium fee and promotion fund. These reductions were applicable from March to December 2020, and will not be offset in the remaining installments of the lease contracts. This condition was treated as a modification of the lease contract flow and, therefore, the Company reviewed its minimum rent on a straight-line basis and based on the remaining term of each contract, as provided for by CPC 06(R2)/IFRS 16.

(b) Refer to the management fees receivable by the Company, charged from business or storeowners of the shopping malls that it administrates, corresponding to a percentage of the store rent, common charges of storeowners, financial management, and promotion fund.

(In thousands of reais, unless otherwise stated)

4. **Accounts receivable** (Continued)

The aging list of accounts receivable is as follows:

Individual	Balance falling due with no impairment loss	Balance overdue with no impairment loss < 30 days	30 - 60 days	61 - 90 days	91 - 120 days	121-180 days	>180 days	Total
Lease (*)	**129,514**	**7,628**	**5,055**	**3,713**	**3,500**	**4,225**	**39,835**	**193,470**
Straight-line effect	**193,827**	**-**	**-**	**-**	**-**	**-**	**-**	**193,827**
Key money (*)	**21,788**	**362**	**279**	**321**	**300**	**740**	**1,375**	**25,165**
Parking lots	**10,003**	**-**	**-**	**-**	**-**	**-**	**-**	**10,003**
Administration fees	**4,332**	**281**	**309**	**297**	**230**	**1,150**	**2,571**	**9,170**
Sale	**409**	**7**	**14**	**-**	**2**	**3**	**32**	**467**
Advertising	**830**	**4**	**2**	**2**	**1**	**-**	**39**	**878**
Sale of properties	**11,074**	**259**	**38**	**32**	**42**	**46**	**1,756**	**13,247**
Other	**536**	**61**	**184**	**184**	**27**	**418**	**2,283**	**3,693**
Total at 12/31/2020	**372,313**	**8,602**	**5,881**	**4,549**	**4,102**	**6,582**	**47,891**	**449,920**
(-) ADA	**(7,783)**	**(5,357)**	**(4,225)**	**(3,362)**	**(3,307)**	**(4,320)**	**(42,465)**	**(70,819)**
Net balance at 12/31/2020	**364,530**	**3,245**	**1,656**	**1,187**	**795**	**2,262**	**5,426**	**379,101**

Individual	Balance falling due	Balance overdue < 30 days	30 - 60 days	61 - 90 days	91 - 120 days	121-180 days	>180 days	Total
Lease (*)	125,075	3,317	1,719	1,364	1,588	3,058	27,715	163,836
Straight-line effect	19,445	-	-	-	-	-	-	19,445
Key money (*)	23,540	241	116	107	175	187	557	24,923
Parking lots	14,473	-	-	-	-	-	-	14,473
Administration fees	7,243	-	-	-	15	-	1,308	8,566
Sale	740	-	-	-	-	-	6	746
Advertising	805	-	5	3	5	11	164	993
Sale of properties	13,941	612	48	27	24	30	1,204	15,886
Other	2,553	931	26	2	1	1	2,448	5,962
Total at 12/31/2019	207,815	5,101	1,914	1,503	1,808	3,287	33,402	254,830
(-) ADA	(3,462)	(1,722)	(1,070)	(968)	(1,325)	(2,626)	(28,262)	(39,435)
Net balance at 12/31/2019	204,353	3,379	844	535	483	661	5,140	215,395

(In thousands of reais, unless otherwise stated)

4. **Accounts receivable** (Continued)

Consolidated	Balance falling due with no impairment loss	< 30 days	Balance overdue with no impairment loss: 30 - 60 days	61 - 90 days	91 - 120 days	121-180 days	>180 days	Total
Lease (*)	**163,536**	**9,796**	**6,572**	**4,930**	**4,535**	**5,371**	**51,058**	**245,798**
Straight-line effect	**246,467**	**-**	**-**	**-**	**-**	**-**	**-**	**246,467**
Key money (*)	**34,244**	**587**	**633**	**526**	**491**	**1,114**	**3,336**	**40,931**
Parking lots	**15,319**	**1,409**	**135**	**-**	**46**	**-**	**298**	**17,207**
Administration fees	**6,011**	**810**	**309**	**297**	**230**	**1,150**	**2,571**	**11,372**
Sale	**409**	**7**	**14**	**-**	**2**	**3**	**32**	**467**
Advertising	**830**	**4**	**2**	**2**	**1**	**-**	**39**	**878**
Sale of properties	**51,023**	**504**	**280**	**654**	**562**	**451**	**10,697**	**64,171**
Other	**2,174**	**720**	**207**	**188**	**70**	**1,875**	**2,851**	**8,085**
Total at 12/31/2020	**520,013**	**13,837**	**8,152**	**6,597**	**5,937**	**9,964**	**70,882**	**635,382**
(-) ADA	**(9,622)**	**(6,800)**	**(5,480)**	**(4,494)**	**(4,256)**	**(5,541)**	**(55,039)**	**(91,232)**
Net balance at 12/31/2020	**510,391**	**7,037**	**2,672**	**2,103**	**1,681**	**4,423**	**15,843**	**544,150**

Consolidated	Balance falling due	< 30 days	Balance overdue: 30 - 60 days	61 - 90 days	91 - 120 days	121-180 days	>180 days	Total
Lease (*)	159,811	4,181	2,561	2,075	2,139	4,058	34,296	209,121
Straight-line effect	33,213	-	-	-	-	-	-	33,213
Key money (*)	35,499	305	148	144	213	248	2,060	38,617
Parking lots	21,339	2,240	134	191	10	45	21	23,980
Administration fees	7,243	-	-	-	15	-	1,308	8,566
Sale	740	-	-	-	-	-	6	746
Advertising	805	-	5	3	5	11	164	993
Sale of properties	58,691	829	200	423	428	241	6,444	67,256
Other	4,171	1,019	75	3	1	18	3,073	8,360
Total at 12/31/2019	321,512	8,574	3,123	2,839	2,811	4,621	47,372	390,852
(-) ADA	(4,250)	(2,131)	(1,565)	(1,453)	(1,743)	(3,495)	(35,692)	(50,329)
Net balance at 12/31/2019	317,262	6,443	1,558	1,386	1,068	1,126	11,680	340,523

(*) (*) The accounts receivable from lease and key money is net of a provision for loss computed based on the tax legislation amounting to R$47,978 at December 31, 2020 (R$31,555 at December 31, 2019), recorded in the statement of profit or loss as “Shopping mall expenses”.

Lease and key money

The Company applies the simplified approach to estimate the expected credit loss using an expected loss matrix based on the history of losses, adjusted by the management's expectations on the aspects that may influence storeowner's default in the future.

(In thousands of reais, unless otherwise stated)

4. Accounts receivable (Continued)

Lease and key money (Continued)

The information on exposure to the average credit risk of the Company's lease receivables and key money as at December 31, 2020 and 2019 is presented below, using a provision matrix:

Risk	12/31/2020	12/31/2019
Falling due	**2.9%**	2.3%
Overdue within 30 days	**64.1%**	48.4%
Overdue within days	**75.7%**	58.3%
Overdue within 90 days	**81.6%**	65.8%
Overdue within 120 days	**87.5%**	75.2%
Overdue within 180 days	**89.4%**	80.9%
Overdue for more than 180 days	**100.0%**	92.6%

The balances of accounts receivable relating to rent, key money and acknowledgment of debt as at December 31, 2020 were impacted by Covid-19. This impact was considered in accounts receivable by reducing the expectation of recovery of default in all ranges of the provision matrix.

Sale of property

The allowance for doubtful accounts is recorded so as to recognize impairment of trade accounts receivable, based on an individual analysis of such receivables. As trade accounts receivable are guaranteed by the real estate units sold, when a customer becomes a defaulter, the total balance due on the unit is compared with the best estimate of the unit's market value, less costs to recover and sell. An allowance for doubtful accounts is set up when the total balance due is higher than the net amount given in guarantee. At December 31, 2020, even taking the impacts of COVID-19 into account, and at December 31, 2019, the Company did not identify the need for an allowance for doubtful accounts on receivables from the sale of properties.

Parking lot, administration fee, sale and advertising and others

The Company understands that the credit risk from accounts receivable relating to parking lots, administration fee, sale and advertising is very low and has no history of default. Therefore, at December 31, 2020, even taking the impacts of COVID-19 into account, and at December 31, 2019, the Company did not identify the need for an allowance for doubtful accounts on the respective balances.

(In thousands of reais, unless otherwise stated)

4. Accounts receivable (Continued)

Parking lot, administration fee, sale and advertising and others (Continued)

The balance of the accounts receivable relating to parking lot, administration fee, sale and advertising as at December 31, 2020 was impacted by Covid-19. This impact was considered in accounts receivable with the decrease of revenue from parking lots, services and others in December 2020. This decrease is due to a reduction in the flow of cars, condominium costs and sale at the Company's properties.

For "Other", the Company identified the need for an allowance for doubtful accounts in the amount of R$2,097 at December 31, 2020 and 2019.

Changes in allowance for doubtful accounts (ADA) are as follows:

	ADA	
	Individual	**Consolidated**
Balances at December 31, 2018	(28,677)	(38,081)
Additions	(30,584)	(44,336)
Write-offs	19,826	32,088
Balances at December 31, 2019	(39,435)	(50,329)
Acquisition - Manati	**-**	**(1,146)**
Additions	**(46,718)**	**(63,632)**
Write-offs	**15,334**	**23,875**
Balances at December 31, 2020	**(70,819)**	**(91,232)**

The Company has operating lease contracts with the tenants of shopping mall stores (lessees) with a standard term of 5 years. Exceptionally, there may be contracts with differentiated terms and conditions.

For the quarters ended December 31, 2020 and 2019, the Company earned R$616,009 e R$934,641, respectively, as minimum lease only in relation to contracts prevailing at the end of each year, which presented the following renewal schedule:

	Consolidated	
	December 31, 2020	**December 31, 2019**
In 2020	**-**	7.9%
In 2021	**13.2%**	15.0%
In 2022	**17.1%**	16.9%
In 2023	**18.2%**	17.0%
After 2022	**36.3%**	29.3%
Undetermined (*)	**15.2%**	14.0%
Total	**100.0%**	100.0%

(*) Contracts not renewed under which the parties may request termination through a prior legal notice (30 days).

(In thousands of reais, unless otherwise stated)

5. Transactions with related parties

5.1. The balances and main transactions with related parties are as follows:

	December 31, 2020		December 31, 2019	
	Individual	Consolidated	Individual	Consolidated
Current assets:				
Sundry loans and advances				
Advances on shopping mall charges (a)	**30,802**	**54,542**	27,024	46,682
Shopping Mall Associations (b)	**2,743**	**3,268**	932	932
Park Jacarepaguá (i)	**323**	**-**	72	-
JundiaíShopping (i)	**263**	**-**	26	-
Danville (g)	**-**	**-**	428	-
Ribeirão Residencial (g)	**-**	**-**	544	-
Fulllab (h)	**-**	**-**	-	80
Loans – other (d)	**28**	**28**	-	-
Shopping Mall Condominiums (c)	**203**	**203**	2,244	3,390
Subtotal	**3,367**	**3,588**	31,270	51,084
Provision for losses (a)	**(23,193)**	**(41,917)**	(20,224)	(35,917)
Total sundry loans and advances - current	**14,508**	**19,684**	11,046	15,167
Accounts receivable				
Multiplan Administradora de Shopping Centers Ltda. (e)	**9,956**	**-**	14,473	-
Total accounts receivable – current	**9,956**	**-**	14,473	-
Total current assets	**24,464**	**19,684**	25,519	15,167
Noncurrent assets:				
Sundry loans and advances				
Advances on shopping mall charges (a)	**56**	**60**	56	60
Shopping Mall Condominiums (c)	**2,031**	**2,984**	1,511	1,827
Shopping Mall Associations (b)	**28,563**	**35,024**	7,099	7,099
Loans – other (d)	**-**	**-**	197	197
Subtotal	**30,650**	**38,068**	8,863	9,183
Provision for losses (a)	**-**	**-**	(40)	(40)
Total sundry loans and advances - noncurrent	**30,650**	**38,068**	8,823	9,143
Current liabilities:				
Payables to related parties				
Fulllab (h)	**-**	**-**	-	94
MPH Empreendimento Imobiliário Ltda. (k)	**-**	**-**	38	15
Total payables to related parties - current	**-**	**-**	38	109
Noncurrent liabilities:				
Payables to related parties				
Fulllab (h)	**-**	**-**	-	2,125
Total payables to related parties - noncurrent	**-**	**-**	-	2,125

(In thousands of reais, unless otherwise stated)

5. Transactions with related parties (Continued)

5.1. The balances and main transactions with related parties are as follows: (Continued)

	Individual		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Statement of profit or loss:				
Service revenue				
Multiplan Administradora de Shopping Centers Ltda. (e)	**62,057**	122,770	**-**	-
Revenue from Hot Zone lease (f)	**480**	938	**792**	1,307
Shopping Mall expenses				
Multiplan Arrecadadora Ltda. (m)	**1,020**	1,032	**-**	-
Service agreement				
Peres - Advogados, Associados S/C (j)	**1,139**	1,949	**1,139**	1,949
Finance income (costs), net				
Interest on loans and sundry advances (l)	**1,123**	983	**1,332**	1,118

(a) Prepayments of charges granted to condominiums of shopping malls owned by Multiplan Group, in light of the default of storeowners with the condominiums. At December 31, 2020, based on a study of expected credit losses for the balance, which identified a 26.2% (24.5% at December 31, 2019) historical percentage of return of all prepaid charges, the provision was adjusted to 73.8% (75.5% at December 2019) of the prepaid balance, with an effect of R$5,143 (R$1,346 due to the effect of the acquisition of MANATI) as provision at December 31, 2020 (provision of R$10,001 at December 31, 2019) recorded against profit or loss, as “Shopping Mall Expenses”.

(b) Refer to advances granted to the Storeowners Association of the following Shopping Malls: BarraShoppingSul, ParkShopping Barigui, Parkshopping Canoas, ParkShopping Campo Grande,ParkShopping, Barra Shopping, Ribeirão Shopping, ParkShopping São Caetano, Shopping Santa Úrsula, BH Shopping, DiamondMall, Morumbi Shopping, Jundiaí Shopping, New York City Center and VillageMall. These advances bear interest based on the Brazilian Extended Consumer Price Index (IPCA) disclosed by IBGE, plus a spread of 5.00% per annum, and will be fully settled by 2031.

(c) Refer to loans entered into with the condominiums of Village Mall, Barra Shopping, ParkShopping Canoas, ParkShopping São Caetano, Morumbi Corporate Towers, Shopping Vila Olímpia, which bear interest based on the CDI fluctuation, and Shopping Pátio Savassi and Shopping Santa Úrsula, which bear interest based on the Brazilian Extended Consumer Price Index (IPCA) disclosed by IBGE, plus a spread of 5.00% per annum, and will be fully settled by 2031.

(d) This refers to loans granted to employees, which are being repaid in annual installments.

5. Transactions with related parties (Continued)

5.1. The balances and main transactions with related parties are as follows: (Continued)

(e) Refers to the portion of accounts receivable and income (loss) that the Company has with subsidiary Multiplan Administradora de Shopping Centers Ltda., which manages the shopping malls' parking lots and transfers 93% to 97.5% of net income to the Company. It should be noted that whenever total expenses exceed the income generated, the Company is required to reimburse such difference to Multiplan Administradora de Shopping Centers Ltda. plus 3% of monthly gross revenue. These amounts are billed and received on a monthly basis.

(f) This refers to amounts billed as Hot Zone store leases entered into with Divertplan Comércio e Indústria Ltda. (lessee), in which Multiplan Planejamento Participações e Administração S/A, a Company shareholder, holds 99% of the capital.

(g) These are amounts recoverable from subsidiaries Ribeirão Residencial and Danville relating to construction cost. They refer to regularization of future capital contribution in subsidiary Ribeirão Residencial as well.

(h) The amounts receivable from and payable to Fullab refer to an advance of R$135, which bear interest based on the CDI fluctuation, to be fully settled by 2020, and to the purchase of interest in the amount of R$ 2,243, adjusted annually at the Selic rate and to be settled until 2043. The purchase of interest was settled in advance on August 21, 2020, upon payment at a discount of R$ 505. The advance was settled on September 31, 2020.

(i) These are amounts recoverable from subsidiary Jundiaí Shopping Center Ltda., ParkShopping Jacarepaguá Ltda. and ParkShopping Canoas Ltda., referring to the sharing of payroll expenses.

(j) This refers to the addendum to the legal service agreement entered into by the Company and Peres - Advogados, Associados S/C, owned by a close family member of the Company's controlling shareholder, dated May 1, 2011. The agreement has an indefinite term and establishes a monthly compensation of R$50, restated by reference to the Consumer Price Index (IPC) on an annual basis.

(k) This refers to amounts to be transferred to subsidiary MPH Empreendimento Imobiliário Ltda. referring to settlement of a labor lawsuit.

(l) This refers to the net finance income arising from interest on the various loans granted to related parties.

(m) This refers to lease collection services, common and specific charges, revenue from promotion funds and other revenue deriving from the operation and sale of office spaces of the Company and/or its subsidiaries.

5.2. Key management personnel compensation

Management personnel compensation

The members of the Board of Directors and the executive officers elected by the Board of Directors in accordance with the Company's Articles of Incorporation, whose duties involve decision making and control over the Company's activities, are considered as key management personnel by the Company.

The key management personnel compensation accounted for in the statement of profit or loss by category is as follows:

(In thousands of reais, unless otherwise stated)

5. Transactions with related parties (Continued)

5.2. Key management personnel compensation (Continued)

Management personnel compensation (Continued)

	12/31/2020	12/31/2019
Short-term benefits (i)	**32,554**	26,414
Compensation based on variation of the share value (restricted) (Note 20.c) (i)	**12,444**	4,524
Compensation based on variation of the share value (phantom) (i) (ii)	**(11,794)**	22,152
	33,204	53,090

(i) This amount includes expenses with severance pay to a Statutory Officer due to retirement.

(ii) The amount refers to stock options of investment units based on the valuation of the Company's shares and cash settled, redeemable after specific grace periods. In accordance with the applicable accounting standards, these investment units, including those not yet exercisable, are marked to market on a quarterly basis based on the market price of the share, which may affect profit or loss to a greater or lesser extent, as a non-cash matching entry in liabilities. It should be noted that, regardless of the provision amount, the amount to be effectively paid to management members will depend, in addition to other factors, on the quotation of shares issued by the Company when the investment units are effectively redeemed by the management members after the applicable vesting period. See further details in Note 20.b.

At December 31, 2020, key management personnel comprised seven members of the Board of Directors, six executive officers and three members of the supervisory board.

The Company does not grant to its managing officers any benefits relating to employment contract termination other than those provided for in the applicable legislation.

6. Land and properties held for sale

	December 31, 2020		December 31, 2019	
	Individual	Consolidated	Individual	Consolidated
Land	**19,681**	**431,127**	19,581	424,052
Properties completed	**5,094**	**16,332**	6,976	25,737
	24,775	**447,459**	26,557	449,789
Current	**5,094**	**16,332**	6,976	25,737
Noncurrent	**19,681**	**431,127**	19,581	424,052
	24,775	**447,459**	26,557	449,789

The Company reclassifies part of its inventories from noncurrent to the line item “Land” according to the project launch schedule, and to the line item “Properties under construction” based on the work completion schedule. It should be noted that, as at December 31, 2020 and 2019, the Company has no properties under construction. No indication of impairment was identified for land and properties held for sale as at December 31, 2020 and 2019. The Company revised its project launch projections at December 31, 2020 due to the impacts of COVID-19 and concluded that there was no impact on the classification and valuation of its inventory.

(In thousands of reais, unless otherwise stated)

7. Income and social contribution taxes

Deferred income and social contribution taxes are broken down as follows:

	December 31, 2020		December 31, 2019	
	Individual	**Consolidated**	**Individual**	**Consolidated**
Assets:				
Provision for legal and administrative proceedings	**5,165**	**5,505**	5,321	5,649
Allowance for doubtful accounts	**67,646**	**82,721**	36,885	44,231
Provision for losses on advances of charges	**23,193**	**23,193**	20,264	20,264
Accrued annual bonus (a)	**33,001**	**33,001**	27,186	27,186
Stock option plan	**48,175**	**48,175**	67,605	67,605
Other (b)	**6,370**	**6,370**	4,278	4,278
Income and social contribution tax loss	**163,575**	**289,084**	-	118,572
Deferred tax asset base	**347,125**	**488,049**	161,539	287,785
Deferred income tax asset (c)	**74,817**	**110,040**	36,647	67,951
Deferred social contribution tax asset (c)	**31,241**	**43,924**	14,539	25,811
Subtotal	**106,058**	**153,964**	51,186	93,762
Liabilities:				
Accounting vs. tax difference – Goodwill (d)	**(316,845)**	**(316,845)**	(316,845)	(316,845)
Straight-line income (e)	**(175,285)**	**(191,246)**	(1,540)	878
Income (loss) from real estate projects (f)	**-**	**(16,072)**	-	(26,745)
Depreciation (g)	**(438,132)**	**(516,599)**	(370,686)	(426,436)
Bargain purchase gain (i)	**(72,897)**	**(72,897)**	-	-
Interest capitalized (h)	**(62,364)**	**(99,151)**	(58,786)	(96,183)
Other	**(16,494)**	**(16,494)**	-	-
Deferred tax liabilities base	**(1,082,017)**	**(1,229,304)**	(747,857)	(865,331)
Deferred income tax liabilities (c)	**(270,505)**	**(303,629)**	(186,965)	(210,186)
Deferred social contribution tax liabilities (c)	**(97,381)**	**(109,364)**	(67,308)	(75,764)
Subtotal	**(367,886)**	**(412,993)**	(254,273)	(285,950)
Deferred income and social contribution taxes, net	**(261,828)**	**(259,029)**	(203,087)	(192,188)
Noncurrent assets	**-**	**18,417**	-	17,171
Noncurrent liabilities	**(261,828)**	**(277,446)**	(203,087)	(209,359)

(a) For the calculation of deferred income tax, only the share of employee profit sharing was considered.

(b) The Company recognized deferred income and social contribution taxes by fully derecognizing deferred assets.

(c) In consolidated, the bases of deferred assets and liabilities also comprise entities subject to the calculation of Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL) under the taxable profit computed as percentage of gross revenue regime. For that reason, the effect of these tax rates includes the tax rates applied to such taxation regime, pursuant to the federal legislation, which may vary depending on the nature of the income.

(In thousands of reais, unless otherwise stated)

7. Income and social contributions taxes (Continued)

(d) Goodwill on acquisition of Multishopping Empreendimentos Imobiliários S.A., Bozano Simonsen Centros Comerciais S.A. and Realejo Participações S.A. based on expected future earnings. Such companies were then merged and the respective goodwill reclassified to intangible assets. Pursuant to the new accounting standards, beginning January 1, 2009 such goodwill is no longer amortized and deferred income and social contribution tax liabilities were recognized on the difference between the tax base and the carrying amount of the related goodwill. For tax purposes, the amortization of goodwill ended November 2014.

(e) The Company recognized income and social contribution taxes on deferred taxation of straight-line income during the term of the contract, regardless of the receipt term.

(f) According to the tax criterion, the income (loss) on the sale of real estate units is determined based on the financial realization of income (cash basis) while for accounting purposes such income (loss) is accounted for on an accrual basis.

(g) The Company recognized deferred income and social contribution tax liabilities on the differences between the amounts calculated based on the accounting method and criteria provided for in Law No. 12973 of May 13, 2014.

(h) The Company recognized deferred income and social contribution tax liabilities on the immediate tax deduction of interest on loans taken out for the construction of assets and recorded as the cost of its underlying asset. Deferred liabilities will be reversed as the underlying asset is realized through depreciation.

(i) Recognition of deferred tax liabilities on bargain purchase gains, which was excluded from the calculations of income and social contribution taxes. Taxation will only take place when the investment is realized. Refer to business combination (Note 1).

The Company has been adopting measures that will allow it to utilize the balances of income and social contribution tax losses, with consequent realization of deferred tax assets on income and social contribution tax losses, such as: (i) corporate reorganizations; (ii) operational improvements; (iii) debt renegotiations with reduced interest rates, among others. In addition, part of the balance of deferred tax assets will be realized when the shopping malls that are currently under construction begin their activities.

Deferred income and social contribution tax assets will be realized based on management's expectation, as follows:

	December 31, 2020		**December 31, 2019**	
	Individual	**Consolidated**	**Individual**	**Consolidated**
2020	-	-	17,606	18,801
2021	38,459	40,441	12,100	20,867
2022	31,370	33,352	12,182	20,785
2023 to 2024	35,035	50,989	5,044	21,051
2025 to 2026	1,193	29,182	4,254	12,257
	106,057	153,964	51,186	93,761

The Company revised its taxable profit projections as at September 30, 2020 due to the impacts of COVID-19 and concluded that there is no need for a provision for devaluation of the balance recorded.

(In thousands of reais, unless otherwise stated)

7. Income and social contributions taxes (Continued)

Reconciliation of income and social contribution tax expenses

The reconciliation between the tax expense as calculated by the combined nominal rates and the income and social contribution tax expense charged to profit or loss is presented below:

	Individual			
	December 31, 2020		December 31, 2019	
Description	**Income tax**	**Income tax**	**Income tax**	**Social contribution tax**
Income before income and social contribution taxes	**1,023,778**	**1,023,778**	518,319	518,319
Rate			25%	9%
Statutory rate	**(255,944)**	**(92,140)**	(129,580)	(46,649)
Permanent additions and exclusions				
Equity pickup	**152,734**	**54,984**	23,305	8,390
Interest on equity approved	**67,500**	**24,300**	70,000	25,200
Interest on equity received	**-**	**-**	(1,373)	(494)
Tax benefit - Technological Innovation (i)	**-**	**-**	2,450	882
Other	**(9,635)**	**(506)**	77	596
Total additions and exclusions	**210,599**	**78,778**	94,459	34,574
Current income and social contribution taxes on profit or loss	**25**	**10**	(30,860)	(10,713)
Deferred income and social contribution taxes on profit or loss	**(45,370)**	**(13,372)**	(4,261)	(1,362)
Total	**(45,345)**	**(13,362)**	(35,121)	(12,075)

	Consolidated			
	December 31, 2020		December 31, 2019	
Description	**Income tax**	**Social contribution tax**	**Income tax**	**Social contribution tax**
Income before income and social contribution taxes	**1,070,330**	**1,070,330**	559,011	559,011
Rate	**25%**	**9%**	25%	9%
Statutory rate	**(267,583)**	**(96,330)**	(139,753)	(50,311)
Permanent additions and exclusions				
Equity pickup	**(1,305)**	**(469)**	1,412	508
Interest on equity approved	**67,500**	**24,300**	70,000	25,200
Interest on equity received	**-**	**-**	(1,373)	(494)
Current losses without tax credit	**(10,436)**	**(3,757)**	(11,522)	(4,148)
Income and social contribution taxes on companies operating under the taxable profit computed as a percentage of gross revenue regime	**141,389**	**50,900**	13,752	4,951
Tax benefit - Technological Innovation (i)	**-**	**-**	2,450	882
Other	**(7,765)**	**(2,796)**	(1,006)	(362)
Total additions and exclusions	**189,383**	**68,178**	73,713	26,537
Current income and social contribution taxes on profit or loss	**(24,953)**	**(8,983)**	(62,244)	(22,408)
Deferred income and social contribution taxes on profit or loss	**(53,247)**	**(19,169)**	(3,796)	(1,366)

Total	**(78,200)**	**(28,152)**	(66,040)	(23,774)

(i) This refers to Law No. 11196/05, known as "*Lei do Bem*", which allows the deduction of R&D expenses related to technological innovation from the income and social contribution tax base.

