Grant Thornton

Moura Dubeux Engenharia S.A.

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

Individual and consolidated financial statements and independent auditor's report

As of December 31, 2020

Grant Thornton

Contents

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail. See Note 30 to the financial statements.)

Independent auditor's report

Grant Thornton Auditores Independentes

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To the Shareholders and Management of
Moura Dubeux Engenharia S.A.
Recife – PE

Opinion on the individual and consolidated financial statements prepared in accordance with accounting practices adopted in Brazil and 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 accompanying individual and consolidated financial statements of Moura Dubeux Engenharia S.A. ("Company"), identified as Parent and consolidated, respectively, which comprise the statement of position as of December 31, 2020, and the statement of profit and loss, statement of comprehensive loss, statement of changes in equity, and statement of cash flows for the year then ended, and the corresponding explanatory notes, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the individual and consolidated financial position of Moura Dubeux Engenharia S.A. as of December 31, 2020, and its individual and consolidated financial performance and individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) applicable to real estate development entities in Brazil, registered with the Brazilian Securities Commission (CVM).

Basis for opinion

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

Emphasis of matter

Recognition of revenues from uncompleted units

As described in Note 3.15, the individual and consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) applicable to real estate development entities in Brazil, registered with the Brazilian Securities Commission (CVM). Therefore, the determination of the accounting policy adopted by the entity to recognize revenue from contracts relating to purchase and sale of uncomplete real estate units, on aspects relating to transfer of control, is in accordance with the Company´s management´s understanding as to the application of NBC TG 47 (IFRS 15), aligned with that expressed in CVM Official Letter/SNC/SEP No. 02/2018. Our opinion is not qualified regarding this matter.

Key audit matters

Key audit matters are those matters that, in our judgment, were of most significance in our audit of the financial statements in the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements taken as a whole and in forming our opinion on such individual and consolidated financial statements, and, therefore, we do not provide a separate opinion on these matters.

1. Determination of revenue from real estate development activities and allowance for sales cancellations

Why the matter was determined to be a KAM

As mentioned in Note 3.15 – Recognition of revenue from sale of properties and provision of services, the revenue from real estate development activities, relating to each project that is under construction, are determined by the Company and its subsidiaries considering the respective stages of completion, by using the percentage-of-completion (POC) method, in conformity with CVM Official Letter/SNC/SEP No. 02/2018.The procedures to determine, measure, compute and record revenues from real estate development activities involve, among other aspects, the use of estimates based on budgeted costs and costs incurred on projects under the calculation criteria established in the POC methodology. In this regard, the controls, assumptions and adjustments used to prepare the budgets for projects under construction may significantly affect the Company´s revenue recognition, thus impacting its profit and loss and respective performance.

Additionally, when sales contracts are cancelled, revenues, costs and expenses that had been previously recognized are reversed (in conformity with CVM Official Letter/SNC/SEP No. 02/2018), since, with respect to units sold, for which there is risk of default but whose sale contract was not actually cancelled), the Company and its subsidiaries recognize an allowance for sales cancellations.

The Company and its subsidiaries, through internal analyses, based on Management´s judgment, adopt criteria and assumptions to identify and map risks that cash will not be generated from these contracts, which are then qualified to be included in the allowance for sales cancellations. Due to the materiality of the revenue cycle, any changes in the judgment of the estimate of sales cancellations will consequently change the allowance for sales cancellations, which may significantly impact the individual and consolidated financial statements.

Therefore, this matter was again considered a key audit matter because net revenue is a material component in relation to the income statement and a critical item for the real estate development sector and respective performance measurement, since any changes in the budget of the works, the margins, non-satisfaction of performance obligations as well as any sales cancellations that are not identified on a timely basis or not anticipated in the allowance for sales cancellations may have a significant impact on the Company's individual and consolidated financial statements. Therefore, we considered this a key audit matter in accordance with the standards on auditing, since revenue recognition is supported by estimates based on budgeted costs (among other metrics) which may be subjective in nature through the end of the work.

How the matter was addressed in our audit

Regarding the profit and loss from real estate development activities, our auditing procedures included, among others: **(a)** understand the process and main control activities used by Management to determine the profit and loss arising from real estate development activities; **(b)** on a sampling basis, we obtained the budgets approved by Management and matched them to the amounts used in calculating the profit and loss from real estate development activities; **(c)** analyze unincurred cost estimates (approved by the Engineering Department), as well as profit and loss between actual and budgeted costs, obtain clarifications and examine evidence to support unusual variances; **(d)** test the arithmetic accuracy of the calculations made, including the determination of the percentage of completion applied to each project; **(e)** on a sampling basis, examine sales contracts, perform tests over subsequent cash receipts and recalculate the adjustment of trade receivables in conformity with the indices established in the underlying contracts; **(f)** on a sampling basis, test the documentation supporting the costs incurred and payments made, including costs on acquisition of plots of land; **(g)** analyze the controls over changes in capitalized interest and evaluate if such interest meets the requirements to qualify for capitalization.

Regarding the allowance for sales cancellations, our auditing procedures included, among others: **(a)** understand the process and main control activities used by Management to assess the risk associated with cash flow generation and the qualification of sales contracts for recognition of an allowance for sales cancellations; **(b)** analyze the assumptions and criteria for qualification of a sale contract for recognition of an allowance for sales cancellations; **(c)** test the arithmetic accuracy of the calculations made; **(d)** on a sampling basis, perform tests for completeness of the trade receivable portfolio, by analyzing the data used to measure and recognize the allowance for sales cancellations, by means of documental examination; **(e)** perform a comparative analysis and an analytical review of the provision recognized in prior year versus the sales cancellations recorded in the current year; **(f)** recalculate the model used by Management to measure the allowance for sales cancellations and develop an independent expectation, corroborating the balance of the provision recognized by Management.

Based on the procedures performed, we consider that the profit and loss from real estate development activities, the allowance for sales cancellations and respective disclosures are adequate in the context of the individual and consolidated financial statements taken as a whole.

2. Measurement of the fair value of investment property

Why the matter was determined to be a KAM

As mentioned in Note 10 – Investment property, the company and its subsidiaries have balances of investment property measured at fair value determined by independent specialists engaged by Management. Every appraisal process requires critical judgment and may have a significant impact on the financial statements, since it is based on assumptions and methods taken into consideration in the fair value measurement process. The uncertainty inherent in the determination of estimate may result in significant effects on the fair value, impacting the individual and consolidated financial statements taken as a whole.

Monitoring this matter was again considered a key audit matter and, therefore, significant for our audit, due to the materiality of the amounts involved in the individual and consolidated financial statements taken as a whole and the potential risks that may impact profit and loss for the year, due to the uncertainty inherent in the determination of the fair value estimate, considering the use of market inputs and the degree of judgment exercised by Management.

How the matter was addressed in our audit

Our audit procedures included, among others: **(a)** review, evaluate and challenge the assumptions used by Management and their specialists in fair value determination; **(b)** analyze the qualification, independence and objectivity of the independent specialist engaged by Management to prepare the appraisal reports at fair value; **(c)** involve our corporate finance specialists to analyze, recalculate and challenge the assumptions and methods used and evaluate the their reasonableness and consistency with the data and assumptions used; and **(d)** analyze the accuracy of the arithmetic and mathematical calculations.

Based on the procedures performed, we consider that the assumptions and estimates made by the Company and its subsidiaries to measure the fair value of the investment property and respective disclosures are adequate in the context of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2020, prepared under the responsibility of the Company's Management and presented as supplemental information for IFRS purposes, have been subject to auditing procedures which were performed together with the audit of the Company's financial statements. In forming our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in CPC 09 – Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, according to the criteria defined in said technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

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

The Company's Management is responsible for this other information that is included in 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 in Management Report, we are required to report this fact. We have nothing to report in this regard.

Responsibility of Management and those charged with governance for the individual and consolidated financial statements

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

In preparing the 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 in preparing the financial statements, unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative to avoid doing so.

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including those regarding independence, and communicate to 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 for the current year and are, therefore, the key audit matters. We describe these matters in our audit report, unless laws or regulations preclude public disclosure of 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.

São Paulo, March 10, 2021

Maria Aparecida Regina Cozero Abdo
Assurance Partner

Grant Thornton Auditores Independentes

Moura Dubeux Engenharia S.A.

Statements of financial position as of December 31, 2020 and 2019

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

ASSETS

		Parent		Consolidated	
	Notes	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Current assets					
Cash and cash equivalents	4	37,277	176	49,538	14,168
Financial investments	5	8,573	41	8,573	15,644
Trade receivables	6	9,072	58,874	224,841	354,584
Properties for sale	7	149,175	100,004	587,661	757,184
Recoverable taxes	-	2,798	2,515	5,132	6,013
Prepaid expenses	-	671	10,446	4,394	16,631
Other receivables	11	101	16,663	331	19,506
Total current assets		207,667	188,719	880,470	1,183,730
Noncurrent assets					
Financial investments	5	60,497	-	60,497	-
Trade receivables	6	55,421	37,702	285,174	223,427
Properties for sale	7	273,647	369,459	336,965	439,217
Related parties	8	345,632	137,573	4,182	13,800
Judicial deposits	14	1,135	16,703	8,338	19,356
Other receivables	11	11,682	8,955	166,920	69,119
Investments	9	757,138	1,334,355	107,688	74,719
Investment properties	10	128,778	126,825	213,182	209,760
Property and equipment	-	5,449	4,856	7,061	6,476
Intangible assets	-	6,783	2,788	6,783	2,797
Total noncurrent assets		1,646,162	2,039,216	1,196,790	1,058,671
Total do assets		1,853,829	2,227,935	2,077,260	2,242,401

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

Moura Dubeux Engenharia S.A.

Statements of financial position as of December 31, 2020 and 2019

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

LIABILITIES

		Parent		Consolidated	
	Notes	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current liabilities					
Trade payables	-	4,139	2,394	16,699	22,239
Borrowings and financing	12	-	148,896	63,329	850,081
Payables for acquisition of properties	-	1,603	-	12,803	7,557
Payroll and related taxes	-	11,867	7,249	18,199	18,154
Taxes payable	-	5,476	5,335	17,754	36,059
Related parties	8	239,049	1,131,287	4,264	36,223
Advances from customers	13	133,678	106,700	207,761	187,847
Sales agreement cancellations		316	100	44,908	48,811
Warranty provision	-	929	954	2,177	1,485
Deferred taxes	15	852	5,149	12,346	19,552
Other payables	-	14,252	12,898	15,947	13,062
Total current liabilities		412,161	1,420,962	416,187	1,241,070
Noncurrent liabilities					
Borrowings and financing	12	-	181,126	62,484	291,808
Payables for acquisition of properties	-	-	-	6,258	195
Payroll and related taxes	-	5,159	7,994	10,984	16,061
Taxes payable	-	3,116	9,102	16,356	20,673
Deferred taxes	15	6,917	2,789	19,890	13,828
Advances from customers	13	274,430	370,081	524,743	555,775
Warranty provision		2,777	2,007	6,197	5,655
Allowance for investment losses	9	139,000	149,394	-	-
Provision for risks	14	756	2,824	9,487	6,634
Other payables	-	4,864	218	4,867	439
Total noncurrent liabilities		437,019	725,535	661,266	911,068
Equity					
Capital	17	1,309,972	286,646	1,309,972	286,646
Capital reserve	17	25,179	25,179	25,179	25,179
Valuation adjustments to equity	17	96,861	96,861	96,861	96,861
Accumulated losses	-	(427,363)	(327,248)	(427,363)	(327,248)
Equity attributable to Company's owners	-	1,004,649	81,438	1,004,649	81,438
Noncontrolling interests	-	-	-	(4,842)	8,825
Total equity		1,004,649	81,438	999,807	90,263
Total liabilities		849,180	2,146,497	1,077,453	2,152,138
Total liabilities and equity		1,853,829	2,227,935	2,077,260	2,242,401

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

Moura Dubeux Engenharia S.A.

Statements of profit and loss
for the years ended December 31, 2020 and 2019

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais, except per share value)

		Parent		Consolidated	
	Notes	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019
Net operating revenue	18	47,129	49,045	513,301	407,765
Costs of services	19	(10,057)	(14,995)	(374,334)	(245,840)
Gross profit		37,072	34,050	138,967	161,925
Operating income (expenses)					
Selling expenses	21	(13,234)	(7,525)	(50,655)	(38,722)
General and administrative expenses	20	(38,592)	(24,241)	(46,839)	(28,649)
Share of profit (loss) of investees	9	(72,853)	(40,834)	7,906	-
Other operating income (expenses), net	22	(9,743)	3,805	(121,692)	(4,334)
Total operating income (expenses)		(134,422)	(68,795)	(211,280)	(71,705)
Profit (loss) from operations before finance income (costs) and taxes		(97,350)	(34,745)	(72,313)	90,220
Finance income	23	6,792	765	25,462	25,299
Finance costs	23	(9,400)	(61,816)	(46,919)	(205,024)
Finance income (costs), net		(2,608)	(61,051)	(21,457)	(179,725)
Profit (loss) before taxes		(99,958)	(95,796)	(93,770)	(89,505)
Income tax and social contribution - current	15	-	-	(10,824)	(10,006)
Income tax and social contribution - deferred	15	(157)	(535)	195	366
Income tax and social contribution	-	(157)	(535)	(10,629)	(9,640)
Profit (loss) for the period		(100,115)	(96,331)	(104,399)	(99,145)
Attributable to:					
Company's owners		(100,115)	(96,331)	(100,115)	(96,331)
Noncontrolling interests		-	-	(4,284)	(2,814)
Earnings (loss) per thousand shares - R$					
Earnings (loss) per common share - basic (in R$)		(1.28)	(3.60)		
Number of outstanding shares at the end of the period		77,918,557	26,758,480		

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

Moura Dubeux Engenharia S.A.

Statement of comprehensive income (loss)
for the years ended December 31, 2020 and 2019

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	Parent		Consolidated	
	01/01/2020 to 12/31/2020	01/01/2020 to 12/31/2020	01/01/2020 to 12/31/2020	01/01/2020 to 12/31/2020
Profit (loss) for the period	(100,115)	(96,331)	(104,399)	(99,145)
Other comprehensive income	-	-	-	-
Total comprehensive income (loss) for the period	(100,115)	(96,331)	(104,399)	(99,145)
Total comprehensive income (loss) for the period attributable to:				
Company's owners	(100,115)	(96,331)	(100,115)	(96,331)
Noncontrolling interests	-	-	(4,284)	(2,814)
Profit (loss) for the period	(100,115)	(96,331)	(104,399)	(99,145)

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

Moura Dubeux Engenharia S.A.

Statements of changes in equity
for the years ended December 31, 2020 and 2019

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	Capital							
	Capital	**(-) Costs on capital transaction**	**Capital reserve**	**Accumulated losses**	**Valuation adjustment to equity**	**Total**	**Noncontrolling interests**	**Total equity**
Balances at December 31, 2018	286,646	-	14,861	(230,917)	99,588	170,178	16,859	187,037
Loss for the period	-	-	-	(96,331)	-	(96,331)	(2,814)	(99,145)
Valuation adjustments to equity	-	-	-	-	(2,727)	(2,727)	-	(2,727)
Capital transation between shareholders	-	-	10,318	-	-	10,318	-	10,318
Reduction of subsidiaries' capital	-	-	-	-	-	-	(5,220)	(5,220)
Balances at December 31, 2019	286,646	-	25,179	(327,248)	96,861	81,438	8,825	90,263
Capital increase	1,104,867	-	-	-	-	1,104,867	-	1,104,867
Costs on capital transaction	-	(81,541)	-	-	-	(81,541)	-	(81,541)
Loss for the period	-	-	-	(100,115)	-	(100,115)	(4,284)	(104,399)
Reduction of subsidiaries' capital	-	-	-	-	-	-	(9,383)	(9,383)
Balances at September 30, 2020	1,391,513	(81,541)	25,179	(427,363)	96,861	1,004,649	(4,842)	999,807

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

Moura Dubeux Engenharia S.A.

Statements of cash flows
for the years ended December 31, 2020 and 2019

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	Parent		Consolidated	
	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019
Cash flow from operating activities				
Loss for the period	(100,115)	(96,331)	(104,399)	(99,145)
Adjustments to reconcile profit (loss) for the period to net cash from the operating activities:				
Deferred taxes	(169)	1,561	(1,017)	766
Depreciation and amortization	3,139	2,737	4,461	2,929
Share of profit (loss) of investees	72,853	40,834	(7,906)	-
Finance costs	5,389	57,467	27,375	212,624
Fixed assets disposed of, net	150	-	422	6
Provision for sales cancellations and allowance for expected credit losses	166	(208)	(130,892)	111,746
Properties for sales - reversal of sales cancellations cost	279	(73)	118,425	(102,940)
Adjustment to present value	-		(14)	2,007
Warranty provision	745	(764)	1,234	(217)
Provision for risks	(2,068)	(294)	2,853	(1,950)
Investment properties	-	-	-	2,280
Allowance for investment losses	-	1,470	-	-
Stock impairment	-	-	6,134	-
Decrease (increase) in assets:				
Trade receivables	9,819	(9,421)	171,267	(82,950)
Properties for sale	(14,895)	19,713	77,632	106,076
Recoverable taxes	(283)	3,858	848	5,705
Prepaid expenses	(671)	-	1,791	-
Judicial deposits	15,568	-	11,018	-
Other receivables	13,840	94,831	5,920	(55,964)
Increase (decrease) in liabilities:				
Trade payables	1,745	(6,827)	(4,658)	(22,970)
Payables for acquisition of properties	1,603	-	11,309	(552)
Payroll and related taxes	(4,062)	7,811	(14,161)	29,662
Advances from customers	(7,416)	6,462	(18,320)	32,183
Rescisões de clientes	216	(99)	(3,903)	18,928
Noncontrolling interests	-	-	(13,667)	-
Other payables	6,000	7,287	7,860	(17,588)
Income tax and social contribution paid	-	-	(13,047)	(3,843)
Net cash provided by operating activities	1,833	130,014	136,565	136,793
Cash flow from investing activities				
Investments	493,965	194,082	(20,351)	53,512
Financial investments	(69,029)	89	(53,587)	(13,998)
Property and equipment	(3,780)	(1,534)	(5,357)	(1,333)
Intangible assets	(4,097)	977	(4,097)	988
Investment properties	(1,953)	-	(3,422)	-
Net cash provided by investing activities	415,106	193,614	(86,814)	39,169
Cash flow from financing activities				
Related parties	(1,078,199)	(227,124)	4,386	29,619
Borrowings and financing				
Repayments				
Repayment of borrowings and financing	(321,356)	(74,212)	(1,027,898)	(336,193)
Interest paid	(14,055)	(31,866)	(102,728)	(71,896)
Releases of funds	-	9,298	78,087	199,342
Issue of shares	1,033,772	-	1,033,772	-
Net cash used in financing activities	(379,838)	(323,904)	(14,381)	(179,128)
Net cash provided by (used in) operating activities, investments and financing	37,101	(276)	35,370	(3,166)
Cash and cash equivalents				
At the beginning of the period	176	452	14,168	17,334
At the end of the period	37,277	176	49,538	14,168
Increase (decrease) in cash and cash equivalents	37,101	(276)	35,370	(3,166)

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

Moura Dubeux Engenharia S.A.