(In thousands of reais, unless otherwise stated)

8. Investments

Significant information on investees:

	December 31, 2020					December 31, 2019	December 31, 2019
Investees	Number of units of interest/shares	Interest (%)	Capital	Net income (loss) for the year	Equity	Net income (loss) for the year	Equity
CAA - Corretagem e Consultoria Publicitária Ltda.	**40,000**	**99.00**	**400**	**385**	**785**	524	1,070
RENASCE - Rede Nacional de Shopping Centers Ltda.	**1,761,500**	**99.99**	**17,615**	**67**	**6,835**	(1,219)	5,073
CAA - Corretagem Imobiliária Ltda.	**182,477**	**99.61**	**1,825**	**(1)**	**-**	(4)	1
MPH Empreendimento Imobiliário Ltda. (*)	**154,940,898**	**100.00 (*)**	**154,941**	**13,437**	**167,326**	18,454	172,425
Multiplan Administr. Shopping Center Ltda.	**20,000**	**99.00**	**20**	**5,836**	**16,488**	11,068	17,952
Pátio Savassi Administração de Shopping Center Ltda.	**10,750,000**	**100.00**	**107**	**(24)**	**153**	(19)	161
Royal Green Península	**-**	**98.00**	**51,582**	**(22)**	**2,478**	(65)	2,500
Manati Empreendimentos e Participações S.A.	**75,638,233**	**100.00**	**75,638**	**(2,459)**	**64,427**	(1,210)	65,439
Delivery Center Holding S.A.	**1,082,034**	**26.89**	**1,835**	**(76,036)**	**17,675**	(15,680)	82,515
Parque Shopping Maceió S.A.	**182,505,268**	**50.00**	**230,505**	**26,244**	**242,769**	15,998	242,769
Danville SP Empreendimento Imobiliário Ltda.	**54,083,073**	**99.99**	**54,083**	**(342)**	**49,543**	(346)	48,885
Multiplan Holding S.A.	**1,000**	**100.00**	**3,393**	**587**	**4,103**	105	2,816
Embraplan Empresa Brasileira de Planejamento Ltda.	**5,110,438**	**99.99**	**5,110**	**4**	**260**	5	256
Multiplan Greenfield I Emp. Imob. Ltda.	**35,943,556**	**99.99**	**35,944**	**4,153**	**42,847**	2,844	45,346
Barrasul Empreendimento Imobiliário Ltda.	**27,520,443**	**99.99**	**27,520**	**5,576**	**33,097**	2,200	29,757
Ribeirão Residencial Emp. Imob. Ltda.	**22,687,056**	**99.90**	**22,687**	**(427)**	**19,183**	(436)	18,610
Morumbi Business Center Empreendimento Imobiliário Ltda.	**125,852,380**	**99.90**	**125,852**	**7,003**	**152,786**	10,143	147,506
Multiplan Greenfield II Empr. Imob. Ltda.	**115,024,966**	**99.90**	**115,025**	**26,088**	**152,767**	20,009	141,168
Multiplan Greenfield IV Empr. Imob. Ltda.	**210,733,168**	**99.90**	**210,733**	**539,078**	**304,409**	18,155	125,762
Multiplan Greenfield III Empr. Imob. Ltda.	**271,805,648**	**99.90**	**271,806**	**(3,354)**	**247,420**	(2,492)	250,773
Parkshopping Campo Grande Ltda.(i)	**-**	**-**	**-**	**-**	**-**	10,440	-
Jundiaí Shopping Center Ltda.	**258,875,987**	**99.90**	**258,876**	**26,703**	**316,917**	28,002	326,357
ParkShopping Corporate Empr. Imob. Ltda.	**54,243,251**	**99.90**	**54,243**	**1,387**	**42,016**	418	40,629
Multiplan Arrecadadora Ltda.	**34,160,010**	**99.90**	**1**	**691**	**5,865**	789	5,174
ParkShopping Global Ltda.	**35,583,088**	**87.00**	**35,583**	**(1,960)**	**24,096**	(1,828)	24,252
Multiplan ParkShopping e Participações Ltda.	**1,025,187**	**99.99**	**1,025,257**	**(5,282)**	**1,016,333**	(37,193)	591,265
Multishopping Shopping Center Ltda.	**16,979**	**99.90**	**17**	**(1)**	**4**	(1)	5
ParkJacarepaguá Empreendimento Imobiliário Ltda.	**446,845,731**	**99.90**	**446,846**	**(3,319)**	**434,629**	(6,625)	320,163
Multiplan Greenfield XI Empr. Imob. Ltda.	**7,305,881**	**99.90**	**90,104**	**3,647**	**93,751**	4,411	95,700
Multiplan Greenfield XII Empr. Imob. Ltda.	**8,607,881**	**99.90**	**8,608**	**(6,473)**	**571**	(472)	5,742
Teatro VillageMall Ltda.	**8,147,442**	**99.90**	**8,147**	**(5,792)**	**2,107**	(245)	1,111
Multiplan Barra 1 Empr. Imob. Ltda.	**463,135,848**	**99.90**	**463,136**	**11,802**	**474,938**	14,070	477,232
Multiplan Morumbi 1 Empr. Imob. Ltda.	**190,332,604**	**99.90**	**190,333**	**6,871**	**197,203**	7,157	197,509
Multiplan Golden I Empr. Imob. Ltda.	**21,824,920**	**99.90**	**21,825**	**(198)**	**20,433**	(806)	19,062

(In thousands of reais, unless otherwise stated)

8. **Investments** (Continued)

	December 31, 2020					December 31, 2019	December 31, 2019
Investees	**Number of units of interest/shares**	**Interest (%)**	**Capital**	**Net income (loss) for the period**	**Equity**	**Net income (loss) for the period**	**Equity**
Multiplan Golden II Empr. Imob. Ltda.	**392,841**	**99.90**	**393**	**-**	**391**	-	19
Multiplan Golden III Empr. Imob. Ltda.	**11,000**	**99.90**	**11**	**-**	**7**	(1)	6
Multiplan Golden IV Empr. Imob. Ltda.	**41,000**	**99.90**	**41**	**1**	**40**	-	39
Multiplan Golden V Empr. Imob. Ltda.	**9,259,425**	**99.90**	**9,259**	**(97)**	**8,813**	(162)	8,136
Multiplan Golden VI Empr. Imob. Ltda.	**10,081,936**	**99.90**	**10,082**	**(106)**	**9,596**	(176)	8,860
Multiplan Golden VII Empr. Imob. Ltda.	**10,083,036**	**99.90**	**10,083**	**(106)**	**9,598**	(176)	8,861
Multiplan Golden VIII Empr. Imob. Ltda.	**9,010,476**	**99.90**	**9,010**	**(95)**	**8,575**	(157)	7,915
Multiplan Golden IX Empr. Imob. Ltda.	**2,963,373**	**99.90**	**2,963**	**(30)**	**2,819**	(50)	2,591
Multiplan Golden X Empr. Imob. Ltda.	**5,955,888**	**99.90**	**5,956**	**(63)**	**5,664**	(105)	5,218
Multiplan Golden XI Empr. Imob. Ltda.	**6,144,335**	**99.90**	**6,144**	**(65)**	**5,843**	(108)	5,393
Multiplan Golden XII Empr. Imob. Ltda.	**4,164,814**	**99.90**	**4,165**	**(44)**	**3,957**	(74)	3,650
Multiplan Golden XIII Empr. Imob. Ltda.	**10,564,809**	**99.90**	**10,565**	**(111)**	**10,057**	(184)	9,281
Multiplan Golden XIV Empr. Imob. Ltda.	**9,258,427**	**99.90**	**9,258**	**(97)**	**8,812**	(162)	8,136
Multiplan Golden XV Empr. Imob. Ltda.	**9,001,580**	**99.90**	**9,002**	**(95)**	**8,568**	(158)	7,906
Multiplan Golden XVI Empr. Imob. Ltda.	**10,565,809**	**99.90**	**10,566**	**(111)**	**10,057**	(184)	9,284
Multiplan Golden XVII Empr. Imob. Ltda.	**12,048,370**	**99.90**	**12,048**	**(124)**	**11,482**	(202)	10,625
Multiplan Golden XVIII Empr. Imob. Ltda.	**11,819,900**	**99.90**	**11,820**	**(124)**	**11,255**	(205)	10,415
MultiplanXVI Empr. Imob. Ltda.	**6,000**	**99.90**	**2**	**(1)**	**2**	(1)	-
MultiplanXVII Empr. Imob. Ltda.	**2,000**	**99.90**	**6**	**(1)**	**2**	(2)	2
MultiplanXVIII Empr. Imob. Ltda.	**2,000**	**99.90**	**2**	**(1)**	**1**	(1)	-
MultiplanXIX Empr. Imob. Ltda.	**2,000**	**99.90**	**2**	**(1)**	**1**	(1)	-
MultiplanXX Empr. Imob. Ltda.	**2,000**	**99.90**	**2**	**(1)**	**2**	(2)	-

(*) 50.00% direct and 50.00% indirect through subsidiary Morumbi Business Center Empreendimento Imobiliário Ltda.

(In thousands of reais, unless otherwise stated)

8. **Investments** (Continued)

8.1. Changes in investments - individual

Investees	12/31/2019	Additions	Transfers	Dividends	Amortization	Capitalization of interest	Capital gain (loss) (i)	Equity pickup	12/31/2020
Investments									
CAA Corretagem e Consultoria Publicitária Ltda.	1,059	-	-	(663)	-	-	-	381	777
CAA Corretagem Imobiliária Ltda.	-	-	-	-	-	-	-	(1)	(1)
RENASCE - Rede Nacional de Shopping Centers Ltda.	5,071	-	800	-	-	-	-	963	6,834
Delivery Center Holding S.A.	4,127	24,999	-	-	-	-	(5,960)	(18,413)	4,753
Royal Green Península	2,003	137	-	-	-	-	-	(144)	1,996
Multiplan Admin. Shopping Center Ltda.	17,774	-	-	(7,227)	-	-	-	5,777	16,324
MPH Empreendimento Imobiliário Ltda.	86,213	-	-	(9,268)	-	-	-	6,718	83,663
Manati Empreendimentos e Participações S.A. (Nota 1)	32,531	101,765	1,880	-	(2,015)	-	-	(2,487)	131,674
Parque Shopping Maceió S.A.	121,385	-	-	-	-	-	-	13,334	134,719
Pátio Savassi Administração de Shopping Center Ltda.	160	-	17	-	-	-	-	(24)	153
Danville SP Empreendimento Imobiliário Ltda.	48,885	-	1,000	-	-	-	-	(342)	49,543
Multiplan Holding S.A.	2,816	-	700	-	-	-	-	587	4,103
Embraplan Empresa Brasileira de Planejamento Ltda.	257	-	-	-	-	-	-	4	261
Ribeirão Residencial Emp Im Ltda.	18,592	-	999	-	-	-	-	(427)	19,164
Morumbi Business Center Empreendimento Imobiliário Ltda.	147,358	-	-	(1,722)	-	-	-	6,997	152,633
Barrasul Empreendimento Imobiliário Ltda.	29,757	-	-	(2,237)	-	-	-	5,576	33,096
Multiplan Greenfield I Emp. Imobiliário Ltda.	45,347	-	-	(6,652)	-	-	-	4,153	42,848
Multiplan Greenfield II Empreendimento Imobiliário Ltda.	141,026	-	2,997	(17,472)	-	-	-	26,062	152,613
Multiplan Greenfield III Empreendimento Imobiliário Ltda.	250,523	-	-	-	-	-	-	(3,350)	247,173
Multiplan Greenfield IV Empreendimento Imobiliário Ltda.	125,636	-	106,749	(466,820)	-	-	-	538,539	304,104
Jundiaí Shopping Center Ltda.	326,029	-	-	(36,107)	-	-	-	26,677	316,599
ParkShopping Corporate Empreendimento Imobiliário Ltda.	40,588	-	-	-	-	-	-	1,387	41,975

(In thousands of reais, unless otherwise stated)

8. **Investments** (Continued)

8.1. **Changes in investments – individual** (Continued)

Investees	12/31/2019	Additions	Transfers	Dividends	Amortization	Capitalization of interest	Write-off Goodwill	Capital gain (loss) (i)	Equity pickup	12/31/2020
Multiplan Arrecadadora Ltda.	5,169	-	-	-	-	-	-	-	691	5,860
ParkShopping Global Ltda.	21,099	-	1,569	-	-	-	-	-	(1,705)	20,963
Multiplan ParkShopping e Participações Ltda.	590,894	-	429,696	-	-	-	-	1	(5,275)	1,015,316
Multishopping Shopping Center Ltda.	5	-	-	-	-	-	-	-	(1)	4
ParkJacarepaguá Empreendimento Imobiliário Ltda.	319,844	-	117,667	-	-	-	-	-	(3,316)	434,195
Multiplan Greenfield XI Empreendimento Imobiliário Ltda.	95,604	-	-	(5,591)	-	-	-	-	3,644	93,657
Multiplan Greenfield XII Empreendimento Imobiliário Ltda.	5,736	-	1,301	-	-	-	-	-	(6,467)	570
Teatro VillageMall Ltda.	1,111	-	6,781	-	-	-	-	-	(5,786)	2,106
Multiplan Barra 1 Empreendimento Imobiliário Ltda.	476,754	-	-	(14,082)	-	-	-	-	11,787	474,459
Multiplan Morumbi 1 Empreendimento Imobiliário Ltda.	197,312	-	-	(7,170)	-	-	-	-	6,864	197,006
Multiplan Golden I Empreendimento Imobiliário Ltda.	19,044	-	1,568	-	-	-	-	-	(197)	20,415
Multiplan Golden II Empreendimento Imobiliário Ltda.	19	-	372	-	-	-	-	-	-	391
Multiplan Golden III Empreendimento Imobiliário Ltda.	6	-	-	-	-	-	-	-	-	6
Multiplan Golden IV Empreendimento Imobiliário Ltda.	39	-	-	-	-	-	-	-	1	40
Multiplan Golden V Empreendimento Imobiliário Ltda.	8,127	-	774	-	-	-	-	-	(97)	8,804
Multiplan Golden VI Empreendimento Imobiliário Ltda.	8,850	-	842	-	-	-	-	-	(106)	9,586
Multiplan Golden VII Empreendimento Imobiliário Ltda.	8,851	-	842	-	-	-	-	-	(106)	9,587
Multiplan Golden VIII Empreendimento Imobiliário Ltda.	7,908	-	754	-	-	-	-	-	(95)	8,567
Multiplan Golden IX Empreendimento Imobiliário Ltda.	2,587	-	258	-	-	-	-	-	(30)	2,815
Multiplan Golden X Empreendimento Imobiliário Ltda.	5,212	-	508	-	-	-	-	-	(63)	5,657
Multiplan Golden XI Empreendimento Imobiliário Ltda.	5,388	-	514	-	-	-	-	-	(65)	5,837
Multiplan Golden XII Empreendimento Imobiliário Ltda.	3,645	-	352	-	-	-	-	-	(44)	3,953
Multiplan Golden XIII Empreendimento Imobiliário Ltda.	9,276	-	886	-	-	-	-	-	(111)	10,051
Multiplan Golden XIV Empreendimento Imobiliário Ltda.	8,128	-	773	-	-	-	-	-	(97)	8,804
Multiplan Golden XV Empreendimento Imobiliário Ltda.	7,898	-	756	-	-	-	-	-	(95)	8,559

(In thousands of reais, unless otherwise stated)

8. **Investments** (Continued)

8.1. **Changes in investments – individual** (Continued)

Investees	12/31/2019	Additions	Transfers	Dividends	Amortization	Capitalization of interest	Capital gain (loss) (i)	Equity pickup	12/31/2020
Multiplan Golden XVI Empreendimento Imobiliário Ltda.	9,275	-	883	-	-	-	-	(111)	10,047
Multiplan Golden XVII Empreendimento Imobiliário Ltda.	10,613	-	980	-	-	-	-	(124)	11,469
Multiplan Golden XVIII Empreendimento Imobiliário Ltda.	10,406	-	962	-	-	-	-	(124)	11,244
Multiplan XVI Empreendimento Imobiliário Ltda.	1	-	-	-	-	-	-	(1)	-
Multiplan XVII Empreendimento Imobiliário Ltda.	3	-	-	-	-	-	-	(1)	2
Multiplan XVIII Empreendimento Imobiliário Ltda.	1	-	-	-	-	-	-	(1)	-
Multiplan XIX Empreendimento Imobiliário Ltda.	-	-	-	-	-	-	-	(1)	(1)
Multiplan XX Empreendimento Imobiliário Ltda.	-	-	-	-	-	-	-	-	-
Other	94	-	-	-	-	-	-	-	94
Subtotal – Investments	3,286,036	126,901	684,180	(575,011)	(2,015)	-	(5,959)	610,935	4,125,066
Future capital contributions									
Renasce - Rede Nacional de Shopping Centers Ltda.	-	800	(800)	-	-	-	-	-	-
Pátio Savassi Administração de Shopping Center Ltda.	-	17	(17)	-	-	-	-	-	-
Danville SP Empreendimento Imobiliário Ltda.	-	1,000	(1,000)	-	-	-	-	-	-
Manati Empreendimentos e Participações S.A.	-	1,880	(1,880)	-	-	-	-	-	-
Ribeirão Residencial Empreendimento Imobiliário Ltda.	-	999	(999)	-	-	-	-	-	-
Multiplan Greenfield II Empreendimento Imobiliário Ltda	-	2,997	(2,997)	-	-	-	-	-	-
Multiplan Greenfield IV Empreendimento Imobiliário Ltda	-	106,749	(106,749)	-	-	-	-	-	-
ParkShopping Global Ltda.	-	1,569	(1,569)	-	-	-	-	-	-
Multiplan ParkShopping e Participações Ltda.	-	429,696	(429,696)	-	-	-	-	-	-
ParkJacarepaguá Empreendimento Imobiliário Ltda.	-	117,667	(117,667)	-	-	-	-	-	-
Multiplan Greenfield XII Empreendimento Imobiliário Ltda.	-	1,301	(1,301)	-	-	-	-	-	-
Multiplan Holding SA	-	700	(700)	-	-	-	-	-	-

(In thousands of reais, unless otherwise stated)

8. Investments (Continued)

8.1. Changes in investments – individual (Continued)

Investees	12/31/2019	Additions	Transfers	Dividends	Amortization	Capitalization of interest	Capital gain (loss) (i)	Equity pickup	12/31/2020
Teatro VillageMall Ltda.	-	6,781	(6,781)	-	-	-	-	-	-
Multiplan Golden I Empreendimento Imobiliário Ltda.	-	1,568	(1,568)	-	-	-	-	-	-
Multiplan Golden II Empreendimento Imobiliário Ltda.	-	372	(372)	-	-	-	-	-	-
Multiplan Golden V Empreendimento Imobiliário Ltda.	-	774	(774)	-	-	-	-	-	-
Multiplan Golden VI Empreendimento Imobiliário Ltda.	-	842	(842)	-	-	-	-	-	-
Multiplan Golden VII Empreendimento Imobiliário Ltda.	-	842	(842)	-	-	-	-	-	-
Multiplan Golden VIII Empreendimento Imobiliário Ltda.	-	754	(754)	-	-	-	-	-	-
Multiplan Golden IX Empreendimento Imobiliário Ltda.	-	258	(258)	-	-	-	-	-	-
Multiplan Golden X Empreendimento Imobiliário Ltda.	-	508	(508)	-	-	-	-	-	-
Multiplan Golden XI Empreendimento Imobiliário Ltda.	-	514	(514)	-	-	-	-	-	-
Multiplan Golden XII Empreendimento Imobiliário Ltda.	-	352	(352)	-	-	-	-	-	-
Multiplan Golden XIII Empreendimento Imobiliário Ltda.	-	886	(886)	-	-	-	-	-	-
Multiplan Golden XIV Empreendimento Imobiliário Ltda.	-	773	(773)	-	-	-	-	-	-
Multiplan Golden XV Empreendimento Imobiliário Ltda.	-	756	(756)	-	-	-	-	-	-
Multiplan Golden XVI Empreendimento Imobiliário Ltda.	-	883	(883)	-	-	-	-	-	-
Multiplan Golden XVII Empreendimento Imobiliário Ltda.	-	980	(980)	-	-	-	-	-	-
Multiplan Golden XVIII Empreendimento ImobiliárioLtda.	-	962	(962)	-	-	-	-	-	-
Multiplan XVI Empreendimento Imobiliário Ltda.	-	3	-	-	-	-	-	-	3
Multiplan XVIII Empreendimento Imobiliário Ltda.	-	2	-	-	-	-	-	-	2
Multiplan XIX Empreendimento Imobiliário Ltda.	-	2	-	-	-	-	-	-	2
Multiplan XX Empreendimento Imobiliário Ltda.	-	3	-	-	-	-	-	-	3
Subtotal – Future capital contributions	-	684,190	(684,180)	-	-	-	-	-	10
Subtotal – Investments	3,286,036	811,091	-	(575,011)	(2.015)	-	(5,959)	610,935	4,124,076
Capitalization of interest on investees									
ParkJacarepaguá Empreendimento Imobiliário Ltda.	3,440	-	-	-	-	18,061	-	-	21,501
Danville SP Empreendimento Imobiliário Ltda.	14,443	-	-	-	-	-	-	-	14,443
Ribeirão Residencial Empreendimento Imobiliário Ltda.	2,501	-	-	-	-	-	-	-	2,501
Total capitalization of interest on investees	20,384	-	-	-	-	18,061	-	-	38,445
Goodwill									
Finite useful life	144	-	-	-	(144)	-	-	-	-
Indefinite useful life	8,501	-	-	-	-	-	-	-	8,501
Total goodwill	8,645	-	-	-	(144)	-	-	-	8.645
Total net investments	3,315,065	811,091	-	(575,011)	(2,159)	18,061	(5,959)	610,935	4,172,022

(i) Capital loss basically refers to the changes in interest held in Delivery Center during the year.

(In thousands of reais, unless otherwise stated)

8. **Investments** (Continued)

8.1. **Changes in investments – individual** (Continued)

Investees	12/31/2018	Additions	Transfers	Dividends	Amortization	Merger (i)	Capitalization of interest	Capital gain (ii)	Equity pickup	12/31/2019
Investments										
CAA Corretagem e Consultoria Publicitária Ltda.	2,421	-	-	(1,881)	-	-	-	-	519	1,059
CAA Corretagem Imobiliária Ltda.	4	-	-	-	-	-	-	-	(4)	-
RENASCE - Rede Nacional de Shopping Centers Ltda.	4,219	-	1,949	-	-	-	-	-	(1,097)	5,071
Delivery Center Holding S.A.	-	3,962	-	-	-	-	-	4,175	(4,010)	4,127
Royal Green Península	1,983	83	-	-	-	-	-	-	(63)	2,003
Multiplan Admin. Shopping Center Ltda.	32,061	-	-	(25,244)	-	-	-	-	10,957	17,774
MPH Empreendimento Imobiliário Ltda.	94,137	-	-	(17,150)	-	-	-	-	9,226	86,213
Manati Empreendimentos e Participações S.A.	33,346	-	-	-	-	-	-	-	(815)	32,531
Parque Shopping Maceió S.A.	95,607	24,000	-	(8,740)	-	-	-	-	10,518	121,385
Pátio Savassi Administração de Shopping Center Ltda.	179	-	-	-	-	-	-	-	(19)	160
Danville SP Empreendimento Imobiliário Ltda.	61,204	-	2,470	-	-	-	(14,443)	-	(346)	48,885
Multiplan Holding S.A.	2,711	-	-	-	-	-	-	-	105	2,816
Embraplan Empresa Brasileira de Planejamento Ltda.	252	-	-	-	-	-	-	-	5	257
Ribeirão Residencial Emp Im Ltda.	18,291	-	3,238	-	-	-	(2,501)	-	(436)	18,592
Morumbi Business Center Empreendimento Imobiliário Ltda.	155,457	-	-	(18,232)	-	-	-	-	10,133	147,358
Barrasul Empreendimento Imobiliário Ltda.	47,357	-	-	(19,800)	-	-	-	-	2,200	29,757
Multiplan Greenfield I Emp. Imobiliário Ltda.	63,003	-	-	(20,500)	-	-	-	-	2,844	45,347
Multiplan Greenfield II Empreendimento Imobiliário Ltda.	141,517	-	-	(20,480)	-	-	-	-	19,989	141,026
Multiplan Greenfield III Empreendimento Imobiliário Ltda.	253,013	-	-	-	-	-	-	-	(2,490)	250,523
Multiplan Greenfield IV Empreendimento Imobiliário Ltda.	130,476	-	-	(22,977)	-	-	-	-	18,137	125,636
ParkShopping Campo Grande Ltda.	373,054	-	-	(13,686)	-	(369,798)	-	-	10,430	-
Jundiaí Shopping Center Ltda.	329,524	-	-	(31,469)	-	-	-	-	27,974	326,029
ParkShopping Corporate Empreendimento Imobiliário Ltda.	39,172	-	999	-	-	-	-	-	417	40,588

(In thousands of reais, unless otherwise stated)

8. **Investments** (Continued)

8.1. **Changes in investments – individual** (Continued)

Investees	12/31/2018	Additions	Transfers	Dividends	Amortization	Merger (i)	Capitalization of interest	Capital gain (ii)	Equity pickup	12/31/2019
Multiplan Arrecadadora Ltda.	4,381	-	-	-	-	-	-	-	788	5,169
ParkShopping Global Ltda.	19,208	-	3,482	-	-	-	-	-	(1,591)	21,099
Multiplan ParkShopping e Participações Ltda.	230,693	985	24,936	-	-	369,798	-	-	(35,518)	590,894
Multishopping Shopping Center Ltda.	6	-	-	-	-	-	-	-	(1)	5
ParkJacarepaguá Empreendimento Imobiliário Ltda.	196,691	-	129,770	-	-	-	-	-	(6,617)	319,844
Multiplan Greenfield XI Empreendimento Imobiliário Ltda.	86,673	-	4,525	-	-	-	-	-	4,406	95,604
Multiplan Greenfield XII Empreendimento Imobiliário Ltda.	6,015	-	193	-	-	-	-	-	(472)	5,736
Multiplan Greenfield XIII Empreendimento Imobiliário Ltda.	7	-	1,349	-	-	-	-	-	(245)	1,111
Multiplan Barra 1 Empreendimento Imobiliário Ltda.	493,667	-	-	(30,969)	-	-	-	-	14,056	476,754
Multiplan Morumbi 1 Empreendimento Imobiliário Ltda.	203,848	-	-	(13,686)	-	-	-	-	7,150	197,312
Multiplan Golden I Empreendimento Imobiliário Ltda.	16,512	-	3,337	-	-	-	-	-	(805)	19,044
Multiplan Golden II Empreendimento Imobiliário Ltda.	19	-	-	-	-	-	-	-	-	19
Multiplan Golden III Empreendimento Imobiliário Ltda.	7	-	-	-	-	-	-	-	(1)	6
Multiplan Golden IV Empreendimento Imobiliário Ltda.	38	-	-	-	-	-	-	-	1	39
Multiplan Golden V Empreendimento Imobiliário Ltda.	7,295	-	994	-	-	-	-	-	(162)	8,127
Multiplan Golden VI Empreendimento Imobiliário Ltda.	7,944	-	1,082	-	-	-	-	-	(176)	8,850
Multiplan Golden VII Empreendimento Imobiliário Ltda.	7,942	-	1,084	-	-	-	-	-	(175)	8,851
Multiplan Golden VIII Empreendimento Imobiliário Ltda.	7,096	-	969	-	-	-	-	-	(157)	7,908
Multiplan Golden IX Empreendimento Imobiliário Ltda.	2,329	-	308	-	-	-	-	-	(50)	2,587
Multiplan Golden X Empreendimento Imobiliário Ltda.	4,684	-	633	-	-	-	-	-	(105)	5,212
Multiplan Golden XI Empreendimento Imobiliário Ltda.	4,843	-	653	-	-	-	-	-	(108)	5,388
Multiplan Golden XII Empreendimento Imobiliário Ltda.	3,277	-	442	-	-	-	-	-	(74)	3,645
Teatro VillageMall Ltda.	8,331	-	1,127	-	-	-	-	-	(182)	9,276
Multiplan Golden XIV Empreendimento Imobiliário Ltda.	7,305	-	984	-	-	-	-	-	(161)	8,128
Multiplan Golden XV Empreendimento Imobiliário Ltda.	7,096	-	959	-	-	-	-	-	(157)	7,898

(In thousands of reais, unless otherwise stated)

8. **Investments** (Continued)

8.1. **Changes in investments – individual** (Continued)

Investees	12/31/2018	Additions	Transfers	Dividends	Amortization	Merger (i)	Capitalization of interest	Capital gain (ii)	Equity pickup	12/31/2019
Multiplan Golden XVI Empreendimento Imobiliário Ltda.	8,335	-	1,124	-	-	-	-	-	(184)	9,275
Multiplan Golden XVII Empreendimento Imobiliário Ltda.	9,544	-	1,271	-	-	-	-	-	(202)	10,613
Multiplan Golden XVIII Empreendimento Imobiliário Ltda.	9,298	-	1,313	-	-	-	-	-	(205)	10,406
Multiplan XVI Empreendimento Imobiliário Ltda.	1	-	1	-	-	-	-	-	(1)	1
Multiplan XVII Empreendimento Imobiliário Ltda.	5	-	-	-	-	-	-	-	(2)	3
Multiplan XVIII Empreendimento Imobiliário Ltda.	1	-	1	-	-	-	-	-	(1)	1
Multiplan XIX Empreendimento Imobiliário Ltda.	1	-	1	-	-	-	-	-	(2)	-
Multiplan XX Empreendimento Imobiliário Ltda.	1	-	1	-	-	-	-	-	(2)	-
Other	94	-	-	-	-	-	-	-	-	94
Subtotal – Investments	3,232,175	29,030	189,195	(244,814)	-	-	(16,944)	4,175	93,219	3,286,036
Future capital contributions										
Reansce - Rede Nacional de Shopping Centers Ltda.	-	1,949	(1,949)	-	-	-	-	-	-	-
Danville SP Empreendimento Imobiliário Ltda.	-	2,470	(2,470)	-	-	-	-	-	-	-
Ribeirão Residencial Empreendimento Imobiliário Ltda.	-	3,238	(3,238)	-	-	-	-	-	-	-
ParkShopping Global Ltda.	-	3,482	(3,482)	-	-	-	-	-	-	-
Multiplan ParkShopping e Participações Ltda.	-	24,936	(24,936)	-	-	-	-	-	-	-
ParkJacarepaguá Empreendimento Imobiliário Ltda.	-	129,770	(129,770)	-	-	-	-	-	-	-
Multiplan Greenfield XI Empreendimento Imobiliário Ltda.	-	4,525	(4,525)	-	-	-	-	-	-	-
ParkShopping Corporate Empreendimento Imobiliário Ltda.	-	999	(999)	-	-	-	-	-	-	-
Multiplan Greenfield XII Empreendimento Imobiliário Ltda.	-	193	(193)	-	-	-	-	-	-	-

(In thousands of reais, unless otherwise stated)

8. **Investments** (Continued)

8.1. **Changes in investments – individual** (Continued)

Investees	12/31/2018	Additions	Transfers	Dividends	Amortization	Merger (i)	Capitalization of interest	Capital gain (ii)	Equity pickup	12/31/2019
Multiplan Golden XIII Empreendimento Imobiliário Ltda.	-	1,349	(1,349)	-	-	-	-	-	-	-
Multiplan Golden I Empreendimento Imobiliário Ltda.	-	3,337	(3,337)	-	-	-	-	-	-	-
Multiplan Golden V Empreendimento Imobiliário Ltda.	-	994	(994)	-	-	-	-	-	-	-
Multiplan Golden VI Empreendimento Imobiliário Ltda.	-	1,082	(1,082)	-	-	-	-	-	-	-
Multiplan Golden VII Empreendimento Imobiliário Ltda.	-	1,084	(1,084)	-	-	-	-	-	-	-
Multiplan Golden VIII Empreendimento Imobiliário Ltda.	-	969	(969)	-	-	-	-	-	-	-
Multiplan Golden IX Empreendimento Imobiliário Ltda.	-	308	(308)	-	-	-	-	-	-	-
Multiplan Golden X Empreendimento Imobiliário Ltda.	-	633	(633)	-	-	-	-	-	-	-
Multiplan Golden XI Empreendimento Imobiliário Ltda.	-	653	(653)	-	-	-	-	-	-	-
Multiplan Golden XII Empreendimento Imobiliário Ltda.	-	442	(442)	-	-	-	-	-	-	-
Multiplan Golden XII Empreendimento Imobiliário Ltda.	-	1,127	(1,127)	-	-	-	-	-	-	-
Multiplan Golden XIV Empreendimento Imobiliário Ltda.	-	984	(984)	-	-	-	-	-	-	-
Multiplan Golden XV Empreendimento Imobiliário Ltda.	-	959	(959)	-	-	-	-	-	-	-
Multiplan Golden XVI Empreendimento Imobiliário Ltda.	-	1,124	(1,124)	-	-	-	-	-	-	-
Multiplan Golden XVII Empreendimento Imobiliário Ltda.	-	1,271	(1,271)	-	-	-	-	-	-	-
Multiplan Golden XVIII Empreendimento Imobiliário Ltda.	-	1,313	(1,313)	-	-	-	-	-	-	-
Multiplan XVI Empreendimento Imobiliário Ltda.	-	1	(1)	-	-	-	-	-	-	-
Multiplan XVIII Empreendimento Imobiliário Ltda.	-	1	(1)	-	-	-	-	-	-	-
Multiplan XIX Empreendimento Imobiliário Ltda.	-	1	(1)	-	-	-	-	-	-	-
Multiplan XX Empreendimento Imobiliário Ltda.	-	1	(1)	-	-	-	-	-	-	-
Subtotal – Future capital contributions	-	189,195	(189,195)	-	-	-	-	-	-	-
Subtotal – Investments	3,232,175	218,225	-	(244,814)	-	-	(16,944)	4,175	93,219	3,286,036
Capitalization of interest on investees										
ParkJacarepaguá Empreendimento Imobiliário Ltda.	-	-	-	-	-	-	3,440	-	-	3,440
Danville SP Empreendimento Imobiliário Ltda.	-	-	-	-	-	-	14,443	-	-	14,443
Ribeirão Residencial Empreendimento Imobiliário Ltda.	-	-	-	-	-	-	2,501	-	-	2,501
Total capitalization of interest on investees	-	-	-	-	-	-	20,384	-	-	20,384
Goodwill										
Finite useful life	-	675	-	-	(531)	-	-	-	-	144
Indefinite useful life	-	8,501	-	-	-	-	-	-	-	8,501
Total goodwill	-	9,176	-	-	(531)	-	-	-	-	8,645
Total net investments	3,232,175	227,401	-	(244,814)	(531)	-	3,440	4,175	93,219	3,315,065

(i) On November 30, 2019, a Rationale for Merger Instrument was executed by Multiplan ParkShopping e Participações Ltda. and ParkShopping Campo Grande Ltda.

(In thousands of reais, unless otherwise stated)

8. **Investments** (Continued)

8.2. Changes in investments – consolidated

Investees	12/31/2019	Additions	Amortization	Write-offs	Capital loss	Equity pickup	12/31/2020
SCP - Royal Green Península (*)	2,003	**137**	**-**	**-**	**-**	**(143)**	**1,997**
Manati Empreendimentos e Participações S.A. (***)	32,531	**-**	**-**	**(32,503)**	**-**	**(28)**	**-**
Parque Shopping Maceió S.A.	121,385	**-**	**-**	**-**	**-**	**13,334**	**134,719**
Multiplan Greenfield XII Empreendimento Imobiliário Ltda. (****)	180	**-**	**-**	**(209)**	**-**	**29**	**-**
Delivery Center Holding S.A. (**)	4,127	**24,999**	**-**	**-**	**(5,960)**	**(18,413)**	**4,753**
Other	153	**-**	**-**	**-**	**-**	**-**	**153**
Subtotal – Investments	160,379	**25,136**	**-**	**(32,712)**	**(5,960)**	**(5,221)**	**141,622**
Intangible assets – finite useful life	1,045	**-**	**(385)**	**(660)**	**-**	**-**	**-**
Goodwill - indefinite useful life	15,239	**-**	**-**	**(6,738)**	**-**	**-**	**8,501**
Subtotal – Goodwill	16,284	**-**	**(385)**	**(7,398)**	**-**	**-**	**8,501**
Total net investments	176,663	**25,136**	**(385)**	**(40,110)**	**(5,960)**	**(5,221)**	**150,123**

(*) Shareholder Multiplan Planejamento conducts the material activities and have the ability to affect the return of Royal Green operations; therefore, this investment is not consolidated, since the financial information of shareholder Multiplan Planejamento includes records of this silent partnership's (SCP) operations.

(**) On July 12, 2019, the Company completed the operation through which it now holds 18.41% of the capital of Delivery Center Holding S.A. ("DC"), corresponding to 203,341 registered common shares with no par value, which were subscribed and paid in through assignment of exclusive rights to the operation of delivery centers in the 18 shopping malls currently managed by the Company, in addition to contribution of R$12.000. Of the total amount paid, R$ 675 was allocated as finite-lived intangible asset and will be amortized within one year, and R$ 8,501 was allocated as goodwill, which will not be amortized and will be subject to an annual impairment assessment. The interest percentage originally provided for in the investment agreement executed on April 1, 2019 (18.79%) has changed as a result of the capital increase of DC on May 24, 2019, resulting in interest of 18.41%. On January 20, 2020, the Company subscribed for 53,225 new common shares issued in connection with the capital increase of Delivery Center Holding S.A. ("DC"), for the total amount of R$ R$6,250, which was paid in local currency on January 24, 2020. Thus the Company now holds 18.76% of DC's capital. On April 23, 2020, the Company subscribed 159,675 new common shares with no par value issued in connection with the capital increase of Delivery Center Holding S.A. ("DC"), in which it now holds 22.95% interest.

(***) Acquisition of control of Manati Empreendimentos e Participações S.A. on February 7, 2020, as described in Note 1 (Business combination).

(****) In 3Q20, the subsidiary Multiplan Greenfield XII Empreendimento Imobiliário Ltda. decreased the 26.46% interest it held in Fullab Participações S.A.

(In thousands of reais, unless otherwise stated)

8. Investments (Continued)

8.2. Changes in investments – consolidated (Continued)

Investees	12/31/2018	Additions	Dividends	Amortization	Capital gain	Equity pickup	12/31/2019
SCP - Royal Green Península (*)	1,983	83	-	-	-	(63)	2,003
Manati Empreendimentos e Participações S.A.	33,346	-	-	-	-	(815)	32,531
Parque Shopping Maceió S.A.	95,607	24,000	(8,740)	-	-	10,518	121,385
Multiplan Greenfield XII Empreendimento Imobiliário Ltda. (**)	162	-	-	-	-	18	180
Delivery Center Holding S.A. (***)	-	3,962	-	-	4,175	(4,010)	4,127
Other	153	-	-	-	-	-	153
Subtotal – Investments	131,251	28,045	(8,740)	-	4,175	5,648	160,379
Intangible assets – finite useful life	1,261	675	-	(891)	-	-	1,045
Goodwill - indefinite useful life	6,738	8,501	-	-	-	-	15,239
Subtotal – Goodwill	7,999	9,176	-	(891)	-	-	16,284
Total net investments	139,250	37,221	(8,740)	(891)	4,175	5,648	176,663

(In thousands of reais, unless otherwise stated)

8. **Investments** (Continued)

8.3. Financial information of subsidiaries

The main information relating to the financial statements of the Company's subsidiaries is as follows:

	December 31, 2020				
	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Net revenues
CAA Corretagem e Consultoria Publicitária Ltda. (a)	845	-	60	-	385
RENASCE - Rede Nacional de Shopping Centers Ltda.	2,932	5,868	1,691	274	67
CAA Corretagem Imobiliária Ltda. (a)	-	-	-	-	(1)
MPH Empreendimento Imobiliário Ltda.	25.937	143,495	1,233	874	13,437
Multiplan Administr. Shopping Center Ltda.	45,366	90	28,881	86	5,836
Pátio Savassi Administração de Shopping Center Ltda.	14	156	17	-	(24)
Manati Empreend.e Participações	7,440	57,754	754	13	(2,459)
Danville SP Empreendimento Imobiliário Ltda. (c)	270	49,273	-	-	(342)
Multiplan Holding S.A.	498	3,605	-	-	587
Embraplan Empresa Brasileira de Planejamento Ltda. (b)	261	-	1	-	4
Multiplan Greenfield I Emp. Imob. Ltda.	29,669	19,338	747	5,413	4,153
Barrasul Empreendimento Imobiliário Ltda.	26,354	9,792	277	2,772	5,576
Ribeirão Residencial Emp. Imob. Ltda. (c)	20	19,214	50	-	(427)
Morumbi Business Center Empr. Imob. Ltda. (d)	9,795	143,072	82	-	7,003
Multiplan Greenfield II Empr. Imob. Ltda.	22,182	235,599	26,142	78,872	26,088
Multiplan Greenfield III Empr. Imob. Ltda. (c)	15,771	234,001	2,352	-	(3,354)
Multiplan Greenfield IV Empr. Imob. Ltda.	338,939	12,002	30,542	15,991	539,078
Jundiaí Shopping Center Ltda	39,475	280,355	2,307	606	26,703
ParkShopping Corporate Empr. Imob. Ltda.	7,134	36,773	132	1,758	1,387
Multiplan Arrecadadora Ltda.	206,923	10,405	211,463	-	691
ParkShopping Global Ltda.	343	24,528	775	-	(1,960)
Multiplan ParkShopping e Participações Ltda.	72,780	1,087,032	18,762	124,718	(5,282)
Multishopping Shopping Center Ltda.	4	-	-	-	(1)
ParkJacarepaguá Empreendimento Imobiliário Ltda.(c)	9,863	452,376	14,903	12,707	(3,319)
Multiplan Greenfield XI Empr. Imob. Ltda.	7,312	87,142	450	253	3,647
Multiplan Greenfield XII Empr. Imob. Ltda.	571	-	-	-	(6,473)
Teatro VillageMall Ltda..	1,416	1,631	941	-	(5,792)
Multiplan Barra 1 Empr. Imob. Ltda.	73,962	405,835	2,517	2,342	11,802
Multiplan Morumbi 1 Empr. Imob. Ltda.	40,782	159,018	1,007	1,590	6,871
Multiplan Golden I Empr. Imob. Ltda.	422	33,287	982	12,293	(198)
Multiplan Golden II Empr. Imob. Ltda	16	385	9	-	-
Multiplan Golden III Empr. Imob. Ltda.	7	-	-	-	-
Multiplan Golden IV Empr. Imob. Ltda.	40	-	-	-	1
Multiplan Golden V Empr. Imob. Ltda.	194	15,044	475	5,949	(97)
Multiplan Golden VI Empr. Imob. Ltda.	209	16,384	518	6,479	(106)
Multiplan Golden VII Empr. Imob. Ltda.	210	16,384	518	6,479	(106)
Multiplan Golden VIII Empr. Imob. Ltda.	190	14,635	462	5,787	(95)
Multiplan Golden IX Empr. Imob. Ltda.	126	4,702	149	1,860	(30)
Multiplan Golden X Empr. Imob. Ltda.	133	9,655	305	3,819	(63)
Multiplan Golden XI Empr. Imob. Ltda.	130	9,973	315	3,945	(65)
Multiplan Golden XII Empr. Imob. Ltda.	93	6,747	213	2,669	(44)
Multiplan Golden XIII Empr. Imob. Ltda.	219	17,174	543	6,794	(111)
Multiplan Golden XIV Empr. Imob. Ltda.	198	15,039	475	5,949	(97)
Multiplan Golden XV Empr. Imob. Ltda.	188	14,630	462	5,787	(95)
Multiplan Golden XVI Empr. Imob. Ltda.	220	17,174	543	6,794	(111)
Multiplan Golden XVII Empr. Imob. Ltda.	296	19,483	614	7,683	(124)
Multiplan Golden XVIII Empr. Imob. Ltda.	225	19,210	605	7,575	(124)
Multiplan XVI Empreendimento Imob. Ltda.	2	-	-	-	(1)
Multiplan XVII Empreendimento Imob. Ltda.	2	-	-	-	(1)
Multiplan XVIII Empreendimento Imob. Ltda.	1	-	-	-	(1)
Multiplan XIX Empreendimento Imob. Ltda.	1	-	-	-	(1)
Multiplan XX Empreendimento Imob. Ltda.	2	-	-	-	(1)
Balances at December 31, 2020	989,982	3,708,260	353,274	338,131	622,411

(In thousands of reais, unless otherwise stated)

8. Investments (Continued)

8.3. Financial information of subsidiaries (Continued)

	December 31, 2019				
	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Net revenues
CAA Corretagem e Consultoria Publicitária Ltda. (a)	1,165	-	95	-	524
RENASCE - Rede Nacional de Shopping Centers Ltda.	744	6,125	1,546	250	(1,219)
CAA Corretagem Imobiliária Ltda. (a)	1	-	-	-	(4)
MPH Empreendimento Imobiliário Ltda.	29,512	146,168	2,031	1,224	18,454
Multiplan Administr. Shopping Center Ltda.	60,082	124	42,068	186	11,068
Pátio Savassi Administração de Shopping Center Ltda.	5	156	-	-	(19)
Danville SP Empreendimento Imobiliário Ltda. (c)	396	49,261	771	-	(346)
Multiplan Holding S.A.	155	2,290	-	-	105
Embraplan Empresa Brasileira de Planejamento Ltda. (b)	257	-	2	-	5
Multiplan Greenfield I Emp. Imob. Ltda.	32,951	18,414	1,437	4,581	2,844
Barrasul Empreendimento Imobiliário Ltda.	19,667	12,881	568	2,223	2,200
Ribeirão Residencial Emp. Imob. Ltda. (c)	321	19,146	857	-	(436)
Morumbi Business Center Empr. Imob. Ltda. (d)	2,087	145,773	355	-	10,143
Multiplan Greenfield II Empr. Imob. Ltda.	27,629	236,658	19,452	103,667	20,009
Multiplan Greenfield IV Empr. Imob. Ltda.	22,545	229,674	19,889	106,567	18,155
Multiplan Greenfield III Empr. Imob. Ltda. (c)	17,241	233,836	303	-	(2,492)
ParkShopping Campo Grande Ltda.	-	-	-	-	10,440
Jundiaí Shopping Center Ltda	41,542	288,745	3,173	758	28,002
ParkShopping Corporate Empr. Imob. Ltda.	3,980	38,445	502	1,294	418
Multiplan Arrecadadora Ltda.	251,171	10,122	256,119	-	789
ParkShopping Global Ltda.	142	24,113	3	-	(1,828)
Multiplan ParkShopping e Participações Ltda.	56,079	873,773	34,216	304,371	(37,193)
Multishopping Shopping Center Ltda.	5	-	-	-	(1)
ParkJacarepaguá Empreendimento Imobiliário Ltda. (c)	6,670	342,342	20,386	8,462	(6,625)
Multiplan Greenfield XI Empr. Imob. Ltda.	7,230	89,140	476	193	4,411
Multiplan Greenfield XII Empr. Imob. Ltda.	208	7,818	160	2,125	(472)
Multiplan Greenfield XIII Empr. Imob. Ltda.	1,921	47	857	-	(245)
Multiplan Barra 1 Empr. Imob. Ltda.	59,779	422,604	3,004	2,148	14,070
Multiplan Morumbi 1 Empr. Imob. Ltda.	33,887	166,455	1,256	1,577	7,157
Multiplan Golden I Empr. Imob. Ltda.	474	32,116	795	12,733	(806)
Multiplan Golden II Empr. Imob. Ltda	19	-	-	-	-
Multiplan Golden III Empr. Imob. Ltda.	6	-	-	-	(1)
Multiplan Golden IV Empr. Imob. Ltda.	39	-	-	-	-
Multiplan Golden V Empr. Imob. Ltda.	126	14,550	379	6,162	(162)
Multiplan Golden VI Empr. Imob. Ltda.	137	15,846	413	6,711	(176)
Multiplan Golden VII Empr. Imob. Ltda.	138	15,846	413	6,711	(176)
Multiplan Golden VIII Empr. Imob. Ltda.	124	14,155	369	5,994	(157)
Multiplan Golden IX Empr. Imob. Ltda.	88	4,548	119	1,927	(50)
Multiplan Golden X Empr. Imob. Ltda.	79	9,338	243	3,956	(105)
Multiplan Golden XI Empr. Imob. Ltda.	85	9,645	251	4,086	(108)
Multiplan Golden XII Empr. Imob. Ltda.	59	6,526	170	2,764	(74)
Teatro VillageMall Ltda.	140	16,610	433	7,037	(184)
Multiplan Golden XIV Empr. Imob. Ltda.	132	14,545	379	6,162	(162)
Multiplan Golden XV Empr. Imob. Ltda.	119	14,150	369	5,994	(158)
Multiplan Golden XVI Empr. Imob. Ltda.	143	16,610	433	7,037	(184)
Multiplan Golden XVII Empr. Imob. Ltda.	227	18,846	489	7,958	(202)
Multiplan Golden XVIII Empr. Imob. Ltda.	162	18,582	482	7,846	(205)
Multiplan XVI Empreendimento Imob. Ltda.	1	-	-	-	(1)
Multiplan XVII Empreendimento Imob. Ltda.	2	-	-	-	(2)
Multiplan XVIII Empreendimento Imob. Ltda.	1	-	-	-	(1)
Multiplan XIX Empreendimento Imob. Ltda.	1	-	-	-	(1)
Multiplan XX Empreendimento Imob. Ltda.	-	-	-	-	(2)
Balances at December 31, 2019	679,674	3,586,023	415,263	632,704	94,997

(a) In 2007, these companies' operations were transferred to the Company.

(b) Dormant company since 2003.

(c) Companies with buildings under construction.

(d) Profit or loss for the year of subsidiary Morumbi Business Center Empr. Imob. Ltda. basically arises from equity pickup due to the 50% interest it holds in subsidiary MPH Empreendimentos Imobiliários Ltda.

(In thousands of reais, unless otherwise stated)

8. Investments (Continued)

8.4. Information on joint ventures

In compliance with CPC 19 (R2), the information on the joint venture Parque Shopping Maceió S.A., whose shareholders' agreements provide for shared control, was not proportionally consolidated.

The main information relating to the financial statements of the Company's joint venture is as follows:

	Parque Shopping Maceió S.A.		Manati Empreendimentos Participações S.A.
	December 31, 2020	December 31, 2019	December 31,2019
Assets			
Current assets			
Cash and cash equivalents	**24,112**	11,426	95
Short-term investments	**-**	-	306
Accounts receivable	**15,761**	8,003	3,921
Related-party receivables	**68**	100	118
Taxes and contributions recoverable	**1,015**	2,235	263
Deferred costs	**-**	-	2,057
Sundry advances	**429**	429	-
Other	**1,044**	771	-
	42,429	22,964	6,760
Noncurrent assets			
Judicial deposits	**55**	55	48
Accounts receivable	**-**	-	107
Deferred income and social contribution taxes	**-**	-	5,532
Deferred costs	**-**	-	3,163
Others	**9,120**	-	-
Investment properties	**242,044**	245,463	48,147
Intangible assets	**51**	29	1,682
	251,270	245,547	58,679
Total assets	**293,699**	268,511	65,439
Liabilities and equity			
Current liabilities			
Accounts payable	**97**	739	213
Taxes and contributions payable	**1,566**	1,785	125
Dividends payable	**-**	3,587	-
Deferred revenue	**-**	-	14
Other	**196**	345	-
	1,859	6,456	352
Noncurrent liabilities			
Deferred income and social contribution taxes	**21,325**	17,894	-
Deferred income and costs	**1,078**	1,392	26
	22,403	19,286	26
Equity:			
Capital	**230,505**	230,505	73,758
Legal reserve	**13,597**	1,475	-
Reserve for new investments	**25,335**	28,269	-
Prepaid interest on equity	**-**	(17,480)	-
Accumulated losses	**-**	-	(8,697)
	269,437	242,769	65,061
Total liabilities and equity	**293,699**	268,511	65,439

(In thousands of reais, unless otherwise stated)

8. **Investments** (Continued)

8.4. **Information on joint ventures** (Continued)

	Parque Shopping Maceió S.A.		Manati Empreendimentos Participações S.A.
	December 31, 2020	**December 31, 2019**	**December 31, 2019**
Statement of profit or loss			
Net revenue	**35,191**	41,910	6,214
Cost of services	**(8,164)**	(8,607)	(8,909)
Gross profit	**27,027**	33,303	(2,695)
Administrative expenses – headquarters	**(110)**	-	(38)
Administrative expenses – properties	**(1,068)**	(237)	(246)
Parking lot	**6,388**	(1,265)	-
Other operating income		(88)	297
	32,237		
Income before finance income (costs)	**420**	31,713	(2,682)
Finance income (costs)	**32,657**	(5,853)	220
Income before income and social contribution taxes		25,860	(2,462)
Income and social contribution taxes	**(2,560)**		
Current	**(3,429)**	(1,456)	1
Deferred		(3,369)	831
	26,668		
Net income (loss) for the year	**27,027**	21,035	(1,630)

The financial information referring to the joint venture was based on the trial balance presented by the Company on the closing date for the six-month period.

At December 31, 2020, the Company has no commitments assumed with its joint venture. Additionally, this joint venture has no contingent liabilities, comprehensive income and other disclosures required by CPC 45 – Disclosure of Interests in Other Entities (IFRS 12) other than those presented above.

(In thousands of reais, unless otherwise stated)

9. Investment properties

Changes in investment properties are as follows:

		Individual							
	Weighted average depreciation rate (%)	December 31, 2019	Additions (a)	Write-offs (c)	Interest capitalized	Reclassification	Depreciation	Transfers	December 31, 2020
Cost									
Land		751,198	**102,545**	**(2,461)**	**648**	**(41,971)**	**-**	**-**	**809,959**
Buildings and improvements	1.62	3,350,845	**224,474**	**(252)**	**-**	**41,971**	**-**	**1,596**	**3,618,634**
(-) Accumulated depreciation		(686,740)	**-**	**3**	**-**	**-**	**(62,940)**	**-**	**(749,677)**
Net amount		2,664,105	**224,474**	**(249)**	**-**	**41,971**	**(62,940)**	**1,596**	**2,868,957**
Facilities	15.88	475,296	**5,184**	**-**	**-**	**-**	**-**	**-**	**480,480**
(-) Accumulated depreciation		(313,422)	**-**	**-**	**-**	**-**	**(36,512)**	**-**	**(349,934)**
Net amount		161,874	**5,184**	**-**	**-**	**-**	**(36,512)**	**-**	**130,546**
Machinery, equipment, furniture and fixtures	10	48,389	**2,128**	**(34)**	**-**	**-**	**-**	**-**	**50,483**
(-) Accumulated depreciation		(32,644)	**-**	**-**	**-**	**-**	**(4,053)**	**-**	**(36,697)**
Net amount		15,745	**2,128**	**(34)**	**-**	**-**	**(4,053)**	**-**	**13,786**
Lease	12.6	48,576	**44,354**	**(48,576)**	**-**	**-**	**-**	**-**	**44,354**
(-) Accumulated depreciation		(6,136)	**-**	**6,647**	**-**	**-**	**(4,236)**	**-**	**(3,725)**
Net amount		42,440	**44,354**	**(41,929)**	**-**	**-**	**(4,236)**	**-**	**40,629**
Other	10	10,358	**689**	**-**	**-**	**-**	**-**	**-**	**11,047**
(-) Accumulated depreciation		(5,722)	**-**	**-**	**-**	**-**	**(1,800)**	**-**	**(7,522)**
Net amount		4,636	**689**	**-**	**-**	**-**	**(1,800)**	**-**	**3,525**
Construction in progress		289,473	**54,045**	**(19,343)**	**3,666**	**-**	**-**	**(1,596)**	**326,245**
Repurchase of points of sale		46,562	**4,175**	**-**	**-**	**-**	**(3,172)**	**-**	**47,565**
		3,976,033	**437,594**	**(64,016)**	**4,314**	**-**	**(112,713)**	**-**	**4,241,212**

(In thousands of reais, unless otherwise stated)

9. Investment properties (Continued)

		Individual									
	Weighted average depreciation rate (%)	December 31, 2018	Impacts of the adoption of IFRS 16/CPC 06 (R2)	January 1, 2019	Additions (a)	Write-offs	Interest capitalized	Allocation	Depreciation	Transfers (c)	December 31, 2019
Cost											
Land		672,093	-	672,093	77,821	-	1,284	-	-	-	751,198
Buildings and improvements	2.25	2,975,950	-	2,975,950	332,773	-	-	-	-	42,122	3,350,845
(-) Accumulated depreciation		(622,795)	-	(622,795)	-	-	-	-	(63,945)	-	(686,740)
Net value		2,353,155	-	2,353,155	332,773	-	-	-	(63,945)	42,122	2,664,105
Facilities	15.88	432,070	-	432,070	41,708	(612)	-	-	-	2,130	475,296
(-) Accumulated depreciation		(277,567)	-	(277,567)	-	260	-	-	(36,115)	-	(313,422)
Net value		154,503	-	154,503	41,708	(352)	-	-	(36,115)	2,130	161,874
Machinery, equipment, furniture and fixtures	10	47,063	-	47,063	1,185	-	-	-	-	141	48,389
(-) Accumulated depreciation		(28,534)	-	(28,534)	-	-	-	-	(4,110)	-	(32,644)
Net value		18,529	-	18,529	1,185	-	-	-	(4,110)	141	15,745
Lease	12.6	-	48,576	48,576	-	-	-	-	-	-	48,576
(-) Accumulated depreciation		-	-	-	-	-	-	-	(6,136)	-	(6,136)
Net value		-	48,576	48,576	-	-	-	-	(6,136)	-	42,440
Other	10	9,859	-	9,859	499	-	-	-	-	-	10,358
(-) Accumulated depreciation		(4,839)	-	(4,839)	-	-	-	-	(883)	-	(5,722)
Net value		5,020	-	5,020	499	-	-	-	(883)	-	4,636
Construction in progress		194,698	-	194,698	134,819	-	4,349	-	-	(44,393)	289,473
Repurchase of points of sale		42,644	-	42,644	6,929	-	-	(3,011)	-	-	46,562
		3,440,642	48,576	3,489,218	595,734	(352)	5,633	(3,011)	(111,189)	-	3,976,033

(In thousands of reais, unless otherwise stated)

9. Investment properties (Continued)

			Consolidated								
	Weighted average depreciation rate (%)	December 31, 2019	Acquisition Manati (b)	Additions (a)	Write-offs (c)	Interest capitalized	Allocation	Depreciation	Reclassification (e)	Transfers	December 31, 2020
Cost											
Land		1,536,158	**12,707**	**183,571**	**(2,461)**	**648**	**-**	**-**	**(119,394)**	**-**	**1,611,229**
Buildings and improvements	1.62	5,273,332	**114,006**	**379,075**	**(252)**	**-**	**-**	**-**	**(79,771)**	**19,596**	**5,705,986**
(-) Accumulated depreciation		(877,802)	**(10,489)**	**-**	**3**	**-**	**-**	**(102,706)**	**20,199**	**-**	**(970,795)**
Net value		4,395,530	**103,789**	**379,075**	**(249)**	**-**	**-**	**(102,706)**	**(59,572)**	**19,596**	**4,735,191**
Facilities	15.04	897,012	**8,442**	**14,894**	**(7)**	**-**	**-**	**-**	**(50,440)**	**-**	**869,901**
(-) Accumulated depreciation		(535,703)	**(7,794)**	**-**	**-**	**-**	**-**	**(78,028)**	**32,893**	**-**	**(588,632)**
Net value		361,309	**648**	**14,894**	**(7)**	**-**	**-**	**(78,028)**	**(17,547)**	**-**	**281,269**
Machinery, equipment, furniture and fixtures	10	78,333	**3,315**	**3,575**	**(34)**	**-**	**-**	**-**	**(4,888)**	**-**	**80,301**
(-) Accumulated depreciation		(46,962)	**(3,259)**	**-**	**-**	**-**	**-**	**(6,618)**	**1,246**	**-**	**(55,593)**
Net value		31,371	**56**	**3,575**	**(34)**	**-**	**-**	**(6,618)**	**(3,642)**	**-**	**24,708**
Lease	12.6	48,820	**-**	**44,354**	**(48,820)**	**-**	**-**	**-**	**-**	**-**	**44,354**
(-) Accumulated depreciation		(6,168)	**-**	**-**	**6,903**	**-**	**-**	**(5,667)**	**-**	**-**	**(4,932)**
Net value		42,652	**-**	**44,354**	**(41,917)**	**-**	**-**	**(5,667)**	**-**	**-**	**39,422**
Other	10	21,762	**242**	**801**	**-**	**-**	**-**	**-**	**-**	**-**	**22,805**
(-) Accumulated depreciation		(10,688)	**(144)**	**-**	**-**	**-**	**-**	**(4,130)**	**-**	**-**	**(14,962)**
Net value		11,074	**98**	**801**	**-**	**-**	**-**	**(4,130)**	**-**	**-**	**7,843**
Construction in progress (d)		516,754	**108**	**170,000**	**(1,343)**	**19,443**	**-**	**-**	**(178)**	**(19,596)**	**685,188**
Repurchase of points of sale		53,524	**167**	**4,991**	**-**	**-**	**-**	**(3,952)**	**-**	**-**	**54,730**
		6,948,372	**117,301**	**801,261**	**(46,011)**	**20,091**	**-**	**(201,101)**	**(200,333)**	**-**	**7,439,580**

(a) As described in Note 1, the Company increased its equity interest in certain shopping malls, which was distributed under additions as follows: Land: R$60,619 Diamond Mall, R$44,653 Parkshopping, R$2,729 Parkshopping Canoas, Buildings and Improvements: R$262,364 Diamond Mall, R$185,984 Parkshopping, R$13,611 Parkshopping Canoas.