Statement of value added
for the years ended December 31, 2020 and 2019

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

(In thousands of reais)

	Parent		Consolidated	
	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019	01/01/2020 to 12/31/2020	01/01/2019 to 12/31/2019
Revenues				
Revenue from properties sold and services rendered	52,047	54,412	594,032	489,776
(-) Sales deductions	(4,918)	(5,367)	(80,731)	(82,011)
	47,129	49,045	513,301	407,765
Inputs acquired from third parties				
Cost of properties sold and services rendered	2,998	(5,338)	(328,791)	(198,384)
Outside services	(13,055)	(9,657)	(45,543)	(47,456)
Other operating expenses	(18,221)	3,538	(130,296)	27,604
	(28,278)	(11,457)	(504,630)	(218,236)
Gross value added	18,851	37,588	8,671	189,529
Depreciation and amortization	(3,139)	(2,737)	(4,461)	(2,929)
Wealth created by the entity	15,712	34,851	4,210	186,600
Wealth received in transfer				
Share of profit (loss) of investees	(72,853)	(40,834)	7,906	-
Finance income	6,792	765	25,462	25,299
	(66,061)	(40,069)	33,368	25,299
Total wealth for distribution	(50,349)	(5,218)	37,578	211,899
Wealth distributed				
Salaries, wages and related taxes (except INSS)	33,435	20,812	58,593	65,018
Taxes and contributions (except INSS)	5,995	5,656	32,571	34,373
Interest and finance charges	9,400	61,816	46,919	205,024
Rentals	936	2,829	3,894	6,629
Noncontrolling interests	-	-	(4,284)	(2,814)
Loss for the period	(100,115)	(96,331)	(100,115)	(96,331)
	(50,349)	(5,218)	37,578	211,899

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

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

Notes to the individual and consolidated financial statements for the year ended December 31, 2020

(Amounts in thousands of reais - R$, except value per share or unless otherwise stated)

1. General information

Moura Dubeux Engenharia S.A. (“Company”), with registered office at Avenida Engenheiro Domingos Ferreira, 467, in the city of Recife, State of Pernambuco, started operations in August 1987, registered with the Brazilian Securities Commission (CVM), category “B”, No. 21.067, obtained on August 23, 2007. On February 12, 2020, the Company’s shares were admitted for trading on “Novo Mercado”, which is a special corporate governance listing segment of São Paulo’s stock exchange B3 S.A. – Brasil, Bolsa, Balcão (“B3”), under the ticker symbol “MDNE3”.

The Company, through its subsidiaries and associates (collectively “Group”), whose respective equity interests are listed in Appendix I thereto, are primarily engaged in the following activities: **(a)** purchase and sale of properties; **(b)** rental, split of land allotment; **(c)** real estate development or construction of properties intended for sale; **(d)** management and administration of own or third parties’ real properties; **(e)** provision of engineering services; and **(f)** holding equity interests in other profit or nonprofit entities either as a partner or shareholder.

The Company participates in real estate development projects along with other partners, either directly or by means of related parties. The management structure of these real estate projects is, as a general rule, centralized in the Company, which manages the development of the works and budgets, ensuring that the funds necessary are used and allocated as planned.

Additionally, the Company provides technical construction management services and provides technical advisory services to the condominiums developed “at cost”. These condominiums are owned by the joint owners (condominium residents) and, therefore are not included in the Company’s consolidated financial statements under CPC 36 (R3) – Consolidated financial statements. Under this scope, the Company is responsible for the technical construction advisory management services and certain administrative activities. Whereas, the joint owners are responsible for monthly providing the capital required to finance 100% of the construction and the administrative costs incurred thereon until the completion of the works. Joint owners are also responsible for inspecting the physical and financial progress of the works, as established by Federal Law No. 4.591/64.

As of December 31, 2020, projects under construction in the condominium format are the following:

Condominium	Expected delivery date
Conj. Residencial Pereira de Lucena	Aug /21
Ed. Venâncio Barbosa	Oct /21
Jardim das Orquídeas	Oct /21
Ed. Parque Shopping	Jul /22
Ed. Cacilda Porciúncula	Jul /22
Ed. Hilson Macedo	Dec /22
Ed. Jardins da Ilha	May /23
Ed. Zélia Macedo	Sep /23
Undae Residence - Beach Class Salvador	Oct /23
Undae Residence - Undae Residence	Oct /23
Ed. Mirante do Norte	Oct /23
Ed. Parque do Cais	Oct /23

Additionally, during 2019, the following projects were completed:

Condominium	Delivery date
Ed. Beach Class Ilha do Leite	Jan /19
Ed. Living Tower Andrade Bezerra	Aug /19
Ed. Beach Class Jaqueira Residence	Oct /19
Jardim das Acácias - Ed. Antônio Carneiro Leão	Nov /19
Jardim das Tulipas - Ed. Fernando Correia	Nov /19
Ed. Beach Class Hotels & Residence	Dec /19

Financial position and Management's strategic plan

In the year ended December 31, 2020, the Company and its subsidiaries recorded loss, on an individual and consolidated basis, in the amounts of R$100,115 and R$104,399, respectively, accumulated losses in the amount of R$427,363, and net working capital deficit in the amount of R$ 204,494, Parent, substantially due to the classification in current liabilities of balances payables to related parties, as mentioned in Note 8.

On February 12, 2020, the Company registered its Initial Public Offering (IPO), the proceeds of which-- approximately R$1,104,000-- is being used to settle debts, namely debentures in the amount of R$266,051 and borrowings and financing in the amount of R$637,300. The remaining amount has been invested in the operation.

In preparing the financial statements, Management considered Official Circular Letter SNC/SEP 02/2020 ("CVM Circular Letter"), issued by the Brazilian Securities Commission (CVM), which provides guidelines to public companies as to the need to ensure disclosure and transparency regarding the pandemic (Covid-19) impacts, if any, as well as the risks and uncertainty that may affect their operations and, also, the need to reflect such risks and uncertainty in preparing their financial statements to fairly reflect the economic reality.

In this respect, the Company's Management maintains ongoing monitoring measures in the operation:

1. **Works:** the construction works halt in the first quarter of 2020 were fully resumed upon adoption of safety protocols and measures recommended by the government of each location where the Company operates. Regarding the terms to deliver the units, the Company does not expect to pay fines or be filed lawsuits due to additional delays.

2. **Employment contracts:** Management opted for an initial vacation period for its teams working in construction sites and, subsequently, for the suspension of their employment contracts, by joining salary payment programs launched by government, thus allowing these workers to maintain their jobs. The situation is already normal, and workers returned to their work;

3. **Sales:** In the Management's view, there was a significant risk of impacting the Company's sales while the pandemic scenario was present. Beginning the third quarter, although the pandemic still goes on, we recorded a volume of revenue and adhesions higher than the expected, both for stock and the four projects launched this year;

4. **Sales cancellations:** the new guideline to speed up the cancellation of sales contracts, together with the Covid-19 scenario, led Management to revise the criteria adopted to recognize the allowance for sales cancellations and its business strategy with respect to speeding up the cancelation of the contracts signed by customers who have shown interest in the sale cancellation, so that the respective units could be made available for resale immediately. Based on the new criteria, which accepts a shorter default period, losses on sales cancellations in the amount of R$44,414 were recorded in other operating income (expenses) (see Note 22) in the second quarter of 2020.

5. **Realization of stock:** In view of loss indicators due to the pandemic, the Company reviewed the recoverability of its stock and recorded an allowance for losses of R$48,300, recorded in other operating income (expenses) (see Note 22) in the second quarter of 2020.

6. Regarding the realizable value of investment properties, the Company understands that there are no losses and/or negative variances in the fair values as of December 31, 2019 (used as a basis to account for balances as of December 31, 2020) and as of the reporting date of this financial statements;

7. **Cash flow:** the Company's Management continues to be cautious in cash management, pursuing a balance between liquidity, security and the resumption of its launch plan.

   No other operational, economic or financial risks were detected in our activities other than those presented in Note 28(d) - Market risk, with the main risk being the complete or partial suspension of works in certain regions.

   The Company emphasizes that, despite the positive scenario in the second half of 2020, measures to minimize possible financial impacts of the pandemic remain in place, since, in its view, the pandemic are expected to impact the most part of 2021 and may affect the Company's market, due to macroeconomic factors, such as rise in unemployment rate and decline in income. In this context, both the real estate development and the condominium business models may be impacted by a decrease in demand, rise in default rates, and greater difficulty in accessing credit.

   The Company has also rolled out several measures to mitigate the effects of the pandemic on society, including the following:

   - Setting up a Crisis Committee to enable us to strictly comply with Health Authority recommendations while supporting clients and meeting their specific requirements in these unprecedent times;
   - Mapping out all the Company's critical processes, establishing the plan of action with all managers, which led to most employees working from home early on;
   - Providing all protection equipment required to those employees whose presence is essential;
   - Daily tracking of employees suspected to have been affected by Covid-19.

2. Presentation of individual and consolidated financial statements

2.1. Statement of compliance

The individual and consolidated financial statements have been prepared and are presented in accordance with accounting practices adopted in Brazil (Parent) and in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) applicable to real estate entities registered with the Brazilian Securities Commission (CVM) (Parent and consolidated). The aspects relating to the transfer of control in sales of real estate units follow the Company's Management's understanding, as described in Note 3.15, aligned with that expressed in Official Circular Letter/CVM/SNC/SEP No. 02/18 on the application of Technical Pronouncement NBC TG 47 (IFRS 15).

The accounting practices adopted in Brazil comprise those included in the Brazilian Corporate Law and the technical standards, instructions and interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities Commission (CVM) and the Federal Accounting Council (CFC).

The Company's Management asserts that all relevant information presented in this individual and consolidated financial statements, and only this information, is disclosed and corresponds to that used by Management in managing the Company.

The individual and consolidated financial statements were prepared in the normal course of business. In preparing the individual and consolidated financial statements, Management evaluates the Company's ability to continue as a going concern.

On March 10, 2021, the Company's Board of Directors approved the individual and consolidated financial statements and authorized their disclosure.

2.2. Basis of preparation

The individual and consolidated financial statements have been prepared by the Company's Management and are presented at historical cost, except for investment property and financial instruments measured at fair value.

2.3. Basis of consolidation and investments in subsidiaries

The consolidated financial statements include the operations of the Company and those of its subsidiaries described in Note 9. All transactions, balances, unrealized profits, revenues and expenses between the subsidiaries and the Company are fully eliminated in the consolidated financial statements, and noncontrolling interests are disclosed separately.

a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to: **(i)** govern key activities; **(ii)** exposure/rights to variable returns from its involvement with the investee; and **(iii)** capacity to use its power over the investee to affect the value of the investor's returns.

Under this method, the components of assets, liabilities, profit and loss are fully consolidated and the equity value of noncontrolling interests is calculated by applying their percentage of interest on the subsidiaries' equity.

b) Investees with significant influence

The investments in subsidiaries are accounted for under the equity method of accounting. Such investments are initially recognized at cost. After the initial recognition, the consolidated financial statements include the Company' share in the investee's profit or loss for the year through the date when significant influence or joint control ceases to exist.

In the Parent's individual financial statements, equity interests in subsidiaries and investees with significant influence are recognized under the equity method.

2.4. Functional and presentation currency

The financial statements are presented in Brazilian Reais (R$), which is the functional and presentation currency of the Company and its subsidiaries.

The financial statements of each subsidiary included in the Company's consolidation and those used as a basis for measuring investments under the equity method were prepared based on each entity's functional currency. The functional currency of an entity is the currency of the primary economic environment where it operates. In defining the functional currency of each subsidiary, Management considered which currency significantly influences the sale price of its products and services rendered, and the currency in which most of the cost of its inputs production is paid or incurred.

2.5. Critical accounting judgments and key estimates and assumptions

The preparation of the individual and consolidated financial statements of the Company and its subsidiaries requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, as well as the disclosures of contingent liabilities on the reporting date.

The main assumptions related to the sources of estimation uncertainties in future and other key sources of estimation uncertainties at the end of the reporting period involving the risk of material adjustments to the carrying amounts of assets and liabilities in the next reporting period are discussed below:

a) Budgeted costs

Budgeted costs are periodically revised, as the works progress, and the adjustments resulting from such revision are reflected in profit (loss) according to the accounting method mentioned in Note 3.15.

b) Taxes and disputes at the judicial and administrative levels

The Company and its investees are subject, in the normal course of business, to investigations, audits, lawsuits and administrative proceedings involving civil, tax, labor, environmental, corporate and consumer law matters, among others. Depending on the matter under investigation, any lawsuits or administrative proceedings that are started against the Company and its subsidiaries may be adversely impacted, regardless of the respective final outcome. Based on its best estimate, supported by the opinion of its legal advisors, the Company evaluates whether recognizing a provision is necessary.

c) Fair value of financial instruments

When the fair value of financial assets and financial liabilities reported in the balance sheet cannot be obtained from active markets, it is determined based on valuation techniques, including the discounted cash flow method. Inputs for these methods are based on market values, if possible; otherwise, Management is required to make judgment to determine the fair value. Management's judgment includes considerations on the data used, such as liquidity risk, credit risk and volatility. Changes in the assumptions related to these factors may affect the reported fair value of financial instruments.

d) Warranty provisions

Measured based on the historical maintenance expenses incurred on projects completed.

e) Fair value measurement of investment property: An external independent firm, having professional qualification and recent recognized experience in the region and in the type of property being appraised, appraises the Company's property investment portfolio on an annual basis. The fair values are based on the market values and the estimated value for which a property could be exchanged at the measurement date as of the appraisal date between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction under normal market conditions, according to the definitions established in IFRS 13 (CPC 46) for Level 3 measurements.

Methodologies for measuring the fair value of investment property

To measure the fair value of the properties, the appraisal firm considered the methodologies below. For certain projects, only one of the methodologies was considered, depending on their circumstances:

Direct market information comparison

Under such method, the market value applicable to a property is defined based on comparable market evidence, that is, similar properties being recently offered or negotiated. This market evidence was made homogenous by weighing certain factors, so as to subsidize the definition of a value range. In the absence of comparable elements, the other methods were also used to define the value. In the absence of comparable elements, the other methods were also used to define the value.

Income method | Direct capitalization

Direct capitalization: under such method, the yield expected by an investor when investing in a given property is assumed, that is, based on the timely analysis of the return on the investment made. The threshold used is the property's potential annual revenue on which capitalization rates consistent with those prevailing in the market are applied, reflecting the risk of the investment, and that results in the amount available to acquire the property.

Income method | discounted cash flow

Under such method, the current lease revenue is projected based on effective lease agreements, over a period of 10 years, considering appropriate growth rates and contractual events (adjustments, reviews and renewals), within the lower frequency set forth in the law applicable to rental contracts. For those cases in which the rental amount is higher or lower than the amount prevailing in the market, revisions at market are considered at the dates contracts are revised. In addition, if a percentage rental is charged, the projections consider the higher of the income earned.

To reflect operations in perpetuity, by the end of the 10^{th} year, income is capitalized, and the income flow and the value in perpetuity are then brought to the present value at discount rates that are appropriate to the market risk perception, taking into account the probable risk/performance of each scenario. For analysis purposes, the continuity of the effective contracts, if automatically renewed, was considered, whereas losses of income due to default were disregarded.

Investment property under construction is measured at the estimated fair value of the complete investment less the estimated costs to complete the construction, financing costs and a reasonable profit margin.

3. Significant accounting policies

3.1. Cash and cash equivalents

Cash and cash equivalents substantially include demand deposits and bank certificates of deposits (CDBs) under repurchase agreements, denominated in Brazilian Reais, which are highly liquid and mature in up to 90 days, for which there are no fines or any other restrictions on the part of their issuers that would prevent them to be immediately redeemed.

3.2. Financial instruments

a) Nonderivative financial assets - classification and measurement

The Company classifies non-derivative financial assets into the following categories: financial assets measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). This classification is based on the characteristics of the contractual cash flows and the business model used to manage the entity or may be designated on the initial recognition at fair value through profit or loss in an irrevocable manner.

The Company measures financial assets at amortized cost when: The contractual cash flows will be held until the end and their objective is solely the receipt of principal and interest on the principal at specific dates; for measurement the effective interest rate method is used.

b) Nonderivative financial liabilities - classification and measurement

The Company classifies non-derivative financial liabilities into the following categories: Financial liabilities at amortized cost or at fair value through profit or loss.

A financial liability is initially classified and measured at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Financial instruments are recognized as described below:

(i) Nonderivative financial assets and financial liabilities - recognition and derecognition

The Company recognizes loans, receivables and debt instruments initially on the date they were originated. All other financial assets and financial liabilities are initially recognized on the trade date when the Company becomes a party of the underlying contract.

The Company derecognizes a financial asset when the contractual rights to the asset's cash flows expire or when it transfers such rights to receiving contractual cash flows from a financial asset under a transaction that transfers substantially all the risks and rewards of ownership of the financial asset. Any interest created or retained by the Company in these transferred financial assets is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligation is discharged (upon payment or contractually), cancelled or when it expires.

Financial assets or financial liabilities are offset and the net amount stated in the balance sheet when, and only when, the Company retains the legal right to set off the amounts and has the intention to simultaneously settle the liability or realize the asset on a net basis.

(ii) Derivative instruments, including hedge accounting

As of December 31, 2020 and 2019, the Company and its subsidiaries did not have transactions involving derivative instruments.

3.3. Trade receivables

Trade receivables are accounted for according to their contractual amounts, plus inflation adjustment and interest incurred, when applicable, in conformity with their related adjustment clauses, less potential sales cancellations and adjustment to present value, taking into consideration the procedures described in Note 6.

The allowance for expected credit losses is recognized as follows: For balances of trade receivables from completed units, the Company recognizes an allowance for 100% of the receivable amounts relating to units for which there is not a collateral whereby the units may be returned to the Company. For balances of trade receivables originating from sales of units under construction, the Company recognizes an allowance for expected credit losses based on sales expected to be cancelled by the time keys are delivered, by analyzing the history of sales cancellations and the projected observable macroeconomic factors, such as unemployment and inflation, which may indicate that certain customers will be unlikely to be approved by financial institutions at the time the unit is transferred (the analysis is made individually, by sale agreement).