(b) Refer to business combination (Note 1).

(c) Write-offs refer basically to the following factors: (i) advance of R$18,000 made in November 2019 by the parent company and allocated as an advance in line item “Investment properties”, when the deed for the acquisition of Parkshopping was executed (see Note 1). This amount was reimbursed by subsidiary Mulitplan Parkshopping e Participações Ltda. resulting in write-off of investment properties in the same amount in the individual financial statements; (ii) write-off of lease balance and recognition of another amount due to the postponement of the lease term with Diamond Mall from 2026 to 2030, with the Company paying 7.5% instead of 15.0% on the monthly gross revenue of the shopping mall as lease.

(d) Of the addition of R$170,000, the main addition refers to the construction in progress of Parkshopping Jacarepagua, in the amount of R$111,765.

(e) In June 2020, the Company reclassified the amount of R$200,333 from “Investment properties” to “Noncurrent assets held for sale”, which was sold as mentioned in Note 22.

(In thousands of reais, unless otherwise stated)

9. Investment properties (Continued)

		Consolidated									
	Weighted average depreciation rate (%)	December 31, 2018	Impacts of the adoption of IFRS 16/CPC 06 (R2)	January 1, 2019	Additions (a)	Write-offs (b)	Interest capitalized	Allocation	Depreciation	Transfers (c)	December 31, 2019
Cost											
Land		1,416,181	-	1,416,181	85,950	(1,399)	1,319	-	-	34,107	1,536,158
Buildings and improvements	2.23	4,877,434	-	4,877,434	335,889	(8,050)	-	-	-	68,059	5,273,332
(-) Accumulated depreciation		(774,466)	-	(774,466)	-	249	-	-	(103,585)	-	(877,802)
Net value		4,102,968	-	4,102,968	335,889	(7,801)	-	-	(103,585)	68,059	4,395,530
Facilities	15.04	850,586	-	850,586	42,690	(3,016)	-	-	-	6,752	897,012
(-) Accumulated depreciation		(454,143)	-	(454,143)	-	670	-	-	(82,230)	-	(535,703)
Net value		396,443	-	396,443	42,690	(2,346)	-	-	(82,230)	6,752	361,309
Machinery, equipment, furniture and fixtures	10	76,613	-	76,613	1,673	(146)	-	-	-	193	78,333
(-) Accumulated depreciation		(39,601)	-	(39,601)	-	22	-	-	(7,383)	-	(46,962)
Net value		37,012	-	37,012	1,673	(124)	-	-	(7,383)	193	31,371
Lease	12.6	-	48,820	48,820	-	-	-	-	-	-	48,820
(-) Accumulated depreciation		-	-	-	-	-	-	-	(6,168)	-	(6,168)
Net value		-	48,820	48,820	-	-	-	-	(6,168)	-	42,652
Other	10	18,199	-	18,199	3,567	(4)	-	-	-	-	21,762
(-) Accumulated depreciation		(7,595)	-	(7,595)	-	3	-	-	(3,096)	-	(10,688)
Net value		10,604	-	10,604	3,567	(1)	-	-	(3,096)	-	11,074
Construction in progress		348,374	-	348,374	269,718	(16)	7,789	-	-	(109,111)	516,754
Repurchase of points of sale		49,785	-	49,785	7,056	-	-	(3,317)	-	-	53,524
		6,361,367	48,820	6,410,187	746,543	(11,687)	9,108	(3,317)	(202,462)	-	6,948,372

(In thousands of reais, unless otherwise stated)

9. Investment properties (Continued)

Multiplan measured its investment properties internally at fair value based on the Discounted Cash Flow (DCF) method. The Company calculated the present value by using a discount rate following the Capital Asset Pricing Model (CAPM). Risk and return assumptions were considered based on studies published by Mr. Damodaran (New York University professor) relating to the stock market performance of the Company (beta), in addition to market prospects (Central Bank of Brazil - BACEN) and data on the risk premium of the domestic market (country risk).

In 2019, the Company updated its methodology to calculate the discount rate by aligning the country risk rate with market practices, and now uses the original unlevered beta before adjustments. From 2020, the Company has been using the average leverage ratio for the last 20 quarters to calculate the unlevered beta, since it understands that this average better reflects its impact on the beta calculation.

Based on these assumptions, the Company used a nominal, unlevered weighted average discount rate of 12.65% as of December 31, 2020, resulting from a statutory discount rate of 12.38% calculated in accordance with the CAPM model and, based on internal analyses, a spread from 0 to 150 base points was added to this rate, resulting in an additional weighted average spread of 27 base points in the valuation of each shopping mall, commercial building and project.

Cost of equity	December 2020	December 2019
Risk Free Rate	**3.32%**	3.35%
Market risk premium	**6.47%**	6.35%
Beta	**0.87**	0.80
Country risk	**224 b.p.**	245 b.p.
Additional spread	**27 b.p.**	27 b.p.
Cost of equity – US$	**11.21%**	10.67%

Inflation assumptions	December 2020	December 2019
Inflation (BR) - (i)	**3.32%**	3.64%
Inflation (USA)	**2.00%**	2.40%
Cost of equity – R$	**12.65%**	12.01%

(i) Inflation (BR) of December 2019 refers to the weighted average of estimates for the period between January 2020 and December 2023. Inflation (BR) of December 2020 refers to the weighted average for the period between January 2021 and December 2024.

(In thousands of reais, unless otherwise stated)

9. Investment properties (Continued)

The investment properties valuation reflects the market participant concept. Thus, the Company does not consider, in the discounted cash flows calculation, taxes, income and expenses relating to administration and sales services.

The future cash flow of the model was estimated based on the individual cash flows of shopping malls, expansions and commercial buildings, including the Net Operating Income (NOI), recurring Key money (based only on mix changes, except for future projects), Income from Transfer Charges, investments in revitalization, and construction in progress. Perpetuity was calculated considering a real growth rate of 2.0% for shopping malls and of 0.0% for commercial buildings.

The methodology used to calculate the discount rate, which uses long-term averages, considers the effects of the coronavirus pandemic (Covid-19) until December 2020. Additionally, projected future cash flows consider a preliminary estimate made by the Company of possible impacts of the coronavirus pandemic.

The Company classified its investment properties in accordance with their statuses. The table below describes the amount identified for each category of property and presents the fair value of assets held by the Company:

	Individual	
	December 2020	**December 2019**
Valuation of investment properties		
Shopping malls and commercial buildings in operation	**15,872,992**	16,019,117
Projects in progress (advertised) (i)	**14,124**	6,418
Projects in progress (not advertised) (i)	**147,197**	148,599
	16,034,313	16,174,134

	Consolidated	
	December 2020	**December 2019**
Valuation of investment properties		
Shopping malls and commercial buildings in operation	**20,459,284**	21,155,015
Projects in progress (advertised) (i)	**481,026**	342,782
Projects in progress (not advertised) (i)	**174,457**	174,473
Total	**21,114,767**	21,672,270

(i) Projects in progress were valued at cost.

9. Investment properties (Continued)

In December 2019, the interest of 37.5% held in Shopping Santa Úrsula and of 50.0% held in the Parque Shopping Maceió project through joint ventures were not considered in the consolidated valuation. In March 2020, the interest of 50.0% held in the Parque Shopping Maceió project through a joint venture was not considered in the consolidated valuation. The 37.5% interest held in Shopping Santa Úrsula by Manati, after its acquisition in February 2020, is now considered in the valuation of investment properties of the Company. In addition to this acquisition, the Company also concluded the acquisitions of a minority interest in ParkShopping, ParkShopping Corporate and DiamondMall (including the extension of its lease), resulting in an increase in value of its investment properties. The Company also sold one of the two towers of Complexo Morumbi Corporate in 2020, causing a decrease in value of its investment properties.

The Company did not identify the need to recognize a provision for impairment of investment properties at December 31, 2020 and 2019.

(In thousands of reais, unless otherwise stated)

10. Property and equipment

		Individual					
	Annual depreciation rates (%)	December 31 2019	Additions	Write-offs	Transfers	Depreciation	December 31, 2020
Cost							
Land	-	2,015	**-**	**-**	**-**	**-**	**2,015**
Buildings and improvements	4	5,145	**-**	**-**	**-**	**-**	**5,145**
(-) Accumulated depreciation		(2,168)	**-**	**-**	**-**	**(208)**	**(2,376)**
Net value		2,977	**-**	**-**	**-**	**(208)**	**2,769**
Facilities	10	3,922	**44**	**-**	**2,396**	**-**	**6,362**
(-) Accumulated depreciation		(3,133)	**-**	**-**	**-**	**(340)**	**(3,473)**
Net value		789	**44**	**-**	**2,396**	**(340)**	**2,889**
Machinery, equipment, furniture and fixtures	10	13,531	**385**	**-**	**-**	**-**	**13,916**
(-) Accumulated depreciation		(8,417)	**-**	**-**	**-**	**(1,106)**	**(9,523)**
Net value		5,114	**385**	**-**	**-**	**(1,106)**	**4,393**
Vehicles	10	59,950	**-**	**-**	**-**	**-**	**59,950**
(-) Accumulated depreciation		(4,066)	**-**	**-**	**-**	**(2,032)**	**(6,098)**
Net value		55,884	**-**	**-**	**-**	**(2,032)**	**53,852**
Lease	1.6 to 7.4	6,019	**778**	**(2,504)**	**-**	**-**	**4,293**
(-) Accumulated depreciation		(1,780)	**-**	**2,226**	**-**	**(1,742)**	**(1,296)**
Net value		4,239	**778**	**(278)**	**-**	**(1,742)**	**2,997**
Other	10	22,038	**1,916**	**-**	**-**	**-**	**23,954**
(-) Accumulated depreciation		(2,840)	**-**	**-**	**-**	**(655)**	**(3,495)**
Net value		19,198	**1,916**	**-**	**-**	**(655)**	**20,459**
Construction in progress		1,553	**843**	**-**	**(2,396)**	**-**	**-**
		91,769	**3,966**	**(278)**	**-**	**(6,083)**	**89,374**

(In thousands of reais, unless otherwise stated)

10. Property and equipment (Continued)

	Annual depreciation rates (%)	December 31, 2018	Impacts of the adoption of IFRS 16/CPC 06 (R2)	January 1, 2019	Additions	Write-offs	Depreciation	December 31, 2019
		Individual						
Cost								
Land	-	2,015	-	2,015	-	-	-	2,015
Buildings and improvements	4	5,145	-	5,145	-	-	-	5,145
(-) Accumulated depreciation		(1,960)	-	(1,960)	-	-	(208)	(2,168)
Net value		3,185	-	3,185	-	-	(208)	2,977
Facilities	10	3,908	-	3,908	14	-	-	3,922
(-) Accumulated depreciation		(2,776)	-	(2,776)	-	-	(357)	(3,133)
Net value		1,132	-	1,132	14	-	(357)	789
Machinery, equipment, furniture and fixtures	10	11,156	-	11,156	2,375	-	-	13,531
(-) Accumulated depreciation		(7,391)	-	(7,391)	-	-	(1,026)	(8,417)
Net amount		3,765	-	3,765	2,375	-	(1,026)	5,114
Vehicles (a)	10	78,574	-	78,574	55	(18,679)	-	59,950
(-) Accumulated depreciation		(20,721)	-	(20,721)	-	18,679	(2,024)	(4,066)
Net value		57,853	-	57,853	55	-	(2,024)	55,884
Lease	1.6 to 7.4	-	6,019	6,019	-	-	-	6,019
(-) Accumulated depreciation		-	-	-	-	-	(1,780)	(1,780)
Net value		-	6,019	6,019	-	-	(1,780)	4,239
Other	10	9,788	-	9,788	12,250	-	-	22,038
(-) Accumulated depreciation		(2,118)	-	(2,118)	-	-	(722)	(2,840)
Net value		7,670	-	7,670	12,250	-	(722)	19,198
Construction in progress		-	-	-	1,553	-	-	1,553
		75,620	6,019	81,639	16,247	-	(6,117)	91,769

(a) The Company sold an aircraft unit for R$14 million and this amount was recorded under “Other operating income” in the statement of profit or loss for the year. It should be noted that the recorded cost of the aircraft was R$18,631 and was fully depreciated. In addition, a fully depreciated vehicle was written off, amounting to R$48.

(In thousands of reais, unless otherwise stated)

10. Property and equipment (Continued)

		Consolidated						
	Annual depreciation rates (%)	December 31 2019	Additions	Write-offs	Transfers	Reclassification	Depreciation	December 31 2020
Cost								
Land	-	6,193	-	-	-	42	-	6,235
Buildings and improvements	4	18,809	-	-	-	4,840	-	23,649
(-) Accumulated depreciation		(6,080)	-	-	-	-	(843)	(6,923)
Net value		12,729	-	-	-	4,840	(843)	16,726
Facilities	10	5,153	44	-	2,396	-	-	7,593
(-) Accumulated depreciation		(4,334)	-	-	-	-	(340)	(4,674)
Net value		819	44	-	2,396	-	(340)	2,919
Machinery, equipment, furniture and fixtures	10	15,222	385	-	-	-	-	15,607
(-) Accumulated depreciation		(10,135)	-	-	-	-	(1,106)	(11,241)
Net value		5,087	385	-	-	-	(1,106)	4,366
Vehicles	10	59,950	-	-	-	-	-	59,950
(-) Accumulated depreciation		(4,068)	-	-	-	-	(2,032)	(6,100)
Net value		55,882	-	-	2,396	-	(2,032)	53,850
Lease	1.6 to 7.4	6,019	778	(2,504)	-	-	-	4,293
(-) Accumulated depreciation		(1,780)	-	2,226	-	-	(1,742)	(1,296)
Net value		4,239	778	(278)	-	-	(1,742)	2,997
Other	10	22,533	1,917	-	-	-	-	24,450
(-) Accumulated depreciation		(3,384)	-	-	-	-	(676)	(4,060)
Net value		19,149	1,917	-	-	-	(676)	20,390
Construction in progress		1,553	843	-	(2,396)	-	-	-
		105,651	3,967	(278)	-	4,882	(6,739)	107,483

The Company did not identify the need to recognize a provision for impairment of property and equipment at December 31, 2020 and 2019.

(In thousands of reais, unless otherwise stated)

10. Property and equipment (Continued)

		Consolidated						
	Annual depreciation rates (%)	December 31, 2018	Impacts of the adoption of IFRS 16/CPC 06 (R2)	January 1, 2019	Additions	Write-offs	Depreciation	December 31, 2019
Cost								
Land	-	4,442	-	4,442	1,751	-	-	6,193
Buildings and improvements	4	11,344	-	11,344	7,465	-	-	18,809
(-) Accumulated depreciation		(5,576)	-	(5,576)	-	-	(504)	(6,080)
Net value		5,768	-	5,768	7,465	-	(504)	12,729
Facilities	10	5,139	-	5,139	14	-	-	5,153
(-) Accumulated depreciation		(3,977)	-	(3,977)	-	-	(357)	(4,334)
Net value		1,162	-	1,162	14	-	(357)	819
Machinery, equipment, furniture and fixtures	10	12,849	-	12,849	2,373	-	-	15,222
(-) Accumulated depreciation		(9,109)	-	(9,109)	-	-	(1,026)	(10,135)
Net value		3,740	-	3,740	2,373	-	(1,026)	5,087
Vehicles (a)	10	78,574	-	78,574	55	(18,679)	-	59,950
(-) Accumulated depreciation		(20,723)	-	(20,723)	-	18,679	(2,024)	(4,068)
Net value		57,851	-	57,851	55	-	(2,024)	55,882
Lease	1.6 to 7.4	-	6,019	6,019	-	-	-	6,019
(-) Accumulated depreciation		-	-	-	-	-	(1,780)	(1,780)
Net value		-	6,019	6,019	-	-	(1,780)	4,239
Other (b)	10	10,283	-	10,283	12,250	-	-	22,533
(-) Accumulated depreciation		(2,662)	-	(2,662)	-	-	(722)	(3,384)
Net value		7,621	-	7,621	12,250	-	(722)	19,149
Construction in progress		-	-	-	1,553	-	-	1,553
		80,584	6,019	86,603	25,461	-	(6,413)	105,651

(In thousands of reais, unless otherwise stated)

11. Intangible assets

Intangible assets comprise system licenses and goodwill recorded by the Company on the acquisition of new equity interests in 2007 and 2008; a portion of these investments was subsequently merged. The goodwill presented below has an indefinite useful life.

		Individual				
	Annual amortization rates	December 31, 2019	Additions	Write-offs	Amortization	December 31, 2020
Goodwill of merged companies (a)						
Bozano		118,610	**-**	**-**	**-**	**118,610**
Realejo		51,966	**-**	**-**	**-**	**51,966**
Multishopping		84,095	**-**	**-**	**-**	**84,095**
		254,671	**-**	**-**	**-**	**254,671**
Goodwill on acquisition of new equity interests (b)						
Brazilian Realty LLC.		33,202	**-**	**-**	**-**	**33,202**
Indústrias Luna S.A.		4	**-**	**-**	**-**	**4**
JPL Empreendimentos Ltda.		12,583	**-**	**-**	**-**	**12,583**
Solução Imobiliária Ltda.		2,970	**-**	**-**	**-**	**2,970**
		48,759	**-**	**-**	**-**	**48,759**
Right of use of systems						
Software license (c)	10	119,603	**16,719**	**-**	**-**	**136,322**
Trademarks and patents	10	341	**-**	**-**	**-**	**341**
Accumulated amortization		(63,606)	**-**	**-**	**(13,373)**	**(76,979)**
		56,338	**16,719**	**-**	**(13,373)**	**59,684**
		359,768	**16,719**	**-**	**(13,373)**	**363,114**

		Individual				
	Annual amortization rates	December 31, 2018	Additions	Write-offs	Amortization	December 31, 2019
Goodwill of merged companies (a)						
Bozano		118,610	-	-	-	118,610
Realejo		51,966	-	-	-	51,966
Multishopping		84,095	-	-	-	84,095
		254,671	-	-	-	254,671
Goodwill on acquisition of new equity interests (b)						
Brazilian Realty LLC.		33,202	-	-	-	33,202
Indústrias Luna S.A.		4	-	-	-	4
JPL Empreendimentos Ltda.		12,583	-	-	-	12,583
Solução Imobiliária Ltda.		2,970	-	-	-	2,970
		48,759	-	-	-	48,759
Right of use of systems						
Software license (c)	10	104,107	16,088	(592)	-	119,603
Trademarks and patents	10	341	-	-	-	341
Accumulated amortization		(53,007)	-	-	(10,599)	(63,606)
		51,441	16,088	(592)	(10,599)	56,338
		354,871	16,088	(592)	(10,599)	359,768

(In thousands of reais, unless otherwise stated)

11. Intangible assets (Continued)

	Annual amortization rates	Consolidated					
		December 31, 2019	Acquisition Manati (d)	Additions	Write-offs	Amortization	December 31, 2020
Goodwill of merged companies (a)							
Bozano		118,610	**-**	**-**	**-**	**-**	**118,610**
Realejo		51,966	**-**	**-**	**-**	**-**	**51,966**
Multishopping		84,095	**-**	**-**	**-**	**-**	**84,095**
		254,671	**-**	**-**	**-**	**-**	**254,671**
Goodwill on acquisition of new equity interests (b)							
Brazilian Realty LLC.		33,202	**-**	**-**	**-**	**-**	**33,202**
Indústrias Luna S.A.		4	**-**	**-**	**-**	**-**	**4**
JPL Empreendimentos Ltda.		12,583	**-**	**-**	**-**	**-**	**12,583**
Solução Imobiliária Ltda.		2,970	**-**	**-**	**-**	**-**	**2,970**
		48,759	**-**	**-**	**-**	**-**	**48,759**
Right of use of systems							
Software license (c)	10	120,822	**2,367**	**17,129**	**-**	**-**	**140,318**
Trademarks and patents	10	442	**-**	**-**	**-**	**-**	**442**
Accumulated amortization		(64,254)	**(690)**	**-**	**-**	**(13,560)**	**(78,504)**
		57,010	**1,677**	**17,129**	**-**	**(13,560)**	**62,256**
		360,440	**1,677**	**17,129**	**-**	**(13,560)**	**365,686**

(a) Goodwill recorded derives from the acquisitions made in 2006. Such goodwill was based on the expected future profitability of these investments and were amortized through December 31, 2008.

(b) Goodwill recorded derives from the acquisitions made in 2007. Such goodwill was based on the expected future profitability of these investments and were amortized through December 31, 2008.

(c) In order to continue strengthening its internal control system while maintaining a well-structured growth strategy, the Company has been engaging services for the assessment and implementation of new SAP functionalities in addition to systems to support decision making, so as to promote greater efficiency, transparency and autonomy for the Company's managing officers.

(d) Refer to business combination (Note 1).

	Annual amortization rates	Consolidated				
		December 31, 2018	Additions	Write-offs	Amortization	December 31, 2019
Goodwill of merged companies (a)						
Bozano		118,610	-	-	-	118,610
Realejo		51,966	-	-	-	51,966
Multishopping		84,095	-	-	-	84,095
		254,671	-	-	-	254,671
Goodwill on acquisition of new equity interests (b)						
Brazilian Realty LLC.		33,202	-	-	-	33,202
Indústrias Luna S.A.		4	-	-	-	4
JPL Empreendimentos Ltda.		12,583	-	-	-	12,583
Solução Imobiliária Ltda.		2,970	-	-	-	2,970
		48,759	-	-	-	48,759
Right of use of systems						
Software license (c)	10	105,305	16,109	(592)	-	120,822
Trademarks and patents		442	-	-	-	442
Accumulated amortization		(53,538)	-	-	(10,716)	(64,254)
		52,209	16,109	(592)	(10,716)	57,010
		355,639	16,109	(592)	(10,716)	360,440

(In thousands of reais, unless otherwise stated)

11. Intangible assets (Continued)

Goodwill based on future profitability does not have a determinable useful life, and hence is not amortized. The Company tests these assets for impairment on an annual basis.

The other finite-lived intangible assets are amortized by the straight-line method based on the table above.

The impairment test for goodwill validation was conducted as at December 31, 20120 due to the impacts of COVID-19, considering the projected cash flow of shopping malls that presented goodwill upon their establishment (cash generating unit). The assumptions used to prepare this cash flow are described in Note 9. In case of changes in the main assumptions used to determine the recoverable amount of cash-generating units, goodwill with indefinite useful life allocated to the cash-generating units plus the carrying amounts of investment properties (cash-generating units) would be substantially lower than the fair values of investment properties, i.e., there has been no indication of impairment losses in the cash-generating units since December 31, 2020 and 2019.

12. Loans and financing

				Annual average interest rate	December 31, 2020		December 31, 2019	
			Index	December 31, 2020	Individual	Consolidated	Individual	Consolidated
Current								
Santander	Multiplan Greenfield IV	(a)	CDI +	**0.85%**	**-**	**-**	-	18,713
	Multiplan Greenfield II	(a)	CDI +	**0.85%**	**-**	**22,585**	-	18,204
Banco Itaú	São Caetano	(b)	TR +	**7.40%**	**-**	**-**	10,644	10,644
	VillageMall	(c)	TR +	**4.50%**	**27,014**	**27,014**	27,245	27,245
	CCB 250	(d)	CDI +	**1.95%**	**3,022**	**3,022**	-	-
	CCB 225	(e)	TR +	**5.00%**	**15,495**	**15,495**	-	-
Banco do Brasil	CCB 175	(f)	% of CDI	**110.00%**	**44,622**	**44,622**	33,716	33,716
	CCB 50	(g)	% of CDI	**110.00%**	**20,035**	**20,035**	15,138	15,138
	CCB 150	(h)	% of CDI	**110.00%**	**60,104**	**60,104**	45,413	45,413
	BarraShopping VII	(i)	TR +	**7.60%**	**-**	**-**	11,458	11,458
Banco Bradesco	CCB 300	(j)	CDI +	**1.00%**	**200,830**	**200,830**	102,357	102,357
	Canoas	(k)	TR +	**7.50%**	**-**	**8,496**	-	19,773
	MTE JPA SWAP	(l)	TR +	**5.15%**	**-**	**-**	(47)	(47)
Other	Cia. Real de Distribuição	(m)			**53**	**53**	53	53
	Borrowing costs				**(7,353)**	**(8,662)**	(5,537)	(6,979)
	Subtotal current				**363,822**	**393,594**	240,440	295,688

(In thousands of reais, unless otherwise stated)

12. Loans and financing (Continued)

				Annual average interest rate	December 31, 2020		December 31, 2019	
			Index	**December 31, 2020**	**Individual**	**Consolidated**	**Individual**	**Consolidated**
Noncurrent								
	Multiplan Greenfield IV	(a)	CDI +	**0.85%**	**-**	**-**	-	108,695
	Multiplan Greenfield II	(a)	CDI +	**0.85%**	**-**	**80,491**	-	105,738
Banco Itaú	São Caetano	(b)	TR +	**7.40%**	**-**	**-**	48,848	48,848
	VillageMall	(c)	TR +	**4.50%**	**104,859**	**104,859**	131,632	131,632
	CCB 250	(d)	CDI +	**1.95%**	**250,000**	**250,000**	-	-
	CCB 225	(e)	TR +	**5.00%**	**201,124**	**201,124**	-	-
Banco do Brasil	CCB 175	(f)	% of CDI	**110.00%**	**-**	**-**	44,545	44,545
	CCB 50	(g)	% of CDI	**110.00%**	**-**	**-**	20,000	20,000
	CCB 150	(h)	% of CDI	**110.00%**	**-**	**-**	60,000	60,000
	BarraShopping VII	(i)	TR +	**7.60%**	**-**	**-**	40,365	40,365
Banco Bradesco	CCB 300	(j)	CDI +	**1.00%**	**-**	**-**	200,000	200,000
	Canoas	(k)	TR +	**7.50%**	**-**	**115,925**	-	295,083
	MTE JPA	(l)	TR	**5.15%**	**353,039**	**353,039**	335,748	335,748
Other	Cia. Real de Distribuição	(m)	-		**203**	**203**	245	245
	Borrowing costs		-		**(14,257)**	**(23,799)**	(19,347)	(28,952)
	Subtotal noncurrent				**894,968**	**1,081,842**	862,036	1,361,947
	Grand total				**1,258,790**	**1,475,436**	1,102,476	1,657,635

(a) On August 7, 2013, subsidiaries Multiplan Greenfield II Empreendimento Imobiliário Ltda. and Multiplan Greenfield IV Empreendimento Imobiliário Ltda. entered into a financing agreement with Banco Santander S.A. for construction of the Morumbi Corporate project located in São Paulo. The amount raised totaled R$400,000, and each company became individually responsible for its stake in the project, i.e., 49.3104% for Multiplan Greenfield II and 50.6896% for Multiplan Greenfield IV. The financing was subject to charges of 8.70% per annum plus Reference Rate (TR), with repayment in 141 monthly installments beginning November 15, 2013. The total financing amount had been released as at December 31, 2015. The loan is guaranteed by security interest in 0.4604509 of the property being financed, represented by a certain number of autonomous units, and by assignment of receivables from the lease of the property being financed, to which the Company is entitled, which should correspond, at least, to 120% of one monthly installment until full settlement of the debt.

In addition to these guarantees, the parent company Multiplan Empreendimentos Imobiliários stood as guarantor for its subsidiaries. On October 16, 2019, the 1st amendment to the financing agreement was signed, amending the transaction rate from TR + 8.70% p.a. to CDI + 0.85% p.a. On July 17, 2020, an early amortization of 50% of the financing outstanding balance was made, in the amount of R$112,313. There are no financial covenants in this contract.

(In thousands of reais, unless otherwise stated)

12. Loans and financing (Continued)

(b) On August 10, 2010, the Company entered into a Bank Credit Note for the construction of ParkShopping São Caetano, totaling R$140,000, with Banco Itaú BBA S.A. This financing was subject to TR plus 9.75% per annum, with repayment in 99 monthly consecutive installments, beginning June 15, 2012. The total financing amount had been released at December 31, 2015. As guarantee for the loan, the amounts referring to receivables from lease and assignment of the right to use the stores of the project being financed were given as security interest, which should correspond, at least, to 120% of one monthly installment, from the project launch to the total settlement of the debt. On September 30, 2013, the 1st amendment to the financing agreement was signed, amending: (i) the agreement's rate from TR + 9.75% p.a. to TR + 9.35% p.a., and (ii) the final amortization deadline from August 15, 2020 to August 15, 2025. On August 29, 2019, the 2nd amendment to the financing agreement was signed reducing the contract rate to pre-determined levels that vary according to the Selic rate, as shown in the table below:

Range	Contract rate
Selic ≤ 6.5%	TR + 7.40%
Selic from >6.5% to <7.25%	TR + 7.90%
Selic from ≥7.25% to ≤8.25%	TR + 8.60%
Selic > 8.25%	TR + 9.00%

On August 17, 2020, the financing outstanding balance, amounting to R$53,548, was settled in advance.

(In thousands of reais, unless otherwise stated)

12. Loans and financing (Continued)

(c) On November 30, 2010, the Company entered into a Bank Credit Note for the construction of Shopping Village Mall, totaling R$270,000, with Banco Itaú BBA S.A. This financing was subject to TR plus 9.75% per annum, with repayment in 114 monthly consecutive installments, beginning March 15, 2013. The total financing amount had been released at December 31, 2015, including the additional amount of R$50,000, raised under an addendum dated July 4, 2012. As guarantee for the loan, the Company pledged the land and all accessions, constructions, facilities and improvements existing therein or that may be added thereto, valued at that time at R$370,000. Additionally, the receivables from the lease and the right to use the stores of the project being financed were given as security interest, which should correspond, at least, to 100% of one monthly installment, from January 2015 to the full settlement of the debt. On July 4, 2012, the Company signed an addendum to the bank credit note for the construction of Shopping VillageMall, which amended the following: (i) the total amount from R$270,000 to R$320,000, (ii) the net debt/EBITDA covenant from 3.0x to 3.25x, and (iii) the starting date for checking the restricted account from January 30, 2015 to January 30, 2017. On September 30, 2013, the 2nd amendment to the financing agreement was executed, amending: (i) the agreement's rate from TR + 9.75% p.a. to TR + 9.35% p.a., (ii) the final repayment deadline from November 15, 2022 to November 15, 2025, and (iii) the net debt/EBITDA covenant from 3.25x to 4.0x. On August 29, 2019, the 3rd amendment to the financing agreement was signed reducing the contract rate to pre-determined levels that vary according to the Selic rate, as shown in the table below:

Range	Contract rate
Selic ≤ 6.5%	TR + 7.40%
Selic from >6.5% to <7.25%	TR + 7.90%
Selic from ≥7.25% to ≤8.25%	TR + 8.60%
Selic > 8.25%	TR + 9.00%

On September 28, 2020, the 4th amendment to the financing agreement was signed reducing the contract rate to pre-determined levels that vary according to the Selic rate, as shown in the table below:

(In thousands of reais, unless otherwise stated)

12. Loans and financing (Continued)

Range	Contract rate
Selic ≤ 2.5%	TR + 4.50%
Selic from > 2.5% to ≤ 3.75%	TR + 5.00%
Selic from > 3.75% to ≤ 4.25%	TR + 5.50%
Selic from > 4.25% to ≤ 5.00%	TR + 6.00%
Selic from > 5.00% to ≤ 6.00%	TR + 6.50%
Selic from > 6.00% to ≤ 7.25%	TR + 7.50%
Selic from > 7.25% to ≤ 8.25%	TR + 8.20%
Selic > 8.25%	TR + 8.60%

All other clauses from the original agreement remained unchanged.

Financial covenants of the agreement:

Net debt/EBITDA lower than or equal to 4.0x.

EBITDA/Net finance costs higher than or equal to 2x.

EBITDA used for calculation of the financial covenants follows the definitions established in the loan agreements.

At December 31, 2020, the Company was compliant with all covenants set forth in the financing agreement.

(d) On March 18, 2020, the Company entered into Bank Credit Notes (CCB) with Banco Itaú BBA, in order to consolidate its cash position. No guarantee was given for such instruments. Interest will be paid every six months and the principal in a single installment on March 8, 2022.

Start date	Final date	Amount	Interest rate
03/18/2020	03/08/2022	**250,000**	**CDI + 1.95% p.a.**

There are no financial covenants for this contract.

(e) On April 15, 2020, the Company entered into a bank credit note with Banco Itaú Unibanco S.A. to finance the acquisition of interest in ParkShopping, through its subsidiary Multiplan Parkshopping e Participações Ltda., of 20% of the registrations held by IRB Investimentos e Participações Imobiliárias S.A. Total financing amounted to R$225,000, which was released in two tranches of R$112,500 on April 17, 2020 and June 17, 2020. The charges on this financing vary according to the Central Bank benchmark rate (Selic), as shown in the table at the end of this note.

(In thousands of reais, unless otherwise stated)

12. Loans and financing (Continued)

The amount will be repaid in 180 monthly and consecutive installments from May 17, 2020. As collateral for the loan, the Company gave 67.56% on the 50% it held in the registrations involved in the transaction, and assigned the receivables from that same fraction in excess of ParkShopping's net operating income as security interest.

There are no financial covenants for this contract.

Range	Contract rate
Selic ≤ 3.75%	TR + 5.00%
Selic from > 3.75% to ≤ 4.25%	TR + 5.50%
Selic from > 4.25% to ≤ 5.00%	TR + 6.00%
Selic from > 5.00 % to ≤ 6.0%	TR + 6.50%
Selic from > 6.0% to ≤ 7.25%	TR + 7.50%
Selic from >7.25% to ≤ 8.25%	TR + 8.20%
Selic > 8.25%	TR + 8.60%

(f) On January 19, 2012, the Company entered into a bank credit note with Banco do Brasil in the total amount of R$175,000, in order to consolidate its cash position. No guarantee was given for this instrument. On December 8, 2015, an addendum to the CCB was signed whereby the maturity date of the principal debt and the financial covenants were renegotiated. The new aging list is shown below. Interest will be paid quarterly and the principal as follows:

Start date	Final date	Amount	Interest rate	Status
01/19/2012	12/01/2014	31,819	110.0% CDI	Paid
01/19/2012	12/01/2015	31,818	110.0% CDI	Paid
01/19/2012	12/01/2017	5,568	110.0% CDI	Paid
01/19/2012	12/01/2018	5,568	110.0% CDI	Paid
01/19/2012	12/01/2019	22,273	110.0% CDI	Paid
01/19/2012	12/01/2020	33,409	110.0% CDI	Paid
01/19/2012	12/01/2021	44,545	110.0% CDI	Falling due

Financial covenants of the agreement:

Net debt/EBITDA lower than or equal to 4.0x.

EBITDA used for calculation of the financial covenants follows the definitions established in the loan agreements.

At December 31, 2020, the Company was compliant with all covenants set forth in the bank credit note.

(In thousands of reais, unless otherwise stated)

12. Loans and financing (Continued)

(g) On October 31, 2012, the Company signed a bank credit note (CCB) with Banco do Brasil S/A, in the total amount of R$50,000, in order to consolidate its cash position. No guarantee was given for this instrument. Interest will be paid quarterly and the principal in a lump sum, on October 30, 2017. On December 8, 2015, an addendum to the CCB was signed, whereby the principal debt maturity was renegotiated. The new aging list is shown below. Interest will be paid quarterly and the principal as follows:

Start date	Final date	Amount	Interest rate	Status
10/31/2012	12/01/2017	2,500	110.0% CDI	Paid
10/31/2012	12/01/2018	2,500	110.0% CDI	Paid
10/31/2012	12/01/2019	10,000	110.0% CDI	Paid
10/31/2012	12/01/2020	15,000	110.0% CDI	Paid
10/31/2012	12/01/2021	20,000	110.0% CDI	Falling due

Financial covenants of the agreement:

Net debt/EBITDA lower than or equal to 4.0x.

EBITDA used for calculation of the financial covenants follows the definitions established in the loan agreements.

At December 31, 2020, the Company was compliant with all covenants set forth in the loan agreement.

(h) On December 23, 2015, the Company entered into a bank credit note (CCB) with Banco do Brasil S/A, in total amount of R$150,000, in order to consolidate its cash position. No guarantee was given for this instrument. Interest will be paid on a quarterly basis and the principal according to the aging list below. Interest is payable on a quarterly basis.

Start date	Final date	Amount	Interest rate	Status
12/30/2015	12/01/2017	7,500	110.0% CDI	Paid
12/30/2015	12/01/2018	7,500	110.0% CDI	Paid
12/30/2015	12/01/2019	30,000	110.0% CDI	Paid
12/30/2015	12/01/2020	45,000	110.0% CDI	Paid
12/30/2015	12/01/2021	60,000	110.0% CDI	Falling due

12. Loans and financing (Continued)

Financial covenants of the agreement:

Net debt/EBITDA lower than or equal to 4.0x.

EBITDA used for calculation of the financial covenants follows the definitions established in the loan agreements.

At December 31, 2020, the Company was compliant with all covenants set forth in the loan agreement.

(i) On October 16, 2014, the Company entered into a credit facility agreement with Banco do Brasil S/A for construction of the seventh expansion of BarraShopping, located in the city of Rio de Janeiro, which was completed in 2014. The total amount taken out was R$100,000. This financing bears interest of 8.90% p.a., plus the Reference Rate (TR), with repayment in 108 monthly installments beginning August 15, 2015. As guarantee for the loan, a Bank Deposit Certificate (CDB) corresponding to 120% of the amount of a monthly installment was entered into as security interest, until the full settlement of the debt. On December 20, 2019, the 1st amendment to the financing agreement was entered into, amending: (i) the transaction rate from TR + 8.90% p.a. to TR + 7.60% p.a. On July 27, 2020, the financing outstanding balance, amounting to R$45,167, was settled in advance.

Financial covenants of the agreement:

Net debt/EBITDA lower than or equal to 4.0x.

EBITDA used for calculation of the financial covenants follows the definitions established in the loan agreements.

At December 31, 2020, the Company was compliant with all covenants set forth in the loan agreement.

(j) On December 11, 2012, the Company entered into a bank credit note (CCB) with Banco Bradesco S/A in the total amount of R$300,000, in order to consolidate its cash position. No guarantee was given for this instrument. On July 31, 2017, an amendment to the agreement was entered into, extending the terms of payment of the principal as per the table below. Interest remains payable on a half-yearly basis.

(In thousands of reais, unless otherwise stated)

12. Loans and financing (Continued)

Start date	Final date	Amount	Interest rate	Status
12/11/2012	11/09/2020	R$100,000	CDI + 1.0% p.a.	Paid
12/11/2012	11/09/2021	R$200,000	CDI + 1.0% p.a.	Falling due

There are no financial covenants for this contract.

(k) On May 25, 2015, the subsidiary ParkShopping Canoas Ltda. entered into a credit facility agreement with Banco Bradesco S.A., collateralized by a mortgage, for construction of the ParkShopping Canoas project in the city of Canoas, state of Rio Grande do Sul. The total amount taken out was R$280,000 and this financing bears interest of 9.25% p.a., plus the Reference Rate (TR), payable in 144 monthly installments beginning April 25, 2019. As guarantee for the loan, the subsidiary provided a mortgage on 80% of the property for which the financing was obtained, and assigned 80% of the receivables from lease of this property as security interest, which should correspond to at least 120% of the amount of one monthly installment until full settlement of the debt. In addition to these guarantees, the parent company Multiplan Empreendimentos Imobiliários stood as guarantor for its subsidiary. On July 24, 2016, the Company entered into an amendment to the credit facility agreement collateralized by a mortgage for construction of the ParkShopping Canoas project in the city of Canoas, which sets forth the following: (i) maturity of the first installment on August 25, 2019, (ii) reduction of the term of return to 140 months, (iii) debt maturity on March 25, 2031, and (iv) final term for the construction work on August 25, 2017. On December 27, 2019, an amendment to the financing agreement was signed, amending: (i) the transaction rate from TR + 9.25% p.a. to TR + 7.50% p.a.

On August 25, 2020, the financing outstanding balance was partially repaid in advance, in the amount of R$100,000. On September 30, 2020, the financing outstanding balance was partially repaid in advance, in the amount of R$75,000.

(l) On September 19, 2019, the Company entered into a credit facility agreement with Banco Bradesco S.A., collateralized by a mortgage, for construction of the ParkJacarepaguá project in the city of Rio de Janeiro. The total financing amount was R$350,000 and the corresponding charges include TR+5.15% per annum in the first 15 months and, after this period, 105.85% of the CDI until the financing term expires. For the first 15 months, a financial instrument (swap) was entered into, changing the TR+5.15% per annum provided for in the agreement to 105.85% of the CDI. There will be a grace period for principal and interest in the first 15 months. After this period, in the next twelve months, there will still be a grace period for principal with normal payment of interest. The debt repayment period will begin on January 10, 2022, through 166 monthly repayment installments plus interest. As collateral for the loan, subsidiary ParkJacarepaguá Empreendimento Imobiliário Ltda. provided a mortgage on 91% of the property for which the financing was obtained, and assigned 91% of the receivables from lease of this property as security interest, which should

(In thousands of reais, unless otherwise stated)

12. Loans and financing (Continued)

correspond to at least 100% of the amount of one monthly installment until full settlement of the debt. The first credit installment was released on October 21, 2019.

(m) The balance payable to Companhia Real de Distribuição arises from the intercompany loan with the merged subsidiary Multishopping to finance the construction of BarraShopping Sul, to be settled in 516 monthly installments of R$4, as from the hypermarket inauguration date in November 1998, not subject to interest or monetary restatement.

	December 31, 2020		December 31, 2019	
	Individual	**Consolidated**	**Individual**	**Consolidated**
Loans and financing				
2021	**-**	**-**	373,103	433,217
2022	**317,431**	**349,026**	72,829	137,877
2023 onwards	**591,794**	**756,615**	435,451	819,804
Subtotal – Loans and financing	**909,225**	**1,105,641**	881,383	1,390,898
Borrowing costs				
2021	**-**	**-**	(5,400)	(6,843)
2022	**(1,976)**	**(3,285)**	(1,712)	(3,155)
2023 onwards	**(12,281)**	**(20,514)**	(12,235)	(18,953)
Subtotal – Borrowing costs	**(14,257)**	**(23,799)**	(19,347)	(28,951)
Total – Loans and financing	**894,968**	**1,081,842**	862,036	1,361,947

(In thousands of reais, unless otherwise stated)

12. Loans and financing (Continued)

Reconciliation of changes in equity to cash flows from financing activities

Individual

	Loans and financing	Debentures	Interest on equity	Capital	Total
Balances at December 31, 2019	1,102,476	1,445,802	148,375	5,587,669	8,284,322
Changes in cash flows from financing					
Borrowings	475,000	-	-	-	475,000
Repayment of borrowings	(331,532)	-	-	-	(331,532)
Payment of interest on loans and financing	(47,880)	-	-	-	(47,880)
Borrowings costs	(5,546)	-	-	-	(5,546)
Payment of charges on debentures	-	(51,599)	-	-	(51,599)
Repurchase of shares to be held in treasury	-	-	-	(105,974)	(105,974)
Debentures raised	-	400,000	-	-	400,000
Debenture funding costs	-	(2,810)	-	-	(2,810)
Exercise of stock options	-	(200,000)	-	-	(200,000)
Payment of debentures	-	-	-	28,693	28,693
Payment of interest on equity	-	-	(148,375)	-	(148,375)
Total changes in cash flows from financing	90,042	145,591	(148,375)	(77,281)	9,977
Other changes					
Allocation of interest on loans and financing raised	43,289	-	-	-	43,289
Allocation of interest on loans posted to investments	18,061	-	-	-	18,061
Capitalization of interest	4,314	-	-	-	4,314
Allocated borrowing costs	8,051	-	-	-	8,051
Swap	(7,444)	-	-	-	(7,444)
Debenture funding costs	-	4,435	-	-	4,435
Allocation of debenture charges	-	50,035	-	-	50,035
Investment reserve	-	-	-	646,816	646,816
Income reserve	-	-	-	48,254	48,254
Stock options granted	-	-	-	24,267	24,267
Provision for interest on equity	-	-	237,048	-	237,048
Total other changes	66,271	54,470	237,048	719,337	1,077,126
Balances at December 31, 2020	1,258,789	1,645,863	237,048	6,229,725	9,371,425

(In thousands of reais, unless otherwise stated)

12. Loans and financing (Continued)

Reconciliation of changes in equity to cash flows from financing activities (Continued)

Individual (Continued)

	Loans and financing	Debentures	Interest on equity	Capital	Total
Balances at December 31, 2018	924,178	1,294,202	129,551	5,335,980	7,683,911
Changes in cash flows from financing					
Borrowings	332,500	-	-	-	332,500
Repayment of borrowings	(148,175)	-	-	-	(148,175)
Payment of interest on loans and financing	(67,046)	-	-	-	(67,046)
Borrowings costs	(12,364)	-	-	-	(12,364)
Debenture funding costs	-	(1,162)	-	-	(1,162)
Payment of debentures	-	(200,000)	-	-	(200,000)
Payment of charges on debentures	-	(92,137)	-	-	(92,137)
Debentures raised	-	350,000	-	-	350,000
Payment of interest on equity	-	-	(225,306)	-	(225,306)
Exercise of stock options	-	-	-	44,267	44,267
Total changes in cash flows from financing	104,915	56,701	(225,306)	44,267	(19,423)
Other changes					
Allocation of interest on loans and financing raised	59,417	-	-	-	59,417
Allocation of interest on loans posted to investments	3,440	-	-	-	3,440
Capitalization of interest	5,633	-	-	-	5,633
Allocated borrowing costs	4,940	-	-	-	4,940
Swap	(47)	-	-	-	(47)
Shareholders transactions	-	-	-	985	985
Debenture funding costs	-	4,232	-	-	4,232
Allocation of debenture charges	-	90,667	-	-	90,667
Stock options granted	-	-	-	15,314	15,314
Expansion reserve	-	-	-	165,114	165,114
Income reserve	-	-	-	23,427	23,427
Provision for interest on equity	-	-	244,130	-	244,130
Total other changes	73,383	94,899	244,130	204,840	617,252
Balances at December 31, 2019	1,102,476	1,445,802	148,375	5,585,087	8,281,740

(In thousands of reais, unless otherwise stated)

12. Loans and financing (Continued)

Reconciliation of changes in equity to cash flows from financing activities (Continued)

Consolidated

	Loans and financing	Debentures	Interest on equity	Capital	Noncontrolling interests	Total
Balances at December 31, 2019	1,657,635	1,445,802	148,375	5,587,669	3,332	8,842,813
Changes in cash flows from financing						
Borrowings	475,000	-	-	-	-	475,000
Repayment of borrowings	(659,606)	-	-	-	-	(659,606)
Payment of interest on loans and financing	(83,957)	-	-	-	-	(83,957)
Borrowings costs	(9,045)	-	-	-	-	(9,045)
Payment of charges on debentures	-	(51,599)	-	-	-	(51,599)
Repurchase of shares to be held in treasury	-	-	-	(105,974)	-	(105,974)
Debentures raised	-	400,000	-	-	-	400,000
Debenture funding costs	-	(2,810)	-	-	-	(2,810)
Payment of debentures		(200,000)				(200,000)
Exercise of stock options	-	-	-	28,693	-	28,693
Noncontrolling interests	-	-	-	-	162	162
Payment of interest on equity	-	-	(148,375)	-	-	(148,375)
Total changes in cash flows from financing	(277,608)	145,591	(148,375)	(77,281)	162	(357,511)
Other changes						
Allocation of interest on loans and financing	68,731	-	-	-	-	68,731
Allocation of interest on loans posted to investment properties	18,061	-	-	-	-	18,061
Capitalization of interest	4,314	-	-	-	-	4,314
Allocated borrowing costs	11,747	-	-	-	-	11,747
Swap	(7,444)	-	-	-	-	(7,444)
Debenture funding costs	-	4,435	-	-	-	4,435
Allocation of debenture charges	-	50,035	-	-	-	50,035
Investment reserve	-	-	-	646,816	-	646,816
Income reserve	-	-	-	48,254	-	48,254
Stock options granted	-	-	-	24,267	-	24,267
Provision for interest on equity	-	-	237,048	-	-	237,048
Profit or loss for the period	-	-	-	-	(196)	(196)
	95,409	54,470	237,048	719,337	(196)	1,106,068
Balances at December 31, 2020	1,475,436	1,645,863	237,048	6,229,725	3,298	9,591,370

(In thousands of reais, unless otherwise stated)

12. Loans and financing (Continued)

Reconciliation of changes in equity to cash flows from financing activities (Continued)

Consolidated (Continued)

	Loans and financing	Debentures	Interest on equity	Capital	Noncontrolling interests	Total
Balances at December 31, 2018	1,519,530	1,294,202	129,551	5,335,980	16,207	8,295,470
Changes in cash flows from financing						
Borrowings	332,500	-	-	-	-	332,500
Repayment of borrowings	(187,022)	-	-	-	-	(187,022)
Payment of interest on loans and financing	(118,893)	-	-	-	-	(118,893)
Borrowings costs	(12,364)	-	-	-	-	(12,364)
Debenture funding costs	-	(1,162)	-	-	-	(1,162)
Payment of debentures	-	(200,000)	-	-	-	(200,000)
Payment of charges on debentures	-	(92,137)	-	-	-	(92,137)
Debentures raised	-	350,000	-	-	-	350,000
Exercise of stock options	-	-	-	44,267	-	44,267
Payment of interest on equity	-	-	(225,306)	-	-	(225,306)
Noncontrolling interests	-	-	-	-	1,250	1,250
Total changes in cash flows from financing	14,221	56,701	(225,306)	44,267	1,250	(108,867)
Other changes						
Allocation of interest on loans and financing	108,439	-	-	-	-	108,439
Allocation of interest on loans posted to investment properties	3,440	-	-	-	-	3,440
Capitalization of interest	5,668	-	-	-	-	5,668
Allocated borrowing costs	6,384	-	-	-	-	6,384
Swap	(47)	-	-	-	-	(47)
Shareholders transactions	-	-	-	985	-	985
Debenture funding costs	-	4,232	-	-	-	4,232
Allocation of debenture charges	-	90,667	-	-	-	90,667
Stock options granted	-	-	-	15,314	-	15,314
Noncontrolling interests	-	-	-	-	(1,803)	(1,803)
Decrease in noncontrolling interests	-	-	-	-	(12,322)	(12,322)
Expansion reserve	-	-	-	165,114	-	165,114
Income reserve	-	-	-	23,427	-	23,427
Provision for interest on equity	-	-	244,130	-	-	244,130
Total other changes	123,884	94,899	244,130	204,840	(14,125)	653,628
Balances at December 31, 2019	1,657,635	1,445,802	148,375	5,585,087	3,332	8,840,231

(In thousands of reais, unless otherwise stated)

12. Loans and financing (Continued)

"EBITDA" and "EBIT" are part of the Company's main indexes, as they are important performance metrics and certain covenants (loans, financing and debentures) for users of the financial statements.

In order to comply with the terms of paragraph 2 of article 2 of CVM Ruling No. 527/12, we state below the reconciliation of EBITDA and EBIT amounts for the years ended December 31, 2020 and 2019.