3.4. Properties for sale

Represented by the land acquisition cost, plus construction costs and other expenditures relating to the process of development of projects under construction or completed, whose units were not yet sold.

Interest on borrowings and financing for the development of real estate are capitalized during construction and recognized in profit or loss as units are sold.

3.5. Investments

Investments are measured on the reporting date of the financial statements, and the effects thereof on profit or loss for the year is measured under the equity method in the individual and consolidated financial statements.

3.6. Property and equipment

Property and equipment are recorded at acquisition cost, net of the depreciation recorded on the straight-line method at the respective rates calculated based on the estimated useful life. Sales stands are recorded based on the expenditures on construction only when their estimated useful life exceeds 12 months, and are depreciated over their estimated useful life.

A property and equipment item is written off after being disposed of or when no future economic benefits are expected from its continuing use. Any gain or loss arising on the disposal or write-off of a property, plant and equipment item is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation rates are revised for the useful life on an annual basis.

3.7. Intangible assets

Intangible assets are primarily comprised of software licenses whose useful life is defined according to the term of the underlying contracts.

Amortization rates are revised for the useful life on an annual basis.

3.8. Provision for legal risks and obligations and warranty

A provision for legal risks is recognized when the Company and its subsidiaries have a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and its value can be reliably estimated. Provisions are recorded based on the best estimates of the risk involved. Contingent liabilities assessed as possible losses are only disclosed in an explanatory note. Other risks relating to lawsuits and administrative proceedings, whose likelihood of loss is assessed as remote are neither accrued nor disclosed.

The Company provides warranty to cover expenses on repairs in projects relating to technical construction problems that may arise in projects sold, limited to the contractual term, which is usually five years as from the delivery of the project. Components contracted from third parties, which provides their own warranty, do not comprise the Company's warranty provision. The provision for warranty of properties sold is recognized as cost of units sold are incurred, and is calculated based on the best estimate to cover future disbursements of this nature, taking into consideration the historical basis of expenditures of this nature.

3.9. Investment properties

Investment properties are measured initially at their cost, including transaction costs. After the initial recognition, investment property is stated at fair value, which reflects the market conditions at the balance sheet date. The fair value adjustment is determined considering the fair value of the property less its deemed cost (net historical cost plus the net revaluation value). When positive or negative changes (gains or losses) are identified in the fair value of the investment properties, the adjustment is fully recognized in profit or loss for the year, in 'Other operating income (expenses), net'.

Investment properties are written off when they are either sold or when the investment property is no longer permanently used and no future economic benefit is expected from its sale. The difference between the net sales proceeds and the carrying amount of the asset is recognized in the income statement for the period in which write-offs were made.

3.10. Receivables for committed properties and advances from customers

In real estate purchase transactions, commitments may be undertaken for payment in cash, classified as payables for purchase of land, or with the delivery of future real estate units, classified as advances from customers – barters.

Payables for acquisition of land are initially recognized at the amounts corresponding to the contractual obligations and stated increased by the finance charges incurred, when applicable, and respective write-offs arising from the settlement of these obligations.

Payables for acquisition of properties through barters of land for real estate units to be built are accounted for at fair value and recorded as "Advance from customers – barter".

A barter transaction is only recorded when the project to be developed is defined and the amounts are stated at their realizable fair values. Revenue is recognized in line item "property sales" using the same criteria as those described in Note 3.15.

Advances from customers refer to amounts received for sales of properties, higher than the revenue recognized, as prescribed by the accounting policy in Note 3.15.

3.11. Other current and noncurrent assets and liabilities

Assets are recognized in the balance sheet when funds arise from past events, when the entity has control over them, and if the entity is sure that their future economic benefits will flow to the Company and their cost or value can be reliably measured. A liability is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of funds be required to settle it. Liabilities include contractual charges or inflation adjustments, when applicable. Provisions are recorded based on the best estimates of the risk involved.

Assets and liabilities are classified as current when their realization or settlement is likely to occur within the next 12 months. Otherwise, they are stated as noncurrent.

3.12. Income tax and social contribution

Current

As permitted by Brazilian tax legislation, revenue from sales of real estate units is taxed on a cash basis and not based on the criterion described in Note 3.15. At each fiscal year, provided that the legal requirements are met, the Company and each of its subsidiaries may elect to calculate taxable income using the taxable income or deemed income regime, in addition to making analysis of the project-related assets ("segregated assets") for using the Special Taxation System ("RET").

The Company and one of its subsidiaries adopted the taxable income regime, under which taxes are calculated as a percentage of profit, determined by applying the tax rates of 25% for income tax and 9% for social contribution, totaling 34%. The other subsidiaries adopted the deemed income regime, under which profit is calculated as 8% and 12% of operating revenue for income tax and social contribution, respectively, plus 100% of other income. Income tax and social contribution are calculated by applying tax rates of 25% and 9%, respectively. The Specific Purpose Entities elected to use the deemed income regime in conjunction with the Special Taxation System (RET), under which income tax and social contribution are calculated on revenues originating from the real estate development activities, by applying the rates of 1.26% and 0.66%, respectively.

The Company analyzed the aspects covered by ICPC 22 and did not identify any material impacts in relation to the accounting practices currently adopted.

3.13. Deferred taxes and contributions

Deferred income tax, social contribution, and taxes on revenue (PIS and Cofins) are recognized as current and noncurrent based on the expected date of payment of the installments under purchase and sale agreements.

Deferred taxes refer to the difference between the recognition of the balance payable under the percentage of completion, as described in Note 3.15, and the tax criterion, according to which revenue is taxed when received.

3.14. Adjustment to present value of receivables and payables for land acquisition

The Company, by means of its investees, adjusts the balance of trade receivables payable in installments, for uncomplete units, considering as discount rate the weighted average of consolidated fundraising in the closing periods. Out of such average rate, the projected inflation (IPCA) for the period is discounted. The result is the effective interest rate discounted net of inflation. The Company's average effective rate is compared to the "simple arithmetical mean" of the effective interest rate applied by the National Treasury Bonds - series B (NTN-B). The adjustment to present value is then calculated at the higher of these two rates.

3.15. Recognition of revenue from sale of properties and provision of services

Revenue from sale of properties

The Company adopted CPC 47 – "Revenues from Contracts with Customers" beginning January 01, 2018, including the guidelines contained in Circular Letter CVM/SNC/SEP No. 02/18, of December 12, 2018, which establish accounting procedures relating to the recognition, measurement and disclosure of certain transactions arising from purchase and sale agreements for uncomplete real estate units by Brazilian publicly-held companies operating in the real estate development industry. There were no significant impacts from the adoption of CPC 47 and said Circular Letter for the Company.

Under CPC 47, the recognition of revenue from contracts with customers should now be recognized as control over the promised good or service is passed, either over time or at a point in time, when (or as) the entity satisfies the performance obligations under the contracts. Revenue is measured at an amount that reflects the consideration to which the entity is expected to be entitled and is based on a five-step model, as detailed below: **1)** identification of the contract; **2)** identification of performance obligations; **3)** determination of transaction price; **4)** allocation of the transaction price to the performance obligations; **5)** revenue recognition.

The Company accounts for the effects of the contracts only when: **(i)** the contracts have been approved by the parties; **(ii)** the rights of each party and the payment terms can be identified; **(iii)** the contract has commercial substance; and **(iv)** it is probable that the consideration will be received by the Company.

For installment sales of completed units, income is fully recognized at the time the sale is performed, regardless of the term for receipt of the contractually agreed amount.

Fixed interest and inflation adjustments on the balance of receivables, as from the date keys are delivered, are recognized as finance income or costs, when earned or incurred, under the accrual basis.

For sales of uncomplete units, profit or loss is recognized according to CPC 47, which establishes that risks and rewards are continuously transferred to the committed buyer of the property to the extent construction occurs and that the requirements of the five-step revenue recognition model were met:

Steps	Requirements met
1st step: Identify the contract	The contracts above were identified as falling under the standard, since: • They have commercial substance; • It is likely that a consideration will be received; • The rights and payment conditions may be identified; • Contracts have been signed by the parties, and they are committed to their obligations.
2nd step: Identify performance obligations	Delivery of the units to committed buyers.
3rd step: Determine the transaction price	Represented by the selling value of real estate units, explicitly established in the contracts.
4th step: Allocate the transaction price to performance obligations	Direct and simple allocation of the transaction price, since the contracts detailed above have only one performance obligation (the delivery of the real estate unit).
5th step: Recognize revenue	Recognized over time.

The following profit or loss recognition assumptions are adopted in sales of units for which the construction is in progress:

- Sales revenues are recognized based on the progress of the underlying construction contract, as the transfer of risks and rewards occurs on a continuous basis. Therefore, the percentage-of-completion (POC) method is used for each project. Under the POC method, contract revenue is matched with cost incurred as compared to total budgeted costs of the related projects on contracted sales; The total cost of the projects is initially estimated when projects are launched and such costs are revised on a periodic basis; any adjustments identified in this estimate based on such revisions are reflected in the Company's profit or loss. Costs on land and construction inherent in the respective projects of units sold are recognized in profit or loss as incurred;
- Sales revenues calculated according to the item above, measured at fair value, including inflation adjustment, net of installments already received, are recognized as trade receivables or advances from customers, according to the ratio between revenues recorded and amounts received.
- Revenues are recognized when the project launched is no longer under the effects of the conditions precedent contained in its development deed;
- Revenues from sales of real estate units, as described above, including inflation adjustment, less installments received, are recorded as trade receivables;
- The cost incurred (including cost of land) corresponding to real estate units sold is fully recognized in profit or loss, as mentioned above.
- Finance charges directly related to projects, corresponding to payables for acquisition of land and real estate-financing transactions, incurred during the construction period, are allocated to costs incurred, in properties for sale, and reflected in profit or loss when the units to which they are allocated are sold. All other borrowing costs are recorded as expenses when incurred. Costs on borrowings, financing and debentures are comprised of interest and other costs incurred on borrowings, including fundraising costs;
- Selling expenses inherent in the sales activity are classified as incurred as projects are advertised and the expenses are incurred, or the accrual basis;
- A warranty provision is recognized to cover expenditures on repairs in projects during the warranty period, based on the history of expenditures incurred. The provision is recognized as a balancing item to profit or loss (cost), to the extent costs of units sold are incurred. Any potential unused remaining balance of the provision is reversed after the warranty period offered, which in general corresponds to five years from the delivery of the real estate project. For completed units for sale or units the construction of which is in progress, the amount is recognized in assets.

While the assumptions above are not materialized, no revenue or cost is recognized in profit or loss.

In case of circumstances that may change the original estimates of income or costs or the extension of the term for completion of real estate projects, initial estimates are revised. These revisions may give rise to increases or decreases in estimated revenues or costs and are reflected in profit or loss in the year in which Management was informed about the circumstances that gave rise to the revisions.

Sales cancellations

Sales of units made during the construction period are net when the project is completed either by using the client's own funds or obtaining financing from financial institutions.

During the construction period, under CPC 47, also discussed in CVM Official Circular Letter No. 02/2018, the Company recognizes an allowance for sales cancellation to cover buyers' possible credit impairment between the sale date and the project completion date, to cover the risk of cancellation of such sales.

An allowance for sales cancellation is recognized for agreements showing indications of cancellation in the next 12 months, taking into consideration, among other aspects, delays in payment. An allowance for sales cancellation is recognized as a reduction of trade receivables, with a balancing entry to revenue deduction, and as a reduction in costs of units sold, with a balancing entry to properties for sale. In addition to entries to line items in assets the income statement, a financial liability is recognized to reflect any amounts refunded to such customers, as applicable.

Service revenue

Service revenue originates from technical construction management services and technical advisory services and is recognized when services are actually provided.

3.16. Impairment test

Management revises, at least, annually the net carrying amount of the main assets (properties for sale, investments, property and equipment, and intangible assets), to assess events or changes in economic, operational or technological conditions that might indicate that assets are impaired.

3.17. Finance income and finance costs

Finance income consists of interest from short-term investments, gains on sales of available-for-sale financial assets and changes in the fair value of financial assets measured at fair value through profit or loss. Interest income is recognized in profit or loss under the effective interest method.

Finance costs comprise interest expenses on borrowings, adjustments relating to discounts to present value of provisions and contingent consideration, losses on sales of available-for-sale financial assets measured at fair value through profit or loss, and impairment losses recognized in financial assets (except receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are measured through profit or loss under the effective interest method.

3.18. Information by segment

The financial statements are analyzed by means of internal managerial reports by project, and decisions on allocation of funds and their evaluation by the Company's Executive Board are made considering the operating segments, such as real estate development and condominium management services.

3.19. Employee benefits

Salaries and benefits granted to the Company's employees and management members include fixed compensation (salaries, INSS, FGTS, vacation, 13th salary, among others) and variable compensation, such as profit sharing and bonuses. These benefits are recorded in profit or loss for the year as incurred.

The Company and its subsidiaries do not maintain any pension or retirement plans or stock option plans.

3.20. Earnings (loss) per share – basic and diluted

Basic and diluted earnings per share are calculated by means of the profit or loss for the year attributable to owners of the Company and the weighted average number of common shares outstanding in the relevant year, considering, when applicable, share split adjustments in the year or subsequent events in preparing the financial statements.

The Company does not have transactions that impact the calculation of the diluted earnings. Therefore, the diluted earnings per share are equal to the basic earnings per share, as shown in Note 16.

3.21. Statements of value added ("DVA")

The Company prepared the individual and consolidated statements of value added (DVA) in accordance with CPC 09 – Statement of Value Added, which are presented as an integral part of the financial statements according to the accounting practices adopted in Brazil applicable to publicly-held companies, whereas they are considered by IFRS as supplemental financial information, required as part of the financial statements taken as a whole.

The objective of a statement of value added is to show the wealth created by the Company and its subsidiaries, its distribution to those that contributed to generate such wealth, such as employees, financial institutions, shareholders, government, as well as the undistributed portion of wealth.

3.22.(New or revised) standards and interpretations

The financial reporting standards that became effective on January 01, 2020 and were adopted without significant impacts on the Company´s financial position and results are the following:

- Definition of a business (amendments to IFRS 3);
- Definition of material (amendments to IAS 1 and IAS 8);
- Interest rate benchmark reform (amendments to IFRS 9, IAS 39 and IFRS 7);
- Amendments to references to the IFRS conceptual framework (various standards);
- Covid-19-related rent concessions (amendments to IFRS 16).

New and revised standards and interpretations to existing standards that are not yet effective and were not early adopted by the Company (for which no significant impacts are expected in the initial adoption and that, therefore, additional disclosures are not being made):

- IFRS 17 - Insurance contracts;
- Amendments to IFRS 17 Insurance contracts (amendments to IFRS 17 and IFRS 4);
- References to the Conceptual Framework;
- Proceeds before intended use (amendments to IAS 16);
- Onerous contracts - cost of fulfilling a contract (amendments to IAS 37);
- Annual improvements to IFRSs 2018-2020 cycle (amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41);
- Classification as current and noncurrent liabilities (amendments to IAS 1).

4. Cash and cash equivalents

	Parent		**Consolidated**	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Cash	34	25	91	101
Banks	649	151	4,311	14,067
Bank Certificates of Deposit (CDBs) **(a)**	36,594	-	45,136	-
Total	**37,277**	**176**	**49,538**	**14,168**

(a) Represented by highly liquid fixed income short-term investments subject to an insignificant risk of change in value. Bank Certificates of Deposit (CDBs) are pegged to the CDI variation in which yield ranges, Parent and consolidated, from 75% to 100% of the CDI as of December 31, 2020 (75% to 98% as of December 31, 2019).

5. Financial investments

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Bank Certificates of Deposit (CDBs) **(a)**	60,497	41	60,497	15,644
Funds **(b)**	8,573	-	8,573	-
Total	**69,070**	**41**	**69,070**	**15,644**
Current	8,573	41	8,573	15,644
Noncurrent	**60,497**	**-**	**60,497**	**-**

(a) Represented by fixed income financial investments subject to an insignificant risk of change in value. Bank Certificates of Deposit (CDBs) are pegged to the CDI variation in which yield ranges, Parent and consolidated, from 103% of the CDI as of December 31, 2020 (75% to 98% as of December 31, 2019). The Company maintains this investment as collateral of the borrowing with Banco Safra S.A. (see Note 12 (b).

(b) Investment funds have their funds invested in fixed income transactions (backed by government bonds and debentures).

6. Trade receivables

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Units under construction	-	-	66,726	152,067
Units built	3,552	6,112	220,874	320,271
Land sales **(a)**	41,026	60,212	231,532	229,232
Sales of equity interests **(b)**	18,726	20,347	18,726	20,347
Services rendered	2,408	10,958	2,408	17,251
Allowance for expected credit losses	(284)	(338)	(2,593)	(1,076)
Allowance for sales cancellations	(935)	(715)	(24,901)	(157,310)
Adjustment to present value **(c)**	-	-	(2,757)	(2,771)
Total trade receivables	**64,493**	**96,576**	**510,015**	**578,011**
Current	9,072	58,874	224,841	354,584
Noncurrent	**55,421**	**37,702**	**285,174**	**223,427**

(a) The total Parent balance and part of the consolidated balance refer to related parties, as shown in Note 8;

(b) As of December 31, 2020, the Parent and consolidated balances are substantially comprised of R$15,226, relating to the outstanding balance due to the sale of the 100% equity interest in MD PE Novo Horizonte Construções Ltda. (R$16,847 as of December 31, 2019) to related party (held by the Company´s controlling shareholder) MJMD Empreendimentos Ltda. (Note 8), whose final maturity was rescheduled on December 18, 2020. Under the new payment schedule, the balance will be settled by 2026;

(c) The effect of the adjustment to present value on the consolidated profit (loss) as of December 31, 2020 was R$699 (R$2,007 as of December 31, 2019) and the discount rate used was 4.41% p.a. relating to the cumulative IPCA in the year, which was higher than the average borrowing rate less INCC (5.96% p.a. as of December 31, 2019).

The aging list of trade receivables is as follows:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Past due				
Up to 60 days	485	140	33,860	69,851
61 to 90 days	527	164	6,226	19,251
91 to 180 days	106	463	4,570	11,428
Over 180 days	5,050	1,152	27,686	145,132
Total past due	**6,168**	**1,919**	**72,342**	**245,662**
Current				
Up to 01 year	4,124	56,080	178,123	230,933
01 to 03 years	9,487	27,387	207,723	215,734
Over 03 years	45,933	12,243	82,078	46,839
Total current	**59,544**	**95,710**	**467,924**	**493,506**
Allowance for expected credit losses	(284)	(338)	(2,593)	(1,076)
Allowance for sales cancellations	(935)	(715)	(24,901)	(157,310)
Adjustment to present value	-	-	(2,757)	(2,771)
Total	**(1,219)**	**(1,053)**	**(30,251)**	**(161,157)**
Total	**64,493**	**96,576**	**510,015**	**578,011**

Out of the past-due amounts as of December 31, 2020, approximately 41% refers to customers whose request for bank financing to settle their debt balance is being analyzed. The expected losses on such receivables, if applicable, are already recorded in the financial statements. Such transactions are collateralized by the financed properties.