	December 31, 2020		December 31, 2019	
	Individual	Consolidated	Individual	Consolidated
Net income for the year	**965,070**	**964,174**	471,123	470,998
Noncontrolling interests	**-**	**(196)**	-	(1,803)
Income and social contribution taxes	**58,707**	**106,352**	47,196	89,814
Finance income (costs), net	**77,394**	**76,120**	113,660	145,514
EBIT	**1,101,171**	**1,146,450**	631,979	704,523
Depreciation and amortization	**134,328**	**223,799**	128,436	220,484
EBITDA	**1,235,499**	**1,370,249**	760,415	925,007

13. Accounts payable

	December 31, 2020		December 31, 2019	
	Individual	Consolidated	Individual	Consolidated
Trade accounts payable	**23,247**	**52,794**	80,097	116,621
Lease	**43,628**	**43,832**	46,722	46,753
Contractual retentions	**3,153**	**10,989**	4,560	9,127
Indemnification payable	**2,818**	**3,797**	9,071	9,916
Labor obligations	**70,760**	**70,852**	49,162	49,469
	143,606	**182,264**	189,612	231,886
Current	**100,421**	**138,895**	151,111	193,202
Noncurrent	**43,185**	**43,369**	38,501	38,684

(In thousands of reais, unless otherwise stated)

14. Debentures

The debentures are broken down as follows:

	Individual and consolidated	
	12/31/2020	**12/31/2019**
Current liabilities		
3rd Issue - Debentures	**-**	202,390
4th Issue - Debentures	**277**	536
5th Issue - Debentures	**298**	585
6th Issue - Debentures	**866**	2,010
7th Issue - Debentures	**1,277**	3,127
8th Issue - Debentures	**38**	-
9th Issue - Debentures	**4,328**	-
Subtotal	**7,084**	208,648
Funding cost – 3rd issue	**-**	(573)
Funding cost – 4th issue	**(2,052)**	(2,052)
Funding cost – 5th issue	**(1,133)**	(1,133)
Funding cost – 6th issue	**(249)**	(249)
Funding cost – 7th issue	**(166)**	(166)
Funding cost – 8th issue	**(163)**	-
Funding cost – 9th issue	**(360)**	-
Total – Funding cost	**(4,123)**	(4,173)
Total - Current liabilities	**2,961**	204,475
Noncurrent liabilities		
4th Issue - Debentures	**300,000**	300,000
5th Issue - Debentures	**300,000**	300,000
6th Issue - Debentures	**300,000**	300,000
7th Issue - Debentures	**350,000**	350,000
8th Issue - Debentures	**200,000**	-
9th Issue - Debentures	**200,000**	-
Subtotal	**1,650,000**	1,250,000
Funding cost – 4th issue	**(2,052)**	(4,105)
Funding cost – 5th issue	**(1,699)**	(2,831)
Funding cost – 6th issue	**(602)**	(851)
Funding cost – 7th issue	**(719)**	(886)
Funding cost – 8th issue	**(737)**	-
Funding cost – 9th issue	**(1,289)**	-
Total – Funding cost	**(7,098)**	(8,673)
Total - Noncurrent liabilities	**1,642,902**	1,241,327

14. Debentures (Continued)

Third issue of debentures for primary public distribution

On October 15, 2014, the Company completed the 3rd issue of debentures for primary public distribution, in the amount of R$400,000, whereby 40,000 simple, non-convertible, book-entry, registered and unsecured debentures were issued in a single series for public distribution with restricted efforts, on a firm guarantee basis, with a par value of R$10. The transaction will be repaid in two equal installments at the end of the fifth and sixth year bearing semi-annual interest. The final issue price was set on September 25, 2014 through the bookbuilding procedure, with yield set at 100% of the accumulated fluctuation of average daily DI rates increased on a compound basis by a spread or surcharge of 0.87% p.a. The total estimated debenture transaction cost was R$1,777. The net proceeds obtained by the Company with this debenture issue will be fully used for the following (i) early redemption of the total simple, non-convertible, unsecured, single-series debentures of the Company's second issue; and (ii) the remaining balance for payment of general expenses and settle short- and long-term debts and/or consolidate working capital of the Company and/or its subsidiaries.

The financial covenants of these debentures are as follows: (i) net debt/EBITDA lower than or equal to 4.0; (ii) EBITDA/net finance cost higher than or equal to 2.0.

Interest was paid as follows: (i) R$24,491 on April 15, 2015; (ii) R$28,307 on October 15, 2015; (iii) R$28,950 on April 15, 2016; (iv) R$29,421 on October 17, 2016; (v) R$27,016 on April 17, 2017; (vi) R$20,677 on October 16, 2017; (vii) R$15,110 on April 16, 2018; (viii) R$14,374 on October 15, 2018; (ix) R$14,160 on April 15, 2019; (x) R$14,074 on October 15, 2019; (xi) R$5,243 on April 15, 2020; and (xii) R$3,257 on October 15, 2020.

Principal was fully repaid as follows: (i) R$200,000 on October 15, 2019; and (ii) R$200,000 on October 15, 2020.

At December 31, 2020, the Company had met all the covenants determined in the indenture.

14. Debentures (Continued)

Fourth issue for primary private distribution of debentures for investment and issue of mortgage bonds (CRI)

On December 13, 2016, the Company completed the 4th issue of debentures for primary private distribution, in the amount of R$300,000, whereby 300,000 simple, non-convertible, book-entry, registered, single-series debentures were issued, with security interest. The fourth issue debentures were subscribed and paid-in on December 29, 2016 by the subsidiary Multiplan Greenfield XII at their par value. Subsidiary Multiplan Greenfield XII, in turn, issued a mortgage bond and fully granted such bonds to Cibrasec (Securitization Company), which performed public distribution, on a firm guarantee basis, at a par value of R$1. This transaction will be repaid in a single installment at the end of the sixth year and bear semi-annual interest. The final issue price was set on December 8, 2016 through the bookbuilding procedure, with yield set at 95% of the accumulated fluctuation of average daily DI rates. The total estimated funding cost was R$10,421.

The Company's net proceeds from this debenture issue will be fully used directly or through its subsidiaries, through the maturity date of the Debentures, for acquisition, and/or construction, and/or expansion, and/or revitalization, and/or development of the following shopping malls and/or real estate developments, as described in the Debentures Indenture and in the amendments thereto: ParkJacarepaguá, BarraShopping, VillageMall, Village Corporate, RibeirãoShopping, Pátio Savassi and Residencial Porto Alegre.

The indivisible part of 39.77% of the property registered under number 37.850 at the Real Estate Notary Office of the 5th Region of Porto Alegre was given as security interest; this registration number includes the sub-condominium BarraShoppingSul. For this transaction no other collaterals have been recognized and no financial covenants have been established.

Interest was paid as follows: (i) R$15,182 on June 13, 2017; (ii) R$12,070 on December 13, 2017; (iii) R$9,031 on June 13, 2018; (iv) R$9,035 on December 13, 2018; (v) R$8,827 on June 13, 2019; and (vi) R$8,166 on December 13, 2019; (vii) R$5,257 on June 12, 2020; and (viii) R$2,891 on December 11, 2020.

At December 31, 2020, the Company had met all the covenants determined in the indenture.

14. Debentures (Continued)

Fifth issue for primary private distribution of debentures for investment and issue of CRI (Continued)

On June 6, 2017, the Company completed the 5th issue of debentures for primary private distribution, in the amount of R$300,000, whereby 300,000 simple, non-convertible, book-entry, registered, single-series debentures were issued, with security interest. The fifth issue debentures were subscribed and paid in on June 14, 2017 by the subsidiary Multiplan Greenfield XII at par value. Subsidiary Multiplan Greenfield XII, in turn, issued a mortgage bond and fully granted such bonds to Cibrasec (Securitization Company), which performed public distribution, on a firm guarantee basis, at a par value of R$1. This transaction will be repaid in a single installment at the end of the sixth year and bear semi-annual interest. The final issue price was set on June 2, 2017 through the bookbuilding procedure with yield set at 95% of the accumulated fluctuation of average daily DI rates. The total estimated funding cost was R$5,946.

The Company's net proceeds from this debenture issue will be fully used directly or through its subsidiaries, through the maturity date of the Debentures, for acquisition, and/or construction, and/or expansion, and/or revitalization, and/or development of the following shopping malls and/or real estate developments, as described in the Debentures Indenture and in the amendments thereto: ParkJacarepaguá, BarraShopping, VillageMall, Village Corporate, ParkShoppingBarigui, ParkShoppingCanoas, DiamondMall and MorumbiShopping.

The indivisible part of 39.77% of the property registered under number 37.850 at the Real Estate Notary Office of the 5th Region of Porto Alegre was given as security interest; this registration number includes the sub-condominium BarraShoppingSul. For this transaction no other collaterals have been recognized and no financial covenants have been established.

Interest was paid as follows: (i) R$12,105 on December 12, 2017; (ii) R$9,036 on June 12, 2018; (iii) R$9,035 on December 12, 2018; (iv) R$8,827 on June 12, 2019; (iv) R$8,188 on December 12, 2019; (v) R$5,257 on June 10, 2020; and (vi) R$2,869 on December 10, 2020.

At December 31, 2020, the Company had met all the covenants determined in the indenture.

14. **Debentures** (Continued)

Sixth issue of debentures for primary public distribution

On May 10, 2018, the Company completed the 6th issue of debentures for primary public distribution, in the amount of R$300,000, whereby 30,000 simple, non-convertible, book-entry, registered and unsecured debentures were issued in a single series for public distribution with restricted efforts, on a firm guarantee basis, with a par value of R$10. The transaction will be repaid in a single installment at the end of sixth year, bearing semi-annual interest. The final issue price was set on May 30, 2018 through the bookbuilding procedure, with yield set at 107.25% of the accumulated fluctuation of average daily DI rates. The total estimated funding cost was R$1,494. The net proceeds obtained by the Company with this debenture issue will be fully used to pay general expenses and settle short- and long-term debts and/or consolidate the working capital of the Company and/or its subsidiaries.

The financial covenants of these debentures are as follows: (i) net debt/EBITDA lower than or equal to 4.0; (ii) EBITDA/net finance cost higher than or equal to 2.0.

Interest was paid as follows: (i) R$8,830 on November 12, 2018; (ii) R$9,820 on May 10, 2019; (iii) R$9,753 on November 11, 2019; (iv) R$6,494 on May 11, 2020; and (v) R$3,519 on November 10, 2020.

At December 31, 2020, the Company had met all the covenants determined in the indenture.

14. Debentures (Continued)

Seventh issue of debentures for primary public distribution

On April 25, 2019, the Company completed the seventh issue of debentures for primary public distribution, in the amount of R$350,000, whereby 35,000 simple, non-convertible, book-entry, registered and unsecured debentures were issued in a single series for public distribution with restricted efforts, on a firm guarantee basis, with a par value of R$10. The transaction will be repaid in two equal installments at the end of the sixth and seventh years, bearing semi-annual interest. The final issue price was set on May 8, 2019 through the bookbuilding procedure, with yield set at 106.00% of the accumulated fluctuation of average daily DI rates. Total funding cost was R$1,162. The Company's net proceeds from this debenture issue will be fully used to: (i) invest in new developments and expand existing developments, (ii) acquire noncontrolling interests, and (iii) pay general expenses and settle short- and long-term debts and/or consolidate the working capital of the Company and/or its subsidiaries.

The financial covenants of these debentures are as follows: (i) net debt/EBITDA lower than or equal to 4.0; (ii) EBITDA/net finance cost higher than or equal to 2.0.

Interest was paid as follows: (i) R$10,322 on October 25, 2019; (ii) R$7,843 on April 27, 2020; and (iii) R$4,236 on October 26, 2020.

At December 31, 2020, the Company had met all the covenants determined in the indenture.

Eighth issue of debentures for primary public distribution

On June 30, 2020, the Company completed the eighth issue of debentures for primary public distribution, in the amount of R$200,000, whereby 200,000 simple, non-convertible, book-entry, registered and unsecured debentures were issued in a single series for public distribution with restricted efforts, on a firm guarantee basis, with a par value of R$1,000. The transaction will be repaid in four equal installments at the end of the third, fourth, fifth and sixth years, bearing semi-annual interest. The final issue price was set on the indenture, with yield set at 100% of the accumulated fluctuation of average daily DI rates increased on a compound basis by a spread or surcharge of 3.00% p.a. The total estimated funding cost was R$885. The net proceeds obtained by the Company with this debenture issue will be fully used to pay general expenses and settle short- and long-term debts and/or consolidate the working capital of the Company and/or its subsidiaries.

14. Debentures (Continued)

Eighth issue of debentures for primary public distribution (Continued)

The financial covenants of these debentures are as follows: (i) From January 1, 2022 (including) to December 31, 2022 (including): Net debt/EBITDA <= 4.5x; (ii) from January 1, 2023 (including) to the maturity date: Net debt/EBITDA <= 4.0x; and (iii) EBITDA/net finance cost >= 2.0x.

Interest was paid as follows: (i) R$4,784 on December 30, 2020.

At December 31, 2020, the Company had met all the covenants determined in the indenture.

Ninth issue of debentures for primary public distribution

On July 16, 2020, the Company completed the ninth issue of debentures for primary public distribution, in the amount of R$200,000, whereby 200,000 simple, non-convertible, book-entry, registered and unsecured debentures were issued in a single series for public distribution with restricted efforts, on a firm guarantee basis, with a par value of R$1,000. The transaction will be repaid in three equal installments at the end of the third, fourth and fifth years, bearing annual interest. The final issue price was set on the indenture, with yield set at 100% of the accumulated fluctuation of average daily DI rates increased on a compound basis by a spread or surcharge of 3.00% p.a. The net proceeds obtained by the Company with this debenture issue will be fully used to pay general expenses and settle short- and long-term debts and/or consolidate the working capital of the Company and/or its subsidiaries.

The financial covenants of these debentures are as follows: (i) From January 1, 2022 (including) to the Maturity Date: Net debt/EBITDA <= 4.5x; and (iii) EBITDA/net finance cost >= 2.0x.

This transaction was settled on July 23, 2020.

At December 31, 2020, the Company had met all the covenants determined in the indenture.

(In thousands of reais, unless otherwise stated)

15. Property acquisition obligations

	December 31, 2020		December 31, 2019	
	Individual	**Consolidated**	**Individual**	**Consolidated**
Current				
Jockey (a)	**-**	**5,046**	-	4,997
Usiminas (b)	**32,818**	**32,818**	30,489	30,489
Atlético Mineiro (c)	**92,141**	**92,141**	-	-
Manati (d)	**5,152**	**5,152**	-	-
Other	**269**	**269**	269	269
	130,380	**135,426**	30,758	35,755
Noncurrent				
Jockey (a)	**-**	**-**	-	4,738
Atlético Mineiro (c)	**118,926**	**118,926**	-	-
Manati (d)	**2,438**	**2,438**	-	-
	121,364	**121,364**	-	4,738
Total	**251,744**	**256,790**	30,758	40,493

(a) Through the Deed of Purchase and Sale and the Deed of Novation, Acknowledgement of Debt with Promise to Pay and other Covenants, executed on November 9, 2016, and subsequent amendments, the Company, through its subsidiaries Multiplan Golden I Empreendimento Imobiliário Ltda. Multiplan Golden V Empreendimento Imobiliário Ltda. Multiplan Golden VI Empreendimento Imobiliário Ltda. Multiplan Golden VII Empreendimento Imobiliário Ltda. Multiplan Golden VIII Empreendimento Imobiliário Ltda. Multiplan Golden IX Empreendimento Imobiliário Ltda. Multiplan Golden X Empreendimento Imobiliário Ltda. Multiplan Golden XI Empreendimento Imobiliário Ltda. Multiplan Golden XII Empreendimento Imobiliário Ltda. Multiplan Golden XIII Empreendimento Imobiliário Ltda. Multiplan Golden XIV Empreendimento Imobiliário Ltda. Multiplan Golden XV Empreendimento Imobiliário Ltda. Multiplan Golden XVI Empreendimento Imobiliário Ltda. Multiplan Golden XVII Empreendimento Imobiliário Ltda. and Multiplan Golden XVIII Empreendimento Imobiliário Ltda. acquired the Jockey Club in Rio Grande do Sul State (“Jockey”), a land with 166,979.355 square meters located in Porto Alegre, Rio Grande do Sul State, for R$164,644, by submitting five (5) promissory notes for payment in full in the amounts of R$89,861, R$19,966, R$28,245, R$3,000 and R$23,572. The referred to promissory notes were replaced with the following obligations: (i) R$89,861 through payment of the entire commercial venture to be built with an approximate area of 13,723.93 sqm in the referred to land; (ii) R$19,966 through the obligation to build new stalls in the Vila Hipica, in the property owned by Jockey; (iii) R$27,852 already paid in cash; (iv) R$3,000 also already paid in cash; and (v) R$23,572, in the monthly amount of R$393. This amount will be adjusted annually, based on May 2016, by the General Market Price Index (IGP-M) disclosed by Getulio Vargas Foundation (FGV).

(b) Through the public deed of purchase and sale executed on April 11, 2019, the Company acquired the fraction of 20.00% of BH Shopping held by Previdência Usiminas, for the agreed price of R$360,000. The payment will be as follows: (i) down payment of R$330,000 on April 11, 2019; and (ii) a single installment of R$30,000 payable until April 11, 2020. The remaining outstanding balance will be adjusted by the positive variation of the Extended Consumer Price Index (IPCA) disclosed by the Brazilian Institute of Geography and Statistics (IBGE), up to the date of its settlement.

On April 8, 2020, the Company and Previdência Usiminas entered into the first amendment to the public deed of purchase and sale through the Deed for Amendment of the Public Deed of Purchase and Sale, changing the date for payment of the installment of R$30,000 to April 11, 2021, and from April 14, 2020 the remaining outstanding balance is now adjusted by the positive variation of the Extended Consumer Price Index (IPCA) disclosed by IBGE, plus a spread of 4.90% per annum until the date of its settlement.

(In thousands of reais, unless otherwise stated)

15. Property acquisition obligations (Continued)

(c) Based on the Private Instrument of Purchase and Sale and Other Covenants entered into on July 3, 2017, the Company made the commitment to purchase the indivisible portion of 50.1% of Diamond Mall owned by the seller, Clube Atlético Mineiro, by submitting two (2) promissory notes for payment in full in the amounts of R$ 250,000 and R$ 18,000 to the seller, which were issued at the time the Definitive Deed of Purchase and Sale was executed. The promissory note of R$250,000 was subject to monetary restatement based on the positive variation of the Extended Consumer Price Index (IPCA) disclosed by IBGE, plus interest of 3% per annum up to the date definitive deed was executed.

On January 20, 2020, the Company completed the acquisition of the indivisible portion of 50.1% of Diamond Mall by executing the Public Deed of Purchase and Sale, and delivering two (2) promissory notes for payment in full in the amounts of R$250,000 and R$18,000 to the seller, Clube Atlético Mineiro.

On January 20, 2020, the Company and Clube Atlético Mineiro entered into the Public Deed of Novation, Acknowledgement of Debt and other Covenants,, replacing the referred to promissory notes as follows: (i) the promissory note in the amount of R$250,000 (which, after monetary restatement, amounts to R$296,773) was replaced by payment of R$5,935 made on January 27, 2020; the remaining balance of R$290,838 will be divided into one (1) installment of R$23,742, three (3) installments of R$11,871, two (2) installments of R$8,903, and thirty (30) installments of R$7,123 from April 19, 2020, and the other installments on the same day in the following months. Each installment will be adjusted at 100% of the CDI up to the date of their respective payments; and (ii) the promissory note of R$18,000 was replaced with the right of Clube Atlético Mineiro to receive an amount equivalent to 7,515% of Diamond Mall’s monthly gross revenue in the next forty-eight (48) months.

(d) Through a Contract for the Purchase and Sale of Shares and Other Covenants entered into on February 7, 2020, the Company acquired 50% of the capital of Manati Empreendimentos e Participações S.A., corresponding to 21,442,694 common shares held by the seller, Aliansce Sonae Shopping Center S.A., for R$28,500. Payment was agreed as follows: (i) R$18,750 paid on January 7, 2020; and (ii) R$9,750 in four (4) semi-annual equal and consecutive installments of R$2,438 each, the first maturing on August 7, 2020. All installments shall be adjusted based on the accumulated variation of 100% of the CDI since October 18, 2019, as provided for in the contract.

Noncurrent property acquisition obligations mature by 2024.

	December 31, 2020	December 31, 2019
2021	**-**	4,738
2022	**94,579**	-
2023	**26,410**	-
2024	**375**	-
	121,364	4,738

(In thousands of reais, unless otherwise stated)

16. Taxes and contributions, net

	Individual		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Taxes recoverable				
Income tax, withholding income tax and social contribution tax to be offset	**34,873**	65,577	**49,636**	78,543
PIS and COFINS to be offset	**781**	2,267	**5,478**	3,707
Other taxes recoverable	**2,957**	2,554	**3,217**	2,815
Total	**38,611**	70,398	**58,331**	85,065
Taxes and contributions payable				
PIS/COFINS	**12,355**	9,375	**44,183**	17,916
ISS	**-**	-	**1,252**	2,037
Income and social contribution taxes payable	**33,008**	53,143	**46,768**	71,418
Other	**-**	-	**1,493**	1,797
Total	**45,363**	62,518	**93,696**	93,168
Current assets	**4,822**	15,193	**13,578**	17,917
Current liabilities	**11,574**	7,313	**48,943**	26,021

17. Provision for contingencies and judicial deposits

17.1. Provision for contingencies

	Individual				
Provision for contingencies	**December 31, 2019**	**Additions**	**Write-offs**	**Restatement**	**December 31, 2020**
Civil (a)	1,667	**39**	**(84)**	**(122)**	**1,500**
Labor	3,413	**889**	**(546)**	**(332)**	**3,424**
Tax	241	**-**	**-**	**-**	**241**
	5,321	**928**	**(630)**	**(454)**	**5,165**

	Individual				
Provision for contingencies	**December 31, 2018**	**Additions**	**Write-offs**	**Restatement**	**December 31, 2019**
Civil (a)	1,419	804	(559)	3	1,667
Labor	2,944	1,575	(1,461)	355	3,413
Tax	241	-	-	-	241
	4,604	2,379	(2,020)	358	5,321

(In thousands of reais, unless otherwise stated)

17. Provision for contingencies and judicial deposits (Continued)

17.1. Provision for contingencies (Continued)

	Consolidated				
Provision for contingencies	**December 31, 2019**	**Additions**	**Write-offs**	**Restatement**	**December 31, 2020**
Civil (a)	7,807	**106**	**(125)**	**1,584**	**9,372**
Labor	3,700	**1,211**	**(798)**	**(333)**	**3,780**
Tax	304	**1**	**-**	**-**	**305**
	11,811	**1,318**	**(923)**	**1,251**	**13,457**

	Consolidated				
Provision for contingencies	**December 31, 2018**	**Additions**	**Write-offs**	**Restatement**	**December 31, 2019**
Civil (a)	8,620	865	(1,661)	(17)	7,807
Labor	3,086	1,735	(1,527)	406	3,700
Tax	304	-	-	-	304
	12,010	2,600	(3,188)	389	11,811

(a) The legal advisors rated the likelihood of loss on certain legal proceedings related to real estate contract terminations as probable, totaling R$7,690 at December 31, 2020 (R$5,980 at December 31, 2019). The remaining balance of provisions for civil contingencies consists of various claims in insignificant amounts filed against the shopping malls in which the Company holds equity interest.

The provisions for contingencies were set up to cover probable losses on administrative and legal proceedings related to civil, tax and labor matters, at an amount deemed sufficient by management, based on the opinion of its attorneys and legal advisors.

<u>Contingencies with likelihood of loss rated as possible</u>

The Company is a defendant in various tax, administrative, labor and civil proceedings, whose likelihood of loss is assessed by its legal advisors as possible, estimated at R$133,531 at December 31, 2020 (R$102,224 at December 31, 2019), as follows:

(In thousands of reais, unless otherwise stated)

17. Provision for contingencies and judicial deposits (Continued)

17.1. Provision for contingencies (Continued)

Contingencies with likelihood of loss rated as possible (Continued)

	Consolidated	
	December 31, 2020	**December 31 2019**
Tax	**98,602**	67,568
Civil and administrative	**28,080**	28,303
Labor	**6,849**	6,353
Total	**133,531**	102,224

Tax

ITBI (Property Transfer Tax) collection arising from full merger of companies that own properties. The disputes regarding the collection of this tax are concentrated in the municipalities of São Paulo (R$6,332), Belo Horizonte (R$13,968), and Brasília until December; in all cases, the Company claims acknowledgment of non-collection of ITBI based on the provisions of article 37, paragraph 4, of the Brazilian Tax Code.

The outcome of disputes in Brasília was unfavorable at the appellate level and at the board of tax appeals. In October 2017, a full deposit of the tax credit related to this debt was made, in order to maintain the suspension of the requirement to pay the tax during the Tax Enforcement process, while awaiting judgment by the Federal Supreme Court (STF). In December 2020, the Company decided to join the local Tax Installment Payment Program (REFIS) for discharge of specific local debts, and gave up its right to an appeal. It should be noted that the Company joining REFIS does not affect the discussion at the other municipalities (São Paulo and Belo Horizonte), as the decisions of the High Courts have not discussed this matter, they merely addressed secondary procedural matters. After the settlement of debts at discount under the local REFIS and the approval of withdrawals made at the Federal Supreme Court in December 2020, the Company requested an assessment of judicial deposits related to the lawsuits, amounting to R$5,276, which is expected for January to February 2021.

The City of São Paulo issued four tax delinquency notices. The discussion at the administrative level ended unfavorably to the Company and is currently at the Judiciary Branch, with four tax enforcement actions filed and already stayed. The amounts are guaranteed by guarantee insurance policies. To date, the decisions awarded have been unfavorable to the Company, considering the stays of execution for tax enforcement unfounded, and the Company has already lodged appeals, which are awaiting judgment.

17. Provision for contingencies and judicial deposits (Continued)

17.1. Provision for contingencies (Continued)

Tax (Continued)

In Belo Horizonte, of the four discussions, two are at the administrative court awaiting analysis of the petition against collection of ITBI and of the appeal lodged at the Brazilian IRS judgment office. The other two discussions were closed at the administrative courts and are now at legal courts. Two Writ of Mandamus were filed by the Company as well as a tax enforcement action by the City Administration of Belo Horizonte. In the first Writ of Mandamus, after an unfavorable sentence and decision at the appellate level, appeals have been lodged at the High Court and the Supreme Court. The High Court of Justice accepted the appeal, but the Supreme Court did not accept it, alleging that this matter is not a constitutional matter. An interlocutory appeal has been filed, which is yet to be sent for examination by the Higher Courts in Brasilia. In the second writ of mandamus, there was a favorable injunction (suspended by the Court) that was revoked by the local Court (the Court of Justice of Minas Gerais State), and the parties are currently awaiting the issue of a lower court decision. The tax enforcement action is currently suspended by virtue of the lower court decision. Thus far, there has been no need to provide a guarantee.

The Company also has a discussion at the administrative level referring to social security contributions, totaling R$7,413. The tax authority issued a tax delinquency notice requesting social security contributions on amounts referring to the Company's stock option plan. The decision at the lower administrative level was unfavorable and the Company filed a voluntary appeal. The appeal was denied in June 2019 with publication of the Decision. The Company filed motions for clarification. In March 2020, the appeal to the High Court of Justice was partially accepted. An interlocutory appeal was filed against the party receiving the unfavorable decision, which was denied. The Company is currently awaiting the decision of the Superior Board of Tax Appeals.

A tax notice was issued in January 2018 for income and social contribution taxes, PIS and COFINS levied on the land purchase and sale transaction for the construction of a Company’s project amounting to R$ 3,876. An appeal was filed and is awaiting decision at the lower level.

In April 2019, a tax assessment notice was served by the Rio de Janeiro City Government (R$58,631) referring to collection of Service Tax (ISS) on certain revenues/reimbursement of expenses and other matters. The Company challenged the tax assessment and such challenge was denied at the lower level. A voluntary appeal was filed as well as a petition presenting a proposal for settlement, pursuant to the Rio de Janeiro City tax settlement program *Concilia-Rio*. The Company is currently awaiting judgment of the voluntary appeal.

17. Provision for contingencies and judicial deposits (Continued)

17.1. Provision for contingencies (Continued)

Civil, administrative and labor

The Company is a party to various civil, administrative and labor claims, none of which is considered individually material.

Others

In 2013, the Brazilian Board of Tax Appeals (CARF) canceled tax assessment notices served by the Brazilian IRS against the Company, regarding the use of goodwill in the context of a corporate restructuring in 2007. The decision was unanimous (6x0) and, on that occasion, the Office of the Attorney General of the National Treasury did not appeal to the Superior Board of Tax Appeals. The Company disclosed a Release to the Market on the matter on December 11, 2013.

In 2018, the Company became aware of inquiries about the performance of one of the six members of CARF panel that analyzed the matter. In this context, expenses incurred by the Company with the engagement of a law firm to work on the referred to judgment were disallowed by the Income Tax Audit, and the Company was served a notice amounting to R$3.3 million. The Company paid, under protest, R$2.5 million, with 50% fine reduction applied by the Department of Finance, and lodged a suit to recover these unduly paid amounts, as it disagrees with the notice.

As soon as it became aware of the inquiries above, the Company started an internal analysis for which renowned professionals were engaged to analyze the issue in an in-depth and comprehensive manner.

This analysis was conducted by a specialized Law Firm, supported by an international firm specialized in forensic audit. The internal analysis concluded that there was no proof that the Company or its management members participated in any irregular acts related to this tax notice.

(In thousands of reais, unless otherwise stated)

17. Provision for contingencies and judicial deposits (Continued)

17.1. Provision for contingencies (Continued)

Others (Continued)

On 12 February 2020, CARF rejected the annulment of the Decision, and cancelled the tax assessment notices. Against this trial, the Office of the Attorney General of the National Treasury filed an Administrative Appeal on April 3, 2020. The Company submitted an appellate brief in due course.

17.2. Judicial deposits

	Individual			
Judicial deposits	**December 31, 2019**	**Additions**	**Write-offs**	**December 31, 2020**
PIS and COFINS (a)	101	**-**	**-**	**101**
ITBI (b)	4,695	**-**	**-**	**4,695**
Civil	21,353	**7,612**	**(2,380)**	**26,585**
Labor	5,249	**77**	**(6)**	**5,320**
Other	463	**1**	**(8)**	**456**
	31,861	**7,690**	**(2,394)**	**37,157**

	Individual			
Judicial deposits	**December 31, 2018**	**Additions**	**Write-offs**	**December 31, 2019**
PIS and COFINS (a)	1,794	1,711	(3,404)	101
ITBI (b)	4,695	-	-	4,695
Civil	19,212	7,322	(5,181)	21,353
Labor	4,529	720	-	5,249
Other	447	16	-	463
	30,677	9,769	(8,585)	31,861

	Consolidated				
Judicial deposits	**December 31, 2019**	**Acquisition Manati (c)**	**Additions**	**Write-offs**	**December 31, 2020**
PIS and COFINS (a)	821	**-**	**-**	**-**	**821**
ITBI (b)	4,695	**-**	**-**	**-**	**4,695**
Civil	22,614	**-**	**7,991**	**(3,991)**	**26,614**
Labor	5,723	**-**	**77**	**(7)**	**5,793**
Other	995	**48**	**1,067**	**(283)**	**1,827**
	34,848	**48**	**9,135**	**(4,281)**	**39,750**

(In thousands of reais, unless otherwise stated)

17. Provision for contingencies and judicial deposits (Continued)

17.2. Judicial deposits (Continued)

	Consolidated			
Judicial deposits	**December 31, 2018**	**Additions**	**Write-offs**	**December 31, 2019**
PIS and COFINS (a)	2,514	2,388	(4,081)	821
ITBI (b)	4,695	-	-	4,695
Civil	20,304	7,767	(5,457)	22,614
Labor	4,916	1,105	(298)	5,723
Other	978	17	-	995
	33,407	11,277	(9,836)	34,848

(a) Refers essentially to a deposit made to suspend the payment of PIS and COFINS debts and to obtain the Debt Clearance Certificate. The matter currently awaits distribution and trial at the High Court of Justice (STJ).

(b) In October 2017, a full deposit of the ITBI tax credit was made in Brasilia, as mentioned under the item Tax of Note 17.1.

(c) Refer to business combination (Note 1).

18. Deferred revenue and costs

	December 31, 2020		December 31, 2019	
	Individual	**Consolidated**	**Individual**	**Consolidated**
Revenue from key money	**48,453**	**73,998**	49,726	72,890
Unallocated cost of sales (a)	**(86,518)**	**(129,907)**	(100,200)	(160,347)
Other revenues	**1,111**	**1,111**	1,164	1,164
	(36,954)	**(54,798)**	(49,310)	(86,293)
Current assets	**(26,056)**	**(41,921)**	(24,998)	(41,741)
Noncurrent assets	**(60,462)**	**(87,987)**	(75,203)	(118,606)
Current liabilities	**13,167**	**17,317**	14,310	18,436
Noncurrent liabilities	**36,397**	**57,793**	36,579	55,618

(a) Refers to cost related to brokerage of key money and tenant allowance. The tenant allowance is an incentive offered by the Company to some storeowners for them to settle down in a property of the Multiplan Group. Appropriation of these amounts is recognized in the statement of profit or loss for the year, with deduction in "Revenue from key money".

(In thousands of reais, unless otherwise stated)

19. Equity

a) Capital

At December 31, 2020 and 2019, the Company's capital comprised 600,760,875 common and preferred shares, registered and book-entry, with no par value.

The Company is authorized to increase its capital, without the need to amend its articles of incorporation, up to the limit of 210,038,121 new common shares, as resolved by the Board of Directors, which has the authority to determine, in each case, the number of shares to be issued, place of distribution, manner of distribution (public or private), issue price, and other conditions for payment within the authorized limit.

	Number of shares					
	December 31, 2020			December 31, 2019		
Shareholder	Common shares	Preferred shares	Total	Common shares	Preferred shares	Total
Multiplan Planejamento, Participações e Administração S.A.	**126,371,349**	**-**	**126,371,349**	126,371,349	-	126,371,349
1700480 Ontário Inc.	**128,841,603**	**35,575,041**	**164,416,644**	128,841,603	35,575,041	164,416,644
José Isaac Peres	**21,008,048**	**-**	**21,008,048**	22,453,673	-	22,453,673
Maria Helena Kaminitz Peres	**7,379,268**	**-**	**7,379,268**	7,379,268	-	7,379,268
Outstanding shares	**274,181,645**	**-**	**274,181,645**	275,848,567	-	275,848,567
Board of Directors and Executive Board	**81,076**	**-**	**81,076**	471	-	471
Total outstanding shares	**557,862,989**	**35,575,041**	**593,438,030**	560,894,931	35,575,041	596,469,972
Treasury shares	**7,322,845**	**-**	**7,322,845**	4,290,903	-	4,290,903
Total shares issued	**565,185,834**	**35,575,041**	**600,760,875**	565,185,834	35,575,041	600,760,875

b) Effect on capital transactions

On February 9, 2012, subsidiary Morumbi Business Center Empreendimento Imobiliário Ltda. acquired 77,470,449 units of interest representing 41.958% of the capital of subsidiary MPH Empreendimento Imobiliário Ltda. for R$175,000, paid in cash. Then, a member withdrew from MPH Empreendimento Imobiliário Ltda., reducing its capital by 16.084%, by canceling all its units of interest and returning the net assets representing such interest. These two transactions resulted in a R$128,337 reduction of non-controlling interest in the consolidated financial statements. In view of the foregoing, Morumbi Business Center Empreendimento Imobiliário Ltda. and Multiplan Empreendimentos Imobiliários S.A. each became holders of 50% interest in MPH Empreendimento Imobiliário Ltda. As a result of the acquisition by Morumbi Business Center Empreendimento Imobiliário Ltda. and withdrawal of a MPH Empreendimento Imobiliário S.A. member, the effects of said transaction, amounting to R$89,996, were recorded in equity.

19. Equity (Continued)

c) Treasury shares

The Company acquired 31,264,200 common shares up to December 31, 2020 (26,203,500 through December 31, 2019). Up to December 31, 2020, 23,941,355 shares (21,912,597 shares through December 31, 2019) were used to settle the exercise of stock options. The balance of treasury shares as at December 31, 2020 is 7,322,845 shares (4,290,903 shares at December 31, 2019). In the twelve-month period ended December 31, 2020, shares amounting to R$105,974 were repurchased. See Note 20 for more details.

As at December 31, 2020, the percentage of outstanding shares (shares issued except treasury shares, shares held by management and board, controlling shareholders and related persons is 46.15% (45.92% at December 31, 2019). Treasury shares were acquired at a weighted average cost of R$20.89 (in reais), at a minimum cost of R$3.27 (in reais), and at a maximum cost of R$24.65 (in reais). The closing price of the shares calculated based on the last quotation prior to the end of the year was R$19.43 (in reais). In 2019, treasury shares were acquired at a weighted average cost of R$20.78 (in Reais), at a minimum cost of R$3.27 (in Reais), and at a maximum cost of R$24.65 (in Reais). The closing price of the shares calculated based on the last quotation prior to the end of the year was R$28.85 (in reais).

d) Dividends and interest on equity

Pursuant to article 39, item (c), of the Company's articles of incorporation, annual mandatory minimum dividend is 25% of net income for the year, adjusted under the terms of the Brazilian Corporation Law. Distribution of dividends or interest on equity is specifically approved by the Company's Board of Directors, as set forth in the law and article 22 item (g) of the Company's Articles of Incorporation.

Under article 39, paragraph 3 of the Company's Articles of Incorporation, mandatory minimum dividend will not be paid in the year in which Company management bodies inform to the Annual Shareholders' Meeting that such payment is incompatible with the Company's financial position, and it is thereby agreed that the Supervisory Board, if active, will issue an opinion on this matter. Any dividends retained will be paid when the Company's financial position permits.

Interest on equity approved in 2020

On December 21, 2020, the Board of Directors approved, with a favorable report from the Supervisory Board, the payment of interest on equity in the gross amount of R$270,000 assigned to the Company's shareholders registered as such on December 28, 2020, corresponding to R$0.45497589698 per share, before 15% withholding income tax, except for shareholders who are tax-exempt or tax-immune, as set forth in the applicable laws. This amount will be paid to the Company's shareholders by December 30, 2021.

(In thousands of reais, unless otherwise stated)

19. **Equity** (Continued)

d) Dividends and interest on equity (Continued)

Interest on equity approved in 2020 (Continued)

	2020	%
Net income for the year	**965,070**	
Allocation to legal reserve	**(48,254)**	
Net income after deduction of the legal reserve	**916,816**	**100%**
Interest on equity approved, net of taxes	**237,000**	**25.85%**

Interest on equity approved in 2019

On June 24, 2019, the Board of Directors approved, with a favorable report from the Supervisory Board, the payment of interest on equity in the gross amount of R$110,000 assigned to the Company's shareholders registered as such on June 27, 2019, corresponding to R$0.18458448946 per share, before 15% withholding income tax, except for shareholders who are tax-exempt or tax-immune, as set forth in the applicable laws. This amount was paid to the Company's shareholders on October 22, 2019.

On September 25, 2019, the Board of Directors approved, with a favorable report from the Supervisory Board, the payment of interest on equity in the gross amount of R$80,000 assigned to the Company's shareholders registered as such on September 30, 2019, corresponding to R$0.13417101396 per share, before 15% withholding income tax, except for shareholders who are tax-exempt or tax-immune, as set forth in the applicable laws. This amount was paid to the Company's shareholders on October 23, 2020.

On December 23, 2019, the Board of Directors approved, with a favorable report from the Supervisory Board, the payment of interest on equity in the gross amount of R$90,000 assigned to the Company's shareholders registered as such on December 30, 2019, corresponding to R$0.15088772985 per share, before 15% withholding income tax, except for shareholders who are tax-exempt or tax-immune, as set forth in the applicable laws. This amount was paid to the Company's shareholders on October 23, 2020.

	2019	%
Net income for the year	471,123	
Allocation to legal reserve	(23,556)	
Net income after deduction of the legal reserve	447,567	100%
Interest on equity approved, net of taxes	244,130	55%

20. Share-based payment

a) Stock option plan (equity settled)

The Special General Shareholders' Meeting held on July 6, 2007 approved a Stock Option Plan to its management, employees and service providers or those of other entities under the Company's control.

On January 9, 2020, Chief Executive Officer, Mr. José Isaac Peres, exercised 1,500,000 stock options, amounting to R$32,400, which was recorded in equity.

As at December 31, 2020, 23,412,597 stock options were exercised. All options exercised were settled through common shares of the Company. As at December 31, 2020, there was no balance of stock options granted and not exercised.

b) Phantom Stock Option Program

The Company's First Long-Term Incentive Plan was approved at the Board of Directors' meeting held on July 29, 2015. It establishes the terms and conditions for payment of a cash premium with reference to the valuation of shares issued by the Company to certain management members, employees and service providers or those of other entities under its control. The right to receive this premium is represented by investment units, and the Board of Directors is responsible for electing participants and for authorizing the granting of investment units.

Phantom 1: on July 29, 2015, the Board of Directors approved the granting, for 2015, of 7,502,949 investment units (equivalent to 2,500,983 investment units prior to the split) to elected participants. Of this total, 383,914 investment units (equivalent to 127,971 investment units prior to the split) were granted to employees that left the Company before the vesting period.

Phantom 2: on September 21, 2016, the Board of Directors approved the granting, for 2016, of 7,502,250 investment units (equivalent to 2,500,750 investment units prior to the split) to elected participants. Of this total, 714,003 investment units (equivalent to 238,001 investment units prior to the split) were granted to employees that left the Company before the vesting period.

(In thousands of reais, unless otherwise stated)

20. Share-based payment (Continued)

b) Phantom Stock Option Program (Continued)

In 2017, 2018, 2019 and 2020, no investment units were granted.

These investment units may be redeemed by participants in three distinct tranches, within the maximum period of six years as from the respective grant date. The vesting period will be of up to two years, with redemption of 33.4% after the second anniversary, 33.3% after the third anniversary, and 33.3% after the fourth anniversary.

The cash amount to be disbursed in relation to investment units is based on the increase in the Company's share price between the grant date and redemption period.

Details of liabilities deriving from the investment units are as follows:

	Consolidated
Balances at December 31, 2019	41,600
Restatement	**(23,263)**
Charges	**(5,403)**
Payments	**(8,113)**
Balances at December 31, 2020	**4,821**

i) *Fair value measurement*

The weighted average fair value of investment units was estimated using the Black-Scholes option pricing model. The Dividend Yield was based on Company's internal models considering the maturity of each investment unit. The Company did not consider the early redemption of investment units and any market condition other than the assumptions below.

(In thousands of reais, unless otherwise stated)

20. Share-based payment (Continued)

b) Phantom Stock Option Program (Continued)

i) *Fair value measurement* (Continued)

Fair value on the grant date was calculated considering the following assumptions:

	Fair value on the grant date							
	Reference value (R$) (1)	**Share price (R$) (2)**	**Restatement index**	**Number**	**Volatility MULT3 (3)**	**Risk-free rate**	**Average expiry**	**Fair value**
Phantom 1	15.57	15.42	IPCA	7,502,949	5.5% to 5.8%	11.3% to 12.3%	3.00 years	R$1.89
Phantom 2	20.46	20.49	IPCA	7,502,250	5.9% to 6.5%	10.7% to 11.5%	3.00 years	R$2.62

(1) The investment units' reference value on grant date corresponds to average quotation of the Company's shares on BM&FBOVESPA, calculated by dividing the financial volume by the number of traded shares accumulated in 20 trading sessions immediately prior to their calculation base date.

(2) Share price corresponds to average of 20 trading sessions prior to the closing date of the quarter.

(3) Volatility used in this model was based on MULT3 historical standard deviation in the appropriate period.

The fair value at the reporting date was calculated based on the following assumptions:

	Fair value at December 31, 2020							
	Reference value (R$)	**Share price (R$)**	**Restatement index**	**Number**	**Volatility MULT3**	**Risk-free rate**	**Average expiry**	**Average fair value**
Phantom 1	**15.57**	**27.03**	**IPCA**	**7,170,733**	**Mark-to-market**	**Mark-to-market**	**0 year**	**R$6.65**
Phantom 2	**20.46**	**24.53**	**IPCA**	**7,083,000**	**Mark-to-market**	**Mark-to-market**	**0 year**	**R$2.40**

(In thousands of reais, unless otherwise stated)

20. Share-based payment (Continued)

b) Phantom Stock Option Program (Continued)

i) *Fair value measurement* (Continued)

Additional information on the Long-Term Incentive Plan relating to investment units:

	Number	Price (1) (R$)
Grant		
Total balance of investment units granted at December 31, 2017	14,957,199	19.46
Total balance of investment units granted at December 31, 2018	14,253,734	20.25
Total balance of investment units granted at December 31, 2019	14,098,639	20.90
Total balance of investment units granted at December 31, 2020	**13,907,282**	**21.85**
Investment units granted in 2017	-	-
Investment units granted in 2018	-	-
Investment units granted in 2019	-	-
Investment units granted in 2020	**-**	**-**
Exercise		
Total balance of investment units exercised at December 31, 2017	2,580,828	17.44
Total balance of investment units exercised at December 31, 2018	2,789,919	17.51
Total balance of investment units exercised at December 31, 2019	9,617,559	19.26
Total balance of investment units exercised at December 31, 2020	**10,520,392**	**19.56**
Investment units exercised in 2017	2,444,379	17.46
Investment units exercised in 2018	209,091	18.33
Investment units exercised in 2019	6,827,640	19.98
Investment units exercised in 2020	**902,833**	**22.72**
Expired		
Total balance of investment units expired at December 31, 2017	2,671,704	17.45
Total balance of investment units expired at December 31, 2018	7,286,940	19.27
Total balance of investment units expired at December 31, 2019	11,791,698	19.91
Total balance of investment units expired at December 31, 2020	**13,907,282**	**20.60**
Investment units expired in 2017	2,444,379	17.46
Investment units expired in 2018	4,615,237	20.31
Investment units expired in 2019	4,504,758	20.96
Investment units expired in 2020	**2,167,580**	**23.85**
Not redeemed		
Total balance of investment units not redeemed at December 31, 2017	12,376,371	19.83
Total balance of investment units not redeemed at December 31, 2018	11,463,815	20.69
Total balance of investment units not redeemed at December 31, 2019	4,481,080	22.78
Total balance of investment units not redeemed at December 31, 2020	**3,386,891**	**23.85**

(1) Price set by the end of the period or the date of exercise.

20. Share-based payment (Continued)

b) Phantom Stock Option Program (Continued)

ii) *Revenue (expense) recognized in profit or loss*

At December 31, 2020, the amount of R$26,879 (R$50,792 at December 31, 2019) was recognized in profit or loss, of which -R$11,794 (R$1,357 at December 31, 2019) refers to management's portion.

c) Restricted Stock Option Plan (Restricted Stock Unit)

The Special General Shareholders' Meeting held on July 20, 2018 approved the Company's Restricted Stock Option Plan, which establishes the terms and conditions for the granting of common shares issued by the Company, subject to certain restrictions, to Company management members, employees and service providers, or those of other entities under its control.

The referred to Plan is managed by the Board of Directors, which will be in charge of approving participants to whom the restricted stock units will be granted.

The rights of participants in relation to restricted stock units will only be fully vested if they remain continuously related to the Company or the entity under its control, as applicable, for the period between the date of approval of the respective grant by the Company's Board of Directors and the vesting dates determined in the respective programs, as defined by the Board of Directors.

The total number of Restricted Stock Units not fully acquired, considering all grants under the Plan, may not exceed, at any time, 3% of the shares representing the Company's total capital.

In addition, the maximum number of Restricted Stock Units that may be granted by the Board of Directors annually shall be limited to 0.5% of the shares representing the Company's total capital.

20. Share-based payment (Continued)

c) Restricted Stock Option Plan (Restricted Stock Unit) (Continued)

Plan 1: on August 15, 2018, the Board of Directors approved the granting, for 2018, of 2,197,500 restricted stock units to elected participants. Of this total, 76,875 units were granted to employees that left the Company before the vesting period. The rights of participants in relation to restricted stock units will only be fully vested if they remain continuously related to the Company or the entity under its control, in the period between the date of grant and vesting period that will be up to five years, with releases of 25.0% on the second anniversary, 25.0% on the third anniversary, 25.0% on the fourth anniversary and 25.0% on the fifth anniversary. In August 2020, 618,750 Restricted Stock Units were released, of which 84,375 Restricted Stock Units had their grace period reduced for releases on the second anniversary.

Plan 2: on November 20, 2019, the Board of Directors approved the granting, for 2019, of 1,538,250 restricted stock units to elected participants. Of this total, 14,000 units were granted to employees that left the Company before the vesting period. The rights of participants in relation to restricted stock units will only be fully vested if they remain continuously related to the Company or the entity under its control, in the period between the date of grant and vesting period that will be up to five years, with releases of 25.0% on the second anniversary, 25.0% on the third anniversary, 25.0% on the fourth anniversary and 25.0% on the fifth anniversary. In August 2020, 73,500 Restricted Stock Units were released, of which 73,500 Restricted Stock Units had their grace period reduced for releases in August 2020.

Plan 3: on October 15, 2020, the Board of Directors approved the granting, for 2020, of 2,329,000 restricted stock units to elected participants. The rights of participants in relation to restricted stock units will only be fully vested if they remain continuously related to the Company or the entity under its control, in the period between the date of grant and vesting period that will be up to five years, with releases of 25.0% on the second anniversary, 25.0% on the third anniversary, 25.0% on the fourth anniversary and 25.0% on the fifth anniversary.

i) *Fair value measurement*

The weighted average fair value of the Restricted Stock Units was estimated according to the market price of each tranche on the grant date and discounted from the expectation of future dividends which the elected participants will not be entitled to receive during the vesting period. The expectation of future dividends was based on Company internal models for maturity dates of each tranche of the Restricted Stock Unit plan.

(In thousands of reais, unless otherwise stated)

20. Share-based payment (Continued)

c) Restricted Stock Option Plan (Restricted Stock Unit) (Continued)

i) *Fair value measurement* (Continued)

Fair value on the grant date was calculated considering the following assumptions:

	Fair value on the grant date					
	Grant date	**Reference value (R$) (1)**	**Number of units granted**	**Discount rate (2)**	**Expectation of future dividends (3)**	**Fair value**
Plan 1	08/15/2018	R$18.92	2,197,500	7.25% to 7.70%	(R$1.49)	R$17.43
Plan 2	11/20/2019	R$28.71	1,538,250	4.50% to 6.50%	(R$1.60)	R$27.11
Plan 3	10/15/2020	R$21.20	2,329,000	2.00% to 6.00%	(R$1.81)	R$19.39

(1) The reference value of the Restricted Stock Units on the grant date corresponds to the closing price of the Company's shares on BM&FBOVESPA on the trading floor on the grant date.

(2) The discount rate refers to the weighted average market expectations for the Selic rate for the vesting periods of each tranche, available in the Central Bank of Brazil (BACEN) Market Expectations System.

(3) The expectation of future dividends is the weighted average of the present value of the annual expectation of dividends in accordance with the Company's internal models, brought to present value according to the discount rates based on market expectations for the Selic rate for the vesting periods of each tranche.

(4) The average fair value is the result of the weighted average fair value of each of the four tranches of the program.

ii) *Vesting conditions*

The number of units granted on the grant date was adjusted to reflect potential losses and cancellations of Restricted Stock Units resulting from vesting conditions, according to the Company's history.

The net amount of cancellations was calculated considering the assumptions listed below:

	Vesting conditions on grant date			
	Grant date	**Number of units granted**	**Cancellation rate (1)**	**Number of units granted considered after cancellations**
Plan 1	08/15/2018	2,197,500	-5.79%	2,070,245
Plan 2	11/20/2019	1,538,250	-5.79%	1,449,172
Plan 3	10/15/2020	2,329,000	-5.79%	2,194,130

(1) The cancellation rate was calculated in accordance with the losses and cancellations of the eight stock option plans (equity settled) granted between December 20, 2007 and April 16, 2014.

(In thousands of reais, unless otherwise stated)

20. Share-based payment (Continued)

c) Restricted Stock Option Plan (Restricted Stock Unit) (Continued)

iii) *Recognition in equity and profit or loss*

As at December 31, 2020, the effect related to the recognition of restricted stock units in equity was R$24,267, with R$23,527 and R$739 in profit or loss, in expenses capitalized on investment property (R$15,314 at December 31, 2019, with R$14,752 and R$563 in profit or loss, in expenses capitalized on investment property). It should be noted that of the total effect of R$24,267 of the restricted stock units, R$12,444 (R$4,524 at December 31, 2019) refers to the management portion.

21. Net operating revenue

	December 31, 2020		December 31, 2019	
	Individual	**Consolidated**	**Individual**	**Consolidated**
Gross operating revenue from sales and services:				
Stores leased	**727,192**	**978,100**	826,422	1,100,886
Parking lots	**62,057**	**114,543**	122,770	219,282
Services	**64,928**	**67,342**	119,204	115,127
Key money	**3,648**	**(6,340)**	(559)	(11,736)
Sale of property	**5,259**	**6,649**	2,468	1,808
Other	**6,423**	**9,283**	4,934	9,670
	869,507	**1,169,576**	1,075,239	1,435,037
Taxes and contributions on sales and services	**(48,249)**	**(88,000)**	(94,712)	(129,450)
Net operating revenue	**821,258**	**1,081,576**	980,527	1,305,587

The gross operating revenue from sales and services as at December 31, 2020 was impacted by Covid-19. This impact was due to a reduction in the flow of cars, condominium costs and sale at the Company's properties. Additionally, revenue from lease of stores has been impacted by a condition offered to customers for them to remain compliant with their obligations.

(In thousands of reais, unless otherwise stated)

22. Other operating income (expenses), net

On May 14, 2020, the Company accepted the Proposal sent by BTG Pactual Gestora De Recursos Ltda. for the full acquisition of Diamond Tower, a building that is part of Morumbi Corporate Towers, by Fundo de Investimento Imobiliário - FII BTG Pactual Corporate Office Fund, one of the funds managed by BTG Pactual Gestora de Recursos Ltda. The sale price was R$810,000, paid in full on the date of the definitive deed of purchase and sale, July 24, 2020. As a result, the Company reclassified the amount of R$200,333 from Investment Properties to Noncurrent Assets Held for Sale in June 2020, and then derecognized it due to the aforementioned sale. Additionally, together with the deed of purchase and sale of the building, a commitment of guaranteed minimum monthly income in the amount of R$4,893 was entered into for the 24 months subsequent to the date of acquisition, limited to the fixed amount of R$22,000. The proceeds from the sale totaled R$574,336, recorded under “Other operating income (expenses),net” as follows:

Revenue from sale of properties	810,000
Cost of properties sold	(200,333)
Provision for guaranteed minimum income	(22,000)
Cost of lease contracts	(10,970)
Borrowing costs	(2,361)
Profit or loss from the sale	574,336

Furthermore, as a result of the sale of Diamond Tower, the Company recorded R$54,507 corresponding to IRPJ, CSLL, PIS and COFINS, using the taxable profit computed as percentage of gross revenue regime (*lucro presumido*). The Company’s understanding was supported by the opinion of external lawyers and the current tax rules.

In order to confirm this tax procedure, the Company made a formal inquiry to the Brazilian Internal Revenue Service whereby it requested the agency to express its understanding about the appropriate tax treatment for the sale of Diamond Tower. The Company is awaiting a response from the Brazilian Internal Revenue Service. There have been no changes up to this date.

Amendments to the tax legislation as well as court decisions supporting a modification in the external lawyers’ opinion may, in the future, result in an additional provision for taxes of R$149,867 in profit or loss.

The bargain purchase gain from the acquisition of the remaining 50.0% interest in Manati Empreendimentos e Participações S.A., amounting to R$73,169, was also accounted for in “Other operating income (expenses), net”, as detailed in Note 1.

(In thousands of reais, unless otherwise stated)

23. Breakdown of costs and expenses by nature

During the years ended December 31, 2020 and 2019, the Company incurred in the following costs and expenses:

Costs: arising from the interest held in the civil condominiums of shopping malls in operation, costs on depreciation of investment properties and cost of properties sold.

	Cost of services rendered and properties sold			
	December 31, 2020		December 31, 2019	
	Individual	Consolidated	Individual	Consolidated
Services	**(3,613)**	**(3,807)**	(5,108)	(5,445)
Parking lot	**(586)**	**(4,267)**	-	(4,533)
Properties (charges, IPTU, rental, condominium)	**(29,563)**	**(46,330)**	(29,424)	(40,960)
Occupancy cost	**(1)**	**(1)**	(6)	(6)
Other costs	**(8,592)**	**(15,118)**	(7,798)	(17,254)
Cost of properties sold	**(1,426)**	**(4,156)**	(2,428)	(1,515)
Depreciation and amortization	**(112,713)**	**(201,101)**	(111,189)	(202,462)
Total	**(156,494)**	**(274,780)**	(155,953)	(272,175)
Costs:				
Services rendered	**(155,068)**	**(270,624)**	(153,525)	(270,660)
Properties sold	**(1,426)**	**(4,156)**	(2,428)	(1,515)
Total	**(156,494)**	**(274,780)**	(155,953)	(272,175)

(In thousands of reais, unless otherwise stated)

23. Breakdown of costs and expenses by nature (Continued)

The breakdown of these expenses into their main categories is as follows:

- Headquarters: expenses with personnel (administrative, operational and development) of Multiplan Group's headquarters and branches, in addition to expenditures on corporate marketing, outsourcing and travel.
- Properties: expenses on civil condominium of properties in operation, including ADA.
- Projects for lease: pre-operating expenses relating to real estate projects and shopping mall expansion.
- Projects for sale: pre-operating expenses arising from real estate projects for sale.