Changes in expected credit losses, allowance for sales cancellations, and adjustment to present value in the year ended December 31, 2020 and year ended December 31, 2019 are as follows:

	Parent	Consolidated
Balance at December 31, 2018	**(31,726)**	**(85,411)**
Additions	(229)	(119,586)
Write-offs	30,902	30,902
Reversals	-	12,938
Balance at December 31, 2019	**(1,053)**	**(161,157)**
Additions	(742)	(85,070)
Write-offs	-	176,868
Reversals	576	39,108
Balance at December 31, 2020	**(1,219)**	**(30,251)**

7. Properties for sale

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Completed properties	-	1,500	214,175	257,975
Properties under construction **(b)**	-	-	47,629	19,713
Properties under construction	-	-	53,316	118,236
Land acquired	17,201	804	53,349	33,093
Land acquired - barter	405,168	466,427	513,010	582,438
Materials	-	-	-	1,671
Advances to suppliers	-	-	2,932	4,406
Properties held for sale – Reversal of sales cancellation costs	453	732	22,481	140,906
(-) Impairment **(a)**	-	-	(6,134)	-
Capitalized interest	-	-	23,868	37,963
Total properties for sale	**422,822**	**469,463**	**924,626**	**1,196,401**
Current	149,175	100,004	587,661	757,184
Noncurrent	**273,647**	**369,459**	**336,965**	**439,217**

(a) As described in Notes 1 and 23, the Company revised the stock recoverability and identified an impairment loss allowance of R$48,300, of which R$42,166 was realized in the period, thus remaining the balance shown above.

(b) Refers to units acquired under the pool-based (condominium) business model.

Land for future development is classified in current assets or noncurrent assets based on the expected launch period of the real estate projects, which is periodically revised by Management. Properties under construction and completed units are classified in current assets, according to their availability for sale;

Finance costs on borrowings are capitalized in “Properties for sale” during the construction phase and realized in profit or loss in “Cost of properties sold” as units are sold.

Changes in capitalized interest as of December 31, 2020 and December 31, 2019 are as follows:

	Consolidated	
	12/31/2020	12/31/2019
Balance of properties for sale at the beginning of the period	**37,963**	**43,613**
Interest incurred in the period	9,088	15,626
Recognition of finance charges in cost of sales	(23,183)	(21,276)
Balance of properties for sale at the end of the period	**23,868**	**37,963**

8. Related parties

The Company conducted financial transactions with its subsidiaries and the related receivables are used in the real estate development activities to acquire plots of land and pay construction costs and expenses inherent in the development of projects. These transactions do not generate losses to noncontrolling shareholders or the Company and do not favor associates, the Parent, or subsidiaries.

Additionally, the Company conducts financial transactions with related parties other than subsidiaries under conditions that vary according to the amounts, terms and other variables. The conditions agreed upon between the parties are generally in line with usual market conditions. Therefore, there is no loss and no parties are favored.

The receivables from related parties are collateralized by the own assets of real estate projects. The Company periodically capitalizes the portions of these funds in investees.

The Company does not expect to recognize losses on related-party balances.

Related-party balances are as follows:

Related-party balances included in accounts receivables (Note 6):

	Parent		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Current assets				
Receivables from sales of equity interests (Note 6.b) **(i)**	-	16,847	-	16,847
Receivables from sales of properties (Note 6) **(ii)**	339	-	810	3,273
Receivables from sales of land (Note 6.a) **(iii)**	1,329	24,085	1,329	24,085
Current	**1,668**	**40,932**	**2,139**	**44,205**
Noncurrent assets				
Receivables from sales of equity interests (Note 6.b) **(i)**	15,226	-	15,226	-
Receivables from sales of properties (Note 6) **(ii)**	-	-	2,079	595
Receivables from sales of land (Note 6.a) **(iii)**	39,697	36,127	39,697	36,127
Noncurrent	**54,923**	**36,127**	**57,002**	**36,722**

(i) Refers to the sale of equity interest to MJMD Empreendimentos Ltda. for R$39,674 on September 30, 2014;

(ii) Refers to sales of properties to shareholders and executive officers under usual market conditions, amounting to R$6,654 in 2019 and R$4,211 in 2020;

(iii) Refers to sale of a plot of land to related party VV São José Empreendimentos S.A. for R$57,524 on March 29, 2018.

Balances of other related-party transactions:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Noncurrent assets				
Intragroup borrowings - subsidiaries (see item 8.1)	341,450	133,523	-	-
Intragroup loans - non-subsidiaries or other related parties (see item 8.1)	4,182	4,050	4.182	4.050
Current account with partners (see 8.3)	-	-	-	9,750
Total noncurrent assets	**345,632**	**137,573**	**4,182**	**13,800**

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current liabilities				
Intragroup borrowings - subsidiaries (see item 8.1)	239,049	1,106,969	-	-
Intragroup borrowings - non-subsidiaries or other related parties (see item 8.1)	-	24,318	-	24,371
Current account with partners (see 8.3)	-	-	4,264	11,852
Total current liabilities	**239,049**	**1,131,287**	**4,264**	**36,223**

8.1. Intragroup loans and borrowings

In the normal course of business, the Company has entered loan/borrowings agreements with its subsidiaries, associates and other related parties for better cash management.

Noncurrent assets		**Parent**		**Consolidated**	
Loans to subsidiaries (a)	**Prazo (b)**	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Moura Dubeux Engenharia e Empreendimentos Ltda.	12/31/2022	37,593	28,492	-	-
MD Imóveis Ltda.	12/31/2022	1,523	-	-	-
MD PE Recife Construções Ltda.	12/31/2022	8,069	871	-	-
MD BA Jaguaribe construções Ltda.	12/31/2021	5,935	-	-	-
MD CE José Américo Construções SPE Ltda.	12/31/2022	20,770	1,898	-	-
MD RN Rodolfo Helinski Construções SPE Ltda.	12/31/2021	2,658	-	-	-
MD RN Abel Pereira Construções SPE Ltda.	12/31/2022	4,503	2,215	-	-
MD CE Nova Aldeota Construções Ltda.	12/31/2022	47,255	51,592	-	-
MD PE Freguesia Construções SPE Ltda.	12/31/2021	6,578	-	-	-
MD PE Litorânea Construções Ltda.	12/31/2022	2,688	-		
MD BA Coliseu Empreendimentos SPE Ltda.	12/31/2021	52,679	-	-	-
MD PE Serrana Construções SPE Ltda.	12/31/2021	66,857	-	-	-
MD RN Hellen Costa Construções SPE Ltda.	12/31/2022	1,797	-	-	-
MD RN Aurea Guedes Construções SPE Ltda.	12/31/2021	9,580	-	-	-
SPE Lote 02 Empreendimentos Imobiliários Ltda.	12/31/2022	11,634	-	-	-
MD PE Planície Construções SPE Ltda.	12/31/2022	930	877	-	-
SPE Lote 08 Empreendimentos Imobiliários Ltda.	12/31/2021	6,799	198	-	-
MD CE José Lourenço Construções SPE Ltda.	12/31/2021	3,346	-	-	-
MD PE Shopping Residence Incorporação SPE Ltda.	12/31/2021	2,605	-	-	-
MD PE Paulista Empreendimentos Ltda.	12/31/2022	5,862	6,383	-	-
MD BA Bela Vista Empreendimentos SPE Ltda.	12/31/2021	-	8,181	-	-
MD CE Parreão Construções Ltda.	12/31/2021	3,221	-		
MD PE Venâncio Barbosa Construções SPE Ltda.	12/31/2022	8,214	6,107	-	-
MD PE Polidoro Construções SPE Ltda.	03/31/2022	-	5,912	-	-
MD AL Evolution II Construções SPE Ltda.	12/31/2021	1,863	-	-	-
MD PE Porto de Galinhas Construções Ltda.	12/31/2021	2,334	-		
MD BA MS Empreendimentos SPE Ltda.	12/31/2021	2,380	-		

Noncurrent assets		Parent		Consolidated	
Loans to subsidiaries (a)	**Prazo (b)**	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Global MD Evolution Beach Park Empreendimentos S.A.	01/31/2022	6,300	20,051	-	-
MD CE Acácias Construções Ltda.	02/28/2022	5,085	-	-	-
MD CE Palmeiras Construções Ltda.	02/28/2022	6,527	-		
Other related parties	12/31/2022	5,865	746	-	-
Total		**341,450**	**133,523**	**-**	**-**

(a) These intragroup loan balances are not subject to finance charges;

(b) The Company classifies all intragroup loans in noncurrent assets, regardless of the agreed-upon maturity dates.

Noncurrent assets

			Parent		Consolidated	
Loans to non-subsidiaries or other related parties	**Charges**	**Maturity**	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Marcos José Moura Dubeux **(a)**	130% of CDI	07/31/2025	-	4,036	-	4,036
Selezione Comércio e Representação Ltda. **(a)**	130% of CDI	02/27/2026	4,182	-	4,182	-
Other related parties			-	14	-	14
Total			**4,182**	**4,050**	**4,182**	**4,050**

(a) Refers to debt assignment from related party Marcos José Moura Dubeux to Selezione Comércio e Representação Ltda.

Current liabilities		Parent		Consolidated	
Borrowings from subsidiaries (c)	**Maturity (d)**	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Moura Dubeux Engenharia Natal Ltda.	12/31/2022	-	2,239	-	-
MD Colonial Empreendimentos Imobiliários SPE Ltda.	12/31/2020	-	71,120	-	-
MD AL Poço Construções SPE Ltda.	12/31/2022	11,126	11,144	-	-
MD AL Farol Construções SPE Ltda.	12/31/2022	12,888	12,908	-	-
MD BA Dubeux Empreendimentos SPE Ltda.	12/31/2022	-	37,104	-	-
MD PE Novo Jardim Construções S.A.	12/31/2022	13,469	13,470	-	-
MD RN Bossa Nova Construções SPE Ltda.	12/31/2020	-	40,845	-	-
MD CE Parque de Fátima Construções Ltda.	12/31/2022	-	34,787	-	-
MD RN Vandir Gurgel Construções SPE Ltda.	12/31/2020	-	52,353	-	-
MD CE Visconde do Rio Branco Construções SPE Ltda.	12/31/2022	-	21,218	-	-
MD RN Maria Bernadete Construções SPE Ltda.	12/31/2020	-	17,868	-	-
MD PE Residencial Construções Ltda.	12/31/2022	-	16,456	-	-
MD PE Aguiar Construções SPE Ltda.	12/31/2021	-	2,994	-	-
MD BA Ilha Empreendimentos SPE Ltda.	12/31/2020	-	34,227	-	-
MD BA Ondina Construções S.A.	12/31/2022	27,602	4,346	-	-
MD AL Gruta Construções SPE Ltda.	12/31/2020	-	18,796	-	-
MD CE Praça de Fátima Construções Ltda.	12/31/2022	-	21,524	-	-
MD AL Antares Construções SPE Ltda.	12/31/2020	-	48,323	-	-
MD RN Cesar Rocha Construções SPE Ltda.	12/31/2022	11,900	14,621	-	-
MD BA GMA Empreendimentos SPE Ltda.	12/31/2021	-	25,277	-	-
MD AL Life Construções SPE Ltda.	12/31/2022	3,908	14,304	-	-
MD PE Freguesia Construções SPE Ltda.	12/31/2020	-	4,438	-	-
MD PE Litorânea Construções Ltda.	12/31/2021	-	38,333	-	-
MD BA Coliseu Empreendimentos SPE Ltda.	12/31/2020	-	35,122	-	-
MD BA GB Empreendimentos SPE Ltda.	12/31/2022	-	42,231	-	-
MD RN Firenze Construções SPE Ltda.	12/31/2022	-	798	-	-
MD CE Azevedo Bolão Construções SPE Ltda.	12/31/2022	-	15,496	-	-
MD PE MRV Veneza Construções Ltda.	12/31/2020	-	3,435	-	-
MD PE Serrana Construções SPE Ltda.	12/31/2020	-	5,560	-	-
MD Participações e Empreendimentos Ltda.	12/31/2022	80,967	80,651	-	-
MD CE Castelão Construções SPE Ltda.	12/31/2022	-	13,677	-	-

Current liabilities		Parent		Consolidated	
Borrowings from subsidiaries (c)	**Maturity (d)**	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
MD CE Henrique Rabelo Construções SPE Ltda.	12/31/2021	-	36,816	-	-
MD CE Dias da Rocha Construções SPE Ltda.	12/31/2022	10,978	11,177	-	-
MD CE Theberge Construções SPE Ltda.	12/31/2022	11,685	50,184	-	-
MD PE Sertânia Construções Ltda.	12/31/2020	-	3,679	-	-
SPE Lote 01 Empreendimentos Imobiliários Ltda.	12/31/2022	2,507	8,415	-	-
SPE Lote 02 Empreendimentos Imobiliários Ltda.	12/31/2020	-	72,941	-	-
SPE Lote 03 Empreendimentos Imobiliários Ltda.	31/12/2021	26,149	21,702	-	
MD PE Parque Santa Maria Construções SPE Ltda.	31/12/2022	-	734	-	-
MRV MD PE Mar de Espanha Incorporações Ltda.	31/12/2020	-	6,315	-	-
MD BA Graça Empreendimentos SPE Ltda.	12/31/2022	12,770	40,962	-	-
Graça Empreendimentos Imobiliários SPE Ltda.	12/31/2021	-	54,583	-	-
MD BA Bela Vista Empreendimentos SPE Ltda.	12/31/2021	7,276	-	-	-
MD CE Acácias Construções Ltda.	02/28/2022	-	4,005	-	-
MD CE Palmeiras Construções Ltda.	11/30/2022	-	4,429	-	-
MD PE São Pedro Construções Ltda.	12/31/2021	-	32,967	-	-
Outras partes relacionadas	12/31/2022	5,824	2,395	-	-
Total		**239,049**	**1,106,969**	**-**	**-**

(c) These intragroup borrowings are not subject to finance charges.

(d) The Company classifies all intragroup borrowings in noncurrent liabilities, regardless of the agreed-upon maturity dates

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Current liabilities

Borrowings from non-subsidiaries or other related parties	Inflation adjustment index	Maturity	Parent		Consolidated	
			12/31/2020	12/31/2019	12/31/2020	12/31/2019
Gustavo José Moura Dubeux	129.7% of CDI **(a)**	04/23 to 06/11/2021	-	5,040	-	5,040
Gustavo José Moura Dubeux	1.57% **(a)**	09/05 to 12/05/2021	-	2,135	-	2,135
Aluísio José Moura Dubeux	129.7% of CDI **(a)**	04/23 to 06/11/2021	-	5,032	-	5,032
Aluísio José Moura Dubeux	1.57% **(a)**	09/05 to 12/05/2021	-	2,135	-	2,135
Marcos José Moura Dubeux	129.7% of CDI **(a)**	04/23 to 06/11/2021	-	5,040	-	5,040
Marcos José Moura Dubeux	1.57% **(a)**	09/05 to 12/05/2021	-	2,135	-	2,135
MRV Engenharia e Participações S.A	4% + CDI	08/26/2021	-	791	-	791
Moura Dubeux Construções e Realizações Imobiliárias Ltda.	100% of CDI	12/31/2021	-	2,010	-	2,010
Other related parties	129.7% of CDI	04/23/2021	-	-	-	53
Total			**-**	**24,318**	**-**	**24,371**

(a) All the proceeds from this transaction were assigned to the Company upon an intragroup loan agreement, under the same conditions as those originally agreed upon. The balances were settled in three (3) promissory notes issued on February 6, 2020, on a *pro soluto* basis.

8.2. Rental agreements

The Company has rental contracts with shareholders in the controlling block relating to office spaces where its administrative activities are performed, in the cities of Recife (head office), Salvador, and Fortaleza. The total monthly rental cost of these properties is approximately R$150, subject to annual adjustment based on the positive IGP-M variance. The rental contracts are subject to the same market terms and conditions as those applicable to third parties.

City	Leased properties	Effective term
Recife - Empresarial Moura Dubeux	Annex,Storeys 1 and 2 - 6, 10,11, 12 and 13 floors	06/01/2020 to 05/31/2025
Salvador - ITC Salvador	Rooms 412, 413, 414, 415 and 416	10/01/2019 to 09/30/2024
Fortaleza - Torre ITC Central Park	Suite 01	10/01/2019 to 09/30/2024

8.3. Current accounts with project partners

The balances recorded in noncurrent assets and current liabilities refer to contributions made and received by the Company, followed (or not) by the partner in the real estate business, for use in real estate projects. Such agreements generally establish an inflation adjustment based on the IGP-M or CDI variation and are settle when cash flows are generated from the real estate projects (or when these are completed).

The corresponding balances are as follows:

			Equity interest - %		Parent		Consolidated	
Noncurrent assets	**Adjustment**	**Maturity**	**2020**	**2019**	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
MRV MD PE Mar de Espanha Incorporações Ltda.	N/A	12/31/2020	50%	50%	-	-	-	6,315
MD PE MRV Veneza Construções Ltda.	N/A	12/31/2020	50%	50%	-	-	-	3,435
Total					**-**	**-**	**-**	**9,750**

			Equity interest - %		Parent		Consolidated	
Current liabilities	**Adjustment**	**Maturity**	**2020**	**2019**	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
MD PE Polidoro Construções SPE Ltda.	N/A	12/31/2020	50%	50%	-	-	-	11,852
MRV MD PE Mar de Espanha Incorporações Ltda.	N/A	12/31/2021	50%	50%	-	-	4,109	-
Other related parties	N/A	12/31/2021	-	-	-	-	155	-
Total					**-**	**-**	**4,264**	**11,852**

8.4. Key management personnel compensation

The compensation of key management personnel, which include directors and statutory officers, totaled R$4,796 in the period (R$1,867 as of December 31, 2019), corresponding to short-term benefits and social security charges, in the individual and consolidated financial statements as of December 31, 2020.The Company does not have key personnel other than statutory officers and does not have post-employment compensation, layoff program, stock-option plans, or other long-term benefits.

8.5. Other transactions

On September 24, 2020, the purchase rights on construction potential held by Arraial Eventos Ltda. were assigned to SPE MD PE Litorânea Construções Ltda., in the amount of R$1,268, cash, and units in Léo Monte and Mimi Monte buildings, measured at fair value in the amount of R$10,349, were delivered.

During 2020, the Company paid office space rentals to shareholders in the amount of R$1,779 (R$1,448 as of December 31, 2019).

9. Investments and allowance for losses on investments

Investments are broken down as follows:

	Parent		**Consolidated**	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Subsidiaries	649,450	1,261,336	-	-
Associates	49,299	14,630	49,299	14,630
Capitalized interest **(i)**	58,389	58,389	58,389	60,089
Total	**757,138**	**1,334,355**	**107,688**	**74,719**
(-) Allowance for losses on investees **(ii)**	(139,000)	(149,394)	-	-
Investments balance, net	**618,138**	**1,184,961**	**107,688**	**74,719**

(i) Refers to finance charges arising from borrowings and financing (debentures, CCBs and other) raised by the Company and transferred to its subsidiaries, with no finance charges, to be invested in the construction of real estate projects, and correspond to the capitalized financial cost of land and real estate units under construction. Interest allocated to real estate projects of investees are capitalized to the respective investments in Parent and consolidated in line item “Properties for sale”;

(ii) Investments in investees that record equity deficiency were reclassified to line item “Allowance for investment losses”, since the Company assumes all the obligations, including the legal obligations prescribed by the Brazilian legislation.

Changes in investments and allowance for investment losses for the years ended December 31, 2020 and 2019 are as follows:

	Parent	Consolidated
Balance at December 31, 2018	**1,428,271**	**149,877**
Share of profit (loss) of investees	(40,834)	-
Return of AFCI's	(154,896)	(53,909)
Return of investee´s capital	(131,175)	-
Capital increase in investee	129,467	-
Write-off of interest capitalization	(20,456)	(20,456)
Capital transaction	10,318	-
Loss due to changes in equity interests and closure of investees	(9,191)	(793)
Dividends proposed by investee	(26,543)	-
Balance at December 31, 2019	**1,184,961**	**74,719**
Share of profit (loss) of investees	(72,853)	7,906
Increase in (return of) AFCI's	-	26,263
Capitalized interest	-	(1,700)
Investment deconsolidation (i)	-	484
Return of investee´s capital	(816,264)	-
Capital increase in investee	322,299	-
Other	(5)	16
Balance at December 31, 2020	**618,138**	**107,688**

(i) The Company transferred the control, without changing its ownership interest, of investee MD PE Polidoro Construções SPE Ltda. as of March 31, 2020, resulting in a deconsolidation of R$484;

The investments and the balances of assets and liabilities, equity and profit and loss for the years ended December 31, 2020 and 2019 of investees are as follows (and detailed in Appendix I thereto):

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Total assets	**1,766,729**	**2,840,759**	**120,495**	**44,126**
Total liabilities	**1,475,680**	**2,209,282**	**67,078**	**8,002**
Total equity	**291,049**	**631,477**	**53,417**	**36,124**
Profit (loss) for the year	(101,464)	(80,093)	15,813	-
Advance for future capital increase	211,172	413,230	28,869	2,606
Investments in subsidiaries and joint ventures	545,966	921,125	78,819	72,113
Allowance for investment losses	(139,000)	(149,394)	-	-
Share of profit (loss) of investees	(72,853)	(40,834)	7,906	-

10. Investment property

Management maintains plots of land as investment properties, since the Company plans to held them for appreciation or earn future income.

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cost	47,809	45,856	108,216	104,794
Adjustment to fair value	80,969	80,969	104,966	104,966
Total	**128,778**	**126,825**	**213,182**	**209,760**

The plots of land held as investment property are listed below:

	Parent		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Moura Dubeux Engenharia S.A.				
Land 3C - Register No. 54.844, part of which located in Jaboatão dos Guararapes, part in Cabo de Santo Agostinho	91,973	90,170	91,973	90,170
Portion of Land 4E, Register No 54.846 - Prazeres, Jaboatão dos Guararapes	7,605	7,455	7,605	7,455
Sítio Garantia - Jaboatão dos Guararapes	29,200	29,200	29,200	29,200
Moura Dubeux Engenharia e Empreendimentos S.A.				
Portion of Land 4E, Register No 54.846 - Prazeres, Jaboatão dos Guararapes	-	-	52,606	51,573
MD Imóveis Ltda.				
Portion of Land 4E, Register No 54.846 - Prazeres, Jaboatão dos Guararapes	-	-	22,358	21,922
Unit 501of building Edif. Antonio Pereira intended for rental	-	-	1,500	1,500
AGM Empreendimentos Imobiliários Ltda.				
Land B3 - Cabo de Santo Agostinho	-	-	7,940	7,940
Total	**128,778**	**126,825**	**213,182**	**209,760**

Changes in investment property are as follows:

	Parent	Consolidated
Balance at December 31, 2018	**119,370**	**212,040**
Additions	7,455	-
Adjustments to fair value **(i)**	-	(2,280)
Balance at December 31, 2019	**126,825**	**209,760**
Additions	1,953	3,422
Balance at December 31, 2020 (ii)	**128,778**	**213,182**

(i) The fair value of the properties held for investment was measured under the direct comparative method;

(ii) As of December 31, 2020, there was no significant change in the fair value of investment properties.

11. Other receivables

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Receivables from barters - projects launched **(a)**	-	-	159,442	78,459
Refundable capital	10,741	24,048	1,064	-
Other receivables	1,042	1,570	6,745	10,166
Total other receivables	**11,783**	**25,618**	**167,251**	**88,625**
Current	101	16,663	331	19,506
Noncurrent	**11,682**	**8,955**	**166,920**	**69,119**

(a) As a result of the sale of plots of land that were bartered with owners, the Company will receive units that which will be delivered to pay the liability shown in Note 13.

12. Borrowings and financing

By using the proceeds from the Initial Public Offering (IPO) (see Note 17), in the first quarter of 2020, the Company settled most of its borrowings, financing and debentures, including those that were overdue and/or had been renegotiated.

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Borrowings and real estate receivables (CRI) **(a)**	-	55,166	-	55,166
Financing - SFH and SFI **(b)**	-	-	125,813	811,867
Debentures **(c)**	-	274,856	-	274,856
Total	**-**	**330,022**	**125,813**	**1,141,889**
Current	-	148,896	63,329	850,081
Noncurrent	**-**	**181,126**	**62,484**	**291,808**

Changes in the balances above are as follows:

	Parent	Consolidated
Balance at December 31, 2018	**384,750**	**1,205,337**
Releases	9,298	199,342
Principal repayment	(74,212)	(336,193)
Interest paid	(34,833)	(76,974)
Capitalized interest	-	15,626
Interest incurred	45,019	134,751
Balance at December 31, 2019	**330,022**	**1,141,889**
Releases	-	78,087
Principal repayment	(321,356)	(1,027,898)
Interest paid	(14,055)	(102,728)
Capitalized interest	-	9,088
Interest incurred	5,389	27,375
Balance at December 31, 2020	**-**	**125,813**

The debt payment schedule is as follows:

	Parent		**Consolidated**	
Year	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/ 2019**
Up to 1 year	-	148,896	63,329	850,081
1 to 2 years	-	87,309	62,484	148,621
2 to 3 years	-	35,982	-	85,352
3 to 4 years	-	4,275	-	4,275
Over 4 years	-	53,560	-	53,560
Total	**-**	**330,022**	**125,813**	**1,141,889**

(a) Corporate loans

Description	Borrowing rate	Maturity	Parent		Consolidated	
			12/31/2020	12/31/2019	12/31/2020	12/31/2019
Banco do Brasil S.A.	6.3% +CDI	03/20/2022	-	38,995	-	38,995
Banco Pine S.A.	7.6% + CDI	12/29/2020	-	2,771	-	2,771
Red Asset Gestão de Recursos Ltda.	12.6% + Selic	11/21/2022	-	5,479	-	5,479
P.S. Factoring Fomento Comercial Ltda.	28.3%	02/12/2020	-	3,378	-	3,378
Banco Panamericano S.A.	6.5% + CDI	12/30/2020	-	4,543	-	4,543
Total			-	**55,166**	-	**55,166**
Current			-	34,113	-	34,113
Noncurrent			**-**	**21,053**	**-**	**21,053**

(b) Financing - SFH

Borrowings under programs SFH (Financial Housing System) and SFI (Financial Real Estate System) are collateralized by the financed property under construction.

			Parent		Consolidated	
Financing - SFH	**Borrowing rate**	**Maturity**	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Banco do Brasil S.A.	6.4% to 10.8% (CDI and TR)	12/04/2021	-	-	27,162	206,318
Banco Bradesco S.A.	10.5% + TR	12/01/2022	-	-	-	18,877
Caixa Econômica Federal	9.1% to 13.3% + TR	05/24/2021	-	-	-	437,812
Banco ABC S.A.	1.65% + CDI	05/13/2021	-	-	36,167	99,557
Banco Safra S.A.	1.60% + CDI	07/04/2022	-	-	60,152	-
Banco Santander S.A.	3,90% + CDI	05/06/2022	-	-	2,332	-
Mauá **(i)**	12.0%+IPCA	01/12/2022	-	-	-	49,303
Total			**-**	**-**	**125,813**	**811,867**
Current			-	-	63,329	701,185
Noncurrent			**-**	**-**	62,484	110,682

(i) The debt was replaced on 07/08/2020 when the Company contracted three financing transactions with Banco Safra S.A. in the total amount of R$60,000 at a more attractive rate.

Borrowing rates

The average borrowing rate for the Company’s financing transactions as of December 31, 2020 is 3,98% p.a. (10.35% p.a. as of December 31, 2019).

Collaterals

As of December 31, 2020, all effective guarantees were obtained by the Company and are shown below:

Transaction	Bank	Collateral
SFH	Banco ABC S.A.	Assignment of receivables
SFH	Banco do Brasil S.A.	Assignment of receivables / First mortgage
SFH	Banco Santander S.A.	Assignment of receivables / First mortgage
SFH	Banco Safra S.A.	Financial investments

(c) Debentures

			Parent		Consolidated	
Description	**Borrowing rate**	**Maturity**	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Debentures - SFH 2nd issue - Single series	10.3% + TR	12/31/2021	-	74,203	-	74,203
Debentures - 4th issue - 1st series	6.3% + CDI	08/15/2024	-	163,911	-	163,911
Debentures - 5th issue	130.0% of CDI	12/10/2021	-	36,742	-	36,742
Total			**-**	**274,856**	**-**	**274,856**
Current			-	114,783	-	114,783
Noncurrent			**-**	**160,073**	**-**	**160,073**

Restrictive covenants

As of December 31, 2019, the Company was required to meet covenants under indentures relating to debentures issued.

The obligations referred to the maintenance of contractual conditions and financial ratios, which are determined and revised on a quarterly, semiannual and annual basis by Trustees.

As of December 31, 2019, the Company did not meet the financial ratios required in the 2^{nd}, 4^{th}, and 5^{th} issues of debentures, in the Real Estate Receivables Certificates and in the Bank Credit Note by the Parent and non-financial obligations under certain agreements with SFH. Therefore, the noncurrent amount of these debts was reclassified to current liabilities.

As of December 31, 2020, the Company had fulfilled all the contractual conditions.

Waiver, renegotiation, and subsequent events

The Company obtained waivers and made renegotiations with financial institutions in the subsequent period for those financial ratios not achieved as of December 31, 2019.

13. Advances from customers

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Due to amounts received for sales of properties **(a)**	2,940	10,354	37,604	57,415
Advance from customers - barters - projects yet to be launched **(b)**	405,168	466,427	513,010	582,438
Advance from customers - barters - projects yet to be launched **(c)**	-	-	159,442	78,459
Advance from customers - barters - projects in progress **(b)**	-	-	22,448	25,310
Total	**408,108**	**476,781**	**732,504**	**743,622**
Current	133,678	106,700	207,761	187,847
Noncurrent	**274,430**	**370,081**	**524,743**	**555,775**

(a) Refers to the portion of amounts received from customers that exceeds the recognized revenue amounts;

(b) Refers to plots of land acquired through physical barters in projects, whose conditions precedent were satisfied, stated at fair value at the date of their initial recognition or at the date such appraisal is possible**.** The fair value was determined based on the amount of the consideration, using the quotation price of the assets to which the plot of land is related;

(c) See Note 11.

14. Provision for risks and judicial deposits

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Civil **(a)**	47	468	6,932	2,704
Labor **(b)**	709	2,356	2,555	3,930
Total	**756**	**2,824**	**9,487**	**6,634**

(a) Civil lawsuits

Refer to lawsuits claiming brokerage fees on sales and indemnity for delays in delivering the units and discussing contractual clauses relating to the amounts retained by the Company when sales are cancelled. As of December 31, 2020, a provision was recognized in an amount sufficient to cover potential losses from lawsuits assessed as probable loss. Lawsuits assessed as possible loss amount to R$10,524 and R$75,548, Parent and consolidated, respectively (R$6,664 and R$112,107, respectively, as of December 31, 2019).

(b) Labor lawsuits

Labor claims basically refers to lawsuits started by ex-employees of the Company and of service firms (joint liability) claiming salary equalization, overtime and other severance costs. As of December 31, 2020, a provision was recognized in an amount sufficient to cover potential losses from lawsuits assessed as probable loss. Lawsuits assessed as possible loss amount to R$2,568 and R$5,343, Parent and consolidated, respectively (R$2,494 and R$5,295, respectively, as of December 31, 2019).

(c) Tax lawsuits

Tax lawsuits basically refer to claims questioning of the constitutionality of using reduced rates on gross revenues and also the tax discussion. As of December 31, 2020 and December 31, 2019, there were no lawsuits classified as probable loss. Lawsuits assessed as possible loss amount to R$123 and R$436, Parent and consolidated, respectively (R$111 and R$376, respectively, as of December 31, 2019).

Changes in provisions for risks may be summarized as follows:

Provisions	Parent	Consolidated
Balance at December 31, 2018	**3,118**	**8,584**
Provisions reversed during the year	(294)	(1,950)
Balance at December 31, 2019	**2,824**	**6,634**
Provisions recognized in the period	(2,068)	2,853
Balance at December 30, 2020	**756**	**9,487**

Changes in judicial deposits are summarized as follows:

Judicial deposits	Parent	Consolidated
Balance at December 31, 2018	**17,204**	**19,448**
Deposits redeemed and inflation adjustment	(501)	(92)
Balance at December 31, 2019	**16,703**	**19,356**
Additions and inflation adjustment	2,285	9,135
Deposits redeemed **(i)**	(17,853)	(20,153)
Balance at December 30, 2020	**1,135**	**8,338**

(i) On June 26, 2020, the judicial deposit balance relating to the declaratory action (Proceeding 0006712-68.2014.4.05.8300) started by ADEMI, discussing the non-existence of a legal relation for tax purposes, in the amount of R$15,913, was redeemed.

15. Deferred taxes

a) Breakdown of balances are as follows:

Deferred Tax Liabilities:	Parent 12/31/2020	Parent 12/31/2019	Consolidated 12/31/2020	Consolidated 12/31/2019
Temporary differences - Taxable Income				
PIS - Liability	628	636	732	745
Cofins - Liability	2,897	2,936	3,378	3,436
IRPJ - Liability	3,153	2,868	3,933	3,458
CSLL - Liability	1,429	1,330	1,746	1,621
ISS - Liability	-	204	-	204
Tax on sales cancellations	(338)	(36)	(852)	(36)
Total	**7,769**	**7,938**	**8,937**	**9,428**
Temporary differences - Deemed Income				
PIS - Liability	-	-	1,468	1,377
Cofins - Liability	-	-	6,777	6,355
IRPJ - Liability	-	-	4,528	4,194
CSLL - Liability	-	-	2,444	2,288
Tax on sales cancellations	-	-	(231)	(421)
Transitional Tax Regime (RTT)	-	-	(25)	-
Total	**-**	**-**	**14,961**	**13,793**
Temporary differences - RET				
PIS - Liability	-	-	883	1,582
Cofins - Liability	-	-	4,081	7,308
IRPJ - Liability	-	-	2,963	5,280
CSLL - Liability	-	-	1,559	2,782
Tax on sales cancellations	-	-	(1,064)	(6,682)
Transitional Tax Regime (RTT)	-	-	(84)	(111)
Total	**-**	**-**	**8,338**	**10,159**
Total deferred tax liabilities	**7,769**	**7,938**	**32,236**	**33,380**
Current	852	5,149	12,346	19,552
Noncurrent	**6,917**	**2,789**	**19,890**	**13,828**

b) Reconciliation of IRPJ and CSLL - current and deferred:

Description	Parent 12/31/2020	Parent 12/31/2019	Consolidated 12/31/2020	Consolidated 12/31/2019
Loss before income tax and social contribution	(99,958)	(95,796)	(93,770)	(89,505)
Tax rate - 34%	33,986	32,571	31,882	30,432
Share of profit (loss) of investees	(24,770)	(13,884)	2,688	-
Other additions (deductions)	(177)	(884)	(238)	(884)
Effect of profit or loss of subsidiaries taxed based on deemed income/ RET	-	-	(10,472)	(9,105)
Unrecognized tax credits on tax loss carryforwards and temporary differences **(i)**	(9,196)	(18,338)	(34,489)	(30,083)
Total taxes	**(157)**	**(535)**	**(10,629)**	**(9,640)**
Income tax and social contribution				
Current	-	-	(10,824)	(10,006)
Deferred	(157)	(535)	195	366

(i) The Parent adopted the taxable income regime and does not record tax credits; they are only recorded when future earnings are realized.

c) The breakdown of temporary differences of taxes on income (taxable income) is as follows:

	12/31/2020	12/31/2019
Temporary differences - Parent		
Real estate allocation	34,469	36,980
Measurement at fair value	80,969	80,969
Deemed income tax base	**115,438**	**117,949**
Statutory rate - Deemed Income	6.73%	6.73%
Deferred liability - Parent	**7,769**	**7,938**
Temporary differences - subsidiaries		
Real estate allocation	571,300	595,675
Measurement at fair value	23,997	23,997
Deemed income tax base	**23,997**	**23,997**
Base - RET	571,300	**595,675**
Statutory rate - Deemed Income	6.73%	6.73%
Statutory rate - RET	4.00%	4.00%
Deferred liability - subsidiaries	**24,467**	**25,442**
Deferred liabilities	**32,236**	**33,380**

16. Construction in progress

The total amounts of sale of units under construction, including the amounts already received and recorded in balance sheet accounts and the amounts not yet recorded, due to the revenue recognition method applicable to real estate activities, are as follows:

a) Unrecognized revenue from sales of properties (consolidated)

	Consolidated	
	12/31/2020	**12/31/2019**
Contracted property sales of properties - Projects under construction	272,443	564,731
(-) Gross revenue recognized from properties sold	(161,593)	(393,257)
(-) Sales cancellations - revenues reversed	(776)	(14,671)
Unrecognized revenues from properties sold (i)	**110,074**	**156,803**
Estimated costs of properties sold	159,058	344,365
(-) Costs incurred on units sold	(93,699)	(246,445)
(-) Sales cancellations - reversed costs	(527)	(10,182)
Unrecognized commitments to budgeted costs (ii)	**64,832**	**87,738**
Receivables from properties sold to be recognized	**45,242**	**69,065**

(i) Unrecognized revenue from properties sold is stated at the contractual amounts, plus contractual adjustments, less sales cancellations, net of the portion of recognized revenue and does not include adjustment to present value and taxes levied thereon;

(ii) Unrecognized budgeted costs of properties sold do not include financial charges, which are allocated to properties for sale and profit or loss (cost of sales), proportionately to the real estate units sold, to the extent they are incurred, and do not include an accrued warranty, which is allocated to real estate units sold to the extent of the percentage-of-completion of the work.

b) Cost incurred and to be incurred for units for sale

Total costs incurred and to be incurred for real estate units sold and for sale, estimated through the completion of real estate projects under construction, as of December 31, 2020, are as follows:

	Consolidated	
	12/31/2020	**12/31/2019**
Cost incurred on units for sale	53,316	118,236
Total unincurred budgeted cost of units for sale	56,317	55,489
Cost incurred and to be incurred for units for sale	**109,633**	**173,725**

The amounts above do not include unincurred financial costs capitalized and unincurred warranty provision costs.

c) Segregated assets

Since certain projects have restrictions, the related funds may not be transferred to the Company due to the need to segregate the developer’s assets (referred to as “segregated assets”) to ensure the continuity and the delivery of units to future buyers.