	Administrative and project-related expenses			
	December 31, 2020		December 31, 2019	
	Individual	Consolidated	Individual	Consolidated
Personnel	**(86,032)**	**(86,426)**	(89,872)	(90,690)
Services	**(20,749)**	**(26,066)**	(25,477)	(31,593)
Marketing	**(10,980)**	**(13,179)**	(17,735)	(28,270)
Travel	**(1,943)**	**(1,977)**	(4,456)	(5,147)
Properties	**(47,435)**	**(76,295)**	(2,990)	(15,781)
Occupancy cost	**(3,274)**	**(4,178)**	(4,513)	(5,859)
Social security contribution	**(14,994)**	**(15,024)**	(16,304)	(16,367)
Other	**(12,932)**	**(14,563)**	(44,018)	(58,366)
Total	**(198,339)**	**(237,708)**	(205,365)	(252,073)
Expenses:				
Administrative expenses – headquarters	**(138,370)**	**(139,401)**	(158,702)	(160,085)
Administrative expenses – properties	**(54,361)**	**(82,232)**	(42,608)	(70,221)
Expenses with projects for lease	**(4,423)**	**(10,851)**	(2,264)	(14,982)
Expenses with projects for sale	**(1,185)**	**(5,224)**	(1,791)	(6,785)
Total	**(198,339)**	**(237,708)**	(205,365)	(252,073)

(In thousands of reais, unless otherwise stated)

24. Finance income (costs), net

	December 31, 2020		December 31, 2019	
	Individual	Consolidated	Individual	Consolidated
Short-term investment income	**20,434**	**31,198**	37,150	49,602
Interest and monetary difference on loans, financing and debentures	**(101,548)**	**(127,530)**	(157,508)	(207,054)
Gain on derivatives	**7,444**	**7,444**	170	170
Interest on real estate projects	**(303)**	**3,525**	1,408	5,734
Bank fees and other charges	**(7,555)**	**(9,551)**	(4,516)	(6,829)
Monetary gains	**1,339**	**11,900**	1,220	1,735
Loss on derivatives	**-**	**-**	(124)	(124)
Fine and interest on lease and key money - shopping mall	**5,963**	**7,263**	9,081	11,355
Fine and interest on tax assessment notices	**(600)**	**(849)**	(573)	(615)
Interest on transaction with related parties	**1,123**	**1,332**	983	1,118
Interest and monetary difference on obligations for asset acquisitions	**(7,396)**	**(9,277)**	(489)	(1,531)
Other	**3,705**	**8,425**	(462)	925
Total	**(77,394)**	**(76,120)**	(113,660)	(145,514)

25. Segment information

For managerial purposes, the Company recognizes four business segments (described below) that account for its revenues and expenses. Segment reporting is required since margins, revenue and expense recognition and deliverables are different among them. Profit or loss was calculated considering only the Company's external customers.

a) Properties for lease

This refers to the Company's share in the civil condominium of shopping malls and their respective parking lots, as well as real estates for lease. This is the Company's major revenue-generating segment, accounting for 93% of its gross revenue for the year ended December 31, 2020. The determining factor for the amount of revenue and expenses in this segment is the Company's share in each venture. Its revenues and expenses are described below:

Lease revenue

This refers to amounts collected by mall owners (the Company and its shareholders) in connection with the areas leased in their shopping malls and commercial projects. The revenue includes four types of lease: minimum lease (based on a commercial agreement indexed to the IGP-DI), supplementary lease (percentage of sales made by storeowners), merchandising (lease of an area in the mall) and straight-line lease revenue (excludes the volatility and seasonality of minimum lease revenue).

25. Segment information (Continued)

a) Properties for lease (Continued)

Parking lot revenues

Revenue from payments made by customers for the time their vehicles are parked in the parking lot.

Expenses

Include expenses on vacant areas, contributions to the promotion fund, legal fees, lease, parking, brokerage fees, and other expenses arising from the interest held in the venture.

As owners of the properties where the shopping malls in which the Company holds interest are located (or cases in which the ownership of the property stems from the lease agreement), the Company is subject to the payment of any additional expenses that are not routine and, therefore, are the condominium's responsibility. The Company is also subject to expenses and costs arising from legal actions necessary for the collection of past due leases, lawsuits in general (eviction, lease renewal or review, among others). Maintenance and operating expenses (common condominium expenses) of the project are the responsibility of storeowners.

Other

Includes depreciation expenses.

The shopping mall assets substantially comprise investment properties of operational shopping malls and commercial buildings, and lease and parking lot revenue receivable.

b) Real estate for sale

Real estate operations include revenues, cost of properties sold and expenses from the sale of properties normally developed in the surrounding areas of the shopping mall. As previously mentioned, this activity contributes to generating customer flows to the shopping mall, thus increasing its income. Additionally, the appreciation and convenience brought by a shopping mall to its neighborhood enable the Company to minimize risks and increase revenue from properties sold. Revenues derive from the sale of real estate and their related construction costs. Both are recognized based on the percentage of completion (POC) of the construction work. Expenses arise mainly from brokerage and marketing activities.

25. Segment information (Continued)

b) Real estate for sale (Continued)

Finally, "Other" mainly refers to a real estate project that has been recognized in the statements of financial position and of profit or loss in the "Investment" and "Equity pickup" line items, respectively.

Assets in this segment are concentrated in the Company's inventory of land and properties completed and under construction and in accounts receivable.

c) Projects

The operation of projects includes revenues and expenses arising from the development of shopping mall and real estate project for lease. Development costs are recorded in the statement of financial position, but expenses with marketing, brokerage, property taxes (IPTU), feasibility studies and other items are recorded in the Company's statement of profit or loss. Likewise, the Company believes that most of its revenue from Key money derives from projects initiated over the last 5 years (average period to recognize key money revenue), thus resulting from the lease of stores during the construction process.

By developing its own projects, the Company is able to ensure the quality of the ventures in which it will hold interest in the future.

Project assets mainly comprise investment properties under construction and accounts receivable (Key money) from leased stores.

d) Management and other

The Company provides management services to its shareholders and storeowners in consideration for a service fee. Additionally, the Company charges brokerage fees from its shareholders for the lease of stores. Management of its shopping malls is essential for the Company's success and is a major area of concern in the Company. On the other hand, the Company incurs expenses on the Headquarters for these services and others, which are considered solely in this segment. This also includes taxes, finance income and costs and other income and expenses that depend on the Company's structure rather than the operation of each segment previously described. Therefore, this segment presents loss.

This segment's assets mainly comprise the Company's cash, deferred taxes and intangible assets.

(In thousands of reais, unless otherwise stated)

25. Segment information (Continued)

d) Management and other (Continued)

	2020 (Consolidated)				
	Properties for lease	Real estate	Projects	Management and other	Total
Gross revenue	**1,092,643**	**6,649**	**(6,340)**	**76,624**	**1,169,576**
Costs	**(270,624)**	**(4,156)**	**-**	**-**	**(274,780)**
Expenses	**(82,232)**	**(5,923)**	**(10,152)**	**(146,005)**	**(244,312)**
Other	**534,742**	**(25)**	**563**	**(115,434)**	**419,846**
Income before income and social contribution taxes	**1,274,529**	**(3,455)**	**(15,929)**	**(184,815)**	**1,070,330**
Operating assets	**8,165,447**	**642,608**	**737,003**	**1,019,226**	**10,564,284**

	2019 (Consolidated)				
	Properties for lease	Real estate	Projects	Management and other	Total
Gross revenue	1,320,168	1,808	(11,736)	124,797	1,435,037
Costs	(270,660)	(1,515)	-	-	(272,175)
Expenses	(70,221)	(6,785)	(14,983)	(225,629)	(317,618)
Other	(135,179)	10,266	1,168	(162,490)	(286,235)
Income before income and social contribution taxes	844,108	3,774	(25,551)	(263,322)	559,009
Operating assets	7,379,010	638,178	545,641	1,013,920	9,576,749

26. Financial instruments and risk management

The main financial liabilities of the Company refer to loans and financing, trade accounts payable and other accounts payable. The main purpose of these financial liabilities is to finance the Company's operations. The Company's main financial assets include accounts receivable, cash and cash equivalents and short-term investments resulting directly from its operations.

The Company is exposed to capital risk and market risks (such as financial credit risk and service risk, interest rate risk and liquidity risk). Company management oversees management of these risks, assessing and managing them in accordance with the Company's policies. The Company does not participate in derivative trading for speculative purposes.

(In thousands of reais, unless otherwise stated)

26. Financial instruments and risk management (Continued)

26.1. Capital risk management

The Company and its subsidiaries manage their capital in order to continue as a going concern, while maximizing the return of their operations to all stakeholders, through the optimization of the use of debt and equity instruments.

The capital structure of the Company and its subsidiaries comprises net debt (loans and financing, debentures and property acquisition obligations (detailed in Notes 12, 14 and 15, respectively, less cash and cash equivalents and short-term investments (detailed in Note 3)), and the Company equity (which includes the paid-in capital and reserves, as explained in Note 19).

Debt-to-equity ratio is as follows:

	Individual		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Debt (a)	**3,156,396**	2,579,037	**3,378,089**	3,143,930
Cash and cash equivalents and short-term investments	**(644,875)**	(646,474)	**(1,223,414)**	(907,969)
Net debt	**2,511,521**	1,932,563	**2,154,675**	2,235,961
Equity (b)	**6,229,725**	5,587,669	**6,233,023**	5,591,001
Net debt-to-equity ratio	**40.32%**	34.59%	**34.57%**	39.99%

(a) Debt is defined as loans and financing, debentures and property acquisition obligations, current and noncurrent, as detailed in Notes 12, 14 and 15.

Of the total debt defined in item (a) above, R$497,162 refers to the amount classified in the individual financial statements and maturing in the short-term at December 31, 2020 (R$475,673 at December 31, 2019) and R$2,659,234 classified as noncurrent at December 31, 2020 (R$2,103,363 at December 31, 2019). In the consolidated financial statements, at December 31, 2020, R$531,981 is classified as current (R$535,918 at December 31, 2019) and R$2,846,108 as noncurrent at December 31, 2020 (R$2,608,012 at December 31, 2019).

Equity includes paid-in capital and reserves.

26. Financial instruments and risk management (Continued)

26.2. Market risk management

In the industry in which the Company operates, the main market risks are financial risks related to interest rate, credit risk inherent in the provision of services, and credit risk derived from its short-term investments.

The Company's main strategies to hedge its equity against market risks are as follows: (a) significant compatibility between its financial assets and liabilities, aligning time, cost, indexes, currencies and other items; (b) the diversification of its revenues and receivables among the different properties of the Company and the different retail segments derived from the assortment of stores; (c) the application of liquidity on a conservative basis, in investments with immediate liquidity and low credit risk.

Based on its strategy for hedging its equity against market risks, the Company understands that, to date, there has been no need to contract any hedging instrument. This position may be reviewed if, in the future, we identify any inconsistency that could cause risks to finance income (costs) and operating income (expenses) of the Company.

26.2.1. Interest rate risk management

Interest rate risk refers to:

- Possibility of fluctuations in the fair value of loans and financing pegged to fixed interest rates, if such rates do not reflect current market conditions. The Company monitors these indexes on an ongoing basis. The Company has not yet identified the need to take out financial instruments to hedge against interest rate risks;
- Possibility of unfavorable change in interest rates, which would result in increase in finance costs as a result of the debt portion pegged to variable interest rate; and
- Possibility of changes in the fair value of its investment properties, due to effects of changes in the interest rate on the indicators of risk and return used to calculate the discount rate, including beta index, country risk and inflation estimates. The Company monitors these indexes on an ongoing basis.

(In thousands of reais, unless otherwise stated)

26. Financial instruments and risk management (Continued)

26.2. Market risk management (Continued)

26.2.2. Credit risk related to service rendering

This risk is related to the possibility of the Company and its subsidiaries posting losses resulting from difficulties in collecting amounts from lease, property sales, key money, management fees and brokerage fees.

26.2.3. Financial credit risk

This risk is related to the possibility of the Company and its subsidiaries posting losses resulting from difficulties in realizing short and long-term investments.

26.2.4. Sensitivity analysis

In order to analyze the sensitivity of financial asset and liability indexes to which the Company is exposed as at December 31, 2020, five different scenarios were defined and a sensitivity analysis to fluctuations in the indexes of such instruments was prepared. At December 31, 2020, the IGP-M and IPCA index projection was extracted from the FOCUS Report, the IGP-DI index was extracted from the FGV official website, the CDI index was extracted from the CETIP official website, and the reference rate (TR) was extracted from BM&F BOVESPA official website for 2020. Such indexes and rates were considered to be probable scenario and 25% and 50% decreases and increases were calculated.

Indexes of financial assets and liabilities:

Index	50% decrease	25% decrease	Probable scenario	25% increase	50% increase
CDI	0.95%	1.43%	1.90%	2.38%	2.85%
IGP-DI	12.14%	18.21%	24.28%	30.35%	36.42%
IGP - M	11.57%	17.36%	23.14%	28.93%	34.71%
IPCA	2.19%	3.29%	4.38%	5.48%	6.57%

Financial assets

Gross revenue was calculated for each scenario at December 31, 2020, based on one-year projection and not taking into consideration any tax levied on income. The sensitivity of the indexes for each scenario was analyzed.

(In thousands of reais, unless otherwise stated)

26. Financial instruments and risk management (Continued)

26.2. Market risk management (Continued)

26.2.4. Sensitivity analysis (Continued)

Financial assets (Continued)

Sensitivity of income - 2020

		Individual					
		Balance at 12/31/2020	**50% decrease**	**25% decrease**	**Probable scenario**	**25% increase**	**50% increase**
Cash and cash equivalents and short-term investments							
Cash and cash equivalents	N/A	**644,875**	N/A	N/A	N/A	N/A	N/A
		644,875	N/A	N/A	N/A	N/A	N/A
Accounts receivable							
Trade accounts receivable - store lease	IGP-DI	**130,716**	15,869	23,803	31,738	39,672	47,607
Trade accounts receivable - straight-line	IGP-DI	**193,827**	N/A	N/A	N/A	N/A	N/A
Trade accounts receivable - key money	IGP-DI	**21,528**	2,613	3,920	5,227	6,534	7,840
Trade accounts receivable - sale of completed units	IGP-M+12%	**13,247**	3,122	3,889	4,655	5,421	6,188
Other trade accounts receivable	N/A	**19,783**	N/A	N/A	N/A	N/A	N/A
		379,101	21,604	31,612	41,620	51,627	61,635
Transactions with related parties							
Shopping Mall Association	N/A	**31.347**	N/A	N/A	N/A	N/A	N/A
Shopping Mall Condominiums	N/A	**5,357**	N/A	N/A	N/A	N/A	N/A
Charges	N/A	**7,665**	N/A	N/A	N/A	N/A	N/A
Sundry loans and advances	N/A	**789**	N/A	N/A	N/A	N/A	N/A
		45,158	N/A	N/A	N/A	N/A	N/A
Total		**1,069,134**	21,604	31,612	41,620	51,627	61,635

		Consolidated					
		Balance at 12/31/2020	**50% decrease**	**25% decrease**	**Probable scenario**	**25% increase**	**50% increase**
Cash and cash equivalents and short-term investments							
Cash and cash equivalents	N/A	**1,223,414**	N/A	N/A	N/A	N/A	N/A
		1,223,414	N/A	N/A	N/A	N/A	N/A
Accounts receivable							
Trade accounts receivable - store lease	IGP-DI	**165,328**	20,071	30,106	40,142	50,177	60,212
Straight-line effect	IGP-DI	**246,467**	N/A	N/A	N/A	N/A	N/A
Trade accounts receivable - key money	IGP-DI	**35,095**	4,261	6,391	8,521	10,651	12,782
Trade accounts receivable - sale of completed units	IGP-M+11%	**50,924**	11,494	14,440	17,385	20,331	23,277
Trade accounts receivable - sale of completed units	IGP-M+12%	**13,247**	3,122	3,889	4,655	5,421	6,188
Other trade accounts receivable	N/A	**33,089**	N/A	N/A	N/A	N/A	N/A
		554,150	38,948	54,826	70,703	86,580	102,459
Transactions with related parties							
Shopping Mall Associations		**38,333**	N/A	N/A	N/A	N/A	N/A
Shopping Mall Condominiums		**6,531**	N/A	N/A	N/A	N/A	N/A
Charges	N/A	**12,685**	N/A	N/A	N/A	N/A	N/A
Loans - other	N/A	**203**	N/A	N/A	N/A	N/A	N/A
		57,752	N/A	N/A	N/A	N/A	N/A
Total		**1.825.316**	38,948	54,826	70,703	86,580	102,459

(In thousands of reais, unless otherwise stated)

26. Financial instruments and risk management (Continued)

26.2. Market risk management (Continued)

26.2.4. Sensitivity analysis (Continued)

Financial liabilities

Finance cost projection - 2020

Individual

The Company calculated gross finance costs for each scenario, not taking into account the taxes levied and the aging list of contracts for 2020. The reporting date used was December 31, 2020, projecting indexes for one year and checking their sensitivity in each scenario.

	Yield	Balance at 12/31/2020	50% decrease	25% decrease	Probable scenario	25% increase	50% increase
Loans and financing							
Banco Itaú VLG	TR + 4.5%	**131,873**	5,934	5,934	5,934	5,934	5,934
Bradesco MTE	CDI + 1.00%	**200,830**	3,916	4,870	5,824	6,778	7,732
CCB - BB 175M	110% of CDI	**44,622**	466	699	933	1,166	1,399
CCB - BB 50M	110% of CDI	**20,035**	209	314	419	523	628
CCB - BB 150M	110% of CDI	**60,104**	628	942	1,256	1,570	1,884
CCB ITAU 250	CDI + 1.95%	**253,022**	7,338	8,539	9,741	10,943	12,145
CCB ITAU 225	TR + 5%	**216,619**	10,831	10,831	10,831	10,831	10,831
Bradesco MTE JPA	TR + 5.15%	**353,039**	18,182	18,182	18,182	18,182	18,182
Borrowing costs	N/A	**(21,611)**	N/A	N/A	N/A	N/A	N/A
Cia. Real de Distribuição	N/A	**256**	N/A	N/A	N/A	N/A	N/A
		1,258,789	47,504	50,311	53,120	55,927	58,735
Property acquisition obligations							
Usiminas	IPCA + 4.9%	**32,818**	2,327	2,686	3,045	3,405	3,764
Atlético Mineiro	CDI + 3%	**211,068**	2,005	3,008	4,010	5,013	6,015
Manati	100% of CDI	**7,589**	72	108	144	180	216
Other	N/A	**269**	N/A	N/A	N/A	N/A	N/A
		251,744	4,404	5,802	7,199	8,598	9,995
Debentures							
3rd issue of debentures	CDI+0.87% p.a.						
3rd issue of debentures	107.25% of CDI	**300,866**	3,065	4,598	6,131	7,664	9,196
7th issue of debentures	106% of CDI	**351,277**	3,537	5,306	7,075	8,843	10,612
8th issue of debentures	CDI + 3%	**200,038**	7,902	8,852	9,802	10,752	11,702
9th issue of debentures	CDI + 3%	**204,328**	8,071	9,042	10,012	10,983	11,953
4th and 5th issue of debentures (CRI)	95% of CDI	**600,575**	5,420	8,130	10,840	13,550	16,261
Borrowing costs	N/A	**(11,221)**	N/A	N/A	N/A	N/A	N/A
		1,645,863	27,995	35,928	43,860	51,792	59,724
Total		**3,156,396**	79,903	92,401	104,179	116,317	128,454

Multiplan Empreendimentos Imobiliários S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais, unless otherwise stated)

26. Financial instruments and risk management (Continued)

26.2. Market risk management (Continued)

26.2.4. Sensitivity analysis (Continued)

Financial liabilities (Continued)

Finance cost projection – 2020 (Continued)

Consolidated

	Yield	Balance at 12/31/2020	50% decrease	25% decrease	Probable scenario	25% increase	50% increase
Loans and financing							
Banco Itaú VLG	TR + 4.5%	**131,873**	5,934	5,934	5,934	5,934	5,934
Bradesco MTE	CDI + 1.00%	**200,830**	3,916	4,870	5,824	6,778	7,732
Banco do Brasil 175M	110% of CDI	**44,622**	466	699	933	1,166	1,399
Banco do Brasil 50M	110% of CDI	**20,035**	209	314	419	523	628
Banco do Brasil 150M	110% of CDI	**60,104**	628	942	1,256	1,570	1,884
CCB ITAU 250	CDI + 1.95%	**253,022**	7,338	8,539	9,741	10,943	12,145
CCB ITAU 225	TR + 5%	**216,619**	10,831	10,831	10,831	10,831	10,831
Bradesco MTE JPA	TR + 5.15%	**353,039**	18,182	18,182	18,182	18,182	18,182
Morumbi Corporate - GTIY	CDI + 0.85%	**103,076**	1,855	2,345	2,835	3,324	3,814
Bradesco - Canoas	TR + 7.5%	**124,421**	9,332	9,332	9,332	9,332	9,332
Borrowing costs	N/A	**(32,461)**	N/A	N/A	N/A	N/A	N/A
Cia. Real de Distribuição	N/A	**256**	N/A	N/A	N/A	N/A	N/A
		1,475,436	58,691	61,988	65,287	68,583	71,881
Property acquisition obligations							
Usiminas	IPCA + 4.9%	**32,818**	2,327	2,686	3,045	3,405	3,764
Atlético Mineiro	CDI + 3%	**211,068**	2,005	3,008	4,010	5,013	6,015
Manati	100% of CDI	**7,589**	72	108	144	180	216
Jockey	IGPM	**5,046**	584	876	1,168	1,460	1,752
Other	N/A	**269**	N/A	N/A	N/A	N/A	N/A
		256,790	4,988	6,678	8,367	10,058	11,747
Debentures							
3rd issue of debentures	107.25% of CDI	**300,866**	3,065	4,598	6,131	7,664	9,196
7th issue of debentures	106% of CDI	**351,277**	3,537	5,306	7,075	8,843	10,612
8th issue of debentures	CDI + 3%	**200,038**	7,902	8,852	9,802	10,752	11,702
9th issue of debentures	CDI + 3%	**204,328**	8,071	9,042	10,012	10,983	11,953
4th and 5th issue of debentures (CRI)	95% of CDI	**600,575**	5,420	8,130	10,840	13,550	16,261
Borrowing costs	N/A	**(11,221)**	N/A	N/A	N/A	N/A	N/A
		1,645,863	27,995	35,928	43,860	51,792	59,724
Total		**3,378,089**	91,674	104,594	117,514	130,433	143,352

26. Financial instruments and risk management (Continued)

26.2. Market risk management (Continued)

26.2.4. Sensitivity analysis (Continued)

Financial liabilities (Continued)

Finance cost projection – 2020 (Continued)

Consolidated (Continued)

Part of the Company's financial assets and liabilities are pegged to interest rates and indexes that may vary, which represents a market risk for the Company.

For the six-month period ended December 31, 2020, the Company's financial assets and liabilities generated net finance costs amounting to R$76,120. (R$ 145,515 December 31, 2019).

The Company understands that an increase in interest rates, in indexes, or in both may cause an increase in finance costs, negatively impacting the Company's net finance income (costs). Likewise, a decrease in interest rates, in indexes, or in both may cause a decrease in finance income, adversely impacting the Company's net finance income.

26.2.5. Liquidity risk management

Management of the Company and its subsidiaries manages liquidity risk by keeping adequate reserves, bank credit facilities and credit facilities to raise loans and financing, through the ongoing monitoring of forecasted and realized cash flows and combination of the maturity profiles of financial assets and liabilities.

The following table shows, in detail, the remaining contractual maturity of financial liabilities of the Company and the contractual amortization terms. This table has been prepared in accordance with the undiscounted cash flows of financial liabilities based on the nearest date on which the Company shall settle the respective obligations:

(In thousands of reais, unless otherwise stated)

26. Financial instruments and risk management (Continued)

26.2. Market risk management (Continued)

26.2.5. Liquidity risk management (Continued)

	Individual			
December 31, 2020	**Within one year**	**From one to three years**	**Above three years**	**Total**
Loans and financing	**412,605**	**476,030**	**755,403**	**1,644,038**
Property acquisition obligations	**131,888**	**128,215**	**375**	**260,478**
Debentures	**51,249**	**908,941**	**1,053,836**	**2,014,026**
Total	**595,742**	**1,513,186**	**1,809,614**	**3,918,542**

	Individual			
December 31, 2019	**Within one year**	**From one to three years**	**Above three years**	**Total**
Loans and financing	283,831	539,676	650,678	1,474,185
Property acquisition obligations	30,886	-	-	30,886
Debentures	264,958	448,541	1,073,160	1,786,659
Total	579,675	988,217	1,723,838	3,291,730

	Consolidated			
December 31, 2020	**Within one year**	**From one to three years**	**Above three years**	**Total**
Loans and financing	**455,356**	**563,607**	**918,418**	**1,937,381**
Property acquisition obligations	**137,550**	**128,215**	**375**	**266,140**
Debentures	**51,249**	**908,941**	**1,053,836**	**2,014,026**
Total	**644,155**	**1,600,763**	**1,972,629**	**4,217,547**

	Consolidated			
December 31, 2019	**Within one year**	**From one to three years**	**Above three years**	**Total**
Loans and financing	379,683	730,765	1,116,202	2,226,650
Property acquisition obligations	36,132	5,289	1,938	43,359
Debentures	264,958	448,541	1,073,160	1,786,659
Total	680,773	1,184,595	2,191,300	4,056,668

(In thousands of reais, unless otherwise stated)

26. Financial instruments and risk management (Continued)

26.2. Market risk management (Continued)

26.2.6. Derivatives

				December 31, 2019				
Swap transaction	**Purpose of derivatives**	**Assets/liabilities**	**Maturity**	**Notional value**	**Long position**	**Short position**	**Difference in fair value receivable (payable)**	**Curve difference receivable (payable)**
Interest rate swap								
Financing – Bradesco	Change in interest rate for financing of construction of ParkJacarepaguá	TR + 5.15% x 105.85% of CDI	12/21/2020	332,500	335,809	335,762	1,476	47

26.3. Category of the main financial instruments

The main financial instruments classified by category are as follows:

	Individual		Consolidated	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Financial assets at fair value through profit or loss				
Short-term investments	**-**	623,912	**-**	871,506
Financial assets at amortized cost				
Accounts receivable	**379,101**	215,395	**544,150**	340,522
Related-party receivables	**45,158**	19,869	**57,752**	24,310
Financial liabilities at amortized cost				
Loans and financing	**1,258,789**	1,102,476	**1,475,436**	1,657,635
Property acquisition obligations	**251,744**	269	**256,790**	40,493
Debentures	**1,645,863**	1,445,802	**1,645,863**	1,445,802

(In thousands of reais, unless otherwise stated)

26. Financial instruments and risk management (Continued)

26.3. Category of the main financial instruments (Continued)

The fair values and carrying amounts of financial liabilities stated in the statement of financial position are as follows:

	Individual			
	December 31, 2020		December 31, 2019	
Instruments	Book value	Fair value	Book value	Fair value
Loans and financing	**1,280,399**	**1,235,520**	1,127,360	1,154,344
Debentures	**1,657,084**	**1,627,194**	1,458,648	1,433,414
Total funds raised	**2,937,483**	**2,862,714**	2,586,008	2,587,758
Total borrowing costs	**(32,831)**		(37,730)	
Total funds raised, net	**2,904,652**		2,548,278	

	Consolidated			
	December 31, 2020		December 31, 2019	
Instruments	Book value	Fair value	Book value	Fair value
Loans and financing	**1,507,897**	**1,459,056**	1,693,567	1,688,368
Debentures	**1,657,084**	**1,627,194**	1,458,648	1,433,414
Total funds raised	**3,164,981**	**3,086,250**	3,152,215	3,121,782
Total borrowing costs	**(43,682)**		(48,777)	
Total funds raised, net	**3,121,299**		3,103,438	

Valuation techniques and assumptions applied for purposes of fair value calculation

The estimated fair values of financial assets and liabilities of the Company and its subsidiaries have been determined using available market information and appropriate valuation methodologies in conformity with the financial statements for the year ended December 31, 2020.

Financial instruments measured at fair value after initial recognition are grouped into specific categories (levels 1, 2 and 3), according to the corresponding observable level of fair value:

- Measurements of level 1 fair value are obtained from quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Measurements of level 2 fair value are obtained by means of variables other than the quoted prices included in level 1, which are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

(In thousands of reais, unless otherwise stated)

26. Financial instruments and risk management (Continued)

26.3. Category of the main financial instruments (Continued)

Valuation techniques and assumptions applied for purposes of fair value calculation (Continued)

- Measurements of level 3 fair value are obtained from non-observable market variables.

Management understands that the fair values applicable to the Company's financial instruments fall into Level 2.

27. Earnings per share

The table below shows information on profit or loss and shares used to calculate basic and diluted earnings per share:

		December 31, 2020		December 31, 2019	
		Individual	**Consolidated**	**Individual**	**Consolidated**
A	Weighted average of shares issued	**600,760,875**	**600,760,875**	600,760,875	600,760,875
B	Weighted average of treasury shares	**3,881,712**	**3,881,712**	5,221,855	5,221,855
C= A - B	Average shares	**596,879,163**	**596,879,163**	595,539,020	595,539,020
D	Dilutive	**5,281,625**	**5,281,625**	4,078,999	4,078,999
E	Net income for the year attributed to Company's shareholders	**965,070**	**964,174**	471,123	470,998
E/C	Earnings per share	**1.6169**	**1.6154**	0.7911	0.7909
E/(C+D)	Adjusted earnings per share	**1.6027**	**1.6012**	0.7857	0.7855