As of December 31, 2020, projects included in ‘Segregated assets’, as required by Law No. 10.931/04, account for 20.06% of the total consolidated asset.

17. Equity

a) Capital

As of December 31, 2019, the subscribed and fully paid-in capital amounts to R$286,646, comprised of 401,377,204 registered, book-entry common shares, without par value.

On January 17, 2020, the Company's Extraordinary Shareholders Meeting approved the reverse split of the Company shares at a ratio of 15:1. The total number of shares after the reverse split was 26,758,480 registered, book-entry common shares, without par value.

As of December 31, 2020, the subscribed and fully paid-in capital amounts to R$1,391,513, comprised of 84,909,375 registered, book-entry common shares (after the split), without par value.

Shareholders	Number of shares (unit)	Ownership interest - %
Controlling shareholders	28,053,682	33.04%
Executive Board	289,598	0.34%
Board of Directors	10,000	0.01%
Other shareholders	56,556,095	66.61%
Total	**84,909,375**	**100.00%**

Capital, net of transaction costs, as shown in item (e) below, is R$ 1,309,972.

b) Earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing profit (loss) for the period attributable to the holders of common shares by the weighted average number of common shares outstanding during the period.

There are no other equity or debt instruments with a dilutive effect on capital. Therefore, the diluted earnings per share is compatible with the basic earnings per share. The table below shows the data and number of shares used to calculate basic and diluted earnings (loss) per share for the periods indicated in the statement of profit and loss.

	Parent	
Basic/ diluted	**12/31/2020**	**12/31/2019**
Loss attributable to Company's owners (in thousands)	(100,115)	(96,331)
Weighted average of outstanding common shares	77,918,557	26,758,480
Basic and diluted loss per share – in reais	**(1.28)**	**(3.60)**

c) Valuation adjustment to equity

Represented by the difference between the acquisition cost and the fair value of property investment, less deferred taxes.

d) Capital transaction between shareholders

Refers to amounts recognized in prior years arising from a capital transaction in the amount of R$25,179, relating to the effect of gains on transactions between shareholders.

e) Costs on capital transaction

As mentioned in Note 1, on February 12, 2020, the Company conducted its Initial Public Offering (IPO) and the costs incurred on the process were classified as a reduction of equity, in the amount of R$81,541.

f) Allocation of profit for the years

The Company's bylaws establish the payment of an annual minimum dividend of 25% of profit for the year, adjusted as established by article 202 of Law No. 6.404/76.

g) Public offering of shares

On February 13, 2020, the Company made an Initial Public Offering, resulting in a cash inflow, through the issuance of 58,150,895 new registered, book-entry, common shares, with a par value of R$19.00 each, totaling a net amount of R$1,104,867, in accordance with the Brazilian capital market rules and the standards set forth by the Brazilian Securities Commission (CVM).

The common shares issued by the Company will be traded in the "Novo Mercado" segment of B3 S.A. - Brasil, Bolsa, Balcão ("B3") as from February 13, 2020, under the ticker symbol "MDNE3".

18. Net revenue

Breakdown of net operating revenue:

	Parent		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Gross operating revenue				
Properties sold	754	147	561,247	620,838
Services rendered	51,538	54,057	51,554	54,083
Total gross operating revenue	**52,292**	**54,204**	**612,801**	**674,921**
Deductions from gross operating revenue				
Sales cancelations				
Adjustment to present value	(246)	(142)	(83,696)	(248,694)
Taxes on sales and services	-	-	(699)	(2,007)
Total deductions from gross operating revenue	(4,917)	(5,017)	(15,105)	(16,455)
	(5,163)	**(5,159)**	**(99,500)**	**(267,156)**
Net operating revenue				
Gross operating revenue	**47,129**	**49,045**	**513,301**	**407,765**

19. Cost of properties sold and services rendered

Cost of properties sold and services rendered classified by nature:

	Parent		Consolidated	
	12/31/2020	**12/31/2019**	**12/31/2020**	**12/31/2019**
Cost of properties sold	(9,743)	(14,591)	(326,761)	(200,149)
Costs of services rendered	(314)	(404)	(24,390)	(24,415)
Finance charges allocated to cost	-	-	(23,183)	(21,276)
Cost of properties sold and services rendered	**(10,057)**	**(14,995)**	**(374,334)**	**(245,840)**

20. Administrative expenses

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Salaries, payroll taxes and benefits	(25,993)	(11,814)	(30,123)	(14,119)
Services rendered	(7,166)	(6,339)	(9,684)	(7,139)
Depreciation and amortization	(2,171)	(2,051)	(2,505)	(2,231)
Other	(3,262)	(4,037)	(4,527)	(5,160)
Total administrative expenses	**(38,592)**	**(24,241)**	**(46,839)**	**(28,649)**

21. Selling expenses

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Salaries, payroll taxes and benefits	(3,582)	(2,931)	(4,317)	(6,499)
Stock maintenance	-	-	(15,742)	(8,032)
Advertising and publicity	(3,228)	(1,103)	(8,009)	(4,063)
Brokerage commission	(4,719)	(2,605)	(17,966)	(18,698)
Other (depreciation and stands)	(1,705)	(886)	(4,621)	(1,430)
Total selling expenses	**(13,234)**	**(7,525)**	**(50,655)**	**(38,722)**

22. Other operating income (expenses), net

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Impairment of stock **(b)**	(292)	-	(48,300)	-
Losses on receivables and changes in allowances recognized **(c)**	(1,107)	(338)	(48,275)	(6,529)
Expenses on lawsuits and provisions	(6,635)	(1,493)	(15,744)	(3,440)
Other expenses	(1,709)	5,636	(9,373)	5,635
Total other income and expenses (a)	**(9,743)**	**3,805**	**(121,692)**	**(4,334)**

(a) The Company reviewed the classification of expenses by nature relating to 2019 for better presentation;

(b) As described in Note 1, the Company revised the recoverability of its properties for sale and identified the need to recognize an allowance for loss;

(c) Out of this amount, R$44,414 refers to the increase in the allowance for sales cancellations occurred in the second quarter, as mentioned in Note 01.

23. Finance income (costs), net

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Finance income				
Income from financial investments	2,711	5	3,461	1,312
Fine, interest and inflation adjustments	3,931	416	21,875	23,516
Other finance income	150	344	126	471
Total finance income	**6,792**	**765**	**25,462**	**25,299**
Finance costs				
Interest on bank borrowings and financing	(5,389)	(45,019)	(27,375)	(134,751)
Discounts and inflation adjustments	(657)	(8,702)	(11,350)	(59,047)
Commissions and banking fees	(1,245)	(1,382)	(4,896)	(2,948)
Other finance costs	(2,109)	(6,713)	(3,298)	(8,278)
Total finance costs	**(9,400)**	**(61,816)**	**(46,919)**	**(205,024)**
Finance income (costs), net	**(2,608)**	**(61,051)**	**(21,457)**	**(179,725)**

24.Transactions not affecting cash and cash equivalents

The Company and its subsidiaries conducted the following investing and financing activities not affecting cash and cash equivalents, and these activities were not included in the statements of cash flows:

	Parent		Consolidated	
	12/31/2020		12/31/2020	
	Assets	Liabilities	Assets	Liabilities
Settlement of loans with related parties	-	-	-	-
Receivables from plots of land	(22,098)		(22,098)	-
Related parties	-	22,098	-	22,098
Recognition of expenditures on issuance of shares				
Prepaid expenses	(10,446)	-	(10,446)	-
Cost on capital transaction	-	10,446	-	10,446
Land barter				
Properties for sale	(61,257)	-	11,558	-
Advance from customer	-	61,257	-	(11,558)
Transfer of loan with Polidoro				
Related parties	-	-	(5,912)	-
AFCI	-	-	5,912	-
Transfer of plots of land launched				
Properties for sale	-	-	(80,983)	-
Other receivables	-	-	80,983	-
Deconsolidation of investment - Polidoro				
Assets	-	-	(17,383)	-
Liabilities	-	-	-	16,899
Investments	-	-	484	-

	Parent		Consolidated	
	12/31/2020		12/31/2020	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Settlement of intragroup borrowings:				
Settlement of dividends payable	(4.240)		(4.240)	
Related parties - assets		4.240		4.240
Settlement of accounts payable with units:				
Properties for sale	(20.505)		(20.505)	
Related parties - liabilities		20.505		20.505

	Parent		Consolidated	
	12/31/2020		12/31/2020	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Settlement - related parties:				
Related parties - assets	(55,028)	-	(65,850)	-
Related parties - liabilities	-	55,028	-	65,850
Transfer from investments to investment property:				
Investment property	(7,455)	-	(7,455)	-
Properties for sale	-	7,455		7,455
Transfer from investments to properties for sale:				
Investments	(20,456)	-	(20,456)	-
Properties for sale		20,456	-	20,456
Acquisition of plots of land through barters:				
Properties for sale	434,205	-	543,776	
Advances from customers	-	434,205		543,776
Capital transaction:				
Investments	10,318	-	10,318	-
Capital reserve	-	(10,318)	-	(10,318)
Changes in investees' capital with return of AFCI:				
Investments	(78,831)	-	-	-
Related parties - liabilities	-	78,831	-	-
Settlement of rental balances:				
Related parties - assets	(3,298)	-	(3,298)	-
Trade payables	-	3,298	-	3,298

25. Operating segments

The Company evaluates the performance of its business segments by means of the results from operations. The information presented in the real estate development and condominium management is related to the income statements and include revenues, costs and operating expenses.

	Development		Administration		Total	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Net operating revenue	**353,421**	**112,824**	**159,880**	**294,941**	**513,301**	**407,765**
Cost of properties sold and services rendered	(262,188)	(76,940)	(88,963)	(147,624)	**(351,151)**	**(224,564)**
Costs on capitalized loans	(23,183)	(21,276)	-	-	**(23,183)**	**(21,276)**
Gross profit	**68,050**	**14,608**	**70,917**	**147,317**	**138,967**	**161,925**
Gross margin %	19.25%	12.95%	44.36%	49,95%	27.07%	39.71%
Adjusted gross profit (a)	**91,233**	**35,884**	**70,917**	**147,317**	**162,150**	**183,201**
% Gross profit - adjusted	25.81%	31.81%	44.36%	49.95%	31.59%	44.93%

(a) Adjusted gross profit does not include finance charges, which are allocated to properties for sale to the extent they are incurred and recognized in profit or loss (cost of properties sold) proportionately to the units sold.

26. Insurance

The Company has the policy of insuring risk-exposed assets to cover probable losses, in light of the nature of its business. The policies are in effect and insurance premiums have been duly paid.

Insurance coverage is as follows:

	12/31/2020	12/31/2019
Engineering risks **(a)**	294,835	425,117
Property damages **(b)**	97,603	399,648
Sundry risks	14,994	12,161
Civil liability of directors and officers	50,000	-
Total	**457,432**	**836,926**

(a) **Engineering risk** - civil works in process - “all risks” policy, offering guarantee against all risks involved in the construction of a real estate development, such as fire, theft and execution damage, among others. This policy allows additional coverage according to construction risks, including general civil and cross liability, extraordinary expenses, riots, employer’s civil liability, and pain and suffering;

(b) Physical property damages - designed for units completed that still are under the warranty term, this insurance covers property loss from fire, lightening, explosion, flooding, roof tile damage, total and partial structure collapse and collapsing threat, that is, all damages that may be caused to the property due to external factors.

27. Financial instruments

a) Capital risk management

The Company and its subsidiaries manage their capital to ensure regular business continuity and, at the same time, maximize return to all stakeholders or parties involved in their operations, by optimizing the debt and equity balance.

The Company’s and its subsidiaries’ equity structure consists of their net debt (borrowings and financing detailed in Note 12, less cash and cash equivalents detailed in Note 4) and the Company’s equity (which includes capital, earnings reserves and noncontrolling interests).

The Company is not subject to any external capital requirement.

b) Categories of financial instruments

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Financial assets				
Amortized cost:				
Cash and cash equivalents	37,277	176	49,538	14,168
Financial investments	69,070	41	69,070	15,644
Trade receivables	64,493	96,576	510,015	578,011
Related parties	345,632	137,573	4,182	13,800
Judicial deposits	1,135	16,703	8,338	19,356
Financial liabilities				
Amortized cost:				
Trade payables	4,139	2,394	16,699	22,239
Borrowings and financing	-	330,022	125,813	1,141,889
Payables for acquisition of properties	1,603	-	19,061	7,752
Related parties	239,049	1,131,287	4,264	36,223

c) Financial risk management objectives

The Company monitors and manages financial risks inherent in its operations. These risks comprise market risk (changes in interest rates), credit risk and liquidity risk. The main purpose of the financial risk management strategy is to maintain the Company’s exposure to these risks at minimum levels by using non-derivative financial instruments and assessing and controlling credit and liquidity risks.

d) Market risk management

The Company is engaged in real estate development, construction and sale of real estate projects, and construction technical administration services and technical advisory services to condominiums developed at cost price. The risks generally affecting the real estate market may arise from the interruption of supply and volatility of prices of materials and construction equipment, and changes in the supply of and demand for real estate developments in certain regions. Additionally, the Company’s activities may be affected by the following risks:

- The civil construction industry is impacted by adverse economic conditions; therefore, factors such as slowdown of economy, high unemployment rate, restrictions on housing financing, may adversely affect the growth of the real estate sector as a whole;
- The Company may face difficulty in identifying plots of land at the expected price for its operations, thus making the project to be less profitable than expected;
- In case of bankruptcy or significant financial problems faced by a large real estate company, the sector may be adversely affected as a whole, which could decrease the customers’ confidence in other companies operating in the sector;
- Non-obtainment or unexpected changes in the regulations governing the approval of projects by the regulatory bodies, thus adversely affecting the Company’s launch plan;
- Fluctuations in the price to build condominiums at cost price may cause buyers to have a negative perception as to the Company’s ability to meet the budget;
- Changes in the tax legislation, thus affecting the profitability of the projects, such as taxes on revenue, property taxes, and government fees;

- Changes in the construction schedule may cause the works to be completed after the scheduled completion date, thus resulting in termination of sales contracts, increased construction costs and decreased profitability margins;
- Default to pay the units acquired. The Company has the right to file collection lawsuits, whose objective is to receive amounts due and/or repossess the unit from the defaulting buyer; however, the Company cannot assure that it will be able to recover the total debt balance or, once the property is repossessed, to sell it under reasonable conditions;
- Devaluation of the market price of the properties held for sale, either plots of land, due to lack of ability to maintain the originally estimated margins for the respective projects, or completed units, due to reduction in the market perception of the property value.

e) Exposure to currency risks

The Company and its subsidiaries are not exposed to currency risks since they do not carry out foreign currency-denominated transactions.

f) Exposure to interest rate risks

The Company and its subsidiaries present below the additional disclosures on their financial instruments required by CVM Instruction 475/08, specifically on the sensitivity analysis in addition to the sensitivity analysis required by IFRSs and accounting practices adopted in Brazil. In preparing this additional sensitivity analysis, the Company adopted the assumptions below, as set forth in CVM Instruction No. 475/08:

- definition of a probable scenario for risk behavior that, if materialized, can generate adverse results for the Company, and which is benchmarked by an independent external source (Scenario I);
- definition of two additional scenarios with stresses of at least 25% and 50% in the risk variable considered (Scenario II and Scenario III, respectively); and
- presentation of the impact of the defined scenarios on the fair values of the financial instruments operated by the Company and its subsidiaries.

The following table shows the consolidated amounts, including assets classified as held for sale and liabilities directly associated to assets held for sale.

	Risk	**Probable scenario**	**Scenario II (25% variance)**	**Scenario III (50% variance)**
Transaction				
Financing pegged to TR **(i)**	27,162	0%	0%	0%
Finance costs		-	-	-
Financing in CDI	98,651	2.77%	3.46%	4.15%
Finance costs		(2,733)	(3,416)	(4,099)
Financial investments in CDI	105,633	2.77%	2.08%	1.39%
Finance income		2,926	2,195	1,463
Financial investments in funds	8,573	-0.96%	-1.20%	-1.44%
Finance income		(82)	(103)	(123)

(i) For borrowings and financing pegged to TR (managed prime rate), a probable scenario based on the last 12 months of 0% is considered. Therefore, no increase is expected.

g) Liquidity risk management

The Company and its subsidiaries manage the liquidity risk by maintaining proper reserves and bank lines of credit deemed appropriate, by means of continuous monitoring of projected and actual cash flows, and the combination of the maturity profiles of financial assets and financial liabilities.

As of December 31, 2020, the Company projected the contractual cash flow not discounted from obligations and added contractual interest to the repayment amounts, the maturity of which is as shown below:

Instrument	Up to 1 year	1 to 2 years	Over 2 years	Total
Financing	63,329	62,484	-	**125,813**
Payables for purchase of properties	12,803	3,346	2,912	**19,061**

h) Risk concentration

The Company and its subsidiaries maintain bank accounts and financial investments with prime financial institutions approved by Management according to objective criteria for diversification of credit risks. Trade receivables include several customers and no customer accounts for 10% or more of total net operating revenue or balance receivable.

i) Fair value of financial instruments

The carrying amounts of the Company's and its subsidiaries' main financial instruments as of December 31, 2020 and December 31, 2019, stated at amortized cost, approximate their fair values, since the nature and characteristics of conditions negotiated are similar to those available in the market on the reporting date of the financial statements.

The balance of cash and cash equivalents, as well as financial investments, is indexed to the CDI rate; accordingly, the amounts recorded approximate their fair values.

Fair value hierarchy

The Company adopts the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

- **Level 1:** traded prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** inputs other than traded prices in active markets included in Level 1, that are observable for the asset or liability, directly (prices) or indirectly (derived from prices).
- **Level 3:** inputs for assets or liabilities that are not based on observable market variables (unobservable inputs).

As of December 31, 2020 and 2019, the Company and its subsidiaries did not have derivative instruments and/or transactions involving embedded derivative instruments.

28. Events after the reporting period

Through the date the financial statements were authorized for issue, no subsequent events occurred that would require disclosure.

29. Explanation added to the translation into English

The accompanying financial statements were translated into English from the original Portuguese version prepared for local purposes. Certain accounting practices applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where these financial statements may be used.

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Appendix I

As of December 31, 2020, the balances of assets, liabilities, equity, and profit (loss) of investees are as follows:

	Parent						
	Assets	**Liabilities**	**Equity**	**Profit (loss)**	**AFCI**	**Investment**	**Share of profit (loss) of investees**
Investments **(a)**	1,559,322	1,018,346	536,941	(27,158)	167,030	545,966	(19,368)
Allowance for losses on investments **(b)**	197,407	448,237	(250,833)	(74,306)	44,142	(139,000)	(53,485)
Total	**1,756,729**	**1,475,680**	**291,048**	**(101,464)**	**211,172**	**406,966**	**(72,853)**

	Consolidated						
	Assets	**Liabilities**	**Equity**	**Profit (loss)**	**AFCI**	**Investment**	**Share of profit (loss) of investees**
Investments	120,495	67,078	53,417	15,813	28,869	78,819	7,906
Total	**120,495**	**67,078**	**53,417**	**15,813**	**28,869**	**78,819**	**7,906**

Summary of the main information on investments as of December 31, 2020:

12/31/2020		**Statement of Financial Position**						
Investments	**Equity interest (%)**	**Assets**	**Liabilities**	**Equity**	**Profit (loss)**	**AFCI**	**Investment**	**Share of profit (loss) of investees**
MD PE São Pedro Construções Ltda.	99.999584%	169,694	55,017	114,677	5,219	36	114,677	5,219
MD BA Ondina Construções Ltda.	100.000000%	131,570	54,765	76,805	414	-	76,805	414
MD PE Sertânia Construções Ltda.	99.999933%	2,676	2,401	275	(3,680)	-	275	(3,680)
MD RN Bossa Nova Construções SPE Ltda.	99.998340%	440	275	165	(1,539)	-	165	(1,539)
MD CE Nova Aldeota Construções Ltda.	99.968452%	175,114	152,970	22,144	(29,376)	-	22,137	(29,371)
MD PE Novo Recife Empreendimentos Ltda.	33.333333%	44,831	8,707	36,124	-	3,275	12,041	-
MD CE Praça de Fátima Construções Ltda.	99.999723%	893	863	30	(83)	-	30	(83)
MD RN Firenze Construções SPE Ltda.	99.999675%	139	13	125	(122)	-	125	(122)
Moura Dubeux Engenharia e Empreendimentos S.A.	99.999990%	69,648	45,529	24,119	(11,804)	-	24,119	(11,804)
MD PE Shopping Residence Incorporações SPE Ltda.	99.938951%	34,340	23,787	10,553	11,249	2,181	10,547	11,242
MD RN Marcos Brandão Construções SPE Ltda.	99.997961%	31	-	31	(1)	-	31	(1)
MD Imóveis Ltda.	84.533699%	25,503	2,668	22,835	(608)	-	19,304	(514)
MD CE Theberge Construções SPE Ltda.	99.700000%	13,477	3,186	10,291	(3,436)	-	10,261	(3,426)
MD Colonial Empreendimentos Imobiliários SPE Ltda.	99.999987%	152	79	73	104	-	73	104
MD CE Palmeiras Construções Ltda.	99.999969%	45,190	23,515	21,675	4,748	511	21,675	4,748
MD Participações e Empreendimentos Ltda.	99.999899%	81,242	65,887	15,355	(940)	65,384	15,355	(940)
MD PE Litorânea Construções Ltda.	99.900000%	249,743	238,367	11,376	13,035	53,280	11,364	13,022
MD CE Acácias Construções Ltda.	99.999851%	41,021	21,687	19,334	8,802	217	19,334	8,802
SPE Lote 03 Empreendimentos Imobiliários Ltda.	1.000000%	67,721	53,413	14,308	(13,029)	-	143	(130)
MD PE Novo Jardim Construções S.A.	99.999767%	13,469	327	13,142	21	327	13,142	21
MD BA Graça Empreendimentos Imobiliários SPE Ltda.	99.999997%	14,110	1,776	12,335	(3,104)	-	12,335	(3,104)
MD AL Farol Construções SPE Ltda.	99.999927%	12,906	152	12,753	(32)	152	12,753	(32)
MD RN Cesar Rocha Construções SPE Ltda.	99.999935%	11,906	20	11,886	(26)	-	11,886	(26)
MD AL Poço Construções SPE Ltda.	99.999919%	11,126	75	11,052	(188)	74	11,052	(188)
AGM Empreendimentos Imobiliários Ltda.	99.700000%	8,868	495	8,372	(22)	-	8,347	(22)

12/31/2020		Statement of Financial Position						
Investments	Equity interest (%)	Assets	Liabilities	Equity	Profit (loss)	AFCI	Investment	Share of profit (loss) of investees
MD PE Polidoro Construções SPE Ltda.	50.000000%	75,663	58,371	17,293	15,813	25,594	8,389	7,906
MD CE Dias da Rocha Construções SPE Ltda.	99.999912%	10,980	3,935	7,045	(709)	3,725	7,045	(709)
Graça Empreendimentos Imobiliários SPE Ltda.	99.999967%	47,094	41,882	5,211	(17,832)	-	5,212	(17,832)
MD Service Ltda.	99.999668%	480	191	289	(6,133)	-	289	(6,133)
Global MD Evolution Beach Park	48.880834%	64,497	57,876	6,621	(4,943)	-	3,236	(2,416)
MD CE Visconde do Rio Branco Construções SPE Ltda.	99.700000%	310	66	245	(82)	-	244	(82)
MD AL Life Construções SPE Ltda.	99.999928%	3,982	806	3,176	(510)	-	3,176	(510)
MD PE Paulista Empreendimentos SPE Ltda.	99.024369%	12,067	9,323	2,744	(1,543)	2,316	2,718	(1,528)
MD PE Aguiar Construções SPE Ltda.	99.999086%	195	1	193	75	-	193	75
MD PE Planície Construções Ltda.	99.999775%	3,419	1,149	2,268	(1,377)	-	2,268	(1,377)
MD BA Bela Vista Empreendimentos SPE Ltda.	99.900000%	22,495	19,761	2,734	2,464	-	2,731	2,461
MD PE Venâncio Barbosa Construções SPE Ltda.	99.900000%	16,713	13,811	2,902	1,117	4,346	2,900	1,116
MD RN Areia Preta Construções SPE Ltda.	99.999931%	2,799	1,573	1,228	(1,305)	-	1,228	(1,305)
MD PE Recife Construções Ltda.	99.900000%	14,455	11,716	2,739	2,908	2,326	2,736	2,906
MD CE Parque de Fátima Construções Ltda.	99.900000%	954	282	672	(450)	-	671	(449)
MD CE José Borba Construções SPE Ltda.	99.999143%	1,535	480	1,054	(2)	66	1,054	(2)
MD CE Parque Rio Branco Construções Ltda.	99.900000%	7,504	6,671	833	823	-	832	822
MD RN Hellen Costa Construções SPE Ltda.	99.998885%	10,473	10,009	465	(71)	1,353	465	(71)
MD PE MRV Veneza Construções Ltda.	50.000000%	494	263	231	(353)	26	116	(177)
MD RN Encanto Construções Ltda.	99.999454%	1,789	3	1,786	(1)	-	1,786	(1)
MD PE Parque Santa Maria Construções SPE Ltda.	99.990614%	207	-	207	(6)	-	207	(6)
MD BA Jaguaribe Construções Ltda.	99.999894%	28,559	18,000	10,559	10,551	-	10,559	10,551
MD CE Francisco Xerez Construções SPE Ltda.	99.999872%	657	329	327	(1,224)	-	328	(1,224)
MD PE HPBV Ltda.	99.988329%	268	141	127	(173)	-	127	(173)
MD PE Torres da Liberdade SPE Ltda.	99.996265%	115	81	34	(119)	-	34	(119)
Beach Class Conselheiro Residence Construções SPE Ltda.	99.999700%	171	108	65	(502)	-	65	(502)
MD CE Amazonas Construções Ltda.	99.999915%	109	22	87	2	-	87	2

12/31/2020

Investments	Equity interest (%)	Assets	Liabilities	Equity	Profit (loss)	AFCI	Investment	Share of profit (loss) of investees
		Statement of Financial Position						
MD CE José Lourenço Construções Ltda.	99.993954%	10,310	9,564	746	638	90	746	638
MD PE Pina Construções Ltda.	99.991565%	465	335	130	177	-	130	177
MD Edifício Zezé Cardoso Ltda.	99.900000%	10	-	10	(1)	-	10	(1)
MD RN Roselândia Construções SPE Ltda.	99.900000%	9	-	9	(1)	-	9	(1)
MD PE Trindade Construções Ltda.	66.700000%	3,267	3,251	16	9	1,751	10	6
Clic - Complexo Logístico e Industrial do Cabo S.A.	50.000000%	-	-	-	-	-	-	-
Juros capitalizados - MD PE Novo Recife Empreendimentos Ltda.	0.000000%	-	-	-	-	-	58,389	-
Total investments		**1,559,322**	**1,027,443**	**541,881**	**(27,158)**	**167,030**	**545,966**	**(19,368)**

12/31/2020		Statement of Financial Position						
Investment loss	Equity interest (%)	Assets	Liabilities	Equity	Profit (loss)	AFCI	Loss on investment	Share of profit (loss) of investees
MD PE Serrana Construções SPE Ltda.	99.700000%	17,694	72,284	(54,590)	(14,378)	1,294	(54,426)	(14,335)
SPE Lote 08 Empreendimentos Imobiliários Ltda.	1.000000%	11,012	61,545	(50,534)	(5,677)	-	(505)	(57)
SPE Lote 02 Empreendimentos Imobiliários Ltda.	1.000000%	18,031	57,531	(39,502)	(9,946)	-	(395)	(99)
SPE Lote 01 Empreendimentos Imobiliários Ltda.	1.000000%	3,028	20,750	(17,722)	(1,206)	-	(177)	(12)
MD CE Castelão Construções SPE Ltda.	99.999748%	874	13,704	(12,831)	(1,011)	12,901	(12,831)	(1,011)
MD PE Freguesia Construções SPE Ltda.	99.900000%	2,254	12,861	(10,607)	(2,805)	5,507	(10,596)	(2,803)
MRV MD PE Mar de Espanha Incorporações Ltda.	50.000000%	44,044	52,748	(8,704)	(7,770)	4,109	(4,352)	(3,885)
MD CE José Américo Construções SPE Ltda.	99.999322%	27,555	37,132	(9,578)	(5,160)	9,528	(9,578)	(5,160)
MD RN Aurea Guedes Construções SPE Ltda.	99.999642%	2,189	11,382	(9,194)	(2,641)	328	(9,194)	(2,641)
MD BA Coliseu Empreendimentos SPE Ltda.	99.999975%	51,794	61,366	(9,572)	(11,118)	3,285	(9,572)	(11,118)
SPE Safira Empreendimentos Imobiliários Ltda.	99.000000%	150	1,079	(929)	(299)	2	(920)	(296)
MD RN Abel Pereira Construções SPE Ltda.	99.900000%	68	4,643	(4,573)	(588)	33	(4,569)	(588)
MD CE Azevedo Bolão Construções SPE Ltda.	99.999931%	130	4,574	(4,444)	92	4,570	(4,444)	92
MD RN Rodolfo Helinski Construções SPE Ltda.	99.999739%	(6)	2,932	(2,938)	(575)	-	(2,938)	(575)
MD PE Residencial Construções Ltda.	99.999915%	555	1,094	(540)	(3,896)	-	(540)	(3,896)
MD PE Exata Grand Vittá Ltda.	50.000000%	150	1,195	(1,045)	(494)	1,195	(523)	(247)
Moura Dubeux Engenharia Natal Ltda.	99.900000%	373	1,407	(1,034)	(462)	998	(1,033)	(461)
MD CE Gontran Giffoni Construções SPE Ltda.	99.999919%	541	1,497	(956)	(271)	-	(956)	(271)
MD PE Condomínio Empresarial Ltda.	99.900000%	359	1,057	(698)	46	-	(697)	46
MD BA MAG Empreendimentos SPE Ltda.	99.999959%	28	1,139	(1,111)	(323)	-	(1,111)	(323)
MD RN Empresarial Herculano Construções SPE Ltda.	99.999882%	1	557	(556)	(182)	-	(556)	(182)
MD RN Grilo Construções Ltda.	99.999828%	393	800	(407)	(250)	-	(407)	(250)
MD PE Beach Class Executive SPE Ltda.	99.935708%	33	404	(371)	33	-	(371)	33
MD PE Solar Construções Ltda.	99.998518%	1	351	(348)	(187)	-	(348)	(187)
MD RN Jerônimo Costa Construções SPE Ltda.	99.998564%	6	392	(386)	(261)	-	(386)	(261)
MD PE Enseada das Ondas SPE Ltda.	99.999210%	1	244	(243)	(186)	-	(243)	(186)

12/31/2020		Statement of Financial Position						
Investment loss	**Equity interest (%)**	**Assets**	**Liabilities**	**Equity**	**Profit (loss)**	**AFCI**	**Loss on investment**	**Share of profit (loss) of investees**
MD BA BRB Empreendimentos SPE Ltda.	99.986842%	975	1,054	(79)	(130)	54	(79)	(130)
MD PE Empresarial Agamenon Construções Ltda.	99.999392%	5	207	(202)	(11)	-	(202)	(11)
MD PE Shopping Park Ltda.	50.000000%	505	681	(176)	42	82	(88)	21
MD RN Life Construções SPE Ltda.	99.996216%	-	107	(107)	(106)	-	(107)	(106)
MD CE Parreão Construções Ltda.	99.900000%	4,740	4,882	(142)	(112)	40	(142)	(112)
MD BA MS Empreendimentos SPE Ltda.	99.900000%	2,416	2,568	(152)	(162)	5	(152)	(162)
MD PE Porto de Galinhas Construções Ltda.	99.900000%	3,604	3,679	(75)	(59)	192	(75)	(59)
MD RN Moacyr Maia Construções SPE Ltda.	99.996500%	-	25	(24)	(2)	-	(24)	(2)
MD RN Soneto Potengi Construções SPE Ltda.	99.999590%	2	31	(29)	(50)	-	(29)	(50)
MD PE Madalena SPE Ltda.	99.999325%	1	23	(22)	(5)	-	(22)	(5)
MD Edifício Hilson de Azevedo Mota Ltda.	99.996580%	1	24	(23)	(14)	-	(23)	(14)
MD RN Geraldo Pinho Construções SPE Ltda.	99.999779%	-	17	(16)	(6)	-	(16)	(6)
MD Edifício Vanda Mota Ltda.	99.999361%	-	15	(15)	(11)	-	(15)	(11)
MD RN José de Almeida Construções SPE Ltda.	99.999305%	1	7	(7)	(6)	-	(7)	(6)
MD Edifício Engenho Casa Forte Ltda.	99.995439%	-	3	(3)	(2)	-	(3)	(2)
MD PE Campus Construções Ltda.	99.811983%	-	-	-	(1)	-	-	(1)
MD AL Evolution II Construções SPE Ltda.	99.900000%	2,002	2,018	(16)	(16)	19	(16)	(16)
MD RN Vandir Gurgel Construções SPE Ltda.	99.999487%	19	268	(249)	(290)	-	(249)	(290)
MD AL Antares Construções SPE Ltda.	99.999753%	409	1,744	(1,335)	(954)	-	(1,335)	(954)
MD BA GB Empreendimentos SPE Ltda.	99.999908%	551	2,692	(2,141)	(1,082)	-	(2,141)	(1,082)
MD BA Dubeux Empreendimentos SPE Ltda.	99.999902%	458	722	(264)	(745)	-	(264)	(745)
MD BA Ilha Empreendimentos SPE Ltda.	99.999918%	106	355	(249)	(198)	-	(249)	(198)
MD CE Henrique Rabelo Construções SPE Ltda.	99.999274%	90	677	(587)	(287)	-	(587)	(287)
MD AL Gruta Construções SPE Ltda.	99.999718%	1	64	(63)	(67)	-	(63)	(67)
MD RN Maria Bernadete Construções SPE Ltda.	99.998738%	31	242	(211)	(191)	-	(211)	(191)
MD BA GMA Empreendimentos SPE Ltda.	99.999692%	229	1,347	(1,118)	(209)	-	(1,118)	(209)

12/31/2020		Statement of Financial Position						
Investment loss	Equity interest (%)	Assets	Liabilities	Equity	Profit (loss)	AFCI	Loss on investment	Share of profit (loss) of investees
MD PE Distribution Park Suape Ltda.	99.959060%	-	3	(3)	(3)	-	(3)	(3)
MD RN Alameda Lagoa Nova Construções SPE Ltda.	99.997424%	-	2	(2)	(5)	-	(2)	(5)
MD RN Hanna Safieh Construções SPE Ltda.	99.996051%	1	111	(109)	(108)	-	(109)	(108)
MD RN Alameda Capim Macio Construções SPE Ltda.	99.998984%	-	1	(1)	(1)	-	(1)	(1)
Total allowance for investment losses		**197,407**	**448,237**	**(250,833)**	**(74,306)**	**44,142**	**(139,000)**	**(53,485)**
Advances for Future Capital Increases (AFCIs)								211,172
Investments								545,966
Total								**757,138**

		Statement of Financial Position						
Investments	Equity interest (%)	Assets	Liabilities	Equity	Profit (loss)	AFCI	Investment	Share of profit (loss) of investees
MD PE Polidoro Construções SPE Ltda.	50.000000%	75,664	58,371	17,293	15,813	25,594	8,389	7,906
MD PE Novo Recife Empreendimentos Ltda.	33.333333%	44,831	8,707	36,124	-	3,275	12,041	-
Capitalized interest	0.000000%	-	-	-	-	-	58,389	-
Total		**120,495**	**67,078**	**53,417**	**15,813**	**28,869**	**78,819**	**7,906**
Advances for Future Capital Increases (AFCIs)								28,869
Investments								78,819
Total								**107,688**

As of December 31, 2019, the balances of assets, liabilities, equity, and profit (loss) of investees are as follows:

	Parent						
	Assets	**Liabilities**	**Equity**	**Profit (loss)**	**AFCI**	**Investment**	**Share of profit (loss) of investees**
Investments **(a)**	2,253,957	1,310,330	943,627	(2,373)	223,367	921,125	8,984
Allowance for losses on investments **(b)**	678,588	918,538	(239,950)	(77,720)	189,863	(149,394)	(49,818)
Total	**2,932,545**	**2,228,868**	**703,677**	**(80,093)**	**413,230**	**771,731**	**(40,834)**

	Consolidated						
	Assets	**Liabilities**	**Equity**	**Profit (loss)**	**AFCI**	**Investment**	**Share of profit (loss) of investees**
Investments **(a)**	44,126	8,002	36,124	-	2,606	72,113	-
Total	**44,126**	**8,002**	**36,124**	**-**	**2,606**	**72,113**	**-**

12/31/2019		Statement of Financial Position						
Investments	Equity interest (%)	Assets	Liabilities	Equity	Profit (loss)	AFCI	Investment	Share of profit (loss) of investees
MD PE São Pedro Construções Ltda.	99.990000%	191,996	57,257	134,739	**81,570**	36	134,726	81,562
MD BA Ondina Construções Ltda.	100.000000%	130,283	53,892	76,391	**21,510**	-	76,391	21,510
MD Colonial Empreendimentos Imobiliários SPE Ltda.	99.999987%	71,137	227	70,910	**50**	168	70,910	50
MD RN Vandir Gurgel Construções SPE Ltda.	99.999981%	52,416	5,355	47,061	**(67)**	5,318	47,061	(67)
MD RN Bossa Nova Construções SPE Ltda.	99.999976%	42,726	842	41,883	**(363)**	644	41,883	(363)
MD AL Antares Construções SPE Ltda.	99.999981%	49,416	9,501	39,915	**(4,143)**	6,542	39,915	(4,143)
MD BA GB Empreendimentos SPE Ltda.	99.999977%	42,370	10,085	32,285	**(1,231)**	-	32,285	(1,231)
MD BA Dubeux Empreendimentos SPE Ltda.	99.999984%	37,906	6,065	31,841	**336**	5,698	31,841	336
MD BA Ilha Empreendimentos SPE Ltda.	99.999974%	34,352	8,865	25,488	**(146)**	8,670	25,488	(146)
MD CE Theberge Construções SPE Ltda.	99.999943%	67,192	42,902	24,291	**(17,162)**	-	24,291	(17,162)
MD CE Henrique Rabelo Construções SPE Ltda.	99.999965%	37,041	13,257	23,784	**(49)**	12,472	23,784	(49)
Moura Dubeux Engenharia e Empreendimentos S.A.	99.994130%	76,646	53,032	23,614	**(16,386)**	1,426	23,615	(16,385)
Graça Empreendimentos Imobiliários SPE Ltda.	99.999967%	141,415	118,372	23,043	**(6,719)**	-	23,043	(6,719)
MD AL Gruta Construções SPE Ltda.	99.999955%	18,856	229	18,627	**(206)**	168	18,627	(206)
MD CE Palmeiras Construções Ltda.	99.999969%	35,948	19,021	16,927	**3,814**	511	16,927	3,814
MD Participações e Empreendimentos Ltda.	99.999899%	82,479	66,184	16,295	**1,176**	65,384	16,295	1,176
MD BA Graça Empreendimentos Imobiliários SPE Ltda.	99.999997%	46,672	31,234	15,439	**(5,838)**	-	15,439	(5,838)
MD RN Maria Bernardete Construções SPE Ltda.	99.999944%	17,925	2,594	15,331	**(5)**	2,513	15,331	(5)
MD PE Novo Jardim Construções S.A.	99.999767%	13,470	349	13,121	**(54)**	327	13,121	(54)
MD AL Farol Construções SPE Ltda.	99.999927%	12,939	154	12,785	**(232)**	152	12,785	(232)
MD BA GMA Empreendimentos SPE Ltda.	99.999957%	25,372	12,792	12,580	**(23)**	11,640	12,580	(23)
MD Imóveis Ltda.	76.016287%	25,817	9,587	16,230	**(999)**	156	12,337	(759)
MD PE Novo Recife Empreendimentos Ltda.	33.330000%	44,126	8,002	36,124	**-**	2,606	12,041	-
MD RN Cesar Rocha Construções SPE Ltda.	99.999935%	14,648	2,737	11,912	**(116)**	2,674	11,912	(116)
MD AL Poço Construções SPE Ltda.	99.999919%	11,314	74	11,240	**46**	74	11,240	46
MD CE Acácias Construções Ltda.	99.999851%	25,436	14,904	10,532	**2,992**	217	10,532	2,992
MD CE Azevedo Bolão Construções SPE Ltda.	99.999931%	15,559	5,535	10,024	**(214)**	5,227	10,024	(214)
MD CE Nova Aldeota Construções Ltda.	50.000000%	247,324	227,482	19,842	**(22,937)**	6,340	9,921	(11,468)
SPE Safira Empreendimentos Imobiliários Ltda.	99.000000%	10,195	911	9,284	**(11,691)**	1	9,191	(11,574)
MD CE Dias da Rocha Construções SPE Ltda.	99.999912%	11,820	4,067	7,753	**(184)**	3,725	7,753	(184)

12/31/2019		Statement of Financial Position						
Investments	**Equity interest (%)**	**Assets**	**Liabilities**	**Equity**	**Profit (loss)**	**AFCI**	**Investment**	**Share of profit (loss) of investees**
AGM Empreendimentos Imobiliários Ltda.	91.000000%	8,997	504	8,493	**98**	8	7,729	89
Global MD Evolution Beach Park	48.880834%	75,943	64,380	11,564	**(3,354)**	-	5,652	(1,639)
MRV MD PE Mar de Espanha Incorporações Ltda.	50.000000%	110,342	100,454	9,888	**(6,003)**	-	4,944	(3,002)
MD PE Paulista Empreendimentos SPE Ltda.	99.024369%	14,637	10,350	4,287	**(299)**	2,316	4,245	(296)
MD PE MRV Veneza Construções Ltda.	50.000000%	7,682	98	7,584	**(131)**	-	3,792	(65)
MD AL Life Construções SPE Ltda.	99.999928%	15,159	11,473	3,686	**(1,397)**	5,560	3,686	(1,397)

12/31/2019		Statement of Financial Position						
Investments	Equity interest (%)	Assets	Liabilities	Equity	Profit (loss)	AFCI	Investment	Share of profit (loss) of investees
MD Service Ltda.	99.999465%	8,000	4,321	3,679	**3**	3,420	3,679	3
MD CE Visconde do Rio Branco Construções SPE Ltda.	99.999697%	21,273	17,651	3,622	**(61)**	17,581	3,622	(61)
MD PE Aguiar Construções SPE Ltda.	99.999840%	3,159	78	3,082	**(295)**	22	3,082	(295)
MD PE Residencial Construções Ltda.	99.999904%	29,574	27,668	1,906	**(4,979)**	210	1,906	(4,979)
MD PE Venâncio Barbosa Construções SPE Ltda.	99.900000%	15,734	13,949	1,784	**256**	4,346	1,783	255
MD BA Coliseu Empreendimentos SPE Ltda.	99.999975%	109,985	108,439	1,546	**(14,904)**	3,285	1,546	(14,904)
MD CE Parque de Fátima Construções Ltda.	99.900000%	35,296	34,175	1,121	**(286)**	33,859	1,120	(286)
MD CE José Borba Construções SPE Ltda.	99.999143%	1,256	199	1,057	**(1)**	66	1,057	(1)
Beach Class Conselheiro Residence Construções SPE Ltda.	99.900000%	625	60	565	**193**	1	568	193
MD RN Hellen Costa Construções SPE Ltda.	99.998885%	8,650	8,113	537	**(3)**	1,420	537	(3)
MD PE Polidoro Construções SPE Ltda.	50.000000%	34,765	33,800	965	**1,765**	3,318	482	877
MD RN Encanto Construções Ltda.	99.997851%	1,744	1,323	421	**115**	1,320	421	115
MD PE Distribution Park Suape Ltda.	99.997776%	405	29	376	**(4)**	29	376	(4)
SPE Lote 03 Empreendimentos Imobiliários Ltda.	1.000000%	82,884	55,547	27,337	**5,003**	-	273	50
MD PE Parque Santa Maria Construções SPE Ltda.	99.992098%	873	600	273	**(74)**	590	273	(74)
MD BA Bela Vista Empreendimentos SPE Ltda.	99.900000%	27,376	27,106	270	**427**	1,324	270	427
MD PE Torres da Liberdade SPE Ltda.	99.900000%	180	27	153	**5**	-	153	5
MD CE José Lourenço Construções Ltda.	99.993954%	248	140	108	**(53)**	90	108	(53)
MD BA BRB Empreendimentos SPE Ltda.	99.986842%	110	59	51	**-**	54	51	-
MD RN Soneto Potengi Construções SPE Ltda.	99.900000%	40	20	20	**(52)**	1	23	(52)
MD BA MDE Empreendimentos SPE Ltda.	99.900000%	23	14	8	**321**	-	18	321
MD Edifício Zezé Cardoso Ltda.	99.900000%	15	4	11	**-**	4	11	-
MD BA MS Empreendimentos SPE Ltda.	99.900000%	19	9	10	**3**	5	10	3
MD RN Roselândia Construções SPE Ltda.	99.900000%	11	1	10	**-**	1	10	-
MD PE Shopping Park Ltda.	50.000000%	597	696	(99)	**(1,208)**	-	10	(604)
MD PE Campus Construções Ltda.	99.781070%	10	2	8	**-**	2	8	-
MD PE Trindade Construções Ltda.	66.700000%	3,309	3,302	7	**-**	1,792	5	-
MD RN Alameda Lagoa Nova Construções SPE Ltda.	99.900000%	3	-	2	**(118)**	-	3	(118)
Clic - Complexo Logístico e Industrial do Cabo S.A.	50.000000%	40	35	5	**-**	35	2	-
MD RN José de Almeida Construções SPE Ltda.	99.900000%	-	1	(1)	**(53)**	-	1	(53)

12/31/2019

Investments	Equity interest (%)	Statement of Financial Position: Assets	Liabilities	Equity	Profit (loss)	AFCI	Investment	Share of profit (loss) of investees
MD AL Evolution II Construções SPE Ltda.	99.900000%	197	197	-	**(16)**	19	-	(16)
Capitalized interest - MD PE Novo Recife Empreendimentos Ltda.	0.000000%	-	-	-	**-**	-	58,380	-
Total investments		**2,253,957**	**1,310,330**	**943,627**	**(2,373)**	**223,367**	**921,125**	**8,984**

12/31/2019

Investment loss	Equity interest (%)	Statement of Financial Position: Assets	Liabilities	Equity	Profit (loss)	AFCI	Loss on investment	Share of profit (loss) of investees
MD PE Serrana Construções SPE Ltda.	99.700000%	52,301	92,513	(40,212)	**(16,081)**	1,294	(40,092)	(16,033)
MD PE Sertânia Construções Ltda.	99.997030%	19,866	59,707	(39,841)	**(7,477)**	7,697	(39,840)	(7,477)
MD CE Castelão Construções SPE Ltda.	99.999748%	18,909	30,730	(11,820)	**(6,630)**	18,895	(11,820)	(6,630)
MD CE Gontran Giffoni Construções SPE Ltda.	99.900000%	131	10,905	(10,774)	**(68)**	10,090	(10,761)	(68)
MD PE Freguesia Construções SPE Ltda.	99.900000%	16,291	24,093	(7,802)	**(3,521)**	5,507	(7,794)	(3,517)
MD RN Aurea Guedes Construções SPE Ltda.	99.999642%	12,135	18,688	(6,553)	**(2,719)**	328	(6,553)	(2,719)
MD CE Francisco Xerez Construções SPE Ltda.	99.900000%	1,838	6,707	(4,869)	**(205)**	6,420	(4,863)	(205)
MD CE José Américo Construções SPE Ltda.	99.999322%	33,945	38,363	(4,418)	**(3,941)**	9,528	(4,418)	(3,941)
MD RN Abel Pereira Construções SPE Ltda.	99.900000%	929	4,914	(3,985)	**(721)**	33	(3,981)	(720)
MD CE Praça de Fátima Construções Ltda.	99.900000%	21,541	25,029	(3,487)	**15**	24,143	(3,484)	15
MD RN Firenze Construções SPE Ltda.	99.900000%	1,714	4,537	(2,823)	**18**	4,429	(2,820)	18
MD RN Rodolfo Helinski Construções SPE Ltda.	99.900000%	89	2,452	(2,363)	**(398)**	-	(2,357)	(398)
MD PE Litorânea Construções Ltda.	99.900000%	223,015	224,674	(1,660)	**(1,813)**	86,406	(1,658)	(1,811)
MD RN Grilo Construções Ltda.	99.900000%	2	1,438	(1,436)	**(47)**	1,278	(1,430)	(47)
MD BA MAG Empreendimentos SPE Ltda.	99.900000%	42	833	(790)	**(586)**	2	(765)	(586)
MD PE Condomínio Empresarial Ltda.	99.900000%	371	1,115	(744)	**(534)**	-	(744)	(533)
MD PE Parque Shopping Residence Construções Ltda.	99.938951%	1,632	2,328	(696)	**283**	2,181	(695)	283
MD RN Empresarial Herculano Construções SPE Ltda.	99.900000%	507	1,201	(695)	**(383)**	321	(686)	(383)
MD PE HPBV Ltda.	98.730000%	376	1,064	(688)	**(688)**	62	(678)	(679)
Moura Dubeux Engenharia Natal Ltda.	99.900000%	2,786	3,358	(573)	**72**	3,226	(572)	72

12/31/2019		**Statement of Financial Position**						
Investment loss	**Equity interest (%)**	**Assets**	**Liabilities**	**Equity**	**Profit (loss)**	**AFCI**	**Loss on investment**	**Share of profit (loss) of investees**
SPE Lote 08 Empreendimentos Imobiliários Ltda.	1.000000%	89,524	134,381	(44,857)	**(10,529)**	-	(449)	(105)
MD RN Marcos Brandão Construções SPE Ltda.	99.900000%	250	698	(449)	**(4)**	660	(448)	(4)
MD PE Beach Class Executive SPE Ltda.	99.900000%	2	412	(410)	**(29)**	4	(410)	(29)
SPE Lote 02 Empreendimentos Imobiliários Ltda.	1.000000%	122,325	151,880	(29,556)	**(8,302)**	-	(296)	(83)
MD PE Exata Grand Vittá Ltda.	50.000000%	147	699	(551)	**(34)**	675	(276)	(17)
MD PE Empresarial Agamenon Construções Ltda.	99.900000%	7	211	(204)	**(2,079)**	13	(202)	(2,077)
MD PE Planície Construções Ltda.	99.700000%	4,587	4,763	(176)	**(251)**	3,822	(174)	(250)
MD PE Recife Construções Ltda.	99.900000%	3,141	3,311	(169)	**(181)**	2,326	(169)	(181)
SPE Lote 01 Empreendimentos Imobiliários Ltda.	1.000000%	44,134	60,650	(16,516)	**(9,264)**	-	(165)	(93)
MD PE Solar Construções Ltda.	99.700000%	10	174	(164)	**(945)**	2	(161)	(942)
MD RN Jerônimo Costa Construções SPE Ltda.	99.900000%	17	148	(131)	**(205)**	6	(130)	(205)
MD Edifício Engenho Casa Forte Ltda.	99.991368%	-	101	(101)	**-**	99	(101)	-
MD RN Life Construções SPE Ltda.	99.900000%	-	88	(88)	**(105)**	87	(88)	(105)
MD PE Enseada das Ondas SPE Ltda.	99.900000%	2	64	(62)	**(7)**	5	(60)	(7)
MD PE Pina Construções Ltda.	99.900000%	29	83	(54)	**(91)**	22	(54)	(91)
MD PE Madalena SPE Ltda.	99.900000%	4	53	(50)	**(17)**	32	(48)	(17)

12/31/2019		Statement of Financial Position						
Investment loss	**Equity interest (%)**	**Assets**	**Liabilities**	**Equity**	**Profit (loss)**	**AFCI**	**Loss on investment**	**Share of profit (loss) of investees**
MD RN Areia Preta Construções SPE Ltda.	99.900000%	5,680	5,726	(46)	**(46)**	23	(34)	(46)
MD CE Parreão Construções Ltda.	99.900000%	36	66	(30)	**(4)**	40	(30)	(4)
MD RN Moacyr Maia Construções SPE Ltda.	99.900000%	1	23	(22)	**(76)**	-	(23)	(76)
MD CE Amazonas Construções Ltda.	99.900000%	90	118	(29)	**(29)**	-	(17)	(29)
MD PE Porto de Galinhas Construções Ltda.	99.900000%	177	193	(16)	**(1)**	192	(16)	(1)
MD Edifício Hilson de Azevedo Mota Ltda.	99.900000%	-	15	(15)	**(21)**	5	(15)	(21)
MD RN Geraldo Pinho Construções SPE Ltda.	99.900000%	5	15	(10)	**(35)**	-	(6)	(35)
MD Edifício Vanda Mota Ltda.	99.900000%	-	7	(7)	**-**	2	(5)	-
MD RN Alameda Capim Macio Construções SPE Ltda.	99.900000%	-	5	(5)	**-**	5	(4)	-
MD RN Hanna Safieh Construções SPE Ltda.	99.900000%	-	3	(3)	**(41)**	3	(2)	(41)
Total allowance for losses	**-**	**678,588**	**918,538**	**(239,950)**	**(77,720)**	**189,863**	**(149,394)**	**(49,818)**
AFCI's	-	-	-	-	**-**	-	-	413,230
Investments	-	-	-	-	**-**	-	-	921,125
Total	**-**	-	-	-	**-**	-	-	**1,334,355**

Investments	Equity interest (%)	Statement of Financial Position Assets	Liabilities	Equity	Profit (loss)	AFCI	Investment	Share of profit (loss) of investees
MD PE Novo Recife Empreendimentos Ltda.	33.330000%	44,126	8,002	36,124	-	2,606	12,024	-
Capitalized interest	0.000000%	-	-	-	-	-	60,089	-
Total	-	44,126	8,002	36,124	-	2,606	72,113	-
AFCI's								2,606
Investments	-	-	-	-	-	-	-	72,113
Total	-	-	-	-	-	-	-	**74,719**

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